

**ASIAN AMERICAN LEGAL DEFENSE
AND EDUCATION FUND**

**Financial Statements
for the years ended
June 30, 2019
and
June 30, 2018**

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, 2019 and June 30, 2018 and the related statements of activities, cash flows and functional expenses 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 in the first paragraph on the previous page present fairly, in all material respects, the financial position of Asian American Legal Defense and Education Fund as of June 30, 2019 and June 30, 2018, 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

September 19, 2019

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

Statements of Financial Position

Assets

	June 30	
	2019	2018
Cash and cash equivalents	\$1,405,990	\$ 992,244
Cash and cash equivalents restricted – escrow	8,923	6,824
Grants and accounts receivable, net	1,132,877	1,243,732
Prepaid expenses and other assets	33,603	43,141
Property and equipment, net	110,244	60,530
Total assets	\$2,691,637	\$2,346,471

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 54,473	\$ 64,642
Escrow liability	8,923	6,824
Total liabilities	63,396	71,466
Net assets		
Without donor restrictions	1,671,956	1,105,711
With donor restrictions	956,285	1,169,294
Total net assets	2,628,241	2,275,005
Total liabilities and net assets	\$2,691,637	\$2,346,471

See notes to financial statements.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

Statements of Activities

	For the Year Ended June 30					
	2019			2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and revenue						
Contributions	\$ 297,413	-	\$ 297,413	\$ 309,982	-	\$ 309,982
Grants	562,684	421,978	984,662	426,435	1,283,241	1,709,676
Legal fee awards	2,500	-	2,500	38,304	-	38,304
Event revenue, net of direct donor benefits of \$201,186 in 2019 and \$208,694 in 2018	746,015	-	746,015	601,155	-	601,155
Interest and other	869	-	869	5,415	-	5,415
Net assets released from restrictions	<u>634,987</u>	<u>(634,987)</u>	<u>-</u>	<u>384,423</u>	<u>(384,423)</u>	<u>-</u>
Total support and revenue	<u>2,244,468</u>	<u>(213,009)</u>	<u>2,031,459</u>	<u>1,765,714</u>	<u>898,818</u>	<u>2,664,532</u>
Expenses						
Program services	1,382,302	-	1,382,302	1,262,108	-	1,262,108
Management and general	160,750	-	160,750	162,411	-	162,411
Fundraising	135,171	-	135,171	165,318	-	165,318
Total expenses	<u>1,678,223</u>	<u>-</u>	<u>1,678,223</u>	<u>1,589,837</u>	<u>-</u>	<u>1,589,837</u>
Increase (decrease) in net assets	566,245	(213,009)	353,236	175,877	898,818	1,074,695
Net assets, beginning of year	<u>1,105,711</u>	<u>1,169,294</u>	<u>2,275,005</u>	<u>929,834</u>	<u>270,476</u>	<u>1,200,310</u>
Net assets, end of year	<u>\$1,671,956</u>	<u>\$ 956,285</u>	<u>\$2,628,241</u>	<u>\$ 1,105,711</u>	<u>\$1,169,294</u>	<u>\$2,275,005</u>

See notes to financial statements.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

Statements of Cash Flows

	For the Year Ended June 30	
	2019	2018
Cash flows from operating activities		
Increase in net assets	\$ 353,236	\$1,074,695
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	13,923	10,219
Donated stock	(1,886)	(1,024)
Proceeds from sale of donated stock	1,886	1,024
(Increase) decrease in assets		
Grants and accounts receivable	110,855	(955,662)
Prepaid expenses and other assets	9,538	2,882
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(10,169)	(5,004)
Escrow liability	2,099	(37,225)
Net cash provided by operating activities	479,482	89,905
Cash flows (used in) investing activities		
Purchases of property and equipment	(63,637)	-
Net increase in cash and cash equivalents	415,845	89,905
Cash and cash equivalents, beginning of year	999,068	909,163
Cash and cash equivalents, end of year	\$1,414,913	\$ 999,068
Consists of:		
Cash and cash equivalents	\$1,405,990	\$ 992,244
Cash and cash equivalents restricted – escrow	8,923	6,824
Total	\$1,414,913	\$ 999,068

See notes to financial statements.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

**Statement of Functional Expenses
For the Year Ended June 30, 2019
(with Summarized Totals for the Year Ended June 30, 2018)**

