CENTRO DE LOS DERECHOS DEL MIGRANTE, INC.

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2023 AND 2022

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JM&M
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Board of Directors of
Centro de los Derechos del Migrante, Inc.
Baltimore, MD

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Centro de los Derechos del Migrante, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Centro de los Derechos del Migrante, Inc. as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Centro de los Derechos del Migrante, Inc. 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 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, 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 Centro de los Derechos del Migrante, Inc.'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 and *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 Centro de los Derechos del Migrante, Inc.'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 Centro de los Derechos del Migrante, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2024, on our consideration of Centro de los Derechos del Migrante, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Centro de los Derechos del Migrante, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Centro de los Derechos del Migrante, Inc.'s internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note B to the financial statements, during the year ended December 31, 2023, Centro de los Derechos del Migrante, Inc. adopted new accounting guidance, Accounting Standards Update ("ASU") 2016-13, Topic 326, *Financial Instruments — Credit Losses*, as amended. Our opinion is not modified with respect to this matter.

Washington, D.C.
August 12, 2024

CENTRO DE LOS DERECHOS DEL MIGRANTE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 1,147,181	$ 1,584,925
Government grants receivable	284,357	345,201
Grants receivable	512,602	65,336
Contributions receivable	23,645	-
Accounts receivable	52,263	34,135
Prepaid expenses	18,538	5,600
Total Current Assets	2,038,586	2,035,197
PROPERTY AND EQUIPMENT		
Furniture and equipment	46,123	46,123
Less: accumulated depreciation	(45,901)	(45,453)
Property and Equipment, Net	222	670
OTHER ASSETS		
Security deposit	2,239	2,465
Total Other Assets	2,239	2,465
TOTAL ASSETS	$ 2,041,047	$ 2,038,332
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 8,508	$ 8,149
Accrued expenses	82,891	96,313
Total Current Liabilities	91,399	104,462
NET ASSETS		
Without donor restrictions	1,221,003	1,842,636
With donor restrictions	728,645	91,234
Total Net Assets	1,949,648	1,933,870
TOTAL LIABILITIES AND NET ASSETS	$ 2,041,047	$ 2,038,332

The accompanying notes are an integral part of these financial statements.

CENTRO DE LOS DERECHOS DEL MIGRANTE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Government grants	$ 2,332,381	$ -	$ 2,332,381
Grants	8,467	907,240	915,707
Contract revenue	158,054	-	158,054
Contributions	81,426	-	81,426
In-kind services	63,187	-	63,187
Other income	206	-	206
Foreign currency translation loss	(15,686)	-	(15,686)
Net assets released from restrictions	269,829	(269,829)	-
Total Revenue and Support	2,897,864	637,411	3,535,275
EXPENSES			
Program Services:			
Outreach and education	2,343,706	-	2,343,706
Legal support	465,830	-	465,830
Policy advocacy	102,154	-	102,154
Total Program Services	2,911,690	-	2,911,690
Supporting Services:			
General and administration	427,440	-	427,440
Fundraising	180,367	-	180,367
Total Supporting Services	607,807	-	607,807
Total Expenses	3,519,497	-	3,519,497
CHANGE IN NET ASSETS	(621,633)	637,411	15,778
NET ASSETS, beginning of year	1,842,636	91,234	1,933,870
NET ASSETS, end of year	$ 1,221,003	$ 728,645	$ 1,949,648

The accompanying notes are an integral part of these financial statements.

CENTRO DE LOS DERECHOS DEL MIGRANTE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Government grant	$ 3,267,636	$ -	$ 3,267,636
Grants	321,500	304,110	625,610
Contract revenue	140,956	-	140,956
Contributions	210,571	-	210,571
In-kind services	63,509	-	63,509
Forgiveness of PPP loan	115,944	-	115,944
Other income	10,438	-	10,438
Foreign currency translation loss	(14,553)	-	(14,553)
Net assets released from restrictions	856,389	(856,389)	-
Total Revenue and Support	4,972,390	(552,279)	4,420,111
EXPENSES			
Program Services:			
Outreach and education	3,114,819	-	3,114,819
Legal support	409,434	-	409,434
Policy advocacy	236,827	-	236,827
Total Program Services	3,761,080	-	3,761,080
Supporting Services:			
General and administration	683,395	-	683,395
Fundraising	126,097	-	126,097
Total Supporting Services	809,492	-	809,492
Total Expenses	4,570,572	-	4,570,572
CHANGE IN NET ASSETS	401,818	(552,279)	(150,461)
NET ASSETS, beginning of year	1,440,818	643,513	2,084,331
NET ASSETS, end of year	$ 1,842,636	$ 91,234	$ 1,933,870

The accompanying notes are an integral part of these financial statements.

