



ASIAN LAW CAUCUS



FINANCIAL STATEMENTS

JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Asian Law Caucus

Opinion

We have audited the accompanying financial statements of Asian Law Caucus (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2024, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year 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 Asian Law Caucus as of June 30, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Asian Law Caucus and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Asian Law Caucus' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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.

INDEPENDENT AUDITORS' REPORT

continued

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 Asian Law Caucus' 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 Asian Law Caucus' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matter

Report on Summarized Comparative Information

We have previously audited Asian Law Caucus' 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Walnut Creek, California

March 6, 2025

ASIAN LAW CAUCUS

STATEMENT OF FINANCIAL POSITION

June 30, 2024

With comparative totals at June 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | 2024 | 2023 |
|--|---------------------------------------|------------------------------------|----------------------|----------------------|
| ASSETS | | | | |
| Cash and cash equivalents (Note 2) | \$ 1,843,850 | \$ 5,796,197 | \$ 7,640,047 | \$ 10,485,080 |
| Grants and contracts receivable | 196,654 | 2,271,592 | 2,468,246 | 2,430,308 |
| Contributions and pledges receivable, net (Note 4) | | 4,098,913 | 4,098,913 | 7,410,420 |
| Prepaid expenses | 168,470 | | 168,470 | 127,482 |
| Investments (Note 5) | 18,175,035 | 2,456,826 | 20,631,861 | 9,718,202 |
| Right-of-use assets - operating leases (Note 9) | 97,979 | | 97,979 | 218,296.00 |
| Property and equipment (Note 6) | 2,309,124 | | 2,309,124 | 1,176,419 |
| | \$ 22,791,112 | \$ 14,623,528 | \$ 37,414,640 | \$ 31,566,207 |
| LIABILITIES AND NET ASSETS | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 763,347 | \$ - | \$ 763,347 | \$ 438,651 |
| Accrued liabilities (Note 7) | 695,202 | | 695,202 | 442,245 |
| Deferred revenue | 126,179 | | 126,179 | 102,500 |
| Lease liabilities - operating leases (Note 9) | 101,660 | | 101,660 | 223,514 |
| Lease liabilities - finance lease (Note 9) | 1,384,226 | | 1,384,226 | 1,063,480 |
| | 3,070,614 | - | 3,070,614 | 2,270,390 |
| NET ASSETS | | | | |
| Without donor restrictions | | | | |
| Undesignated | 10,943,177 | | 10,943,177 | 5,135,836 |
| Board designated operating reserve (Notes 3) | 8,777,321 | | 8,777,321 | 6,598,073 |
| With donor restrictions (Note 11) | | 14,623,528 | 14,623,528 | 17,561,908 |
| | 19,720,498 | 14,623,528 | 34,344,026 | 29,295,817 |
| | \$ 22,791,112 | \$ 14,623,528 | \$ 37,414,640 | \$ 31,566,207 |

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

ASIAN LAW CAUCUS

STATEMENT OF ACTIVITIES

For the year ended June 30, 2024

With comparative totals for the year ended June 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | 2024 | 2023 |
|---|---------------------------------------|------------------------------------|----------------------|----------------------|
| REVENUE | | | | |
| Contributions | \$ 7,455,579 | \$ - | \$ 7,455,579 | \$ 1,106,180 |
| Grants | | 4,925,252 | 4,925,252 | 12,144,662 |
| Contributed goods and legal services (Note 2) | 4,825,972 | | 4,825,972 | 2,640,572 |
| Government contract revenue | 591,702 | 3,543,184 | 4,134,886 | 3,406,061 |
| Investment income (Note 5) | 1,795,043 | | 1,795,043 | 618,138 |
| Special events | 546,319 | | 546,319 | 633,389 |
| Program service fees | 43,684 | | 43,684 | 139,881 |
| Miscellaneous income (Note 2) | 7,477 | | 7,477 | 530,719 |
| Net assets released from restrictions (Note 11) | 11,406,816 | (11,406,816) | - | - |
| TOTAL REVENUE | 26,672,592 | (2,938,380) | 23,734,212 | 21,219,602 |
| EXPENSES | | | | |
| Program services | 16,733,319 | | 16,733,319 | 12,530,104 |
| General and administration | 945,281 | | 945,281 | 732,990 |
| Fundraising | 1,007,403 | | 1,007,403 | 923,183 |
| TOTAL EXPENSES | 18,686,003 | - | 18,686,003 | 14,186,277 |
| CHANGE IN NET ASSETS | 7,986,589 | (2,938,380) | 5,048,209 | 7,033,325 |
| NET ASSETS, BEGINNING OF YEAR | 11,733,909 | 17,561,908 | 29,295,817 | 22,262,492 |
| NET ASSETS, END OF YEAR | \$ 19,720,498 | \$ 14,623,528 | \$ 34,344,026 | \$ 29,295,817 |

