



**ASIAN LAW CAUCUS**



**FINANCIAL STATEMENTS**

**JUNE 30, 2025**

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## INDEPENDENT AUDITORS' REPORT

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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, 2025, 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, 2025, and the changes in its 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

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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' 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 6, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Harrington Group*

Walnut Creek, California  
October 31, 2025

**ASIAN LAW CAUCUS**

STATEMENT OF FINANCIAL POSITION

June 30, 2025

With comparative totals at June 30, 2024

|  | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>2025</b>          | <b>2024</b>          |
|--|---------------------------------------|------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                                      |                                       |                                    |                      |                      |
| Cash and cash equivalents (Note 2)                 | \$ 66,674                             | \$ 7,890,273                       | \$ 7,956,947         | \$ 7,640,047         |
| Grants and contracts receivable                    | 205,635                               | 1,569,943                          | 1,775,578            | 2,468,246            |
| Contributions and pledges receivable, net (Note 4) |                                       | 2,517,286                          | 2,517,286            | 4,098,913            |
| Prepaid expenses                                   | 109,684                               |                                    | 109,684              | 168,470              |
| Investments (Note 5)                               | 18,818,223                            | 999,772                            | 19,817,995           | 20,631,861           |
| Right-of-use assets - operating leases (Note 8)    | 29,832                                |                                    | 29,832               | 97,979               |
| Property and equipment (Note 6)                    | 3,011,964                             |                                    | 3,011,964            | 2,309,124            |
|  | <b>\$ 22,242,012</b>                  | <b>\$ 12,977,274</b>               | <b>\$ 35,219,286</b> | <b>\$ 37,414,640</b> |
| <b>LIABILITIES AND NET ASSETS</b>                  |                                       |                                    |                      |                      |
| <b>LIABILITIES</b>                                 |                                       |                                    |                      |                      |
| Accounts payable                                   | \$ 337,130                            | \$ -                               | \$ 337,130           | \$ 763,347           |
| Accrued liabilities (Note 7)                       | 634,828                               |                                    | 634,828              | 695,202              |
| Deferred revenue                                   |                                       |                                    | -                    | 126,179              |
| Lease liabilities - operating leases (Note 8)      | 31,402                                |                                    | 31,402               | 101,660              |
| Lease liabilities - finance lease (Note 8)         | 1,332,312                             |                                    | 1,332,312            | 1,384,226            |
|  | <b>2,335,672</b>                      | <b>-</b>                           | <b>2,335,672</b>     | <b>3,070,614</b>     |
| <b>NET ASSETS</b>                                  |                                       |                                    |                      |                      |
| Without donor restrictions                         |                                       |                                    |                      |                      |
| Undesignated                                       | 13,129,335                            |                                    | 13,129,335           | 10,943,177           |
| Board designated operating reserve (Notes 3)       | 6,777,005                             |                                    | 6,777,005            | 8,777,321            |
| With donor restrictions (Note 10)                  |                                       | 12,977,274                         | 12,977,274           | 14,623,528           |
|  | <b>19,906,340</b>                     | <b>12,977,274</b>                  | <b>32,883,614</b>    | <b>34,344,026</b>    |
|  | <b>\$ 22,242,012</b>                  | <b>\$ 12,977,274</b>               | <b>\$ 35,219,286</b> | <b>\$ 37,414,640</b> |