	Program Services										Supporting Activities			2018
	Voting Rights	Educational Equity	Legal Access	Economic Justice	Anti-Trafficking	Immigrant Rights	Other Programs	Total Program Services	Management and General		Total Supporting Activities	Total Expenses		
									Fundraising	General				
Salaries	\$ 316,575	\$ 29,758	\$ 81,296	\$ 131,272	\$ 7,856	\$ 199,774	\$ 19,315	\$ 785,846	\$ 102,782	\$ 99,329	\$ 202,111	\$ 987,957	\$ 913,381	
Payroll taxes and fringe benefits	86,679	8,148	22,259	35,943	2,151	54,699	5,289	215,168	28,142	27,197	55,339	270,507	245,097	
Insurance	5,929	847	1,016	2,541	2,541	2,541	508	15,923	508	508	1,016	16,939	15,833	
Occupancy	43,153	2,158	5,394	14,025	12,946	21,576	2,158	101,410	3,236	3,236	6,472	107,882	149,492	
Telephone and website	16,681	741	1,853	7,414	1,853	5,560	741	34,843	1,112	1,112	2,224	37,067	35,128	
Office supplies and copying	15,061	826	2,047	5,263	3,787	8,579	423	35,986	708	844	1,552	37,538	35,094	
Community education and outreach	3,078	154	385	770	770	2,463	77	7,697	-	-	-	7,697	12,858	
Travel and conferences	6,909	-	125	819	887	1,406	-	10,146	-	-	-	10,146	14,249	
Consulting fees	42,543	2,239	4,478	5,598	16,793	39,184	1,120	111,955	-	-	-	111,955	92,329	
Professional fees	4,423	4,423	4,423	4,423	4,423	4,423	4,423	30,961	13,270	-	13,270	44,231	45,462	
Postage and delivery	7,129	219	548	548	548	1,426	-	10,418	548	-	548	10,966	6,238	
Other	1,207	453	453	1,253	1,403	1,056	151	5,976	9,351	453	9,804	15,780	11,165	
Litigation costs	563	-	-	3,381	1,409	282	-	5,635	-	-	-	5,635	3,292	
Total expenses before depreciation	549,930	49,966	124,277	213,250	57,367	342,969	34,205	1,371,964	159,657	132,679	292,336	1,664,300	1,579,618	
Depreciation	4,292	347	898	1,580	428	2,567	226	10,338	1,093	2,492	3,585	13,923	10,219	
Total	\$ 554,222	\$ 50,313	\$ 125,175	\$ 214,830	\$ 57,795	\$ 345,536	\$ 34,431	\$ 1,382,302	\$ 160,750	\$ 135,171	\$ 295,921	\$ 1,678,223	\$ 1,589,837	

See notes to financial statements.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

**Statement of Functional Expenses
For the Year Ended June 30, 2018**

	Program Services							Supporting Activities				
	Voting Rights	Educational Equity	Legal Access	Economic Justice	Anti-Trafficking	Immigrant Rights	Other Programs	Total Program Services	Management and General	Fundraising	Supporting Activities	Total Expenses
Salaries	\$ 293,250	\$ 17,353	\$ 62,605	\$ 83,149	\$ 80,415	\$ 148,386	\$ 12,085	\$ 697,243	\$ 93,227	\$ 122,911	\$ 216,138	\$ 913,381
Payroll taxes and fringe benefits	78,691	4,656	16,800	22,312	21,579	39,818	3,243	187,099	25,016	32,982	57,998	245,097
Insurance	4,750	1,583	950	2,375	2,375	2,375	475	14,883	475	475	950	15,833
Occupancy	89,694	2,990	7,475	14,949	7,475	14,949	2,990	140,522	4,485	4,485	8,970	149,492
Telephone and website	17,564	703	1,756	5,269	1,756	5,269	703	33,020	1,054	1,054	2,108	35,128
Office supplies and copying	13,051	912	1,948	6,381	1,924	8,907	386	33,509	655	930	1,585	35,094
Community education and outreach	6,429	257	643	643	643	4,114	129	12,858	-	-	-	12,858
Travel and conferences	8,549	-	-	429	2,122	3,149	-	14,249	-	-	-	14,249
Consulting fees	76,633	1,847	1,847	3,693	3,693	3,693	923	92,329	-	-	-	92,329
Professional fees	4,546	-	455	1,364	4,546	4,546	455	15,912	29,550	-	29,550	45,462
Postage and delivery	4,054	125	312	312	312	811	-	5,926	312	-	312	6,238
Other	893	335	335	670	782	782	112	3,909	6,921	335	7,256	11,165
Litigation costs	-	-	-	494	1,152	1,646	-	3,292	-	-	-	3,292
Total expenses before depreciation	598,104	30,761	95,126	142,040	128,774	238,445	21,501	1,254,751	161,695	163,172	324,867	1,579,618
Depreciation	2,759	204	613	920	1,022	1,737	102	7,357	716	2,146	2,862	10,219
Total	\$ 600,863	\$ 30,965	\$ 95,739	\$ 142,960	\$ 129,796	\$ 240,182	\$ 21,603	\$ 1,262,108	\$ 162,411	\$ 165,318	\$ 327,729	\$ 1,589,837