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

ASIAN LAW CAUCUS

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2024

With comparative totals for the year ended June 30, 2023

| | Program Services | | | | Total Program Services | General and Administration | Fundraising | Total Expenses | |
|---|---------------------|-----------------------|---------------------|----------------------|------------------------------|-------------------------------|---------------------|----------------------|----------------------|
| | Community Safety | Employment & Labor | Immigration Core | Other | | | | 2024 | 2023 |
| Salaries | \$ 794,066 | \$ 532,997 | \$ 785,625 | \$ 2,982,422 | \$ 5,095,110 | \$ 541,479 | \$ 577,889 | \$ 6,214,478 | \$ 5,044,618 |
| Payroll taxes and employee benefits | 67,649 | 33,801 | 58,311 | 1,131,866 | 1,291,627 | 46,030 | 122,273 | 1,459,930 | 1,067,371 |
| Total personnel costs | 861,715 | 566,798 | 843,936 | 4,114,288 | 6,386,737 | 587,509 | 700,162 | 7,674,408 | 6,111,989 |
| Contributed goods and legal services (Note 2) | 2,371,021 | | 1,019,372 | 1,365,579 | 4,755,972 | 70,000 | | 4,825,972 | 2,640,572 |
| Subcontractors | 268,307 | 105,000 | 69,660 | 997,573 | 1,440,540 | | | 1,440,540 | 1,406,404 |
| Contract Services | 40,462 | 31,652 | 110,018 | 999,601 | 1,181,733 | 92,189 | 18,556 | 1,292,478 | 1,054,495 |
| Affiliate Expenses | | | | 1,194,239 | 1,194,239 | | | 1,194,239 | 1,300,000 |
| Interest | | | | 384,548 | 384,548 | | | 384,548 | 320,485 |
| Telecommunications/Information Systems | 3,217 | 244 | 1,607 | 226,214 | 231,282 | 115,989 | | 347,271 | 256,151 |
| Fundraising Events | | | | | - | | 269,542 | 269,542 | 375,754 |
| Other | 1,536 | 9,529 | 6,523 | 210,899 | 228,487 | 13,464 | | 241,951 | 113,402 |
| Community Outreach | 763 | 16 | 1,279 | 196,984 | 199,042 | 8,107 | | 207,149 | 43,171 |
| Travel | 13,757 | 2,955 | 15,678 | 147,041 | 179,431 | 5,310 | | 184,741 | 75,327 |
| Occupancy | 11 | | 15 | 144,606 | 144,632 | 28,813 | | 173,445 | 186,541 |
| Depreciation | | | | 128,345 | 128,345 | | | 128,345 | 65,724 |
| Conference, Catering, and Meals | 1,542 | 2,812 | 2,047 | 110,877 | 117,278 | 3,001 | | 120,279 | 61,412 |
| Professional Fees | 2,025 | 625 | 6,351 | 96,014 | 105,015 | 15,096 | | 120,111 | 107,215 |
| Office Expenses | 1,578 | 2,028 | 4,130 | 48,302 | 56,038 | 5,803 | 19,143 | 80,984 | 56,583 |
| Construction Costs | | | | | - | | | - | 11,052 |
| TOTAL 2024 FUNCTIONAL EXPENSES | \$ 3,565,934 | \$ 721,659 | \$ 2,080,616 | \$ 10,365,110 | \$ 16,733,319 | \$ 945,281 | \$ 1,007,403 | \$ 18,686,003 | |
| TOTAL 2023 FUNCTIONAL EXPENSES | \$ 2,034,554 | \$ 980,291 | \$ 1,818,094 | \$ 7,697,165 | \$ 12,530,104 | \$ 732,990 | \$ 923,183 | | \$ 14,186,277 |