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

**ASIAN LAW CAUCUS**

STATEMENT OF ACTIVITIES

For the year ended June 30, 2025

With comparative totals for the year ended June 30, 2024

|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>2025</u>          | <u>2024</u>          |
|---|---------------------------------------|------------------------------------|----------------------|----------------------|
| <b>REVENUE</b>                                  |                                       |                                    |                      |                      |
| Grants  | \$ -                                  | \$ 5,715,620                       | \$ 5,715,620         | \$ 4,925,252         |
| Contributed goods and legal services (Note 2)   | 5,450,110                             |                                    | 5,450,110            | 4,825,972            |
| Government contract revenue                     | 703,508                               | 3,244,834                          | 3,948,342            | 4,134,886            |
| Investment income (Note 5)                      | 1,871,703                             |                                    | 1,871,703            | 1,795,043            |
| Contributions                                   | 813,923                               |                                    | 813,923              | 7,455,579            |
| Special events                                  | 519,433                               |                                    | 519,433              | 546,319              |
| Miscellaneous income                            | 350,314                               |                                    | 350,314              | 7,477                |
| Program service fees                            | 146,652                               |                                    | 146,652              | 43,684               |
| Net assets released from restrictions (Note 10) | 10,606,707                            | (10,606,707)                       | -                    | -                    |
| <b>TOTAL REVENUE</b>                            | <u>20,462,350</u>                     | <u>(1,646,253)</u>                 | <u>18,816,097</u>    | <u>23,734,212</u>    |
| <b>EXPENSES</b>                                 |                                       |                                    |                      |                      |
| Program services                                | 18,038,182                            |                                    | 18,038,182           | 16,733,319           |
| General and administration                      | 996,782                               |                                    | 996,782              | 945,281              |
| Fundraising                                     | 1,241,543                             |                                    | 1,241,543            | 1,007,403            |
| <b>TOTAL EXPENSES</b>                           | <u>20,276,507</u>                     | <u>-</u>                           | <u>20,276,507</u>    | <u>18,686,003</u>    |
| <b>CHANGE IN NET ASSETS</b>                     | 185,843                               | (1,646,253)                        | (1,460,410)          | 5,048,209            |
| <b>NET ASSETS, BEGINNING OF YEAR</b>            | <u>19,720,497</u>                     | <u>14,623,527</u>                  | <u>34,344,024</u>    | <u>29,295,815</u>    |
| <b>NET ASSETS, END OF YEAR</b>                  | <u>\$ 19,906,340</u>                  | <u>\$ 12,977,274</u>               | <u>\$ 32,883,614</u> | <u>\$ 34,344,024</u> |

