# Center for Immigration Studies, Inc. and Affiliate

## Independent Auditor's Report and Consolidated Financial Statements

December 31, 2023 and 2022

## Contents

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# Independent Auditor's Report

Board of Directors
Center for Immigration Studies, Inc. and Affiliate
Washington, D.C.

## *Opinion*

We have audited the consolidated financial statements of Center for Immigration Studies, Inc. and Affiliate (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Center for Immigration Studies, Inc. and Affiliate, as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Center for Immigration Studies, Inc. and Affiliate, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Center for Immigration Studies, Inc. and Affiliate's ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center for Immigration Studies, Inc. and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Center for Immigration Studies, Inc. and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Forvis Mazars, LLP

**Tysons, Virginia**
**September 25, 2024**

**Center for Immigration Studies, Inc. and Affiliate**
**Consolidated Statements of Financial Position**
**December 31, 2023 and 2022**

| | 2023 | 2022 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 726,850 | $ 1,056,599 |
| Accounts receivable | 107 | 630 |
| Pledges receivable | 7,000 | - |
| Prepaid expenses | 20,984 | 21,616 |
| Investments | 3,392,371 | 2,955,944 |
| Total current assets | 4,147,312 | 4,034,789 |
| Property and equipment, net | 36,216 | 39,503 |
| Operating lease right-of-use asset, net | 1,662,421 | 1,820,714 |
| **Other Assets** | | |
| Security deposits | 14,215 | 14,215 |
| Total assets | $ 5,860,164 | $ 5,909,221 |
| **LIABILITIES AND NET ASSETS** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued expenses | $ 403,915 | $ 321,392 |
| Current portion of operating lease liability | 119,453 | 99,446 |
| Deferred revenue | 4,000 | - |
| Conditional grant liability | 5,679 | 70,862 |
| Total current liabilities | 533,047 | 491,700 |
| **Long-Term Liabilities** | | |
| Operating lease liability, less current portion | 1,662,617 | 1,780,304 |
| Total liabilities | 2,195,664 | 2,272,004 |
| **Net Assets** | | |
| Without donor restrictions | 3,515,118 | 3,487,835 |
| With donor restrictions | 149,382 | 149,382 |
| Total net assets | 3,664,500 | 3,637,217 |
| Total liabilities and net assets | $ 5,860,164 | $ 5,909,221 |

**Center for Immigration Studies, Inc. and Affiliate**
**Consolidated Statements of Activities**
**Years Ended December 31, 2023 and 2022**

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| **Revenue** | | | | | | |
| Contributions | $ 3,807,252 | $ 135,753 | $ 3,943,005 | $ 2,972,213 | $ 127,711 | $ 3,099,924 |
| Other income | 10,802 | - | 10,802 | 11,590 | - | 11,590 |
| Interest and dividend income, net of fees | 119,981 | - | 119,981 | 102,057 | - | 102,057 |
| Unrealized and realized gain (loss) on investments | 324,596 | - | 324,596 | (534,051) | - | (534,051) |
| Loss on disposal of property and equipment | (275) | - | (275) | - | - | - |
| PPP loan forgiveness | - | - | - | 366,160 | - | 366,160 |
| Net assets released from restrictions | | | | | | |
| Satisfaction of program restrictions | 135,753 | (135,753) | - | 175,819 | (175,819) | - |
| Total revenue | 4,398,109 | - | 4,398,109 | 3,093,788 | (48,108) | 3,045,680 |
| **Expenses** | | | | | | |
| Program services | 3,508,728 | - | 3,508,728 | 3,425,593 | - | 3,425,593 |
| General administrative | 442,129 | - | 442,129 | 435,839 | - | 435,839 |
| Fundraising | 419,969 | - | 419,969 | 409,678 | - | 409,678 |
| Total expenses | 4,370,826 | - | 4,370,826 | 4,271,110 | - | 4,271,110 |
| **Change in Net Assets** | 27,283 | - | 27,283 | (1,177,322) | (48,108) | (1,225,430) |
| **Net Assets, Beginning of Year** | 3,487,835 | 149,382 | 3,637,217 | 4,665,157 | 197,490 | 4,862,647 |
| **Net Assets, End of Year** | $ 3,515,118 | $ 149,382 | $ 3,664,500 | $ 3,487,835 | $ 149,382 | $ 3,637,217 |