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

ASIAN LAW CAUCUS

STATEMENT OF CASH FLOWS

For the year ended June 30, 2024

With comparative totals for the year ended June 30, 2023

| | 2024 | 2023 |
|---|---------------------|----------------------|
| CASH FLOWS (TO) FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 5,048,209 | \$ 7,033,325 |
| Adjustments to reconcile change in net assets to net cash (used) provided by operating activities: | | |
| Depreciation | 128,345 | 65,724 |
| Investment (income) | (823,934) | (618,138) |
| Donated stocks | (71,767) | (18,420) |
| Amortization of right-of-use assets - operating leases | 120,317 | 122,350 |
| Reduction of lease liability - operating leases | (121,854) | (117,132) |
| Paycheck protection program loan forgiveness | - | - |
| (Increase) decrease in operating assets: | | |
| Grants and contracts receivable | (37,938) | (591,635) |
| Contributions and pledges receivable | 3,311,507 | (5,467,611) |
| Prior year's discount on pledges receivable | 140,338 | - |
| Bad debt expense | 758 | - |
| Prepaid expenses | (40,988) | 14,873 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 324,696 | (751,214) |
| Accrued liabilities | 252,957 | (2,286) |
| Deferred revenue | 23,679 | (7,500) |
| | 8,254,325 | (337,664) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| CASH FLOWS (TO) INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (1,288,811) | (88,091) |
| Disposal of property and equipment | 27,763 | |
| Purchase of investments | (22,900,669) | (26,088,070) |
| Proceeds from sale of investments | 12,741,613 | 22,919,400 |
| | (11,420,104) | (3,256,761) |
| NET CASH (USED) BY INVESTING ACTIVITIES | | |
| CASH FLOWS FROM (TO) FINANCING ACTIVITIES: | | |
| Principal payments on finance lease liability | 320,746 | (12,276) |
| | 320,746 | (12,276) |
| NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES | | |
| NET (DECREASE) IN CASH AND CASH EQUIVALENTS | (2,845,033) | (3,606,701) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 10,485,080 | 14,091,781 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 7,640,047 | \$ 10,485,080 |
| SUPPLEMENTAL DISCLOSURES: | | |
| Operating activities reflect interest paid related to the finance lease | \$ 205,949 | \$ 201,912 |
| Right-of use asset/lease liability - operating lease from adoption of ASC 842 | \$ - | \$ 340,646 |

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

1. Organization

For over five decades, the Asian Law Caucus (ALC)¹ has stood at the forefront of the fight for Asian American and Pacific Islander (AAPI) civil rights. Founded in 1972 as the nation's first AAPI legal and civil rights organization, ALC has evolved into a powerful force for justice, serving diverse low-income immigrants and refugees. ALC's work is focused in three critical areas: Immigrant Justice, Economic Security, and Inclusive Democracy. Through these interconnected programs, ALC builds power and creates lasting change.

ALC's approach is uniquely powerful, combining direct legal services with strategic litigation and policy advocacy, ensuring that the work is always grounded in community needs. By building lasting partnerships with grassroots organizations, ALC creates systemic change that strengthens our multiracial democracy. From ALC's base in the San Francisco Bay Area, the organization has expanded its impact across California and now shares expertise with community organizations nationwide.

In this critical moment, the Asian Law Caucus is mobilizing with renewed urgency to ensure an inclusive democracy, promote immigrant justice, and advance economic security. ALC is rapidly expanding its capacity to provide Know Your Rights information in multiple languages, preparing litigation strategies to prevent mass deportations, defend birthright citizenship, and stop any attempts to scapegoat AAPI communities in the name of national security. Drawing on decades of experience fighting discriminatory policies and defending immigrants, ALC stands ready to protect our communities' rights through strategic litigation, policy advocacy, and community outreach. ALC's proven track record of successful civil rights advocacy has prepared them to meet current and emerging challenges facing AAPI communities.