CENTRO DE LOS DERECHOS DEL MIGRANTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services				Supporting Services			
	Outreach and Education	Legal Support	Policy Advocacy	Total Program Expenses	General and Administration	Fundraising	Total Supporting Services	Total Expenses
Personnel Expense:								
Salaries	$ 897,036	$ 346,537	$ 73,999	$ 1,317,572	$ 217,934	$ 140,479	$ 358,413	$ 1,675,985
Payroll taxes	56,924	23,385	5,576	85,885	11,383	6,901	18,284	104,169
Employee benefits	121,081	49,742	11,861	182,684	24,214	14,678	38,892	221,576
Subtotal Personnel Expense	1,075,041	419,664	91,436	1,586,141	253,531	162,058	415,589	2,001,730
Accounting fees	-	-	-	-	85,000	-	85,000	85,000
Bad debt	-	-	-	-	1,971	-	1,971	1,971
Bank and credit card fees	315	40	-	355	2,129	5	2,134	2,489
Conference and meeting facilities	1,325	913	237	2,475	-	-	-	2,475
Depreciation	-	-	-	-	448	-	448	448
Dues and subscriptions	7,643	7,232	538	15,413	1,723	-	1,723	17,136
Insurance	4,544	2,095	401	7,040	774	575	1,349	8,389
Legal	-	441	-	441	363	-	363	804
Meals and entertainment	1,739	738	7	2,484	1,882	1,455	3,337	5,821
Occupancy	2,276	321	321	2,918	35,295	321	35,616	38,534
Office supplies	9,430	1,268	97	10,795	3,703	290	3,993	14,788
Postage and delivery	296	385	425	1,106	984	12	996	2,102
Printing and reproduction	7,988	175	-	8,163	-	19	19	8,182
Professional fees	1,090,675	295	1,590	1,092,560	12,502	1,913	14,415	1,106,975
Promotion and outreach	8,407	724	724	9,855	2,529	3,896	6,425	16,280
Repairs and maintenance	-	-	-	-	1,100	-	1,100	1,100
Staff development and training	1,692	-	-	1,692	-	-	-	1,692
Telephone and telecommunications	12,061	2,533	741	15,335	5,537	639	6,176	21,511
Travel	84,780	15,373	2,795	102,948	8,744	3,806	12,550	115,498
Utilities	1,674	568	52	2,294	1,008	82	1,090	3,384
Total Expenses Before In-Kind Professional Services	2,309,886	452,765	99,364	2,862,015	419,223	175,071	594,294	3,456,309
In-kind professional services	33,820	13,065	2,790	49,675	8,217	5,296	13,513	63,188
Total Expenses	$ 2,343,706	$ 465,830	$ 102,154	$ 2,911,690	$ 427,440	$ 180,367	$ 607,807	$ 3,519,497

The accompanying notes are an integral part of these financial statements.