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

**ASIAN LAW CAUCUS**

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2025

With comparative totals for the year ended June 30, 2024

|   | Program Services    |                                  |                     |                     | Total<br>Program<br>Services | General and<br>Administration | Fundraising         | Total Expenses       |                      |
|---|---------------------|----------------------------------|---------------------|---------------------|------------------------------|-------------------------------|---------------------|----------------------|----------------------|
|   | Community<br>Safety | Democracy National<br>Initiative | Immigration<br>Core | Other               |                              |                               |                     | 2025                 | 2024                 |
| Salaries                                      | \$ 979,622          | \$ 1,418,776                     | \$ 773,376          | \$ 2,746,229        | \$ 5,918,003                 | \$ 592,198                    | \$ 705,750          | <b>\$ 7,215,951</b>  | \$ 6,214,478         |
| Payroll taxes and employee benefits           | 235,210             | 340,651                          | 185,689             | 659,376             | 1,420,926                    | 142,188                       | 169,452             | <b>1,732,566</b>     | 1,459,930            |
| Total personnel costs                         | 1,214,832           | 1,759,427                        | 959,065             | 3,405,605           | 7,338,929                    | 734,386                       | 875,202             | <b>8,948,517</b>     | 7,674,408            |
| Contributed goods and legal services (Note 2) | 3,864,835           | 1,015,760                        | 4,085               | 534,271             | 5,418,951                    |                               | 31,159              | <b>5,450,110</b>     | 4,825,972            |
| Subcontractors (Note 2)                       | 273,973             | 273,500                          | 71,401              | 1,619,773           | 2,238,647                    |                               |                     | <b>2,238,647</b>     | 1,440,540            |
| Contract services                             | 205,064             | 355,953                          | 278,775             | 477,673             | 1,317,465                    | 36,174                        | 37,303              | <b>1,390,942</b>     | 1,292,478            |
| Telecommunications/information systems        | 34,526              | 47,735                           | 27,325              | 215,732             | 325,318                      | 44,301                        |                     | <b>369,619</b>       | 347,271              |
| Interest                                      | 50,101              | 68,671                           | 36,974              | 136,388             | 292,134                      | 39,369                        |                     | <b>331,503</b>       | 384,548              |
| Fundraising events                            |                     |                                  |                     |                     | -                            |                               | 267,033             | <b>267,033</b>       | 269,542              |
| Occupancy                                     | 33,127              | 45,406                           | 24,448              | 92,812              | 195,793                      | 33,035                        |                     | <b>228,828</b>       | 173,445              |
| Depreciation                                  | 32,046              | 43,925                           | 23,650              | 87,239              | 186,860                      | 25,182                        |                     | <b>212,042</b>       | 128,345              |
| Conference, catering, and meals               | 27,282              | 51,967                           | 19,041              | 72,311              | 170,601                      | 20,037                        |                     | <b>190,638</b>       | 120,279              |
| Travel  | 15,394              | 81,349                           | 17,232              | 49,861              | 163,836                      | 10,195                        |                     | <b>174,031</b>       | 184,741              |
| Professional fees                             | 20,033              | 25,162                           | 21,906              | 66,857              | 133,958                      | 16,795                        |                     | <b>150,753</b>       | 120,111              |
| Other   | 30,277              | 41,649                           | 24,084              | 24,823              | 120,833                      | 27,200                        |                     | <b>148,033</b>       | 241,951              |
| Office expenses                               | 6,979               | 10,276                           | 6,726               | 38,556              | 62,537                       | 5,053                         | 23,128              | <b>90,718</b>        | 80,984               |
| Community outreach                            | 4,780               | 8,112                            | 4,192               | 42,939              | 60,023                       | 3,398                         | 7,718               | <b>71,139</b>        | 207,149              |
| Construction costs                            | 2,109               | 2,891                            | 1,556               | 5,741               | 12,297                       | 1,657                         |                     | <b>13,954</b>        | -                    |
| Affiliate expenses (Note 2)                   |                     |                                  |                     |                     | -                            |                               |                     | -                    | 1,194,239            |
| <b>TOTAL 2025 FUNCTIONAL EXPENSES</b>         | <b>\$ 5,815,358</b> | <b>\$ 3,831,783</b>              | <b>\$ 1,520,460</b> | <b>\$ 6,870,581</b> | <b>\$ 18,038,182</b>         | <b>\$ 996,782</b>             | <b>\$ 1,241,543</b> | <b>\$ 20,276,507</b> |                      |
| <b>TOTAL 2024 FUNCTIONAL EXPENSES</b>         | <b>\$ 3,565,934</b> | <b>\$ 3,227,868</b>              | <b>\$ 2,080,616</b> | <b>\$ 7,858,901</b> | <b>\$ 16,733,319</b>         | <b>\$ 945,281</b>             | <b>\$ 1,007,403</b> |                      | <b>\$ 18,686,003</b> |

