

**ASIAN AMERICAN LEGAL DEFENSE
AND EDUCATION FUND**

**Financial Statements
for the years ended
June 30, 2021
and
June 30, 2020**

Independent Auditor's Report

To the Board of Directors of
Asian American Legal Defense and Education Fund

We have audited the accompanying financial statements of Asian American Legal Defense and Education Fund (the "Organization") which comprise the statements of financial position as of June 30, 2021 and June 30, 2020 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asian American Legal Defense and Education Fund as of June 30, 2021 and June 30, 2020, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

December 6, 2021

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

Statements of Financial Position

Assets

	June 30	
	2021	2020
Cash and cash equivalents	\$8,179,689	\$2,491,884
Cash and cash equivalents restricted – escrow	20,141	20,141
Grants and accounts receivable, net	645,484	780,156
Prepaid expenses and other assets	25,794	10,494
Property and equipment, net	<u>89,709</u>	<u>96,189</u>
Total assets	<u>\$8,960,817</u>	<u>\$3,398,864</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 93,418	\$ 77,347
Escrow liability	20,141	20,141
Loan payable	<u>-</u>	<u>193,500</u>
Total liabilities	<u>113,559</u>	<u>290,988</u>

Net assets

Without donor restrictions	6,929,338	2,124,255
With donor restrictions	<u>1,917,920</u>	<u>983,621</u>
Total net assets	<u>8,847,258</u>	<u>3,107,876</u>
Total liabilities and net assets	<u>\$8,960,817</u>	<u>\$3,398,864</u>

See notes to financial statements.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

Statements of Activities

	For the Year Ended June 30			
	2021		2020	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
	<u>Total</u>	<u>Total</u>	<u>Restrictions</u>	<u>Total</u>
Support and revenue				
Contributions	\$ 2,251,704	-	\$ 306,185	\$ 306,185
Grants	2,142,612	2,388,420	534,704	743,090
Government grant – PPP	193,500	-	-	-
Legal fee awards	-	-	15,679	-
Event revenue, net of direct donor benefits of \$40,813 in 2021 and \$187,829 in 2020	539,227	-	494,073	-
Interest and other	10,110	-	1,704	-
Net assets released from restrictions	1,454,121	(1,454,121)	715,754	(715,754)
Total support and revenue	<u>6,591,274</u>	<u>934,299</u>	<u>2,068,099</u>	<u>27,336</u>
				<u>2,095,435</u>
Expenses				
Program services	1,453,418	-	1,306,836	-
Management and general	238,442	-	239,700	-
Fundraising	94,331	-	69,264	-
Total expenses	<u>1,786,191</u>	<u>-</u>	<u>1,615,800</u>	<u>-</u>
Increase (decrease) in net assets	4,805,083	934,299	452,299	27,336
Net assets, beginning of year	<u>2,124,255</u>	<u>983,621</u>	<u>1,671,956</u>	<u>956,285</u>
Net assets, end of year	<u>\$ 6,929,338</u>	<u>\$ 1,917,920</u>	<u>\$ 2,124,255</u>	<u>\$ 983,621</u>
				<u>\$3,107,876</u>

See notes to financial statements.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

Statement of Functional Expenses

For the Year Ended June 30, 2021

(with Summarized Totals for the Year Ended June 30, 2020)