Since its founding, ALC has helped improve the lives of tens of thousands of community members in the Bay Area, statewide in California, and nationally. ALC has been involved in litigating several landmark cases—most notably, Fred Korematsu's coram nobis case that overturned his World War II-era conviction for violating the relocation order against Japanese Americans. This laid the groundwork for the redress law enacted in 1988. Other notable cases include: *Chann v. Scott* (discriminatory arrests of Chinatown youth), *Chen v. Ocean Garment* (the nation's first case against a garment manufacturer for subcontractor wage violations), *Chow v. Meissner* (naturalization for immigrants with disabilities), and *Yang v. Glickman* (denial of veterans' classification to Hmong veterans of the Vietnam War).

ALC also secured significant legal protections for vulnerable Southeast Asian communities members in response to U.S. Immigration and Customs Enforcement (ICE) raids in 2017 targeting, detaining, and deporting formerly-incarcerated Cambodian refugees, many of whom have been living in the U.S. since childhood. ALC and their clients led a national class action lawsuit, *Chhoeun v. Marin*, to challenge the raids and give individuals targeted by ICE the opportunity to have their deportation cases heard by a judge. Their efforts resulted in a nationwide injunction requiring ICE to provide notice before detaining any of the class members.

¹ In summer 2024, we changed our name from Asian Americans Advancing Justice – Asian Law Caucus (AAAJ - ALC) to Asian Law Caucus, Inc (“ALC”). The public announcement is available on ALC's website.

ASIAN LAW CAUCUS

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

ALC also fought to repeal the 2017 Muslim Ban, and this past year, prevailed in a lawsuit that will create a pathway for over 25,000 people who were unjustly denied visas the opportunity to reunite with family members in the U.S.

2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

With Donor Restrictions. Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

ALC has defined cash and cash equivalents as cash in banks and certificates of deposits with an original maturity of six months or less.

Grants and Contracts Receivable

Grants and contracts receivable are receivables primarily from governmental agencies. Therefore, no allowance for doubtful accounts has been provided.

continued

2. **Summary of Significant Accounting Policies, continued**

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Investments

ALC values its investments at fair value. Unrealized gains or losses (including investments bought, sold, and held during the year) are reflected in the Statement of Activities as gain or (loss) on investments. Short-term highly liquid money market deposits that are not used for operations are treated as investments.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

ALC is required to measure certain investments, pledged contributions, and non-cash contributions at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

Concentrations of Credit Risk

ALC places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. ALC has not incurred losses related to these investments.

ALC holds investments in the form of equities funds and U.S. governmental debt securities funds. The Board of Directors routinely reviews market values of such investments and credit ratings of bond issuers. Investments are exposed to various risks, such as interest rate, market, and credit risks. Market risks include global events which could impact the value of investments securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investments, it is at least reasonably possible that change in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

2. Summary of Significant Accounting Policies, continued

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,500 and the useful life is greater than one year.

Revenue and Revenue Recognition

All contributions are considered available for general programs unless specifically restricted by the donor. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Amounts received that are designated for future periods or restricted by the donor are reported as support with donor restrictions. Payments under cost-reimbursable grants received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred.

ALC derives revenue from government contracts and grants, which are conditioned upon performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when ALC have incurred expenditures in compliance with specific contract or grant provisions and/or meet the performance requirements.

Program service revenue is recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration ALC expects to be entitled to in exchange for those goods and services. ALC considers several factors in determining that control transfers to the customer. These factors include that legal title transfers to the customer, a present right to payment exists, and the customer has assumed the risks and rewards of ownership at the time of shipment.

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended June 30, 2024, ALC received total donated services of \$4,825,972. Of this amount, \$4,755,972 was for donated legal services, and \$70,000 was for donated photography services, both recorded at fair value. The fair value of the legal services was based upon the number of hours contributed at the standard billing rates of the respective law firm. ALC does not monetize its contributed services.

