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**U.S. Department of Homeland Security
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**U.S. Citizenship
and Immigration
Services**

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FILE: [REDACTED]
SRC 07 004 53020

Office: TEXAS SERVICE CENTER Date: **JUL 10 2008**

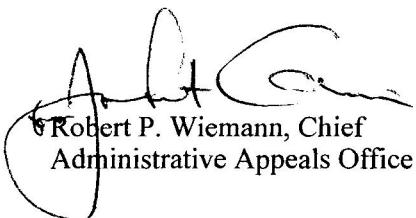
IN RE: Petitioner: [REDACTED]
Beneficiary: [REDACTED]

PETITION: Immigrant Petition for Alien Worker as a Skilled Worker or Professional Pursuant to Section 203(b) of the Immigration and Nationality Act, 8 U.S.C. § 1153(b)

ON BEHALF OF PETITIONER:

INSTRUCTIONS:

This is the decision of the Administrative Appeals Office in your case. All documents have been returned to the office that originally decided your case. Any further inquiry must be made to that office.


Robert P. Wiemann, Chief
Administrative Appeals Office

DISCUSSION: The preference visa petition was denied by the Director, Texas Service Center, and is now before the Administrative Appeals Office (AAO) on appeal. The appeal will be sustained.

The petitioner is a health care provider. It seeks to employ the beneficiary permanently in the United States as a budget accountant. As required by statute, a Form ETA 750, Application for Alien Employment Certification approved by the Department of Labor, accompanied the petition. The director determined that the petitioner had not established that it had the continuing ability to pay the beneficiary the proffered wage beginning on the priority date of the visa petition and denied the petition accordingly.

The record shows that the appeal is properly filed, timely and makes a specific allegation of error in law or fact. The procedural history in this case is documented by the record and incorporated into this decision. Further elaboration of the procedural history will be made only as necessary.

As set forth in the director's original February 9, 2007, the single issue in this case is whether or not the petitioner has the ability to pay the proffered wage as of the priority date and continuing until the beneficiary obtains lawful permanent residence.

Section 203(b)(3)(A)(i) of the Immigration and Nationality Act (the Act), 8 U.S.C. § 1153(b)(3)(A)(i), provides for the granting of preference classification to qualified immigrants who are capable, at the time of petitioning for classification under this paragraph, of performing skilled labor (requiring at least two years training or experience), not of a temporary or seasonal nature, for which qualified workers are not available in the United States.

Section 203(b)(3)(A)(ii) of the Act provides for the granting of preference classification to qualified immigrants who, at the time of petitioning for classification under this paragraph, are professionals.

The regulation at 8 C.F.R. § 204.5(g)(2) states, in pertinent part:

Ability of prospective employer to pay wage. Any petition filed by or for an employment-based immigrant which requires an offer of employment must be accompanied by evidence that the prospective United States employer has the ability to pay the proffered wage. The petitioner must demonstrate this ability at the time the priority date is established and continuing until the beneficiary obtains lawful permanent residence. Evidence of this ability shall be either in the form of copies of annual reports, federal tax returns, or audited financial statements. In a case where the prospective United States employer employs 100 or more workers, the director may accept a statement from a financial officer of the organization which establishes the prospective employer's ability to pay the proffered wage. In appropriate cases, additional evidence, such as profit/loss statements, bank account records, or personnel records, may be submitted by the petitioner or requested by [Citizenship and Immigration Services (CIS)].

The petitioner must demonstrate the continuing ability to pay the proffered wage beginning on the priority date, which is the date the Form ETA 750 was accepted for processing by any office within the employment system of the Department of Labor. See 8 C.F.R. § 204.5(d). The priority date in the instant petition is March 5, 2003. The proffered wage as stated on the Form ETA 750 is \$56,700 annually.