	2021										2020		
	Program Services					Supporting Activities					Total Supporting Activities	Total Expenses	
	Voting Rights	Educational Equity	Legal Access	Economic Justice	Immigrant Rights	Stop Asian Hate	Other Programs	Total Program Services	Management and General	Direct Cost of Special Event			Fundraising
Salaries	\$ 429,339	\$ 28,441	\$ 41,242	\$ 61,790	\$ 224,640	\$ 107,685	\$ 11,259	\$ 904,396	\$ 141,513	\$ -	\$ 72,170	\$ 213,683	\$ 990,764
Payroll taxes and fringe benefits	94,741	6,276	9,100	13,635	49,571	23,763	2,484	199,570	31,227	-	15,926	47,153	254,360
Venue	-	-	-	-	-	-	-	-	-	-	-	-	121,653
Insurance	5,263	1,754	1,053	1,930	2,631	3,333	526	16,490	526	-	526	1,052	16,194
Occupancy	21,055	1,203	1,805	6,015	15,039	10,227	1,203	56,547	1,805	-	1,805	3,610	55,811
Telephone and website	11,124	494	1,236	2,225	3,708	3,955	494	23,236	742	-	742	1,484	28,456
Office supplies and copying	21,840	1,496	2,274	6,659	16,507	11,460	668	60,904	1,186	-	1,032	2,218	29,686
Community education and outreach	6,912	346	864	1,210	5,530	2,247	173	17,282	-	-	-	-	6,818
Travel and conferences	2,969	-	53	253	608	488	-	4,371	-	120	-	120	12,642
Consulting fees	74,954	2,142	4,283	3,212	16,062	5,353	1,071	107,077	-	-	-	-	92,345
Professional fees	4,556	-	456	2,278	4,556	3,645	456	15,947	29,613	38,162	-	67,775	78,957
Postage, printing and delivery	3,818	117	294	235	764	552	-	5,580	294	1,728	-	2,022	25,123
Other	3,113	1,167	1,167	1,946	2,724	3,113	389	13,619	24,127	803	1,167	26,097	18,215
Litigation costs	1,804	-	-	5,592	902	9,741	-	18,039	-	-	-	-	2,183
Bad debt	-	-	-	-	-	-	-	-	5,750	-	-	-	5,750
Depreciation	4,893	312	458	768	2,464	1,331	134	10,360	1,659	-	963	2,622	56,367
Total expenses	686,381	43,748	64,285	107,748	345,706	186,693	18,857	1,453,418	238,442	40,813	94,331	373,586	1,803,629
Less: expenses deducted directly on the statement of activities	-	-	-	-	-	-	-	-	-	(40,813)	-	(40,813)	(187,829)
Total expenses reported by function on the statement of activities	\$ 686,381	\$ 43,748	\$ 64,285	\$ 107,748	\$ 345,706	\$ 186,693	\$ 18,857	\$ 1,453,418	\$ 238,442	\$ -	\$ 94,331	\$ 332,773	\$ 1,615,800

See notes to financial statements.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

