



Asylum Access

Financial Statements

**For the years ended
June 30, 2020 and 2019**

With Independent Auditors' Report Thereon

Asylum Access

(A California Not-for-Profit Corporation)

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INDEPENDENT AUDITORS' REPORT

The Board of Directors Asylum Access

We have audited the accompanying financial statements of Asylum Access (a California nonprofit organization) which comprise the statements of financial position as of June 30, 2020 and 2019 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 respects, the financial position of Asylum Access as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Regalia & Associates

Danville, California
December 4, 2020

Asylum Access

Statements of Financial Position June 30, 2020 and 2019

Assets

	2020	2019
Current assets:		
Cash and cash equivalents	\$ 3,644,098	\$ 1,047,562
Accounts, grants and pledges receivables	1,099,192	543,239
Prepaid expenses	13,562	4,753
Total current assets:	<u>4,756,852</u>	<u>1,595,554</u>
Noncurrent assets:		
Property and equipment, net of accumulated depreciation	2,041	2,936
Deposits	8,331	9,741
Total noncurrent assets	<u>10,372</u>	<u>12,677</u>
Total assets	<u>\$ 4,767,224</u>	<u>\$ 1,608,231</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 36,136	\$ 33,600
Accrued payroll liabilities	153,293	117,927
Loan payable to SBA	67,000	-
Total current liabilities	<u>256,429</u>	<u>151,527</u>
Long-term liabilities:		
Refundable advances	535,331	88,901
Total long-term liabilities	<u>535,331</u>	<u>88,901</u>
Total liabilities	<u>791,760</u>	<u>240,428</u>
Net assets:		
Without donor restrictions:		
Undesignated	1,503,360	556,834
Board designated for operating reserve	600,132	265,026
Cumulative translation adjustment	25,593	5,591
With donor restrictions	1,846,379	540,352
Total net assets	<u>3,975,464</u>	<u>1,367,803</u>
Total liabilities and net assets	<u>\$ 4,767,224</u>	<u>\$ 1,608,231</u>

Asylum Access

Statements of Activities and Changes in Net Assets For the Years Ended June 30, 2020 and 2019

	June 30, 2020			June 30, 2019		
	Net Assets			Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Government grants	\$ 548,500	\$ -	\$ 548,500	\$ 486,126	\$ -	\$ 486,126
Contributions	2,166,201	1,516,672	3,682,873	925,311	35,000	960,311
Foundation and corporate grants	68,805	996,514	1,065,319	438,442	779,726	1,218,168
Translation adjustment	20,002	-	20,002	5,591	-	5,591
Interest and dividends	286	-	286	278	-	278
In-kind donations	-	-	-	3,294	-	3,294
Other income	164	-	164	17	-	17
Net assets released from restrictions	1,207,159	(1,207,159)	-	756,463	(756,463)	-
Total revenue and support	4,011,117	1,306,027	5,317,144	2,615,522	58,263	2,673,785
Expenses:						
Programs	2,080,526	-	2,080,526	1,359,756	-	1,359,756
Management and general	327,480	-	327,480	393,756	-	393,756
Fundraising	301,477	-	301,477	206,480	-	206,480
Total expenses	2,709,483	-	2,709,483	1,959,992	-	1,959,992
Increase (decrease) in net assets	1,301,634	1,306,027	2,607,661	655,530	58,263	713,793
Net assets at beginning of year	827,451	540,352	1,367,803	171,921	482,089	654,010
Net assets at end of year	\$ 2,129,085	\$ 1,846,379	\$3,975,464	\$ 827,451	\$ 540,352	\$1,367,803

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Statements of Cash Flows For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<i>Cash flows from operating activities:</i>		
Increase in net assets	\$ 2,607,661	\$ 713,793
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	793	1,061
Translation adjustment	(20,002)	(5,591)
Changes in:		
Accounts, grants and pledges receivables	(535,849)	23,949
Prepaid expenses	(8,809)	3,705
Deposits	1,410	(2,713)
Accounts payable and accrued liabilities	2,536	2,154
Accrued payroll liabilities	35,366	45,767
Refundable advances	446,430	67,910
Net cash provided by operating activities	<u>2,529,536</u>	<u>850,035</u>
<i>Cash flows from investing activities:</i>		
Acquisition of property and equipment	-	(3,997)
Net cash used for investing activities	<u>-</u>	<u>(3,997)</u>
<i>Cash flows from financing activities:</i>		
Proceeds from loan payable to SBA	67,000	-
Net cash provided by financing activities	<u>67,000</u>	<u>-</u>
Increase in cash and cash equivalents	2,596,536	846,038
Cash and cash equivalents at beginning of year	1,047,562	201,524
Cash and cash equivalents at end of year	<u>\$ 3,644,098</u>	<u>\$ 1,047,562</u>
<i>Supplemental Disclosures:</i>		
Interest expense	\$ -	\$ -
State registration taxes paid	<u>\$ 150</u>	<u>\$ 150</u>