**Center for Immigration Studies, Inc. and Affiliate**
**Consolidated Statement of Functional Expenses**
**Year Ended December 31, 2023**

| | Program Services | General Administrative | Fundraising | Total 2023 |
|---|---|---|---|---|
| Salaries | $ 2,367,439 | $ 295,930 | $ 295,930 | $ 2,959,299 |
| Employee benefits | 374,879 | 46,861 | 46,861 | 468,601 |
| Consultants | 154,206 | - | - | 154,206 |
| Rent | 153,277 | 16,823 | 16,823 | 186,923 |
| Payroll taxes | 172,412 | 21,399 | 21,399 | 215,210 |
| Meetings | 22,972 | - | 5,743 | 28,715 |
| Travel | 85,830 | 908 | 4,540 | 91,278 |
| Printing and copying | 2,388 | 88 | 5,991 | 8,467 |
| Professional fees | 2,125 | 44,252 | - | 46,377 |
| Communications | 38,842 | 6,215 | 6,733 | 51,790 |
| Repairs and maintenance | 1,699 | 272 | 294 | 2,265 |
| Insurance | 14,309 | 1,670 | 1,809 | 17,788 |
| Office supplies | 9,272 | 2,600 | 1,766 | 13,638 |
| Publications | 9,285 | - | - | 9,285 |
| Postage and delivery | 482 | 156 | 5,092 | 5,730 |
| Payroll processing | 5,911 | 739 | 739 | 7,389 |
| Dues and subscriptions | 2,990 | 1,513 | 1,854 | 6,357 |
| Miscellaneous | - | 963 | 2,509 | 3,472 |
| Office expense | 328 | 52 | 57 | 437 |
| Conferences | 39,134 | - | - | 39,134 |
| Promotion | 40,172 | - | - | 40,172 |
| Royalty | 223 | - | - | 223 |
| Depreciation | 10,553 | 1,688 | 1,829 | 14,070 |
| | $ 3,508,728 | $ 442,129 | $ 419,969 | $ 4,370,826 |

## Center for Immigration Studies, Inc. and Affiliate
## Consolidated Statement of Functional Expenses
## Year Ended December 31, 2022

| | Program Services | General Administrative | Fundraising | Total 2022 |
|---|---|---|---|---|
| Salaries | $ 2,270,005 | $ 283,751 | $ 283,750 | $ 2,837,506 |
| Employee benefits | 345,163 | 43,145 | 43,146 | 431,454 |
| Consultants | 239,738 | - | - | 239,738 |
| Rent | 156,079 | 17,131 | 17,130 | 190,340 |
| Authors' fees | 1,000 | - | - | 1,000 |
| Payroll taxes | 162,915 | 20,365 | 20,364 | 203,644 |
| Meetings | 22,587 | - | 5,647 | 28,234 |
| Travel | 51,802 | 12,272 | 13,758 | 77,832 |
| Printing and copying | 1,616 | 111 | 1,018 | 2,745 |
| Professional fees | - | 41,274 | - | 41,274 |
| Telephone | 39,170 | 6,267 | 6,790 | 52,227 |
| Repairs and maintenance | 5,327 | 852 | 923 | 7,102 |
| Insurance | 12,640 | 2,022 | 2,191 | 16,853 |
| Office supplies | 6,253 | 1,447 | 1,075 | 8,775 |
| Publications | 8,475 | - | - | 8,475 |
| Postage and delivery | 647 | 195 | 3,500 | 4,342 |
| Payroll processing | 5,758 | 720 | 719 | 7,197 |
| Dues and subscriptions | 2,159 | 1,497 | 4,145 | 7,801 |
| Miscellaneous | 4,902 | 1,867 | 2,355 | 9,124 |
| Office expense | 4,107 | 657 | 712 | 5,476 |
| Conferences | 39,408 | - | - | 39,408 |
| Promotion | 31,679 | - | - | 31,679 |
| Depreciation | 14,163 | 2,266 | 2,455 | 18,884 |
| | $ 3,425,593 | $ 435,839 | $ 409,678 | $ 4,271,110 |