**Statement of Functional Expenses
For the Year Ended June 30, 2020**

	Program Services							Supporting Activities			Total Expenses		
	Voting Rights	Educational Equity	Legal Access	Economic Justice	Anti- Trafficking	Immigrant Rights	Other Programs	Total Program Services	Management and General	Direct Cost of Special Event		Fundraising	Total Supporting Activities
Salaries	\$ 360,979	\$ 63,210	\$ 42,585	\$ 116,158	\$ 53,533	\$ 178,464	\$ 9,463	\$ 824,392	\$ 116,136	\$ -	\$ 50,236	\$ 166,372	\$ 990,764
Payroll taxes and fringe benefits	92,675	16,228	10,933	29,821	13,744	45,817	2,429	211,647	29,816	-	12,897	42,713	254,360
Venue	-	-	-	-	-	-	-	-	-	121,653	-	121,653	121,653
Insurance	4,858	1,619	972	2,429	2,429	2,429	486	15,222	486	-	486	972	16,194
Occupancy	19,534	1,116	1,674	7,256	7,814	13,953	1,116	52,463	1,674	-	1,674	3,348	55,811
Telephone and website	12,805	569	1,423	5,691	1,423	4,268	569	26,748	854	-	854	1,708	28,456
Office supplies and copying	9,892	744	1,086	5,632	3,067	7,702	323	28,446	581	-	659	1,240	29,686
Community education and outreach	2,727	136	341	682	682	2,182	68	6,818	-	-	-	-	6,818
Travel and conferences	8,215	-	163	1,004	973	1,569	-	11,924	-	718	-	718	12,642
Consulting fees	64,642	1,847	3,694	2,770	4,617	13,852	923	92,345	-	-	-	-	92,345
Professional fees	3,710	-	371	1,113	3,710	3,710	371	12,985	24,114	41,858	-	65,972	78,957
Postage, printing and delivery	1,848	57	142	142	142	370	-	2,701	142	22,280	-	22,422	25,123
Other	1,039	390	390	2,730	910	2,860	130	8,449	8,056	1,320	390	9,766	18,215
Litigation costs	218	-	-	1,310	546	109	-	2,183	-	-	-	-	2,183
Bad debt	-	-	-	-	-	-	-	-	56,367	-	-	56,367	56,367
Depreciation	4,729	697	517	1,433	759	2,249	129	10,513	1,474	-	2,068	3,542	14,055
Total expenses	587,871	86,613	64,291	178,171	94,349	279,534	16,007	1,306,836	239,700	187,829	69,264	496,793	1,803,629
Less: expenses deducted directly on the statement of activities	-	-	-	-	-	-	-	-	-	(187,829)	-	(187,829)	(187,829)
Total expenses reported by function on the statement of activities	\$ 587,871	\$ 86,613	\$ 64,291	\$ 178,171	\$ 94,349	\$ 279,534	\$ 16,007	\$ 1,306,836	\$ 239,700	\$ -	\$ 69,264	\$ 308,964	\$ 1,615,800

See notes to financial statements.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

Statements of Cash Flows

	For the Year Ended June 30	
	2021	2020
Cash flows from operating activities		
Increase in net assets	\$5,739,382	\$ 479,635
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Forgiveness of loan payable	(193,500)	-
Depreciation	12,982	14,055
Donated stock	(1,677)	(2,915)
Proceeds from sale of donated stock	1,677	2,915
(Increase) decrease in assets		
Grants and accounts receivable	134,672	352,721
Prepaid expenses and other assets	(15,300)	23,109
Increase in liabilities		
Accounts payable and accrued expenses	16,071	22,874
Escrow liability	-	11,218
Net cash provided by operating activities	5,694,307	903,612
Cash flows (used in) investing activities		
Purchases of property and equipment	(6,502)	-
Cash flows from financing activities		
Proceeds from loan payable	-	193,500
Net increase in cash and cash equivalents	5,687,805	1,097,112
Cash and cash equivalents, beginning of year	2,512,025	1,414,913
Cash and cash equivalents, end of year	\$8,199,830	\$2,512,025
Consists of:		
Cash and cash equivalents	\$8,179,689	\$2,491,884
Cash and cash equivalents restricted – escrow	20,141	20,141
Total	\$8,199,830	\$2,512,025

See notes to financial statements.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

Notes to Financial Statements June 30, 2021 and June 30, 2020

Note 1 – Nature of organization and mission

The Asian American Legal Defense and Education Fund (the “Organization”), founded in 1974, is a national organization that protects and promotes the civil rights of Asian Americans. By combining litigation, advocacy, education and organizing, the Organization works with Asian American communities across the country to secure human rights for all.