The AAO maintains plenary power to review each appeal on a de novo basis. 5 U.S.C. § 557(b) ("On appeal from or review of the initial decision, the agency has all the powers which it would have in making the initial decision except as it may limit the issues on notice or by rule."); *see also, Janka v. U.S. Dept. of Transp.*, NTSB, 925 F.2d 1147, 1149 (9th Cir. 1991). The AAO's de novo authority has been long recognized by the federal courts. *See, e.g. Dor v. INS*, 891 F.2d 997, 1002 n. 9 (2d Cir. 1989). The AAO considers all pertinent evidence in the record, including new evidence properly submitted upon appeal¹. Relevant evidence submitted on appeal includes counsel's statement, a letter, dated March 5, 2007, from [REDACTED], Director of Finance, for CNR Health Care Network (the petitioner's parent company), copies of the petitioner's 2002² through 2005 audited financial statements, and copies of the petitioner's 2003 through 2005 Forms W-3, Transmittal of Wage and Tax Statements. Other relevant evidence includes copies of the 2003 through 2005 Forms W-2, Wage and Tax Statements, issued by the petitioner on behalf of the beneficiary. The record does not contain any other evidence relevant to the petitioner's ability to pay the proffered wage.

The letter, dated March 5, 2007, from Ms. [REDACTED] states: •

[The petitioner] has limited use assets of \$11,566,950 in 2004 and \$14,907,394 in 2005. This is located in Exhibit "A", the balance sheet directly below the current assets. These assets are set aside to pay for several liabilities, one of which is the "due to third parties." A more accurate reading of current assets vs. current liabilities would have to include the limited use assets. When these are combined, the current assets are significantly higher than the current liabilities. The total true current assets vs. current liabilities are \$27,662,529 vs. \$19,583,614 in 2004 and \$31,017,259 vs. \$21,116,850 in 2005. This clearly indicates CNR's ability to pay the proffered wages.

The petitioner's 2003 through 2005 Forms W-3 reflect wages paid of \$26,492,908, \$28,141,985.33, and \$28,886,808.03, respectively.

The 2003 through 2005 Forms W-2 issued by the petitioner on behalf of the beneficiary reflect wages paid to the beneficiary of \$28,285.03, \$29,780.88, and \$33,285.38, respectively.

The petitioner's 2003 audited financial statement reflects net current assets of \$1,759,456. The petitioner's 2003 audited financial statement also reflects total operating revenues of \$73,548,099, total operating expenses of \$72,886,790, and operating gain of \$661,309.

The petitioner's 2004 audited financial statement reflects net current assets of -\$3,488,035. The petitioner's 2004 audited financial statement also reflects total operating revenues of \$79,565,203, total operating expenses of \$79,851,690, and operating loss of -\$286,487.

¹ The submission of additional evidence on appeal is allowed by the instructions to the Form I-290B, which are incorporated into the regulations by the regulation at 8 C.F.R. § 103.2(a)(1). The record in the instant case provides no reason to preclude consideration of any of the documents newly submitted on appeal. See Matter of Soriano, 19 I&N Dec. 764 (BIA 1988).

² It is noted that the petitioner's 2002 audited financial statements are for the year prior to the priority date of the visa petition of March 5, 2003; and, therefore, it has limited probative value when determining the continuing ability of the petitioner to pay the proffered wage of \$56,700 from the priority date. Therefore, the AAO will not consider the petitioner's 2002 audited financial statement when determining the petitioner's ability to pay the proffered wage except when reviewing the totality of the circumstances affecting the petitioning business if the evidence warrants such consideration.

The petitioner's 2005 audited financial statement reflects net current assets of -\$5,006,985. The petitioner's 2005 audited financial statement also reflects total operating revenues of \$84,965,470, total operating expenses of \$83,067,219, and operating gain of \$1,898,251.

On appeal, counsel claims that the petitioner has established its ability to pay the proffered wage of \$56,700 based on its limited use assets.