CENTRO DE LOS DERECHOS DEL MIGRANTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services				Supporting Services			
	Outreach and Education	Legal Support	Policy Advocacy	Total Program Expenses	General and Administration	Fundraising	Total Supporting Services	Total Expenses
Personnel Expense:								
Salaries	$ 1,021,033	$ 315,910	$ 183,444	$ 1,520,387	$ 241,676	$ 98,420	$ 340,096	$ 1,860,483
Payroll taxes	57,236	17,709	10,283	85,228	13,547	5,517	19,064	104,292
Employee benefits	119,264	36,901	21,428	177,593	28,229	11,496	39,725	217,318
Subtotal Personnel Expense	1,197,533	370,520	215,155	1,783,208	283,452	115,433	398,885	2,182,093
Accounting fees	-	-	-	-	74,725	-	74,725	74,725
Bad debt	-	-	-	-	181,865	-	181,865	181,865
Bank and credit card fees	-	-	-	-	14,606	-	14,606	14,606
Conference and meeting facilities	1,901	1,325	-	3,226	208	-	208	3,434
Depreciation	-	-	-	-	774	-	774	774
Dues and subscriptions	6,421	5,681	275	12,377	11,529	59	11,588	23,965
Insurance	7,116	2,202	1,278	10,596	1,684	686	2,370	12,966
Legal	-	-	-	-	606	-	606	606
Meals and entertainment	861	47	-	908	2,964	54	3,018	3,926
Occupancy	4,412	-	-	4,412	25,646	-	25,646	30,058
Office supplies	70,832	348	30	71,210	9,678	162	9,840	81,050
Postage and delivery	587	409	30	1,026	2,307	325	2,632	3,658
Printing and reproduction	5,642	403	-	6,045	125	1,236	1,361	7,406
Professional fees	1,689,492	3,219	920	1,693,631	21,354	-	21,354	1,714,985
Promotion and outreach	18,351	351	351	19,053	1,791	351	2,142	21,195
Repairs and maintenance	-	48	-	48	724	-	724	772
Staff development and training	2,022	466	-	2,488	823	-	823	3,311
Telephone and telecommunications	13,174	1,346	337	14,857	10,016	63	10,079	24,936
Travel	60,820	11,287	11,830	83,937	29,159	4,195	33,354	117,291
Utilities	1,927	571	115	2,613	786	42	828	3,441
Total Expenses Before In-Kind Professional Services	3,081,091	398,223	230,321	3,709,635	674,822	122,606	797,428	4,507,063
In-kind professional services	33,728	11,211	6,506	51,445	8,573	3,491	12,064	63,509
Total Expenses	$ 3,114,819	$ 409,434	$ 236,827	$ 3,761,080	$ 683,395	$ 126,097	$ 809,492	$ 4,570,572

The accompanying notes are an integral part of these financial statements.

CENTRO DE LOS DERECHOS DEL MIGRANTE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

		2023		2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets (deficit)	$	15,778	$	(150,461)
Adjustments to reconcile changes in net assets to net cash (used for) provided by operating activities:				
Depreciation		448		774
Forgiveness of PPP Loan		-		(115,944)
(Increase) decrease in:				
Government grants receivable		60,844		96,986
Grants receivable		(447,266)		287,952
Contributions receivable		(23,645)		-
Accounts receivable		(18,128)		61,365
Prepaid expenses		(12,938)		2,197
Security deposit		226		(1,364)
Increase (decrease) in:				
Accounts payable		359		(23,285)
Accrued expenses		(13,422)		(60,992)
Deferred revenue		-		(293,463)
Net Cash (Used for) Provided by Operating Activities		(437,744)		(196,235)
NET CHANGE IN CASH		(437,744)		(196,235)
CASH, beginning of year		1,584,925		1,781,160
CASH, end of year	$	1,147,181	$	1,584,925

The accompanying notes are an integral part of these financial statements.

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES

Centro de los Derechos del Migrante, Inc. ("CDM") is a not-for-profit organization incorporated under the laws of the State of Florida on March 3, 2005. Since its founding, CDM has been driven by its mission to improve the conditions of low-wage workers in the United States.

CDM's purpose is to provide certain services to Mexican nationals including, but not limited to: (i) educating low-wage (indigent) Mexico-based migrant workers about their legal rights in connection with their employment in the United States; (ii) educating Mexican consular officers, government officials and non-governmental organizations, such as human rights groups, about U.S. laws, regulations, and policies regarding labor rights and immigration issues; (iii) acting as an intermediary, facilitating access to legal and social service providers for Mexico-based migrants and their family members; and, (iv) following developments and acquiring expertise in transnational labor issues, particularly those related to guest worker programs, and providing policy analysis and recommendations to Mexican and U.S. policy-makers and worker advocacy groups.

The major sources of revenue for CDM are grants, contributions and contract revenue.

<u>Program Services</u>

Outreach and Education

Targeting a diverse range of audiences, CDM performs a broad array of outreach and educational services, including leadership development and "know your rights" trainings. In an effort to prevent workplace abuses, CDM conducts participatory educational workshops (covering topics, such as wage and hour laws, health and safety regulations, risk prevention, civil rights, and policy developments pertaining to labor migration programs) with workers who reside in communities in Mexico from which many travel to work in the United State.

Legal Support

CDM is a critical point of contact for migrant workers in the United States, providing intake, evaluation, referral and other legal services free of charge for workers who face workplace and other abuses. Through CDM's extensive outreach and mobile workers' rights workshops in migrant-sending communities in Mexico; and its toll-free hotlines in the U.S. and Mexico, CDM has helped thousands of migrant workers gain access to the justice system. After a comprehensive intake process, CDM's multilingual legal team evaluates workers' potential work-related claims and connects them with advocates at partner non-profit organizations, law firms, and government enforcement agencies. CDM also litigates cases on behalf of migrant workers in U.S. courts and before administrative agencies and international bodies. CDM also provides "friend of the court" briefings in important cases.