See notes to financial statements.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND**Notes to Financial Statements
June 30, 2019 and June 30, 2018****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) 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, 2019 and June 30, 2018****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, 2019, 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, 2019 and June 30, 2018****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

The Organization has determined that its receivables are all collectible and accordingly, an allowance is not necessary for potentially uncollectible receivables. Such estimate is 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.

Concentration of support

During the 2018 fiscal year, the Organization received a significant amount of funding from one donor. A grant from this donor accounted for approximately 47% of the Organization's total support and revenue for the 2018 fiscal year. Furthermore, payments received on this grant were equal to approximately 14% of the Organization's unrestricted support and revenue and approximately 9.5% of the total support and revenue for the 2018 fiscal year.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through September 19, 2019, 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, 2019 and June 30, 2018

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. The following reflects the Organization's financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year as of June 30, 2019:

Financial assets		
Cash and cash equivalents		\$ 1,405,990
Grants and accounts receivable due within one year		<u>674,901</u>
Total financial assets		2,080,891
Less: Donor restricted net assets not available within one year at June 30, 2019		<u>17,309</u>
Net financial assets available for general expenditures within one year		<u>\$ 2,063,582</u>

Note 4 – Grants and accounts receivable

Grants and accounts receivable consist of the following at June 30, 2019 and June 30, 2018:

	<u>2019</u>	<u>2018</u>
Due within one year	\$ 674,901	\$ 571,451
Due in subsequent years	<u>500,000</u>	<u>750,000</u>
Total	1,174,901	1,321,451
Less: present value discount at 4.5% in 2019 and 2018	<u>42,024</u>	<u>77,719</u>
Grants and accounts receivable, net	<u>\$ 1,132,877</u>	<u>\$ 1,243,732</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, 2019 and June 30, 2018

Note 5 – Property and equipment (continued)

Property and equipment consists of the following at June 30:

<u>Description</u>	<u>2019</u>	<u>2018</u>
Office condominium	\$ 99,568	\$ 99,568
Office improvements	317,488	253,851
Equipment and fixtures	<u>123,649</u>	<u>123,649</u>
Total property and equipment	540,705	477,068
Less accumulated depreciation and amortization	<u>430,461</u>	<u>416,538</u>
Net property and equipment	<u>\$ 110,244</u>	<u>\$ 60,530</u>

Depreciation expense amounted to \$13,923 and \$10,219 for the fiscal years ended June 30, 2019 and 2018, respectively.

Note 6 – 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, 2019:

	<u>Balance at</u> <u>June 30, 2018</u>	<u>Contributions</u>	<u>Net Assets</u> <u>Released</u> <u>from</u> <u>Restrictions</u>	<u>Balance at</u> <u>June 30, 2019</u>
Asian American				
Democracy Program	\$ 140,063	\$ 100,000	\$ 165,063	\$ 75,000
Economic Justice Program	43,125	206,283	118,466	130,942
Immigrant Rights Program	63,125	80,000	101,458	41,667
Other programs	700	-	-	700
General support – time restricted	<u>922,281</u>	<u>35,695</u>	<u>250,000</u>	<u>707,976</u>
Total	<u>\$1,169,294</u>	<u>\$ 421,978</u>	<u>\$ 634,987</u>	<u>\$ 956,285</u>

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

**Notes to Financial Statements (continued)
June 30, 2019 and June 30, 2018**

Note 6 – 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, 2018:

	<u>Balance at June 30, 2017</u>	<u>Contributions</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance at June 30, 2018</u>
Asian American				
Democracy Program	\$ 156,367	\$ 238,460	\$ 254,764	\$ 140,063
Legal Access Project	21,000	-	21,000	-
Economic Justice Program	62,409	57,500	76,784	43,125
Immigrant Rights Program	-	65,000	1,875	63,125
Other programs	700	-	-	700
General support – time restricted	<u>30,000</u>	<u>922,281</u>	<u>30,000</u>	<u>922,281</u>
Total	<u>\$ 270,476</u>	<u>\$1,283,241</u>	<u>\$ 384,423</u>	<u>\$1,169,294</u>

Note 7 – 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.