Description of program services

- a) The Asian American Democracy Program (Voting Rights) promotes civic participation in the Asian American community, especially among new citizens and first-time voters, and seeks to eliminate discriminatory barriers to the right to vote.
- b) The Educational Equity Program provides legal assistance to Asian Americans seeking equal opportunity to higher education.
- c) The Legal Access Project provides Asian Americans with multilingual legal rights information through free legal advice clinics, pamphlets, workshops, and media briefings.
- d) The Economic Justice Program seeks to ensure that Asian Americans are treated fairly in the workplace and provides legal representation to low-wage immigrant workers asserting their rights to minimum wage, overtime pay, and safe working conditions.
- e) The Anti-Trafficking Initiative provides legal representation and legal rights information to Asian women and girls who are trafficked into the U.S. for the purposes of forced labor, involuntary servitude, and sexual exploitation.
- f) The Immigrant Rights Program provides legal representation and legal rights information to Asian immigrants and their families applying for U.S. citizenship, Deferred Action for Childhood Arrivals, and other forms of immigration relief, and advocates for fair immigration policies that adhere to human rights principles.
- g) The Stop Asian Hate Project provides legal assistance to Asian American victims of hate violence and coronavirus-related harassment and discrimination; conducts legal rights presentations, training, and media outreach to educate the public about anti-Asian hate; advocate for policies that create a safe environment for all.
- h) Other programs include language access to services, housing and environmental justice, access to health care, and leadership development.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND**Notes to Financial Statements (continued)
June 30, 2021 and June 30, 2020****Note 2 – Summary of significant accounting policies****Net assets**

The Organization maintains two classes of net assets as follows:

- Net assets without donor restrictions consist of amounts that can be spent at the discretion of the Organization.
- Net assets with donor restrictions represent expendable grants, which are restricted by the donor or pertain to future periods. As restrictions are satisfied, net assets with donor restrictions will be reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. At June 30, 2021, the balance in net assets with donor restrictions will be used to enhance the programs described in note 1 to the financial statements.

Revenue and support recognition

Contributions and grants are recognized as revenue when they are received or unconditionally pledged and recorded as support with or without donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. The Organization's policy is to record, as revenue without donor restrictions, contributions with donor-imposed restrictions that are met in the same fiscal year that the contributions are received.

Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Revenues without donor restrictions are obtained through law firm, foundation, corporation and general public contributions. These revenues are used to provide program services as well as to offset general and administrative expenses. Revenues from these sources are recognized at the time the donation is pledged.

Court awarded attorney fees are recorded as revenue based upon the execution of a court order or execution of a stipulation awarding the fees.

Donated services from volunteers are received to support program and supporting services. The value of these donated services and materials is not included in these financial statements as they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Functional expenses

The cost of providing various programs and other activities has been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses attributable to more than one functional expense category are allocated using an estimate of time and effort spent.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND**Notes to Financial Statements (continued)
June 30, 2021 and June 30, 2020****Note 2 – Summary of significant accounting policies (continued)**Cash and cash equivalents

The Organization considers all highly liquid investments with original maturities of ninety days or less, at the date of acquisition to be cash equivalents.

Allowance for doubtful accounts

As of June 30, 2021 and June 30, 2020, the Organization determined that its receivables were all collectible and accordingly, an allowance was not necessary for potentially uncollectible receivables. Such estimates are based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Concentrations of risk

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents and receivables. The Organization places its cash and cash equivalents with what it believes to be quality financial institutions and to date, the Organization has not experienced any losses in these accounts. The Organization's management deems receivables to be collectible. Accordingly, the Organization believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents and receivables.

Risks and uncertainties

On March 13, 2020, a national emergency was declared due to extraordinary circumstances resulting from the coronavirus. The economic impact of the coronavirus on the Organization's future financial operations is not readily determinable.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through December 6, 2021, which is the date the financial statements were available to be issued.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

Notes to Financial Statements (continued)
June 30, 2021 and June 30, 2020

Note 3 – Liquidity and availability of financial assets

The Organization's cash flows are subject to seasonal fluctuations due to the timing of collection of contributions and other revenue items. As of June 30, 2021 and June 30, 2020, the Organization's financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date are as follows:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 8,179,689	\$ 2,491,884
Grants and accounts receivable due within one year	<u>645,484</u>	<u>546,129</u>
Total financial assets	8,825,173	3,038,013
Less: Donor restricted net assets not available within one year	<u>-</u>	<u>15,000</u>
Net financial assets available for general expenditures within one year	<u>\$ 8,825,173</u>	<u>\$ 3,023,013</u>

Note 4 – Grants and accounts receivable

Grants and accounts receivable consist of the following at June 30, 2021 and June 30, 2020:

