

**ASIAN AMERICAN LEGAL DEFENSE
AND EDUCATION FUND**

**Financial Statements
for the years ended
June 30, 2022
and
June 30, 2021**

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Asian American Legal Defense and Education Fund (the "Fund"), which comprise the statement of financial position as of June 30, 2022 and June 30, 2021 and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2022 and June 30, 2021 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund 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 the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund'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 the Fund'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 audits.

Condon O'Meara McGuire & Donnelly LLP

December 8, 2022

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

Statements of Financial Position

Assets

	June 30	
	2022	2021
Cash and cash equivalents	\$12,109,109	\$8,179,689
Cash and cash equivalents restricted – escrow	20,141	20,141
Grants and accounts receivable, net	588,018	645,484
Prepaid expenses and other assets	18,975	25,794
Property and equipment, net	77,281	89,709
Total assets	\$12,813,524	\$8,960,817

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 140,636	\$ 93,418
Escrow liability	20,141	20,141
Total liabilities	160,777	113,559

Net assets

Without donor restrictions	10,821,380	6,929,338
With donor restrictions	1,831,367	1,917,920
Total net assets	12,652,747	8,847,258
Total liabilities and net assets	\$12,813,524	\$8,960,817

See notes to financial statements.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

Statements of Activities

	For the Year Ended June 30				
	2022		2021		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	
Support and revenue	Total	Total	Total	Total	
Contributions	\$ 614,708	\$ -	\$ 614,708	\$ 2,251,704	\$2,251,704
Grants	3,367,449	1,240,666	4,608,115	2,142,612	4,531,032
Government grant – PPP	-	-	-	193,500	193,500
Event revenue, net of direct donor benefits of \$179,287 in 2022 and \$40,813 in 2021	852,213	-	852,213	539,227	539,227
Interest and other	2,779	-	2,779	10,110	10,110
Net assets released from restrictions	1,327,219	(1,327,219)	-	1,454,121	-
Total support and revenue	<u>6,164,368</u>	<u>(86,553)</u>	<u>6,077,815</u>	<u>6,591,274</u>	<u>7,525,573</u>
Expenses					
Program services	1,915,048	-	1,915,048	1,453,418	1,453,418
Management and general	275,343	-	275,343	238,442	238,442
Fundraising	81,935	-	81,935	94,331	94,331
Total expenses	<u>2,272,326</u>	<u>-</u>	<u>2,272,326</u>	<u>1,786,191</u>	<u>1,786,191</u>
Increase (decrease) in net assets	3,892,042	(86,553)	3,805,489	4,805,083	5,739,382
Net assets, beginning of year	<u>6,929,338</u>	<u>1,917,920</u>	<u>8,847,258</u>	<u>2,124,255</u>	<u>3,107,876</u>
Net assets, end of year	<u>\$10,821,380</u>	<u>\$ 1,831,367</u>	<u>\$12,652,747</u>	<u>\$ 6,929,338</u>	<u>\$8,847,258</u>

See notes to financial statements.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

**Statement of Functional Expenses
For the Year Ended June 30, 2022
(with Summarized Totals for the Year Ended June 30, 2021)**