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

## ASIAN LAW CAUCUS

### STATEMENT OF CASH FLOWS

For the year ended June 30, 2025

With comparative totals for the year ended June 30, 2024

|   | 2025                | 2024                |
|---|---------------------|---------------------|
| <b>CASH FLOWS (TO) FROM OPERATING ACTIVITIES:</b>   |                     |                     |
| Change in net assets  | \$ (1,460,410)      | \$ 5,048,209        |
| Adjustments to reconcile change in net assets to net cash<br>(used) provided by operating activities: |                     |                     |
| Depreciation  | 212,042             | 128,345             |
| Investment (income)   | (723,019)           | (823,934)           |
| Donated stocks  | -                   | (71,767)            |
| Amortization of right-of-use assets - operating leases  | 68,147              | 120,317             |
| Reduction of lease liability - operating leases   | (70,258)            | (121,854)           |
| Paycheck protection program loan forgiveness  | -                   | -                   |
| (Increase) decrease in operating assets:  |                     |                     |
| Grants and contracts receivable   | 692,668             | (37,938)            |
| Contributions and pledges receivable  | 1,581,627           | 3,311,507           |
| Prior-year's discount on pledges receivable   | -                   | 140,338             |
| Bad debt expense  | -                   | 758                 |
| Prepaid expenses  | 58,786              | (40,988)            |
| Increase (decrease) in operating liabilities:   |                     |                     |
| Accounts payable  | (426,217)           | 324,696             |
| Accrued liabilities   | (60,374)            | 252,957             |
| Deferred revenue  | (126,179)           | 23,679              |
| <b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>   | <b>(253,187)</b>    | <b>8,254,325</b>    |
| <b>CASH FLOWS (TO) INVESTING ACTIVITIES:</b>  |                     |                     |
| Purchase of property and equipment  | (144,312)           | (1,288,811)         |
| Proceeds from sale of investments   | 766,313             | 12,741,613          |
| Disposal of property and equipment  | -                   | 27,763              |
| Purchase of investments   | -                   | (22,900,669)        |
| <b>NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES</b>   | <b>622,001</b>      | <b>(11,420,104)</b> |
| <b>CASH FLOWS FROM (TO) FINANCING ACTIVITIES:</b>   |                     |                     |
| Principal payments on finance lease liability   | (51,914)            | 320,746             |
| <b>NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES</b>   | <b>(51,914)</b>     | <b>320,746</b>      |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   | <b>316,900</b>      | <b>(2,845,033)</b>  |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>   | <b>7,640,047</b>    | <b>10,485,080</b>   |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>   | <b>\$ 7,956,947</b> | <b>\$ 7,640,047</b> |
| <b>SUPPLEMENTAL DISCLOSURES:</b>  |                     |                     |
| Operating activities reflect interest paid related to the finance lease                               | <b>\$ 110,798</b>   | <b>\$ 205,949</b>   |
| Right-of use asset/lease liability - operating lease from adoption of ASC 842                         | <b>\$ -</b>         | <b>\$ -</b>         |

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

### 1. **Organization**

Founded in 1972 as the nation's first legal and civil rights organization serving Asian American and Pacific Islander (AAPI) communities, Asian Law Caucus (ALC) has provided essential legal services to low-income communities for over five decades. ALC provides legal services to low-income workers, tenants, and immigrants across three critical areas: Immigrant Justice, Economic Security, and Inclusive Democracy. Through these interconnected programs, ALC builds power and creates lasting change.

ALC's approach combines direct legal services with strategic litigation and policy advocacy, ensuring that every action is grounded in community needs. Through partnerships with grassroots organizations and local communities, ALC creates meaningful change that strengthens our democratic society. From its base in the San Francisco Bay Area, ALC has expanded its impact across California and now shares expertise with community organizations nationwide.

ALC continues its longstanding commitment to defending civil rights and serving vulnerable communities. ALC provides multilingual Know Your Rights education on workplace protections, housing rights, immigration, privacy, and constitutional safeguards. ALC offers legal representation to immigrants facing deportation and challenges discriminatory treatment based on race, national origin, or religion, while defending fundamental constitutional rights including birthright citizenship and due process. 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 continues to expand its impact and adapt to emerging community needs. Recent initiatives include leading one of California's largest nonpartisan election observer programs, monitoring over 1,400 polling sites across 34 counties to ensure voting accessibility for non-English speakers and voters with disabilities. ALC provides culturally and linguistically appropriate legal services to victims and survivors of hate-motivated violence, helping community members navigate the legal system and find pathways to healing. The organization actively challenges policies that threaten constitutional protections, including filing class-action lawsuits to protect families from separation. Through comprehensive Know Your Rights education in multiple languages, direct legal services, and policy advocacy at local and state levels, ALC continues to serve thousands of low-income AAPI individuals and families annually—building on its historic legacy while meeting the evolving needs of today's diverse immigrant populations.

**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.

**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**

ALC recognizes revenue in accordance with Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, and ASC 606, *Revenue from Contracts with Customers*, as applicable.