**Center for Immigration Studies, Inc. and Affiliate**
**Consolidated Statements of Cash Flows**
**Years Ended December 31, 2023 and 2022**

| | 2023 | 2022 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Change in net assets | $ 27,283 | $ (1,225,430) |
| Adjustments to reconcile change in net assets to net cash used by operating activities | | |
| Depreciation | 14,070 | 18,884 |
| Forgiveness of Paycheck Protection Program loan | - | (366,160) |
| Unrealized and realized (gain) loss on investments | (324,596) | 534,051 |
| Loss on disposal of property and equipment | 275 | - |
| Right of use asset - noncash operating lease expense | 158,293 | 169,199 |
| Change in | | |
| Accounts receivable | 523 | 7,384 |
| Pledges receivable | (7,000) | - |
| Prepaid expenses | 632 | (847) |
| Accounts payable and accrued expenses | 82,523 | (16,998) |
| Operating lease liability | (97,680) | (114,171) |
| Deferred revenue | 4,000 | - |
| Conditional grant liability | (65,183) | (9,700) |
| Net cash used by operating activities | (206,860) | (1,003,788) |
| **Cash Flows from Investing Activities** | | |
| Purchase of property and equipment | (11,058) | (7,219) |
| Sales and maturities of investments | - | 1,945,195 |
| Purchase of investments | (111,831) | (2,813,789) |
| Net cash used by investing activities | (122,889) | (875,813) |
| **Net Change in Cash and Cash Equivalents** | (329,749) | (1,879,601) |
| **Cash and Cash Equivalents, Beginning of Year** | 1,056,599 | 2,936,200 |
| **Cash and Cash Equivalents, End of Year** | $ 726,850 | $ 1,056,599 |
| **Supplemental Disclosure of Cash Flow Information** | | |
| Paycheck Protection Program loan forgiveness | $ - | $ 366,160 |
| **Supplemental Disclosure of Noncash Operating Lease Information** | | |
| Right-of-use asset on operating lease liability at inception of ASC 842 adoption | $ - | $ 1,982,407 |

## Note 1. Organization and Nature of Activities

The consolidated financial statements include the accounts of Center for Immigration Studies, Inc. (CIS) and Immigration Research Fund (Fund), collectively, the Center. Accounting standards require consolidation of not-for-profit organizations if the reporting not-for-profit organization has control of other entities through a majority voting interest in the Board of the related entity and an economic interest in that entity. Accordingly, the Fund's financial statements have been consolidated with the statements of CIS and intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Center for Immigration Studies, Inc. is a nonstock, not-for-profit organization formed January 9, 1986, which is devoted to research and policy analysis that studies immigration's effects on the broad national interests of the United States - economic, social, demographic, and environmental.

Immigration Research Fund is a nonstock, not-for-profit organization formed and incorporated on November 15, 2017, which is organized and operated exclusively for charitable, educational and scientific purposes, not for pecuniary profit, and no part of the net earnings of the organization shall inure to the benefit of any person or non-exempt entity.

## Note 2. Summary of Significant Accounting Policies

### *Basis of Presentation*

The consolidated financial statements of the Center are presented on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when the obligation is incurred. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

### *Revenue Recognition*

The Center's primary source of revenue comes from individual contributions and grants from foundations. Both are recognized as revenue when received or unconditionally pledged. Contributions and grants are considered to be nonexchange transactions that include donor-imposed conditions which are recognized as revenue when the condition is met. Restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the satisfaction of restrictions. Restricted contributions and grants received in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Other income is recognized when earned.

Contributed nonfinancial assets are recorded at their fair values in the period received. Contributed nonfinancial services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. There were no contributed nonfinancial services received in 2023 and 2022.