	2022										2021		
	Program Services					Supporting Activities					Total Supporting Activities	Total Expenses	
	Voting Rights	Educational Equity	Economic Justice	Immigrant Rights	Stop Asian Hate	Other Programs	Total Program Services	Management and General	Direct Cost of Special Event	Fundraising			Total Expenses
Salaries	\$ 473,082	\$ 28,927	\$ 30,518	\$ 237,052	\$ 357,267	\$ 38,041	\$ 1,164,887	\$ 192,694	\$ -	\$ 51,170	\$ 243,864	\$ 1,408,751	\$ 1,118,079
Payroll taxes and fringe benefits	105,118	6,427	6,781	52,673	79,384	8,453	258,856	42,816	-	11,370	54,186	313,022	246,723
Venue	-	-	-	-	-	-	-	-	95,150	-	95,150	95,150	-
Insurance	8,388	1,198	1,198	2,397	7,190	1,198	21,569	1,198	-	1,198	2,396	23,965	17,542
Occupancy	20,663	2,952	5,904	5,904	14,759	2,952	53,134	2,952	-	2,952	5,904	59,038	60,157
Telephone and website	11,179	1,739	2,484	2,484	4,968	497	23,351	745	-	745	1,490	24,841	24,720
Office supplies and copying	19,982	4,392	3,921	9,725	16,113	2,086	56,219	1,041	15,434	2,846	19,321	75,540	63,122
Community education and outreach	8,176	1,635	1,022	1,022	8,176	409	20,440	-	-	-	-	20,440	17,282
Travel and conferences	5,516	503	189	891	661	-	7,760	-	1,856	-	1,856	9,616	4,491
Consulting fees	154,863	2,670	2,670	18,690	85,442	2,670	267,005	-	-	-	-	267,005	107,077
Professional fees	2,342	2,342	2,342	2,342	2,342	2,342	14,052	23,425	64,038	9,370	96,833	110,885	83,722
Postage, printing and delivery	699	54	54	140	54	21	1,022	54	2,809	-	2,863	3,885	7,602
Other	1,537	1,536	1,535	1,535	1,536	1,536	9,215	9,022	-	960	9,982	19,197	39,716
Litigation costs	3,925	2,355	785	-	785	-	7,850	-	-	-	-	7,850	18,039
Bad debt	-	-	-	-	-	-	-	-	-	-	-	-	5,750
Depreciation	4,155	289	303	1,706	2,948	307	9,708	1,396	-	1,324	2,720	12,428	12,982
Total expenses	819,625	57,019	59,706	336,561	581,625	60,512	1,915,048	275,343	179,287	81,935	536,565	2,451,613	1,827,004
Less: expenses deducted directly on the statement of activities	-	-	-	-	-	-	-	-	(179,287)	-	(179,287)	(179,287)	(40,813)
Total expenses reported by function on the statement of activities	\$ 819,625	\$ 57,019	\$ 59,706	\$ 336,561	\$ 581,625	\$ 60,512	\$ 1,915,048	\$ 275,343	\$ -	\$ 81,935	\$ 357,278	\$ 2,272,326	\$ 1,786,191

See notes to financial statements.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

**Statement of Functional Expenses
For the Year Ended June 30, 2021**

	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	\$ 429,339	\$ 28,441	\$ 41,242	\$ 61,790	\$ 224,640	\$ 107,685	\$ 11,259	\$ 904,396	\$ 141,513	\$ -	\$ -	\$ 72,170	\$ 213,683	\$ 1,118,079
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	246,723
Insurance	5,263	1,754	1,053	1,930	2,631	3,333	526	16,490	526	-	-	526	1,052	17,542
Occupancy	21,055	1,203	1,805	6,015	15,039	10,227	1,203	56,547	1,805	-	-	1,805	3,610	60,157
Telephone and website	11,124	494	1,236	2,225	3,708	3,955	494	23,236	742	-	-	742	1,484	24,720
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	63,122
Community education and outreach	6,912	346	864	1,210	5,530	2,247	173	17,282	-	-	-	-	-	17,282
Travel and conferences	2,969	-	53	253	608	488	-	4,371	-	120	-	-	120	4,491
Consulting fees	74,954	2,142	4,283	3,212	16,062	5,353	1,071	107,077	-	-	-	-	-	107,077
Professional fees	4,556	-	456	2,278	4,556	3,645	456	15,947	29,613	38,162	-	-	67,775	83,722
Postage, printing and delivery	3,818	117	294	235	764	352	-	5,580	294	1,728	-	-	2,022	7,602
Other	3,113	1,167	1,167	1,946	2,724	3,113	389	13,619	24,127	803	1,167	-	26,097	39,716
Litigation costs	1,804	-	-	5,592	902	9,741	-	18,039	-	-	-	-	-	18,039
Bad debt	-	-	-	-	-	-	-	-	5,750	-	-	-	5,750	5,750
Depreciation	4,893	312	458	768	2,464	1,331	134	10,360	1,659	-	-	963	2,622	12,982
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	1,827,004
Less: expenses deducted directly on the statement of activities	-	-	-	-	-	-	-	-	-	(40,813)	-	-	(40,813)	(40,813)
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	\$ 1,786,191

