ACACIA

CENTER FOR JUSTICE

FINANCIAL STATEMENTS

DECEMBER 31, 2023

ACACIA CENTER FOR JUSTICE

TABLE OF CONTENTS
DECEMBER 31, 2023

	Pages
Independent Auditor's Report	3-4
Financial Statements	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9-15

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7910 WOODMONT AVENUE
SUITE 500
BETHESDA, MD 20814
(T) 301.986.0600

Independent Auditor's Report

Board of Trustees
Acacia Center for Justice
Washington, DC

Opinion

We have audited the accompanying financial statements of Acacia Center for Justice (Acacia), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acacia as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Acacia and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Acacia'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Acacia'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.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
November 7, 2024

Certified Public Accountants

ACACIA CENTER FOR JUSTICE

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

Assets

Assets	
Cash and Cash Equivalents	$ 6,043,352
Accounts Receivable	41,462,554
Grants Receivable	961,713
Prepaid Expenses	246,905
Advances to Subgrantees	2,698,675
Other Assets	27,560
Total Assets	$ 51,440,759

Liabilities and Net Assets

Liabilities	
Accounts Payable	$ 30,538,035
Accrued Payroll and Vacation	696,989
Refundable Advances	4,210,983
Contract Liabilities	3,838,722
Deferred Revenue	1,768,666
Total Liabilities	41,053,395
Net Assets	
Net Assets Without Donor Restrictions	10,387,364
Total Net Assets	10,387,364
Total Liabilities and Net Assets	$ 51,440,759

See accompanying Notes to Financial Statements.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Change in Net Assets Without Donor Restrictions	
Revenue	
Grants and Contributions	$ 2,883,351
Contract Revenue	84,702,081
Other Revenue	15,311
Total Revenue Without Donor Restrictions	87,600,743
Expenses	
Program Services	
Capacity Building	7,326,154
Legal Access and Orientation	30,519,695
Legal Representation	37,064,996
Total Program Services	74,910,845
Supporting Services	
Fundraising	235,591
General and Administration	5,294,117
Total Supporting Services	5,529,708
Total Expenses	80,440,553
Change in Net Assets Without Donor Restrictions	7,160,190
Net Assets Without Donor Restrictions, Beginning of Year	3,227,174
Net Assets Without Donor Restrictions, End of Year	$ 10,387,364

See accompanying Notes to Financial Statements.

ACACIA CENTER FOR JUSTICE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Capacity Building	Legal Access and Orientation	Legal Representation	Total Program Services	General and Administration	Fundraising	Total
Salaries	$ 242,696	$ 3,149,159	$ 4,912,094	$ 8,303,949	$ 3,322,605	$ 168,532	$ 11,795,086
Payroll Taxes	20,101	242,439	382,856	645,396	249,145	12,811	907,352
Fringe Benefits	51,222	574,172	852,136	1,477,530	489,273	43,265	2,010,068
Subcontractor Services	6,554,963	25,844,887	28,283,359	60,683,209	-	-	60,683,209
Subgrantee Award	-	-	2,153,084	2,153,084	-	-	2,153,084
Professional Fees	402,692	484,017	221,165	1,107,874	815,013	-	1,922,887
Conferences and Travel	53,563	76,718	137,379	267,660	185,602	4,056	457,318
Office Expense	291	13,500	10,143	23,934	128,326	-	152,260
Commodities, Supplies, and Minor Equipment	596	58,285	58,062	116,943	48,887	2,564	168,394
Maintenance and Systems	-	64,052	39,054	103,106	48,532	3,636	155,274
Telecom and Internet	-	12,068	14,785	26,853	5,927	600	33,380
Miscellaneous	30	398	879	1,307	807	127	2,241
Total Expenses	$ 7,326,154	$ 30,519,695	$ 37,064,996	$ 74,910,845	$ 5,294,117	$ 235,591	$ 80,440,553

See accompanying Notes to Financial Statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash Flows from Operating Activities	
Change in Net Assets	$ 7,160,190
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
(Increase) in Assets	
Accounts Receivable	(30,703,787)
Grants Receivable	(961,713)
Prepaid Expenses	(157,800)
Advances to Subgrantees	(2,698,675)
Other Assets	(27,560)
Increase (Decrease) in Liabilities	
Accounts Payable	20,450,838
Accrued Payroll and Vacation	118,923
Refundable Advances	2,549,318
Contract Liabilities	3,838,722
Deferred Revenue	490,368
Accrued Loss on Uncompleted Contract	(249,560)
Net Cash Used in Operating Activities	(190,736)
Net Decrease in Cash and Cash Equivalents	(190,736)
Cash and Cash Equivalents, Beginning of Year	6,234,088
Cash and Cash Equivalents, End of Year	$ 6,043,352

See accompanying Notes to Financial Statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Acacia Center for Justice (Acacia) is a non-profit created in December 2021 through a collaboration between the Vera Institute of Justice (Vera) and the Capital Area Immigrants' Rights Coalition (CAIR Coalition). CAIR Coalition was the sole member. Operations began in January 2022. The objective of Acacia is to expand on Vera's work over the past twenty years in providing legal support and representation to immigrants facing deportation through the development, coordination, and management of national networks of legal services providers serving immigrants across the country. Acacia's goals are two-fold: to support immigrant legal services and defense networks to provide exceptional legal services to immigrants and to advocate for the expansion of these programs and the infrastructure critical to guaranteeing immigrants access to justice, fairness, and freedom.