Asian Law Caucus uses full-time equivalents and usage of resources to allocate indirect costs. For the year end June 30, 2023, Asian Law Caucus had total expenses of \$18,686,003, which was \$4,499,732 more than the total expenses of the prior year. The increase in expenses is due to the increase in donated services, which are recorded as income and as expense services that the organization would have normally paid for.

2. Summary of Significant Accounting Policies, continued

Leases

ALC applies Accounting Standards Codification (“ASC”) 842, *Leases*, in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property, plant, or equipment for a period of time in excess of twelve months in exchange for consideration. ALC defines control of the asset as the right to obtain substantially all of the economic benefits from use of the identified asset as well as the right to direct the use of the identified asset. ALC has existing leases which are operating and finance leases. The operating leases are included as Right-of-Use (“ROU”) assets and lease liabilities in the Statement of Financial Position. The finance lease is included in property and equipment and lease liabilities in the Statement of Financial Position.

Income Taxes

ALC is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by ALC in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. ALC’s returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

Costs of providing ALC’s programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. ALC uses full-time equivalents and usage of resources to allocate indirect costs.

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 reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

ASIAN LAW CAUCUS

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ALC's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

3. Liquidity and Availability of Resources

ALC receives numerous grants, donations and earned income primarily from foundations, corporations, and the local government which totaled \$17,713,197 in fiscal year ended June 30, 2024.

Of its \$37.1 million dollars in assets, \$20.2 million is available as liquid assets.

In 2016, the Board of Directors of ALC established a board-designated operating reserve to: (a) cover unanticipated operating shortfalls; (b) guard against financial insecurity during unforeseen, destabilizing events (such as substantial decrease of financial support, economic recession, natural catastrophe, etc.); and (c) take advantage of unplanned opportunities. The goal is six months' operating costs. At June 30, 2024, the operating reserve totaled \$8,777,321 which represents 6 months projected operating costs for fiscal year 2024-2025.

| | |
|--|---------------------|
| Cash and cash equivalents | \$ 1,843,850 |
| Investments | 18,175,035 |
| Grants and contracts receivable | <u>196,654</u> |
| Total unrestricted financial assets available to meet expenditures over the next 12 months | <u>\$20,215,539</u> |

continued

ASIAN LAW CAUCUS

NOTES TO FINANCIAL STATEMENTS

4. Contributions and Pledges Receivable

Contributions and pledges receivable are primarily from foundations and are recorded as support when pledged, unless designated as conditional. All pledges are valued at the estimated fair present value at June 30, 2024 and are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been recorded as of June 30, 2024. Total amount of pledges receivable at June 30, 2024 of \$4,098,913 is expected to be collected as follows:

| | |
|--|--------------------|
| <u>Year ending June 30,</u> | |
| 2025 | \$1,925,000 |
| 2026 | 1,400,000 |
| Annually 2028 | <u>850,000</u> |
| | \$4,175,000 |
| Less: unamortized discount on pledges receivable | <u>(76,087)</u> |
| Total contributions and pledges receivable, net | <u>\$4,098,913</u> |

5. Investments

Investments at June 30, 2024 consist of the following:

| | |
|--------------------|---------------------|
| Fixed income funds | \$11,102,926 |
| Equity funds | <u>9,528,935</u> |
| | <u>\$20,631,861</u> |

Investment income at June 30, 2024 consists of the following:

| | |
|--------------------------------|--------------------|
| Interest and dividend income | \$ 842,653 |
| Unrealized gain on investments | 788,469 |
| Realized gain on investment | <u>163,921</u> |
| Total investment income | <u>\$1,795,043</u> |

6. Property and Equipment

Property and equipment at June 30, 2024 consist of the following:

| | |
|--------------------------------|--------------------|
| Building | \$1,342,105 |
| Leasehold improvements | 665,796 |
| Furniture and equipment | 400,390 |
| Computers | 259,095 |
| Construction in progress | <u>761,803</u> |
| | 3,429,189 |
| Less: accumulated depreciation | <u>(1,120,065)</u> |
| | <u>\$2,309,124</u> |