See notes to financial statements.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

Statements of Cash Flows

	For the Year Ended June 30	
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Increase in net assets	\$ 3,805,489	\$5,739,382
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Forgiveness of loan payable	-	(193,500)
Depreciation	12,428	12,982
Donated stock	-	(1,677)
Proceeds from sale of donated stock	-	1,677
(Increase) decrease in assets		
Grants and accounts receivable	57,466	134,672
Prepaid expenses and other assets	6,819	(15,300)
Increase in liabilities		
Accounts payable and accrued expenses	<u>47,218</u>	<u>16,071</u>
Net cash provided by operating activities	<u>3,929,420</u>	<u>5,694,307</u>
Cash flows (used in) investing activities		
Purchases of property and equipment	<u>-</u>	<u>(6,502)</u>
Net increase in cash and cash equivalents	3,929,420	5,687,805
Cash and cash equivalents, beginning of year	<u>8,199,830</u>	<u>2,512,025</u>
Cash and cash equivalents, end of year	<u>\$12,129,250</u>	<u>\$8,199,830</u>
Consists of:		
Cash and cash equivalents	\$12,109,109	\$8,179,689
Cash and cash equivalents restricted – escrow	<u>20,141</u>	<u>20,141</u>
Total	<u>\$12,129,250</u>	<u>\$8,199,830</u>

See notes to financial statements.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND**Notes to Financial Statements
June 30, 2022 and June 30, 2021****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, harassment, and discrimination; conducts legal rights presentations, training, and media outreach to educate the public about anti-Asian hate; and advocates 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, 2022 and June 30, 2021****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, 2022, 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, 2022 and June 30, 2021****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, 2022 and June 30, 2021, 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.

Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through December 8, 2022, 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, 2022 and June 30, 2021

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, 2022 and June 30, 2021, 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>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 12,109,109	\$ 8,179,689
Grants and accounts receivable due within one year	<u>588,018</u>	<u>645,484</u>
Total financial assets	<u>\$ 12,697,127</u>	<u>\$ 8,825,173</u>

Note 4 – Grants and accounts receivable

Grants and accounts receivable are all expected to be collected within one year of the statement of financial position date as of June 30, 2022 and June 30, 2021.

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.

Property and equipment consists of the following at June 30:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Office condominium	\$ 99,568	\$ 99,568
Office improvements	323,990	323,990
Equipment and fixtures	<u>123,649</u>	<u>123,649</u>
Total property and equipment	547,207	547,207
Less accumulated depreciation and amortization	<u>469,926</u>	<u>457,498</u>
Net property and equipment	<u>\$ 77,281</u>	<u>\$ 89,709</u>

Depreciation expense amounted to \$12,428 and \$12,982 for the fiscal years ended June 30, 2022 and June 30, 2021, respectively.

ASIAN AMERICAN LEGAL DEFENSE AND EDUCATION FUND

Notes to Financial Statements (continued)
June 30, 2022 and June 30, 2021

Note 6 – Loan payable

On May 5, 2020, the Organization received \$193,500 under the Paycheck Protection Program, 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, 2022 and June 30, 2021:

	<u>Balance at</u> <u>June 30, 2021</u>	<u>Contributions</u>	Net Assets Released from <u>Restrictions</u>	<u>Balance at</u> <u>June 30, 2022</u>
Asian American				
Democracy Program	\$1,056,386	\$ 234,616	\$ 466,386	\$ 824,616
Economic Justice Program	28,750	-	28,750	-
Immigrant Rights Program	25,000	28,750	25,000	28,750
Stop Asian Hate Project	530,000	877,300	530,000	877,300
Other programs	27,784	100,000	27,083	100,701
General support – time restricted	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
Total	<u>\$1,917,920</u>	<u>\$1,240,666</u>	<u>\$ 1,327,219</u>	<u>\$1,831,367</u>

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>June 30, 2020</u>	<u>Contributions</u>	Net Assets Released from <u>Restrictions</u>	<u>Balance at</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, 2022 and June 30, 2021****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.