ASIAN AMERICAN LEGAL ADVOCACY CENTER, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2013

With Independent Auditors' Report Thereon
ASIAN AMERICAN LEGAL ADVOCACY CENTER, INC.
DECEMBER 31, 2013

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INDEPENDENT AUDITORS’ REPORT

To the Board of Directors
Asian American Legal Advocacy Center, Inc.
Norcross, GA

We have audited the accompanying financial statements of Asian American Legal Advocacy Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Asian American Legal Advocacy Center, Inc., as of December 31, 2013, 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.

Morrow, Georgia
May 20, 2014
CURRENT ASSETS
  Cash  $ 62,893
  Grants receivable  200,000
  Contributions receivable  500

TOTAL CURRENT ASSETS  263,393

FIXED ASSETS
  Furniture, equipment and leasehold improvements,
  net of accumulated depreciation  237

TOTAL ASSETS  $ 263,630

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES
  Accounts payable  $ 2,724

TOTAL CURRENT LIABILITIES  2,724

TOTAL LIABILITIES  2,724

NET ASSETS
  Unrestricted  60,906
  Temporarily restricted  200,000

TOTAL NET ASSETS  260,906

TOTAL LIABILITIES AND NET ASSETS  $ 263,630

The accompanying notes are an integral part of these financial statements.
ASIAN AMERICAN LEGAL ADVOCACY CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUBLIC SUPPORT AND REVENUES:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>$ 80,409</td>
<td>$ 200,000</td>
<td>$ 280,409</td>
</tr>
<tr>
<td>Special events, net of expenses of $6,406</td>
<td>30,002</td>
<td>-</td>
<td>30,002</td>
</tr>
<tr>
<td>Gift in-kind</td>
<td>24,921</td>
<td>-</td>
<td>24,921</td>
</tr>
<tr>
<td>Contributions</td>
<td>5,253</td>
<td>-</td>
<td>5,253</td>
</tr>
<tr>
<td>Program revenue</td>
<td>2,135</td>
<td>-</td>
<td>2,135</td>
</tr>
<tr>
<td>Investment revenue</td>
<td>6</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>Total public support and revenue</td>
<td>142,726</td>
<td>200,000</td>
<td>342,726</td>
</tr>
</tbody>
</table>

EXPENSES

|                                    |              |                        |        |
| Program services                   | 115,271      | -                      | 115,271 |
| Management and general expenses    | 24,577       | -                      | 24,577 |
| Fundraising expenses               | 15,005       | -                      | 15,005 |
| TOTAL EXPENSES                     | 154,853      | -                      | 154,853 |

CHANGE IN NET ASSETS

|                                    |              |                        |        |
| (12,127)                           | 200,000      |                        | 187,873 |

NET ASSETS AT BEGINNING OF YEAR

|                                    |              |                        |        |
| 73,033                             |              |                        | 73,033 |

NET ASSETS AT END OF YEAR

|                                    |              |                        |        |
| $ 60,906                           | $ 200,000    |                        | $ 260,906 |

The accompanying notes are an integral part of these financial statements.
ASIAN AMERICAN LEGAL ADVOCACY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>78,200</td>
<td>13,700</td>
<td>12,500</td>
<td>104,400</td>
</tr>
<tr>
<td>Occupancy</td>
<td>8,165</td>
<td>1,431</td>
<td>-</td>
<td>9,596</td>
</tr>
<tr>
<td>Travel and meetings</td>
<td>7,271</td>
<td>1,273</td>
<td>168</td>
<td>8,712</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>4,169</td>
<td>1,041</td>
<td>951</td>
<td>6,161</td>
</tr>
<tr>
<td>Professional services</td>
<td>4,929</td>
<td>864</td>
<td>-</td>
<td>5,793</td>
</tr>
<tr>
<td>Grants</td>
<td>4,250</td>
<td>-</td>
<td>-</td>
<td>4,250</td>
</tr>
<tr>
<td>Office expenses</td>
<td>2,010</td>
<td>352</td>
<td>574</td>
<td>2,936</td>
</tr>
<tr>
<td>Program expenses</td>
<td>2,887</td>
<td>-</td>
<td>-</td>
<td>2,887</td>
</tr>
<tr>
<td>Professional development</td>
<td>-</td>
<td>2,758</td>
<td>-</td>
<td>2,758</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,774</td>
<td>311</td>
<td>-</td>
<td>2,085</td>
</tr>
<tr>
<td>Printing</td>
<td>1,133</td>
<td>198</td>
<td>459</td>
<td>1,790</td>
</tr>
<tr>
<td>Marketing</td>
<td>-</td>
<td>1,344</td>
<td>-</td>
<td>1,344</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>-</td>
<td>617</td>
<td>-</td>
<td>617</td>
</tr>
<tr>
<td>Postage</td>
<td>174</td>
<td>70</td>
<td>353</td>
<td>597</td>
</tr>
<tr>
<td>Board expenses</td>
<td>-</td>
<td>564</td>
<td>-</td>
<td>564</td>
</tr>
<tr>
<td>Depreciation</td>
<td>309</td>
<td>54</td>
<td>-</td>
<td>363</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>115,271</strong></td>
<td><strong>24,577</strong></td>
<td><strong>15,005</strong></td>
<td><strong>154,853</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
ASIAN AMERICAN LEGAL ADVOCACY CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$187,873</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net</td>
<td></td>
</tr>
<tr>
<td>cash provided by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>363</td>
</tr>
<tr>
<td>(Increase) decrease in operating assets:</td>
<td></td>
</tr>
<tr>
<td>Grants receivable</td>
<td>(200,000)</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>424</td>
</tr>
<tr>
<td>(Decrease) increase in operating liabilities:</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(90)</td>
</tr>
<tr>
<td>Payroll liabilities</td>
<td>2,754</td>
</tr>
</tbody>
</table>