The petitioner must establish that its job offer to the beneficiary is a realistic one. Because the filing of an ETA 750 labor certification application establishes a priority date for any immigrant petition later based on the ETA 750, the petitioner must establish that the job offer was realistic as of the priority date and that the offer remained realistic for each year thereafter, until the beneficiary obtains lawful permanent residence. The petitioner's ability to pay the proffered wage is an essential element in evaluating whether a job offer is realistic. *See Matter of Great Wall*, 16 I&N Dec. 142 (Acting Reg. Comm. 1977). *See also* 8 C.F.R. § 204.5(g)(2). In evaluating whether a job offer is realistic, Citizenship and Immigration Services (CIS) requires the petitioner to demonstrate financial resources sufficient to pay the beneficiary's proffered wages, although the totality of the circumstances affecting the petitioning business will be considered if the evidence warrants such consideration. *See Matter of Sonegawa*, 12 I&N Dec. 612 (Reg. Comm. 1967).

In determining the petitioner's ability to pay the proffered wage, CIS will first examine whether the petitioner employed the beneficiary at the time the priority date was established. If the petitioner establishes by documentary evidence that it employed the beneficiary at a salary equal to or greater than the proffered wage, this evidence will be considered *prima facie* proof of the petitioner's ability to pay the proffered wage. In the instant case, on the Form ETA 750, signed by the beneficiary on February 12, 2003, the beneficiary claims to have been employed by the petitioner from July 2001 through the present (February 12, 2003). In addition, counsel has submitted the 2003 through 2005 Forms W-2 issued by the petitioner on behalf of the beneficiary showing wages paid to the beneficiary of \$28,285.03 in 2003, \$29,780.88 in 2004, and \$33,285.38 in 2005. Therefore, the petitioner has established that it employed the beneficiary in the pertinent years 2003 through 2005.

The petitioner is obligated to establish that it has sufficient funds to pay the difference between the proffered wage of \$56,700 and the actual wages paid to the beneficiary of \$28,285.03 in 2003, \$29,780.88 in 2004, and \$33,285.38 in 2005. Those differences would be \$28,414.97 in 2003, \$26,919.12 in 2004, and \$23,414.62 in 2005.

As an alternative means of determining the petitioner's ability to pay the proffered wage, CIS will next examine the petitioner's net income figure as reflected on the petitioner's federal income tax return, without consideration of depreciation or other expenses. Reliance on federal income tax returns as a basis for determining a petitioner's ability to pay the proffered wage is well established by judicial precedent. *Elatos Restaurant Corp. v. Sava*, 632 F. Supp. 1049, 1054 (S.D.N.Y. 1986) (citing *Tongatapu Woodcraft Hawaii, Ltd. v. Feldman*, 736 F.2d 1305 (9th Cir. 1984)); *see also Chi-Feng Chang v. Thornburgh*, 719 F. Supp. 532 (N.D. Tex. 1989); *K.C.P. Food Co., Inc. v. Sava*, 623 F.Supp. 1080 (S.D.N.Y. 1985); *Ubeda v. Palmer*, 539 F. Supp. 647 (N.D. Ill. 1982), *aff'd.*, 703 F.2d 571 (7th Cir. 1983). In *K.C.P. Food Co., Inc.*, the court held that CIS had properly relied on the petitioner's net income figure, as stated on the petitioner's corporate income tax returns, rather than the petitioner's gross income. 623 F.Supp at 1084. The court specifically rejected the argument that CIS should have considered income before expenses were paid rather than net income. Finally, there is no precedent that would allow the petitioner to add back to net cash the depreciation expense charged for the year. *See Elatos Restaurant Corp.*, 632 F. Supp. at 1054. The court in *Chi-Feng Chang* further noted:

Plaintiffs also contend the depreciation amounts on the 1985 and 1986 returns are non-cash deductions. Plaintiffs thus request that the court *sua sponte* add back to net cash the depreciation expense charged for the year. Plaintiffs cite no legal authority for this proposition. This argument has likewise been presented before and rejected. See *Elatos*, 632 F. Supp. at 1054. [CIS] and judicial precedent support the use of tax returns and the *net income figures* in determining petitioner's ability to pay. Plaintiffs' argument that these figures should be revised by the court by adding back depreciation is without support.