	<u>2021</u>	<u>2020</u>
Due within one year	\$ 645,484	\$ 546,129
Due in subsequent years	<u>-</u>	<u>250,000</u>
Total	645,484	796,129
Less: present value discount at 4.5% in 2020	<u>-</u>	<u>15,973</u>
Grants and accounts receivable, net	<u>\$ 645,484</u>	<u>\$ 780,156</u>

Note 5 – Property and equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets ranging from 5 to 31.5 years. The Organization capitalizes, as property and equipment, expenditures for assets above a nominal amount with a useful life of greater than one year. Costs of maintenance, repairs and minor replacements are charged to expense as incurred.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

Notes to Financial Statements (continued)
June 30, 2021 and June 30, 2020

Note 5 – Property and equipment (continued)

Property and equipment consists of the following at June 30:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Office condominium	\$ 99,568	\$ 99,568
Office improvements	323,990	317,488
Equipment and fixtures	<u>123,649</u>	<u>123,649</u>
Total property and equipment	547,207	540,705
Less accumulated depreciation and amortization	<u>457,498</u>	<u>444,516</u>
Net property and equipment	<u>\$ 89,709</u>	<u>\$ 96,189</u>

Depreciation expense amounted to \$12,982 and \$14,055 for the fiscal years ended June 30, 2021 and June 30, 2020, respectively.

Note 6 – Loan payable

On May 5, 2020, the Organization received \$193,500 under the Paycheck Protection Program (“PPP”) which is a business loan program established under the Coronavirus Aid, Relief, and Economic Security Act. During December 2020, the Organization applied for and received full forgiveness of the loan. As a result, the Organization recorded \$193,500 as a government grant on the 2021 statement of activities.

Note 7 – Net assets with donor restrictions

The following is a summary of the activity of the net assets with donor restrictions for the year ended June 30, 2021:

	<u>Balance at</u>	<u>Contributions</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance at</u>
	<u>June 30, 2020</u>			<u>June 30, 2021</u>
Asian American				
Democracy Program	\$ 403,460	\$ 1,333,053	\$ 680,127	\$ 1,056,386
Economic Justice Program	55,434	43,125	69,809	28,750
Immigrant Rights Program	40,000	57,500	72,500	25,000
Stop Asian Hate Project	-	711,492	181,492	530,000
Legal access	-	32,277	32,277	-
Other programs	700	45,000	17,916	27,784
General support – time restricted	<u>484,027</u>	<u>165,973</u>	<u>400,000</u>	<u>250,000</u>
Total	<u>\$ 983,621</u>	<u>\$ 2,388,420</u>	<u>\$1,454,121</u>	<u>\$ 1,917,920</u>

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

Notes to Financial Statements (continued)
June 30, 2021 and June 30, 2020

Note 7 – Net assets with donor restrictions (continued)

The following is a summary of the activity of the net assets with donor restrictions for the year ended June 30, 2020:

	<u>Balance at</u> <u>June 30, 2019</u>	<u>Contributions</u>	Net Assets Released from <u>Restrictions</u>	<u>Balance at</u> <u>June 30, 2020</u>
Asian American				
Democracy Program	\$ 75,000	\$ 629,539	\$ 301,079	\$ 403,460
Economic Justice Program	130,942	57,500	133,008	55,434
Immigrant Rights Program	41,667	30,000	31,667	40,000
Other programs	700	-	-	700
General support – time restricted	<u>707,976</u>	<u>26,051</u>	<u>250,000</u>	<u>484,027</u>
Total	<u>\$ 956,285</u>	<u>\$ 743,090</u>	<u>\$ 715,754</u>	<u>\$ 983,621</u>

Note 8 – Tax status

The Organization is a California not-for-profit charitable organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, the Organization has been determined by the Internal Revenue Service to be a publicly supported organization and not a private foundation under the meaning of Section 509(a)(1) of the Code.