NET CASH USED IN OPERATING ACTIVITIES                  $(8,676)

CASH FLOWS FROM INVESTING ACTIVITIES                    -

CASH FLOWS FROM FINANCING ACTIVITIES                    -

NET CHANGE IN CASH                                     $(8,676)

CASH AT BEGINNING OF YEAR                               $71,569

CASH AT END OF YEAR                                     $62,893

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

Asian American Legal Advocacy Center, Inc. ("AALAC") was formed in Atlanta, Georgia, in June, 2010, as a tax-exempt charitable organization. Its mission is to protect and promote the civil, social and economic rights of Asian Americans through public policy, legal education, community organizing and leadership development. Asian American Legal Advocacy Center, Inc. believes the only sustainable way to effect change is for Asian Americans to achieve full civic integration and work together on policies that impact their jobs, health, social welfare and voting power.

The organization's support comes primarily from individual donors' contributions, corporate and foundation gifts, and receipts from various fundraising events. The AALAC serves the growing Asian American population in Georgia regardless of age, sexual orientation, gender, class, disability or language ability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

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

Unrestricted net assets – net assets not subject to donor imposed restrictions

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of AALAC and/or the passage of time.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are reported.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Estimates
Management of AALAC makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from these estimates.

Cash and cash equivalents
AALAC considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. For the year ended December 31, 2013, AALAC had no cash equivalents.

Furniture and equipment
Furniture, equipment, and leasehold improvements are capitalized at cost. It is AALAC’s policy to capitalize expenditures for these items in excess of $500. Lesser amounts are generally expensed. Furniture and equipment are being depreciated over estimated useful lives of five to ten years using a straight-line method. Leasehold improvements are being amortized over the shorter of the lease term or useful life.

Public Support and Revenue
Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial 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 their fair values in the period received. Such donated services received were $23,400, during the year ended December 31, 2013.

Income taxes
AALAC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “IRC”) whereby only unrelated business income, as defined by Section 512(a)(1) of the IRC is subject to federal income tax. Generally, the Internal Revenue Service (the “IRS”) may examine a tax return for three years from the date it is filed. At December 31, 2013, tax years 2012, 2011, and 2010 remained open for possible examination by the IRS.
3. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2013 consisted of the following:

\[
\begin{array}{cc}
\text{2013} & \\
\text{Furniture and equipment} & 1,088 \\
\text{Less accumulated depreciation} & (851) \\
\hline \\
\text{Total} & 237 \\
\end{array}
\]

4. OPERATING LEASE COMMITMENT/SUBSEQUENT EVENTS

On February 1, 2014, AALAC entered into a twelve month non-cancellable operating lease for its office facility through January 31, 2015. AALAC will have the right to renew the lease under the same terms and conditions for an additional one year term at the end of the current lease. The monthly base rent for the twelve months is $500.

Future minimum lease payments under operating leases are as follows:

\[
\begin{array}{cc}
\text{Year ended December 31,} & \text{Amount} \\
\text{2014} & $5,500 \\
\text{2015} & 500 \\
\hline \\
\text{Total} & $6,000 \\
\end{array}
\]

5. RELATED PARTY TRANSACTIONS

During the current year, AALAC was in a lease agreement with the executive director and her husband for office space at their house. The space was used from March 1, 2013 to December 31, 2013. The monthly rent payment was $833, of which $633 was considered an in-kind donation to the organization. AALAC paid $2,000 to the executive director’s husband to cover rent during the current year.

6. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management’s estimations.

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 20, 2014, which is the date the financial statements were available to be issued.