### *Classes of Net Assets*

The consolidated financial statements report separately by class of net assets as follows:

- Net assets without donor restrictions – not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Center's management and the Board of Directors. Net assets without donor restrictions also include board designated funds. Board designated net assets at December 31, 2023 and 2022 totaled $1,161,309 and $938,507, respectively. See Note 10 for additional disclosure.
- Net assets with donor restrictions – subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions at December 31, 2023 and 2022 were $149,382.

### *Cash and Cash Equivalents*

The Center considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

### *Accounts Receivable*

Accounts receivable consist of state franchise and payroll tax and employee receivables. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end, less an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. At December 31, 2023 and 2022, the allowance for credit losses was $0.

### *Pledges Receivable*

Unconditional contributions receivable are recognized as revenue when the promise is received. Conditional contributions receivable are recognized when the conditions on which they depend are substantially met. Contribution receivables due in more than one year are discounted to their present value (estimated fair value) using a rate commensurate with the risks involved.

### *Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value as determined by quoted market price. Certificates of deposit are reported at carrying value on the consolidated statements of financial position. Realized and unrealized gains and losses are included in the consolidated statements of activities.

### *Property and Equipment*

Purchases of property and equipment in excess of $500 are reported at cost. Depreciation is computed using the straight-line method over estimated useful lives of 3 to 5 years. When the assets are sold or disposed, the cost and related accumulated depreciation are removed from the accounts with any gain or loss reflected in the current year's operations. Expenditures for maintenance and repairs are expensed as incurred.

### *Conditional Grant Liability*

Revenue received in advance of the period in which it is earned is deferred to subsequent periods. Grants are considered conditional when they include a barrier that must be overcome and either a right of return of assets transferred or a right of release of a donor's obligation to transfer assets.

### *Deferred Revenue*

Revenue from fees for the 2024 Border Tour is deferred and recognized over the period to which the fees relate.

## *Income Taxes*

CIS and the Fund are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and the tax statutes of the District of Columbia; accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. The Center has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2023 and 2022.

## *Functional Expenses*

The costs of providing program and other activities have been summarized on a functional basis in the consolidated financial statements. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

| Expense | Method of Allocation |
|---|---|
| Salaries | Time and effort |
| Employee benefits | Time and effort |
| Consultants | Actual usage |
| Rent | Square footage |
| Authors' fees | Actual usage |
| Payroll taxes | Time and effort |
| Meetings | Time and effort |
| Travel | Time and effort |
| Printing and copying | Actual usage |
| Professional fees | Actual usage |
| Telephone and communications | Actual usage |
| Repairs and maintenance | Time and effort |
| Insurance | Square footage |
| Office supplies | Actual usage |
| Publications | Time and effort |
| Postage and delivery | Actual usage |
| Payroll processing | Actual usage |
| Dues and subscriptions | Actual usage |
| Miscellaneous | Actual usage |
| Office expense | Actual usage |
| Conferences | Actual usage |
| Promotion | Actual usage |
| Royalty | Actual usage |
| Depreciation | Square footage |

## *Estimates*

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

### *Leases*

The Center determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of Right-of-Use (ROU) assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Center determines lease classification as operating or finance at the lease commencement date. The Center combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office buildings. Short-term leases with an initial term of twelve months or less are not included on the consolidated statements of financial position.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid, or deferred rent, and lease incentives. The Center has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term. The lease term may include options to extend or to terminate the lease that the Center is reasonably certain to exercise. The assessment of whether renewal or extension options are reasonably certain to be exercised is made at lease commencement. Factors considered in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of any leasehold improvements, the value of renewal rates compared to market rates and the presence of factors that would cause a significant economic penalty to the Center if the option were not exercised. Lease expense is generally recognized on a straight-line basis over the lease term.

### *Recently Adopted Accounting Guidance*

#### *Allowance for Credit Losses*

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Center that are subject to the guidance in FASB ASC 326 were accounts receivable. The Center adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only.

### *Subsequent Events*

In preparing these consolidated financial statements, the Center has evaluated events and transactions for potential recognition or disclosures through September 25, 2024, the date the consolidated financial statements were available to be issued. See Note 13 for additional information.