Independence Agreement

Effective August 7, 2023, CAIR Coalition and Acacia entered into an independence agreement which set forth the understandings between CAIR Coalition and Acacia regarding Acacia's ultimate independence from CAIR Coalition as well as the continuing relationship between the entities. The Independence Date was December 31, 2023.

Programs

The programs of Acacia fall into the following three areas:

Legal Access and Orientation Programs deliver legal orientations and self-help workshops about immigration court procedures to adults, adult caregivers of children, and families in DHS custody and in removal proceedings to help them better understand what to expect in court. These programs are comprised of:

- Legal Orientation Program (LOP) delivers legal orientations and self-help workshops about immigration court procedures to adult individuals in DHS custody to help them prepare to represent themselves in immigration court.
- Legal Orientation Program for Custodians of Unaccompanied Children (LOPC) provides legal orientation presentations to adult caregivers (custodians/sponsors) of non-detained unaccompanied children in EOIR removal proceedings.
- Immigration Court Helpdesk (ICH) delivers legal orientations and self-help workshops to non-detained individuals in removal proceedings to help them better understand what to expect in immigration court and prepare to represent themselves.
- Family Group Legal Orientation Program (FGLOP) provides legal orientation presentations and self-help workshops to family groups in removal proceedings to help them better understand what to expect in court and prepare to represent themselves.

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

Organization (Continued)

Programs (Continued)

Legal Representation Programs provide legal counsel to adults and children in various contexts.

These programs are comprised of:

- National Qualified Representative Program (NQRP) provides qualified representatives (attorneys and others accredited to provide legal defense) in immigration court to unrepresented detained adults who are found by an Immigration Judge or The Board of Immigration Appeals to be mentally incompetent to represent themselves in immigration proceedings.
- Children's Counsel Initiative (CCI) provides legal representation to children who are in immigration proceedings in designated immigration court locations.
- Unaccompanied Children Program (UCP) provides know your rights presentations and legal screenings to all children in ORR custody, as well as representation to children in and released from ORR custody.
- Litigation Support Fund (LSF) provides a source of funding to support the legal cases of unaccompanied children who are placed in facilities and locations outside of the existing network of legal service providers and to challenge custody determinations and other strategic litigation advocacy.

Through Capacity Building Programs, Acacia works with partners to expand organizational resources to meet demand for legal services throughout the United States.

The programs are comprised of:

- Attorney Recruitment Project places experienced and new attorneys in legal service providers to bolster the capacity of these critical services.
- Policy and Outreach encompass policy analysis, research, lobbying, and government relations to advance and grow public support for Acacia's work.

Income Taxes

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

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

Acacia'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.

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

Basis of Accounting

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable consists of amounts due for services provided primarily under government contracts. Amounts under these contracts are generally collected within ninety days of billing. Accounts receivable amounts are presented in the statement of financial position at the net amount expected to be collected. Acacia uses the loss-rate method to estimate expected credit losses based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Historical credit loss experience provides the basis for the estimation of expected credit losses and adjustments are made for differences in current and forecasted risk characteristics and economic conditions. There was no allowance for credit losses and no provision for expected credit losses as of December 31, 2023 or 2022, and there were no write-offs or recoveries of any accounts receivable during the year ended December 31, 2023. The balance of accounts receivable at December 31, 2022, was approximately $10.759 million.

Grants Receivable

Grants receivable consists primarily of amounts due from donors that are not received by Acacia at year end. Acacia reviews the collectability of grants receivable on a timely basis. No reserve for doubtful accounts has been established as management believes all amounts are collectible. All grants receivable are due within one year.

Grants and Contributions

Acacia 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 restrictions are met in the year received are considered 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. Conditional grants and contributions with donor restrictions are considered grants and contributions without donor restrictions if the conditions and restrictions are met in the same period.

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

Contract Revenue

Contract revenue includes immigration legal services provided by Acacia 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 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 Acacia and other direct costs, such as travel expenses incurred. Contract activities and expenditures are subject to audit and acceptance by the funding agency and, as a result of such audit, adjustments could be required. However, management does not anticipate any material adjustments.

Contract Liabilities

Contract liabilities represent amounts collected that must be returned to the funder or credited on current billings. The balance relates to contract modifications, rate changes, etc. Subsequent to December 31, 2023, all amounts had been returned or credited to the funder.

Deferred Revenue

Deferred revenue represents amounts received on contract in advance of completion of the services. Deferred revenue was approximately $1.278 million as of December 31, 2022.