All contributions are considered available for general programs unless specifically restricted by the donor. Contributions are recognized when cash, securities, or other assets are received, an unconditional promise to give is made, or notice of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Amounts received that are designated for future periods or donor-restricted for specific purposes are reported as support with donor restrictions. When a donor restriction expires, such as when a time restriction ends or a purpose restriction is fulfilled, the related net assets are reclassified from "with donor restrictions" to "without donor restrictions" and reported as net assets released from restrictions.

**Grants and Government Contracts**

Revenue from government contracts and grants that are conditional upon the incurrence of allowable expenses or fulfillment of performance obligations is recognized as the underlying conditions are met. Amounts received in advance for which conditions have not yet been satisfied are reported as refundable advances or deferred revenue.

**Program Service Revenue**

Revenue from program services is recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration ALC expects to receive. ALC evaluates each arrangement to determine when control passes to the customer using indicators such as transfer of legal title, existence of a present right to payment, and transfer of risks and rewards of ownership.

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

**Donated Materials and Services**

Contributions of donated non-cash assets are recognized at their fair value on the date of receipt. Donated services are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that would typically need to be purchased if not provided by donation.

For the year ended June 30, 2025, ALC recognized donated services totaling \$5,450,110, consisting of:

- \$5,422,201 in donated legal services,
- \$9,966 in donated special event services, and
- \$17,943 in donated photography services.

The fair value of donated legal services is based on the standard billing rates and hours contributed by the respective law firms. ALC records the value of these donated services as both contribution revenue and an expense in the accompanying statement of activities. ALC does not monetize contributed services beyond financial reporting recognition.

**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.

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

**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.

**Affiliate Relationship and Subgrant Activity**

During the fiscal year ended June 30, 2025, ALC concluded its formal affiliation with its network of affiliated entities. Notwithstanding the termination of the affiliation, ALC continued to fulfill its fiscal sponsorship responsibilities by administering and distributing subgrants funded through the Ford Build grant to the former affiliates.

In connection with this activity, subgrant disbursements totaling approximately \$967,000 were recorded within the Subcontractors expense account rather than Affiliate Expenses to appropriately reflect the nature of the transactions in accordance with generally accepted accounting principles applicable to not-for-profit entities.

**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.

**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, 2024, from which the summarized information was derived.

# ASIAN LAW CAUCUS

## NOTES TO FINANCIAL STATEMENTS

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### 3. Liquidity and Availability of Resources

ALC receives numerous grants, donations and earned income primarily from foundations, corporations, and the local government which totaled \$12,499,086 in fiscal year ended June 30, 2025.

Of its \$35.2 million dollars in assets, \$19 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, 2025, the operating reserve totaled \$6,777,005 which represents 6 months projected operating costs for fiscal year 2025-2026.

|  |                     |
|--|---------------------|
| Cash and cash equivalents  | \$ 66,674           |
| Investments  | 18,818,223          |
| Grants and contracts receivable  | <u>205,635</u>      |
| Total unrestricted financial assets available to meet expenditures over the next 12 months | <u>\$19,090,532</u> |

### 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, 2025 and are deemed fully collectible. Accordingly, no allowance for uncollectible pledges has been recorded as of June 30, 2025. Total amount of pledges receivable at June 30, 2025 of \$2,517,286 is expected to be collected as follows:

|  |                    |
|--|--------------------|
| <u>Year ending June 30,</u>                      |                    |
| 2026   | \$1,599,412        |
| 2027   | <u>950,000</u>     |
|  | 2,549,412          |
| Less: unamortized discount on pledges receivable | <u>(32,126)</u>    |
| Total contributions and pledges receivable, net  | <u>\$2,517,286</u> |

continued

# ASIAN LAW CAUCUS

## NOTES TO FINANCIAL STATEMENTS

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### 5. Investments

Investments at June 30, 2025 consist of the following:

|                           |                     |
|---------------------------|---------------------|
| Fixed income funds        | \$10,148,504        |
| Cash and cash equivalents | 367,076             |
| Equity funds              | <u>9,302,415</u>    |
|                           | <u>\$19,817,995</u> |