#### *Reclassifications*

Certain reclassifications have been made to the 2022 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

## Note 3. Availability and Liquidity

The following represents the Center's financial assets at December 31:

| | 2023 | 2022 |
|---|---|---|
| Financial assets | | |
| Cash and cash equivalents | $ 726,850 | $ 1,056,599 |
| Accounts receivable | 107 | 630 |
| Pledges receivable | 7,000 | - |
| Prepaid expenses | 20,984 | 21,616 |
| Investments | 3,392,371 | 2,955,944 |
| Total financial assets | 4,147,312 | 4,034,789 |
| Less amounts not available to be used within one year | | |
| Net assets with donor restrictions | 149,382 | 149,382 |
| Board designated funds | 1,161,309 | 938,507 |
| Financial assets available to meet general expenditures over the next twelve months | $ 2,836,621 | $ 2,946,900 |

The Center's goal is generally to maintain financial assets in reserve to meet six months of operating expenses (approximately $1.5 million). As part of its liquidity plan, excess cash is invested in investments in accordance with the Center's investment policies.

## Note 4. Investments

Investments consist of the following as of December 31, 2023 and 2022:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Cost | Fair Value | Cost | Fair Value |
| Money market accounts | $ 105,033 | $ 105,033 | $ 73,214 | $ 73,214 |
| Money market mutual funds | 475,000 | 475,237 | 475,000 | 475,047 |
| Equity mutual funds | 1,435,545 | 1,812,265 | 1,427,610 | 1,499,481 |
| Fixed income mutual funds | 684,732 | 707,496 | 643,083 | 648,669 |
| Alternative investments mutual funds | 313,381 | 292,340 | 282,956 | 259,533 |
| | $ 3,013,691 | $ 3,392,371 | $ 2,901,863 | $ 2,955,944 |

The following schedule summarizes investment return (loss) for 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Interest and dividend income | $ 127,406 | $ 102,546 |
| Interest income on cash accounts | 8,152 | 3,049 |
| Unrealized gain (loss) on investments | 324,596 | (1,272,393) |
| Realized gain on investments | - | 738,342 |
| | 460,154 | (428,456) |
| Investment fees | (15,577) | (3,538) |
| | $ 444,577 | $ (431,994) |

## Note 5. Property and Equipment

Major classes of property and equipment consist of the following as of December 31:

| | 2023 | 2022 |
|---|---|---|
| Furniture and equipment | $ 72,767 | $ 86,510 |
| Website and software costs | 85,901 | 77,313 |
| | 158,668 | 163,823 |
| Accumulated depreciation | (122,452) | (124,320) |
| | $ 36,216 | $ 39,503 |

## Note 6. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and last unobservable, that may be used to measure fair value. The three levels are as follows:

**Level 1** Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Center has the ability to access.

**Level 2** Inputs other than quoted prices in active markets that are either directly or indirectly observable.

**Level 3** Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumption.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Center's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

*Money market, equities, fixed income, and alternative mutual funds:* funds are publicly traded investments and are valued daily at the closing price reported on the active market on which the funds are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, investments at fair value on a recurring basis as of December 31, 2023 and 2022:

| | Assets at Fair Value as of December 31, 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual funds | | | | |
| Money market | $ 475,237 | $ - | $ - | $ 475,237 |
| Equities | 1,812,265 | - | - | 1,812,265 |
| Fixed income | 707,496 | - | - | 707,496 |
| Alternatives | 292,340 | - | - | 292,340 |
| Total assets at fair value | $ 3,287,338 | $ - | $ - | $ 3,287,338 |

| | Assets at Fair Value as of December 31, 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual funds | | | | |
| Money market | $ 475,047 | $ - | $ - | $ 475,047 |
| Equities | 1,499,481 | - | - | 1,499,481 |
| Fixed income | 648,669 | - | - | 648,669 |
| Alternatives | 259,533 | - | - | 259,533 |
| Total assets at fair value | $ 2,882,730 | $ - | $ - | $ 2,882,730 |

## Note 7. Operating Lease

The Center maintains a lease for office space located in Washington, D.C. which has been classified as operating lease. Under the terms of the lease, the Center is responsible for its proportionate share of operating expenses and real estate taxes in addition to the monthly base rent. In 2021, the Center amended the lease to extend the term for an additional term through July 31, 2033. The lease includes an annual escalation of 2.5%.