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES (continued)

Program Services (continued)

Legal Support (continued)

In addition, CDM provides expert professional litigation support services and investigative support for other organizations with Mexico-based migrant worker clients to ensure that those organizations can effectively provide legal services to their clients.

Policy Advocacy

CDM provides a transnational worker-centered policy advocacy presence by bringing migrant workers' voices to key immigration and labor policy forums, a space where their perspectives are fundamental but too often absent. Drawing on CDM's expertise on these issues (particularly those related to guest worker programs, international labor recruitment, and access to justice), CDM provides analysis, investigative reports, and recommendations to policymakers as well as worker advocacy groups. CDM also comments on U.S. regulations to federal agencies, and strategically advocates for policy reforms.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are using the accrual method of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Adoption of New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments—Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments. The amendments in this ASU significantly change how organizations will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income or change in net assets. Importantly, this ASU will impact both financial institutions and non-financial services entities. Previously, U.S. generally accepted accounting principles (U.S. GAAP) contained an "incurred loss" methodology for recognizing credit losses. This methodology delayed recognition until it was probable a loss had been incurred. ASU 2016-13 introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments (including trade receivables). It also modifies the impairment model for available-for-sale ("AFS") debt securities and provides for a simplified accounting model for purchased financial assets with credit

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Pronouncement

deterioration since their origination CDM adopted ASU 2016-13 (commonly known as the Current Expected Credit Loss Impairment Model, or "CECL"), effective January 1, 2023. The main objective of ASU 2016-13 is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in CECL replace the incurred loss impairment methodology, with a methodology that reflects expected credit losses, and requires consideration of a broader range of reasonable and supportable information to inform the users of credit loss estimates.

Upon adoption of ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, it was determined that CDM did not need to adjust the allowance for credit losses as of January 1, 2023.

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*. In accordance with the Topic, CDM is required to report information regarding its financial position and activities according to two classes of net assets. Accordingly, the net assets of CDM and changes therein, are classified and reported as follows:

> *Net Assets without Donor Restrictions* – Net assets not subject to donor-imposed restrictions or stipulations.
>
> *Net Assets with Donor Restrictions* – Net assets subject to donor-imposed stipulations that may be met by either actions of CDM and/or the passage of time, or that must be maintained in perpetuity by CDM. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Cash

CDM maintains its cash balances in bank deposit accounts of which certain accounts are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. At times, the accounts may exceed this limit; however, CDM believes it is not exposed to any significant credit risk on cash.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants, Contributions and Accounts Receivable

Grants, contributions, and accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon an ongoing review of outstanding receivables, historical collection of information, and existing economic conditions. Amounts deemed uncollectible are charged off based on specific circumstances of the parties involved. As of December 31, 2023 and 2022, $1,971 and $181,865, respectively, was determined to be uncollectible, and therefore, was written off to the bad debt account. Management believes that all other receivables are fully collectible; therefore, no allowance for credit losses was established as of December 31, 2023 and 2022. Accounts receivable, as of the beginning of the year ended December 31, 2022, totaled $95,500.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method calculated to depreciate the cost of the applicable assets over their estimated useful lives. Major additions and replacements with costs of at least $2,500 and lives greater than one year are capitalized, while repairs and maintenance are generally expensed. The estimated useful life of furniture and equipment ranges between three to seven years.

Revenue Recognition

Grants and Contributions

CDM recognizes grants and contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions.

Government Grants

Government grants are primarily received either directly or indirectly from federal government agencies, including the Centers for Disease Control and Prevention. These revenues are considered conditional grants with a measurable performance or other barrier and a right of return, and are not recognized until the conditions on which they depend have been substantially met. These grants are also subject to audit by the grantor agencies, which could result in a

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Government Grants (continued)

request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. Amounts received prior to incurring qualifying expenditures (if any) are reported as deferred revenue in the statements of financial position.

CDM's federal grants are conditional and are recognized as revenue based upon satisfying certain performance requirements, and the incurrence of allowable qualifying expenses. Consequently, as of December 31, 2023, conditional contributions totaling $3,585,532, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements. However, the conditional grants are expected to be fulfilled by the year ending December 31, 2025.

Contract Revenue

Contract revenue is income derived from legal services and is recognized at a point in time when the services are completed. Amounts received in advance are recorded as deferred revenue.