Depreciation expense for the year ended June 30, 2024 was \$128,345.

continued

ASIAN LAW CAUCUS

NOTES TO FINANCIAL STATEMENTS

7. **Accrued Liabilities**

Accrued liabilities at June 30, 2024 consist of the following:

| | |
|----------------------------|------------------|
| Accrued vacation | \$280,018 |
| Clients' trust accounts | 174,457 |
| Accrued salaries and wages | <u>240,727</u> |
| | <u>\$695,202</u> |

8. **Line of Credit**

ALC has a revolving line of credit with a bank, secured by broad form-UCC, in the amount of \$1,000,000, at an interest rate of 0.5% plus the prime rate announced by bank, with automatic renewal in February 2025. There was no outstanding balance on the line of credit at June 30, 2024.

9. **Right-of-Use Assets and Lease Liabilities**

Operating Leases

ALC evaluated current contracts to determine which met the criteria of a lease. The ROU asset represents ALC's right to use underlying assets for the lease term, and the lease liability represents ALC's obligation to make lease payments arising from this lease. The ROU asset and lease liabilities, which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. ALC uses the rate implicit in the lease, if it is determinable. When the rate implicit in the lease is not determinable, ALC uses a risk-free rate of return at the lease commencement date to determine the present value of the future lease payments. Lease terms, in the calculations, may include renewal or extension options to the extent they are reasonably certain to be exercised.

ALC's operating lease consists of rent and equipment leases. The discount rate applied to calculate the lease liabilities has a weighted average of 1.51%. The initial ROU assets and liabilities were both \$218,296 and \$223,514 respectively. The lease expense will be recognized on a straight-line basis over the lease terms. The weighted average of the remaining lease terms and the weighted average discount rate for operating leases as of June 30, 2024 were 1.34 years and 1.51%, respectively.

Cash paid for the operating lease during the year was \$127,764.

Future minimum payments, by year and in the aggregate, under this lease with an initial or remaining term of one year or more, consist of the following:

continued

ASIAN LAW CAUCUS

NOTES TO FINANCIAL STATEMENTS

9. Right-of-Use Assets and Lease Liabilities, continued

| <u>Year ending June 30,</u> | |
|---|------------------|
| 2025 | \$ 94,759 |
| 2026 | 3,997 |
| 2027 | 3,997 |
| 2028 | <u>727</u> |
| Total lease payments | 103,480 |
| Present value discount | <u>(1,819)</u> |
| Present value of net minimum lease payments | <u>\$101,661</u> |

The asset at June 30, 2024 related to this operating lease, and on the statement of financial position, consists of the following:

| | |
|--------------------------------|------------------|
| ROU asset | \$ 218,296 |
| Less: accumulated amortization | <u>(120,317)</u> |
| | <u>\$ 97,979</u> |

Finance Lease

ALC leases office space under finance lease which expires in April 2064. The weighted average of remaining lease terms and weighted average of discount rate for financing leases as of June 30, 2024 were 41 years and 1.43%, respectively.

Cash paid for the finance lease for the year ended June 30, 2024 was \$152,650, respectively. There were no non-cash financing transactions related to leasing during the year ended June 30, 2023.

Future minimum payments, by year, and in the aggregate, under these leases consist of the following:

| <u>Year ending June 30,</u> | |
|---|--------------------|
| 2025 | \$ 152,650 |
| 2026 | 152,650 |
| 2027 | 152,650 |
| 2028 | 152,650 |
| 2029 | 152,650 |
| Thereafter | <u>1,539,209</u> |
| Total minimum lease payments | 2,302,459 |
| Less: portion representing interest | <u>(918,233)</u> |
| Present value of net minimum lease payments | <u>\$1,384,226</u> |

The asset under the finance lease, included in property and equipment at June 30, 2024, consists of the following:

| | |
|--------------------------------|-------------------|
| Building | \$1,342,105 |
| Less: accumulated depreciation | <u>(421,312)</u> |
| | <u>\$ 920,793</u> |

continued

ASIAN LAW CAUCUS

NOTES TO FINANCIAL STATEMENTS

10. Commitments and Contingencies

Contracts

ALC's government grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, ALC has no provisions for the possible disallowance of program costs on its financial statements.

11. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2024 consist of the following:

| | |
|--------------------------------------|---------------------|
| General operations – time restricted | \$ 6,082,022 |
| Affiliate work | 2,358,600 |
| Employment and labor | 1,604,698 |
| Special project | 1,590,997 |
| Community Safety Program | 1,143,857 |
| Immigration | 735,975 |
| Housing | 447,453 |
| National security and civil rights | 360,000 |
| Communications | 254,926 |
| Voting rights | <u>45,000</u> |
| | <u>\$14,623,528</u> |

For the year ended June 30, 2024, net assets released from restrictions were \$11,406,815, of which \$6,148,238 was for time restrictions and \$5,258,577 was for purpose restrictions.

Net assets released from donor restrictions noted above includes multi-year pledges for which the full pledge amount has been recognized as revenue for the year ended June 30, 2024, as per generally accepted accounting principles requirements, whilst the related program expenses will be recognized as expenses in the fiscal years incurred or over the remaining grant period.

ASIAN LAW CAUCUS

NOTES TO FINANCIAL STATEMENTS

12. Employee Benefit Plan

ALC has an Internal Revenue Code Section 401(k) qualified defined contribution retirement plan covering all of its employees, subject to certain eligibility requirements. Pension plan expense for the year ended June 30, 2024 was \$332,960.

13. Fair Value Measurements

The table below presents the balances of assets measured at fair value at June 30, 2024 on a recurring basis:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
| Mutual funds | | | | |
| Fixed income | | | | |
| Corporate Investment | \$ 6,125,233 | \$ - | \$ - | \$ 6,125,233 |
| U.S. Government | 2,298,313 | | | 2,298,313 |
| U.S. Corporate High Yield | 743,809 | | | 743,809 |
| International | 214,247 | | | 214,247 |
| Real Assets | 108,223 | | | 108,223 |
| Emerging Markets | <u>39,110</u> | <u> </u> | <u> </u> | <u>39,110</u> |
| Total fixed income | <u>9,528,935</u> | <u> </u> | <u> </u> | <u>9,528,935</u> |
| Equity funds | | | | |
| U.S. Large Cap | 3,171,978 | | | 3,171,978 |
| U.S. Mid Cap | 2,998,150 | | | 2,998,150 |
| International | 2,056,953 | | | 2,056,953 |
| Alternative and Other | 1,421,053 | | | 1,421,053 |
| US Small Cap | 685,850 | | | 685,850 |
| Investment Funds | 391,365 | | | 391,365 |
| Emerging Markets | <u>377,577</u> | <u> </u> | <u> </u> | <u>377,577</u> |
| Total equity funds | <u>11,102,926</u> | <u> </u> | <u> </u> | <u>11,102,926</u> |
| Total mutual funds | <u>\$20,631,861</u> | <u>\$ </u> | <u>\$ </u> | <u>\$20,631,861</u> |

The fair value of fixed income funds and equity funds have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

continued

ASIAN LAW CAUCUS

NOTES TO FINANCIAL STATEMENTS

13. Fair Value Measurements, continued

The table below present transactions measured at fair value on a non-recurring basis during the year ended June 30, 2024:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------|--------------------|------------------|--------------------|
| Pledges – new | \$ - | \$ - | \$225,000 | \$ 225,000 |
| Contributed legal and Photography services | | 4,825,972 | | 4,825,972 |
| | <u>\$ -</u> | <u>\$4,825,972</u> | <u>\$225,000</u> | <u>\$5,050,972</u> |

The fair value of contributed legal services and contributed goods have been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

The fair values of pledges-new are measured on a non-recurring basis, based on the value provided by the donor at the date of pledge and with consideration of their credit worthiness (Level 3 inputs).

14. Subsequent Events

The Asian Law Caucus and Local 9410 staff union have concluded bargaining and have ratified a 5-year collective bargaining agreement, effective November 27, 2024, through November 27, 2029.

Management has evaluated subsequent events through March 6, 2025, the date which the financial statements were available for issue. Except as noted above, no other events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.