Included in the accompanying consolidated statements of activities are lease expenses of $186,923 and $190,340 for 2023 and 2022, respectively. The following table summarizes the components of lease expenses for the years ended December 31:

| | 2023 | 2022 |
|---|---|---|
| Operating lease expense | $ 185,147 | $ 188,342 |
| Short-term lease expense | 1,776 | 1,998 |
| Total lease expense | $ 186,923 | $ 190,340 |

The weighted-average discount rates and weighted remaining lease term as of December 31:

| | 2023 | 2022 |
|---|---|---|
| Weighted-average remaining lease term | 10.6 years | 11.6 years |
| Weighted-average discount rate | 1.19% | 1.19% |

Minimum future payments under the above non-cancelable operating lease are as follows:

| | Operating Lease |
|---|---|
| 2024 | $ 140,063 |
| 2025 | 134,299 |
| 2026 | 196,607 |
| 2027 | 201,522 |
| 2028 | 206,560 |
| Thereafter | 1,014,921 |
| Total | 1,893,972 |
| Interest | (111,902) |
| Total lease liabilities | $ 1,782,070 |

## Note 8. Retirement Plan

The Center sponsors a defined contribution tax deferred 403(b) savings plan. Employees with at least one year of service are eligible to participate in the plan administered by USAA Life Insurance Company and Victory Capital. All eligible employees must contribute a minimum of 2.5% of their gross salary to participate in the plan. The Center will match an employee's contribution of the first 2.5% of the employee's gross salary. After three years and five years of service, the Center will match 5% and 7.5%, respectively, of an eligible employee's gross salary. For 2023 and 2022, the amount of retirement plan expense included in employee benefits was $162,738 and $151,001, respectively.

## Note 9. Net Assets with Donor Restrictions

The Center has projects with donor restrictions related to the purposes of the expenditure of funds. Although the grantors restricted the use of the funds for these particular projects, the degree of control exercised by the grantors is minimal. Progress and financial reports are provided to grantors upon request. Net assets with donor restrictions were as follows at December 31:

| | 2023 | 2022 |
|---|---|---|
| Immigration Reform Information Exchange | $ 149,382 | $ 149,382 |

## Note 10. Board Designated Endowment

The Board of Directors established a board-designated endowment in 2007. The Board adopted a policy whereby undesignated bequests will be placed, in their entirety, into the endowment fund and no withdrawals can be made from the endowment fund until the fund reaches one million dollars. The fund had a balance of $1,161,309 and $938,507 as of December 31, 2023 and 2022, respectively, and is included in net assets without donor restrictions in the consolidated statements of financial position.

## Note 11. Concentration of Credit Risk and Revenue Sources

Financial instruments that potentially subject the Center to concentration of credit risk consist of cash accounts. The Center places its cash accounts with high credit quality financial institutions. On December 31, 2023 and 2022, cash balances, including certificates of deposit, exceeded the Federal Deposit Insurance Corporation limits. The Center has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

For 2023 and 2022, 72% and 80%, respectively, of the Center's revenues and support was from one donor.

## Note 12. Related Party Transactions

Center for Immigration Studies, Inc. and Immigration Research Fund are related in as much as they have common officers and members of the Board of Directors.

CIS and the Fund share some operating costs including conference expenses and related costs such as lodging, meals and transportation, in addition to personnel costs. At December 31, 2023 and 2022, amounts due to CIS from the Fund were $31,147 and $33,760, respectively.

For purposes of the consolidated financial statements, the effects of these intercompany balances and transactions have been eliminated from accounts receivable and accounts payable on the consolidated statements of financial position.

## Note 13. Contingencies

The Center is currently engaged in the resolution of an issue raised by the U.S. Department of Justice regarding the PPP loan forgiveness. The outcome of this activity is underminable, and an estimate cannot be made as of the date of these consolidated financial statements.