Investment income at June 30, 2025 consists of the following:

|                                |                    |
|--------------------------------|--------------------|
| Interest and dividend income   | \$ 868,055         |
| Unrealized gain on investments | 183,809            |
| Realized gain on investments   | <u>819,839</u>     |
| Total investment income        | <u>\$1,871,703</u> |

### 6. Property and Equipment

Property and equipment at June 30, 2025 consist of the following:

|                                |                     |
|--------------------------------|---------------------|
| Building                       | \$ 1,520,159        |
| Leasehold improvements         | 1,742,362           |
| Furniture and equipment        | 527,775             |
| Computers                      | <u>310,517</u>      |
|                                | 4,100,813           |
| Less: accumulated depreciation | <u>(1,088,849)</u>  |
|                                | <u>\$ 3,011,964</u> |

Depreciation expense for the year ended June 30, 2025 was \$212,042.

### 7. Accrued Liabilities

Accrued liabilities at June 30, 2025 consist of the following:

|                            |                  |
|----------------------------|------------------|
| Accrued vacation           | \$317,774        |
| Clients' trust accounts    | 96,122           |
| Accrued salaries and wages | <u>220,932</u>   |
|                            | <u>\$634,828</u> |

continued

**8. 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 3.37%. The initial ROU assets and liabilities were both \$97,979 and \$101,660 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, 2025 were 1.34 years and 3.37%, respectively.

Cash paid for the operating lease during the year was \$99,419.

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:

| <u>Year ending June 30,</u>                 |                 |
|---|-----------------|
| 2026  | \$ 9,757        |
| 2027  | 9,757           |
| 2028  | 6,487           |
| 2029  | 5,760           |
| 2030  | <u>2,400</u>    |
| Total lease payments                        | 34,161          |
| Present value discount                      | <u>(2,759)</u>  |
| Present value of net minimum lease payments | <u>\$31,402</u> |

The asset at June 30, 2025 related to this operating lease, and on the statement of financial position, consists of the following:

|                                |                  |
|--------------------------------|------------------|
| ROU asset                      | \$ 218,296       |
| Less: accumulated amortization | <u>(188,464)</u> |
|                                | <u>\$ 29,832</u> |

# ASIAN LAW CAUCUS

## NOTES TO FINANCIAL STATEMENTS

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### 8. Right-of-Use Assets and Lease Liabilities - Operating Leases, continued

#### 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, 2025 were 41 years and 1.43%, respectively.

Cash paid for the finance lease for the year ended June 30, 2025 was \$152,650, respectively. There were no non-cash financing transactions related to leasing during the year ended June 30, 2025.

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

| <u>Year ending June 30,</u>                 |                    |
|---|--------------------|
| 2026  | \$ 152,650         |
| 2027  | 152,650            |
| 2028  | 152,650            |
| 2029  | 152,650            |
| 2030  | 152,650            |
| Thereafter                                  | <u>1,399,280</u>   |
| Total minimum lease payments                | 2,162,530          |
| Less: portion representing interest         | <u>(830,218)</u>   |
| Present value of net minimum lease payments | <u>\$1,332,312</u> |

The asset under the finance lease, included in property and equipment at June 30, 2025, consists of the following:

|          |             |
|----------|-------------|
| Building | \$1,520,159 |
|----------|-------------|

### 9. 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.

# ASIAN LAW CAUCUS

## NOTES TO FINANCIAL STATEMENTS

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### 10. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2025 consist of the following:

|                                      |                     |
|--------------------------------------|---------------------|
| General operations – time restricted | \$ 5,400,820        |
| Employment and labor                 | 1,519,697           |
| Immigration                          | 1,495,267           |
| Affiliate work                       | 1,391,400           |
| Democracy and national initiatives   | 1,016,358           |
| Housing                              | 948,590             |
| Special project                      | 422,380             |
| Voting rights                        | 248,560             |
| Community safety program             | 202,437             |
| State power building                 | 195,558             |
| Communications                       | 76,207              |
| National security and civil rights   | 60,000              |
|                                      | <u>\$12,977,274</u> |

For the year ended June 30, 2025, net assets released from restrictions were \$10,606,707, of which \$4,604,547 was for time restrictions and \$6,002,160 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, 2025, 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.