Classification of Net Assets

The financial statements of Acacia have been prepared in accordance with US generally accepted accounting principles (US GAAP), which requires Acacia 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 Acacia. These net assets may be used at the discretion of Acacia'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 Acacia or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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.

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

Leases

The determination of whether an arrangement is a lease is made at the lease's inception. Under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Acacia considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed as payments when incurred.

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.

2. ADOPTION OF ACCOUNTING STANDARDS UPDATE

During the year ended December 31, 2023, Acacia adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. All assets that fall within the scope of ASU 2016-13 were evaluated to determine if the measurement of expected credit losses is material. The effect of the adoption as of January 1, 2023, was not material to the financial statements.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Acacia manages its liquidity to meet general expenditures, liabilities, and other obligations as they come due.

As of December 31, 2023, the following financial assets are available for general operating expenditures within one year:

Financial Assets	
Cash and Cash Equivalents	$ 6,043,352
Grants Receivable	961,713
Accounts Receivable	41,462,554
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	$ 48,467,619

3. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

On July 14, 2023, Acacia entered into a variable rate revolving line of credit with a bank to provide funding for working capital. The available line of credit is $1.500 million and was due on July 1, 2024. Interest is due monthly and accrues at .25 percentage points over the Prime Rate in the Wall Street Journal. The loan is secured by substantially all the assets of Acacia. In addition, the loan is guaranteed by Vera. There were no advances under the line of credit in 2023. In July of 2024, the line of credit was extended through October 31, 2025.

4. RETIREMENT PLAN

Acacia sponsors a 403(b) plan (the Plan) for its employees. The Plan covers substantially all full-time employees who have completed one consecutive month of service. For the year ended December 31, 2023, Acacia contributed approximately $543,000 to the Plan.

5. CONCENTRATIONS

As of December 31, 2023, approximately 85% of accounts receivable was due from two funding sources, approximately 94% of grants receivable was due from one donor.

For the year ended December 31, 2023, three funding sources accounted for 100% of the contract revenue and one donor accounted for 84% of the grants and contributions revenue.

Acacia maintains cash balances at financial institutions in the Washington, DC, 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, Acacia's cash balances exceeded the FDIC insurance amounts. Management believes the risk in these situations to be minimal.

6. RELATED PARTY TRANSACTIONS

As part of the formation of Acacia, the bylaws stipulated that CAIR Coalition had the power to elect Acacia's Board of Trustees. Accordingly, CAIR Coalition was considered to be the sole member with controlling and economic interest in Acacia through the Independence Date as discussed in Note 1. During the year ended December 31, 2023, CAIR Coalition provided services as a subcontractor to Acacia for approximately $1.900 million. In addition, as of December 31, 2023, Acacia had a balance due to CAIR Coalition of approximately $734,000.

The Director of Finance for Vera serves as a trustee for Acacia. During the year ended December 31, 2023, Vera provided contract revenue of approximately $18.400 million to Acacia. Approximately $5.890 million was due from Vera and is included in accounts receivable as of December 31, 2023.

Another trustee serves as Executive Director of a subcontractor. During the year ended December 31, 2023, this subcontractor provided services to Acacia for approximately $6.550 million. In addition, as of December 31, 2023, Acacia had a balance due to this subcontractor of approximately $2.531 million.

7. CONDITIONAL GRANTS

As of December 31, 2023, Acacia has received conditional grants with a total remaining balance of approximately $10.271 million. The conditional amount has 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, 2023. Acacia must incur expenses related to the project.

8. LEGACY CASES

With the formation of Acacia, Vera and Acacia entered into a separate fixed price contract whereby Acacia would assume 649 legacy NQRP Nationwide Policy (NP) and Counsel for Children (CC) cases for a fixed fee of approximately $2.650 million. Expenditures for these cases exceeded the revenue in 2022. Acacia will continue to incur costs under this program for the next several years as cases are settled. Although there is not a contractual funding structure for this contract, Acacia considers the work to be integral to maintaining the support network necessary to service future clients. A portion of the fixed fee has been included in deferred revenue based on an estimate of the projected costs.

9. ADVANCES TO SUBGRANTEES

During 2023, Vera assigned a conditional contribution to Acacia which requires certain amounts to be advanced to subgrantees prior to the subgrantee incurring certain expenses. Upon assignment of the contract to Acacia, Vera had advanced approximately $4.164 million to the subgrantees. During the year, Acacia expensed approximately $2.153 million of subgrantee awards based on actual expenses incurred. Acacia recognized grants and contributions revenue of approximately $2.365 million related to the grant as conditions were met.

10. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 7, 2024, which is the date the financial statements were available to be issued.

On July 2, 2024, Acacia entered into a lease agreement for office space in New York, New York. The lease commenced on July 22, 2024, and has a term of three years. Base rent for the first year is $75,000 plus an additional base charge of $6,500 for electricity. The base rent increases 2.5 percent per year. Commencement of the lease will result in an operating lease liability and right-of-use asset as of the commencement date.