(Emphasis in original.) *Chi-Feng Chang* 719 F. Supp. at 537

In 2003 through 2005, the petitioner was organized as a not-for-profit corporation [501(c)(3)]. Section 501(c)(3) organizations must file Form 990, Return of Organization Exempt From Income Tax, including a completed Schedule A, Organization Exempt Under Section 501(c)(3), with the Internal Revenue Service (IRS), provided that the organization's gross receipts are normally more than \$25,000. In this case, however, the petitioner submitted its audited financial statements to CIS instead of its Forms 990. The petitioner's 2003 through 2005 operating gains were \$661,309, -\$286,487, and \$1,898,251, respectively. The petitioner could have paid the difference of \$28,414.97 in 2003 and the difference of \$23,414.97 in 2005 between the proffered wage of \$56,700 and the actual wages paid of \$28,285.03 in 2003 and \$33,285.38 in 2005 to the beneficiary in 2003 and 2005 from its operating gain in 2003 and 2005. However, the petitioner could not have paid the difference of \$26,919.12 between the proffered wage of \$56,700 and the actual wages paid of \$29,780.88 to the beneficiary in 2004 from its operating gain in 2004.

Nevertheless, the petitioner's net income is not the only statistic that can be used to demonstrate a petitioner's ability to pay a proffered wage. If the net income the petitioner demonstrates it had available during that period, if any, added to the wages paid to the beneficiary during the period, if any, do not equal the amount of the proffered wage or more, CIS will review the petitioner's assets. The petitioner's total assets include depreciable assets that the petitioner uses in its business. Those depreciable assets will not be converted to cash during the ordinary course of business and will not, therefore, become funds available to pay the proffered wage. Further, the petitioner's total assets must be balanced by the petitioner's liabilities. Otherwise, they cannot properly be considered in the determination of the petitioner's ability to pay the proffered wage. Rather, CIS will consider *net current assets* as an alternative method of demonstrating the ability to pay the proffered wage.

Net current assets are the difference between the petitioner's current assets and current liabilities.³ If a corporation's end-of-year net current assets are equal to or greater than the proffered wage, the petitioner is expected to be able to pay the proffered wage out of those net current assets. (The petitioner has already established its ability to pay the proffered wage of \$56,700 in 2003 and 2005 from its operating gain.) The petitioner's net current assets in 2004 were -\$3,488,035. The petitioner could not have paid the difference of \$26,919.12 between the proffered wage of \$56,700 and the actual wages paid to the beneficiary of \$29,780.88 in 2004 from its net current assets in 2004.

On appeal, counsel claims that the petitioner's limited use assets should be considered when determining the petitioner's ability to pay the proffered wage of \$56,700. Those limited use assets were \$11,566,950 in 2004.

³ According to *Barron's Dictionary of Accounting Terms* 117 (3rd ed. 2000), "current assets" consist of items having (in most cases) a life of one year or less, such as cash, marketable securities, inventory and prepaid expenses. "Current liabilities" are obligations payable (in most cases) within one year, such accounts payable, short-term notes payable, and accrued expenses (such as taxes and salaries). *Id.* at 118.

The AAO agrees with counsel. The 2004 instructions for Form 990⁴ under Part IV, Balance Sheets, Line 67, unrestricted net assets, states:

Enter the balances per books of the unrestricted class of net assets. Unrestricted net assets are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. All funds without donor-imposed restrictions must be classified as unrestricted, regardless of the existence of any board designations or appropriations.

In addition, the audited financial statements clearly state:

Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. In addition, resources whose use is limited under terms of debt indentures, trust agreements, third-party reimbursement arrangements, or other similar arrangements or which are set aside for board-designated purposes are restricted.