In-Kind Services

CDM receives donated time from volunteers in support of its programs and operations. The time donated by volunteers has not been recorded in the accompanying financial statements because these services do not meet the criteria for recognition as contributed services. In-kind services consist of donated services, which are utilized for CDM's program-related activities. CDM recognizes in-kind contributions of 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.

Methods Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable 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 insurance, occupancy, and any other applicable expenses, which are allocated based on salaries and related costs, determined by estimates of time and effort expended.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation

Foreign account balances and activities have been translated from Mexican Pesos into U.S. dollars. All statement of financial position accounts have been translated using the exchange rate in effect as of the statement of financial position date. The statements of activities amounts have been translated using the average exchange rates for the years. Foreign currency translation adjustments resulted in losses of $15,686 and $14,453, during the years ended December 31, 2023 and 2022, respectively.

Use of Estimates

The preparation of financial statements 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE C – INCOME TAXES

CDM is a 501(c)(3) organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code. CDM, however, is subject to tax on business income unrelated to its exempt purpose.

CDM believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There were no unrecognized tax benefits or liabilities that needed to be recorded.

CDM's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. CDM's information returns for the years 2020 through 2022, are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

CDM regularly monitors liquidity requirements to ensure that ongoing operating needs and other contractual commitments are met. Timing of revenue receipts also ensures the availability of necessary operational funds. Sources of liquidity available to CDM include financial assets consisting of cash, and grants, contributions and accounts receivable.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY (continued)

In addition to financial assets available to meet general expenditures over the next 12 months, CDM anticipates maintaining sufficient reserves to cover any unexpected expenses. Timing of revenue receipts also ensures the availability of necessary operational funds.

In addition, although CDM had net assets with donor restrictions totaling $728,645 and $91,234, as of December 31, 2023 and 2022, respectively, management expects that these amounts will be available for expenditure over the next 12 months. Total financial assets held by CDM and the amount of those financial assets that could readily be made available within one year of the statement of financial position date to meet general expenditures were as follows as of December 31:

	2023	2022
Cash	$ 1,147,181	$ 1,584,925
Government grants receivable	284,357	345,201
Grants receivable	512,602	65,336
Contributions Receivable	23,645	-
Accounts receivable	52,263	34,135
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	$ 2,020,048	$ 2,029,597

NOTE E – LEASE COMMITMENTS

CDM leases two office spaces in Mexico: Oaxaca and Mexico City. The office in Oaxaca is under consecutive one-year lease terms commencing on May 30, 2022, and May 30, 2023, and subsequently, the lease was extended to May 30, 2025. The office in Mexico City is under consecutive one-year lease terms commencing on April 30, 2022, and April 30, 2023, and subsequently, the lease was extended to April 30, 2025. On May 21, 2021, CDM signed a lease for their Baltimore office with a forty-month period that commenced on June 1, 2021. Future minimum lease payments, inclusive of all the office leases, total $33,296 and $7,772 for the years ending December 31, 2024 and 2025, respectively. Occupancy expense for the years ended December 31, 2023 and 2022, totaled $38,534 and $30,058, respectively.

NOTE F – RETIREMENT PLAN

CDM adopted the Centros de los Derechos del Mig 401(k) Profit Sharing Plan and Trust (the "Plan") to benefit its employees. Employees who are at least 21 years of age and have been in CDM's employment for a minimum of one year are eligible to participate in the Plan. The employer matching is discretionary and can vary from year to year. For the years ended December 31, 2023 and 2022, there were no employer contributions to the Plan.

NOTE G – IN-KIND SERVICES

Contributed services that require specialized skills and that CDM would otherwise need to purchase are recorded at their estimated fair value evaluated in the area in which CDM conducts its programs. Unless otherwise noted, in-kind services do not have donor-imposed restrictions. During the years ended December 31, 2023 and 2022, CDM received donated legal research and analysis services valued at $63,188 and $63,509, respectively. The value of donated legal services is based on approximately 2,537 and 2,440 hours multiplies by a specific hourly rate for the years ended December 31, 2023 and 2022, respectively. The donated legal services were used for programs and supporting services; and are allocated in the accompanying statements of functional expenses accordingly.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, were as follows:

	2023	2022
Migrant workers educational programs	$ 246,222	$ 20,400
Time restricted	482,423	70,834
Total net assets with donor restrictions	$ 728,645	$ 91,234