### 11. 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, 2025 was \$395,389.

## ASIAN LAW CAUCUS

### NOTES TO FINANCIAL STATEMENTS

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#### 12. Fair Value Measurements

The table below presents the balances of assets measured at fair value at June 30, 2025 on a recurring basis:

|                            | <u>Level 1</u>      | <u>Level 2</u>      | <u>Level 3</u>      | <u>Total</u>        |
|----------------------------|---------------------|---------------------|---------------------|---------------------|
| Investments                |                     |                     |                     |                     |
| Fixed income funds         |                     |                     |                     |                     |
| Corporate investment       | \$ 6,013,502        | \$ -                | \$ -                | \$ 6,013,502        |
| U.S. government            | 2,903,987           |                     |                     | 2,903,987           |
| U.S. corporate high yield  | 901,416             |                     |                     | 901,416             |
| International              | 249,305             |                     |                     | 249,305             |
| Real assets                | <u>80,295</u>       | <u>          </u>   | <u>          </u>   | <u>80,295</u>       |
| Total fixed income         | <u>10,148,505</u>   | <u>          </u>   | <u>          </u>   | <u>10,148,505</u>   |
| Equity funds               |                     |                     |                     |                     |
| U.S. large cap             | 2,497,970           |                     |                     | 2,497,970           |
| U.S. mid cap               | 1,975,549           |                     |                     | 1,975,549           |
| International              | 2,621,269           |                     |                     | 2,621,269           |
| Alternative and other      | 972,608             |                     |                     | 972,608             |
| U.S. small cap             | 655,251             |                     |                     | 655,251             |
| Emerging markets           | <u>579,768</u>      | <u>          </u>   | <u>          </u>   | <u>579,768</u>      |
| Total equity funds         | <u>9,302,415</u>    | <u>          </u>   | <u>          </u>   | <u>9,302,415</u>    |
| Cash and equivalents       | <u>367,075</u>      | <u>          </u>   | <u>          </u>   | <u>367,075</u>      |
| Total cash and equivalents | <u>367,075</u>      | <u>          </u>   | <u>          </u>   | <u>367,075</u>      |
| Total investments          | <u>\$19,817,995</u> | <u>\$          </u> | <u>\$          </u> | <u>\$19,817,995</u> |

The fair value of fixed income funds, equity funds, and cash and equivalents held in investment accounts 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

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### 12. Fair Value Measurements, continued

The table below present transactions measured at fair value on a non-recurring basis during the year ended June 30, 2025:

|   | <u>Level 1</u> | <u>Level 2</u>     | <u>Level 3</u>   | <u>Total</u>       |
|---|----------------|--------------------|------------------|--------------------|
| Pledges – new                                 | \$ -           | \$ -               | \$485,000        | \$ 485,000         |
| Contributed legal and<br>Photography services |                | 5,445,500          |                  | 5,445,500          |
|   | <u>\$ -</u>    | <u>\$5,445,500</u> | <u>\$485,000</u> | <u>\$5,930,500</u> |

The fair value of contributed legal and photography services 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).

### 13. Subsequent Events

Between June and July of 2025, ALC implemented planned staffing adjustments, resulting in an expected reduction in personnel costs for FY25–26. These changes were made strategically to align resources with organizational priorities while ensuring continued delivery of services to the community.

The Community Safety and National Security Civil Rights Programs will conclude in FY25–26 as part of a planned transition. While spending for this program will decrease, resources are being reallocated to other key initiatives, ensuring continued support for the organization’s community and strategic priorities.

Management has evaluated subsequent events through October 31, 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.