As “limited use” liquid assets appear to be properly classified as “unrestricted,” the AAO will consider the petitioner’s limited use assets when determining the petitioner’s ability to pay the proffered wage of \$56,700. In the instant case, the petitioner has previously established its ability to pay the proffered wage based on its operating gain in 2003 and 2005. In 2004, the petitioner’s limited use assets were \$11,566,950. Therefore, when combining the petitioner’s 2004 current assets with its limited use assets, the result is \$27,662,529. When subtracting the petitioner’s current liabilities of \$19,583,614 from its current and limited use assets of \$27,662,529, the result is \$8,078,915, more than sufficient to pay the difference of \$26,919.12 between the proffered wage of \$56,700 and the actual wages paid of \$29,780.88 to the beneficiary in 2004. Therefore, the petitioner has established its ability to pay the proffered wage from the priority date of March 5, 2003 and continuing through 2005.

Furthermore, if the petitioner does not have sufficient net income or net current assets to pay the proffered salary, CIS may consider the overall magnitude of the entity’s business activities. Even when the petitioner shows insufficient net income or net current assets, CIS may consider the totality of the circumstances concerning a petitioner’s financial performance. *See Matter of Sonegawa*, 12 I&N Dec. 612 (Reg. Comm. 1967). In *Matter of Sonegawa*, the Regional Commissioner considered an immigrant visa petition, which had been filed by a small “custom dress and boutique shop” on behalf of a clothes designer. The district director denied the petition after determining that the beneficiary’s annual wage of \$6,240 was considerably in excess of the employer’s net profit of \$280 for the year of filing. On appeal, the Regional Commissioner considered an array of factors beyond the petitioner’s simple net profit, including news articles, financial data, the petitioner’s reputation and clientele, the number of employees, future business plans, and explanations of the petitioner’s temporary financial difficulties. Despite the petitioner’s obviously inadequate net income, the Regional Commissioner looked beyond the petitioner’s uncharacteristic business loss and found that the petitioner’s expectations of continued business growth and increasing profits were reasonable. *Id.* at 615. Based on an evaluation of the totality of the petitioner’s circumstances, the Regional Commissioner determined that the petitioner had established the ability to pay the beneficiary the stipulated wages.

As in *Matter of Sonegawa*, CIS may, at its discretion, consider evidence relevant to a petitioner’s financial ability that falls outside of a petitioner’s net income and net current assets. CIS may consider such factors as the number of years that the petitioner has been doing business, the established historical growth of the

⁴ See <http://www.irs.gov/pub/irs-prior/1990-ez--2004.pdf> (accessed on June 20, 2008).

petitioner's business, the overall number of employees, the occurrence of any uncharacteristic business expenditures or losses, the petitioner's reputation within its industry, whether the beneficiary is replacing a former employee or an outsourced service, or any other evidence that CIS deems to be relevant to the petitioner's ability to pay the proffered wage. In this case, in light of the petitioner's long and continuing business presence (more than 30 years), its primary source of revenue being Medicare and Medicaid, its large revenues (more than \$73,000,000), its large salary output, and the minimal nature of the beneficiary's wages compared to the petitioner's overall income, the AAO finds that the petitioner could pay the proffered wage from the priority date and continuing to the present.⁵

In examining a petitioner's ability to pay the proffered wage, the fundamental focus of the CIS' determination is whether the employer is making a realistic job offer and has the overall financial ability to satisfy the proffered wage. *Matter of Great Wall*, 16 I&N Dec. 142, 145 (Acting Reg. Comm. 1977). Accordingly, after a review of the petitioner's audited financial statements and all other relevant evidence, we conclude that the petitioner has established that it had the ability to pay the salary offered as of the priority date of the petition and continuing to present.

For the reasons discussed above, the assertions of counsel on appeal and the evidence submitted on appeal overcome the decision of the director.

In visa petition proceedings, the burden of proving eligibility for the benefit sought remains entirely with the petitioner. Section 291 of the Act, 8 U.S.C. § 1361. Here, that burden has been met.

ORDER: The director's decision of February 9, 2007 is withdrawn. The petition is approved.

⁵ It should be noted that where a petitioner employs more than 100 employees, the regulation at 8 C.F.R. § 204.5(g)(2) allows CIS to consider a financial officer's assertions such as those of Ms. Hollander of the petitioner's parent company. However, it should also be noted that the director may require relevant evidence to support those assertions.