NOTE I – PAYCHECK PROTECTION PROGRAM

In June 2021, CDM received a Paycheck Protection Program ("PPP") loan in the amount of $115,944 with The Harbor Bank of Maryland (the "Lender"). The U.S. Small Business Administration ("SBA") set terms around this loan, which allowed PPP borrowers the ability to qualify to have their loans forgiven if the proceeds were used to pay certain eligible costs during the COVID-19 crisis. The loan amounts would be forgiven as long as the loan proceeds were used to cover payroll costs, rent, certain mortgage interest, and utility costs over a period specified in the loan documents. CDM used their PPP loan for the above stated purposes, and on April 18, 2022, the loan was fully forgiven. Therefore, the forgiveness of the PPP loan was recognized as revenue in the accompanying statement of activities for the year ended December 31, 2022.

NOTE J – CONCENTRATION OF RISK

CDM is supported significantly by government grants. For the years ended December 31, 2023 and 2022, 60% and 69%, respectively, of total revenue was provided by the U.S. Department of Health and Human Services. Reduction of this source of support would have a significant impact on CDM's programs and activities. CDM has structured its federal grant related activities in a way to mitigate risk related to potential reduction in funding.

NOTE K – SUBSEQUENT EVENTS

In preparing these financial statements, CDM's management has evaluated events and transactions for potential recognition or disclosure through August 12, 2024, the date the financial statements were available to be issued. Except for the lease extensions referenced in Note E, there were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Centro de los Derechos del Migrante, Inc.
Baltimore, MD

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Centro de los Derechos del Migrante, Inc. (a nonprofit organization), 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, and have issued our report thereon dated August 12, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Centro de los Derechos del Migrante, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Centro de los Derechos del Migrante, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Centro de los Derechos del Migrante, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Centro de los Derechos del Migrante, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Centro de los Derechos del Migrante, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Centro de los Derechos del Migrante, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

JM & M

Washington, DC
August 12, 2024

JM&M
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Centro de los Derechos del Migrante, Inc.
Baltimore, MD

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Centro de los Derechos del Migrante, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Centro de los Derechos del Migrante, Inc.'s major federal programs for the year ended December 31, 2023. Centro de los Derechos del Migrante, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Centro de los Derechos del Migrante, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles,* and *Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Centro de los Derechos del Migrante, Inc. and to meet our ethical responsibilities, in accordance with 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 opinion on compliance for the major federal programs. Our audit does not provide a legal determination of Centro de los Derechos del Migrante, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Centro de los Derechos del Migrante, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Centro de los Derechos del Migrante, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Centro de los Derechos del Migrante, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess risks of material noncompliance, 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 Centro de los Derechos del Migrante, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.

- Obtain an understanding of Centro de los Derechos del Migrante, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Centro de los Derechos del Migrante, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

JM&M

Washington, DC
August 12, 2024

CENTRO DE LOS DERECHOS DEL MIGRANTE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Pass Through Grantor and Number	Total Federal Expenditures
Department of Health and Human Services			
COVID-19: Protecting and Improving Health Globally: Building and Strengthening Public Health Impact, Systems, Capacity and Security	93.318	Centers for Disease Control and Prevention	$ 1,823,082
Community Programs to Improve Minority Health Grant Program	93.137	Direct	226,436
COVID-19: Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	National Association of County and City Health Officials	71,988
Total Department of Health and Human Services			2,121,506
United States Agency for International Development			
USAID Foreign Assistance for Programs Overseas	98.001	Direct	50,642
Total United States Agency for International Development			50,642
U.S Department of Labor			
International Labor Program	17.401	Partners of Americas, Inc.	153,859
Womens' Bureau	17.700	Direct	6,374
Total U.S Department of Labor			160,233
Total Expenditures of Federal Awards			$ 2,332,381

The acompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CENTRO DE LOS DERECHOS DEL MIGRANTE, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Centro de los Derechos del Migrante, Inc. ("CDM") under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Centro de los Derechos del Migrante, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Centro de los Derechos del Migrante, Inc.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein, certain types of expenses are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

CDM elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CENTRO DE LOS DERECHOS DEL MIGRANTE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial statements

Type of auditor's report issued on the financial statements	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs	Unmodified
Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Major Program:

Name of Federal Program:	COVID-19: Protecting and Improving Health Globally: Building and Strengthening Public Health Impact, Systems, Capacity and Security
Assistance Listing Number:	93.318
Dollar Threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None

SECTION IV – SCHEDULE OF PRIOR YEAR FINDINGS

None