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Statement of Functional Expenses For the Year Ended June 30, 2020

	Program Services						Supporting Services			Totals
	Individual- ized Legal Assistance	National Policy Advocacy	Global Advocacy	National Strategic Litigation	Asylum Access Global Services	Community Legal Empower- ment	Total Programs	Manage- ment and General	Fundraising	
<u>Compensation</u>										
Salaries and wages	\$ 608,550	\$ 94,016	\$ 82,059	\$ 11,736	\$ 241,283	\$ 186,310	\$ 1,223,954	\$ 167,973	\$ 201,456	\$ 1,593,383
Payroll taxes	93,448	5,418	5,893	780	17,348	9,490	132,377	17,917	14,598	164,892
Benefits	45,947	5,069	5,668	684	20,362	7,266	84,996	14,120	13,881	112,997
Total compensation	747,945	104,503	93,620	13,200	278,993	203,066	1,441,327	200,010	229,935	1,871,272
Accounting services	8,150	1,107	139	912	167	3,206	13,681	33,264	308	47,253
Advertising and promotion	41	22	10	2	29	40	144	17	23	184
Bank fees	879	525	477	123	1,539	542	4,085	764	1,770	6,619
Conferences/conventions/meetings	12,964	3,026	998	145	3,818	10,888	31,839	1,489	2,776	36,104
Corporate fees	4,465	1,681	155	83	26	4,399	10,809	788	108	11,705
Currency conversion/other expenses	415	559	398	71	1,216	959	3,618	19,931	21,019	44,568
Depreciation	332	95	12	13	-	226	678	87	28	793
Dues, licenses, services fees	33	14	5,001	1	-	37	5,086	7	-	5,093
Equipment and furnishings	16,324	986	444	1,534	2,003	3,974	25,265	1,247	582	27,094
Equipment rental and maintenance	5,785	639	181	135	444	4,907	12,091	720	392	13,203
Grants	1,972	-	-	-	-	-	1,972	-	-	1,972
Information technology	1,725	673	633	263	2,065	696	6,055	953	1,625	8,633
Insurance	1,733	1,481	1,502	229	4,892	2,569	12,406	2,019	3,833	18,258
Interpreters and other contractors	94,326	17,823	9,864	3,025	27,015	48,491	200,544	45,601	18,917	265,062
Legal fees	2,067	405	431	50	1,648	566	5,167	738	928	6,833
Occupancy	64,394	10,118	3,815	9,318	11,149	25,169	123,963	12,320	9,602	145,885
Postage and shipping	1,617	131	132	16	430	103	2,429	177	338	2,944
Printing and copying	2,371	330	821	64	1,273	2,190	7,049	451	520	8,020
Staff development	14,589	1,079	327	186	811	4,374	21,366	1,036	725	23,127
Supplies	13,088	763	79	796	411	2,367	17,504	910	163	18,577
Telephone	4,901	461	65	259	938	1,698	8,322	453	147	8,922
Travel	50,599	6,062	14,350	660	30,544	22,911	125,126	4,498	7,738	137,362
Total expenses	\$ 1,050,715	\$ 152,483	\$ 133,454	\$ 31,085	\$ 369,411	\$ 343,378	\$ 2,080,526	\$ 327,480	\$ 301,477	\$ 2,709,483

Asylum Access

Statement of Functional Expenses For the Year Ended June 30, 2019

	Program Services					Supporting Services				
	Individual- ized Legal Assistance	National Policy Advocacy	Global Advocacy	National Strategic Litigation	Asylum Access Global Services	Community Legal Empower- ment	Total Programs	Manage- ment and General	Fundraising	Totals
<u>Compensation</u>										
Salaries and wages	\$ 441,057	\$ 96,742	\$ 30,050	\$ 22,211	\$ 73,405	\$ 122,586	\$ 786,051	\$ 218,295	\$ 147,176	\$ 1,151,522
Payroll taxes	66,632	5,756	2,129	1,859	5,228	5,485	87,089	19,669	10,380	117,138
Benefits	39,163	7,207	2,923	2,363	7,547	6,012	65,215	16,499	14,713	96,427
Total compensation	546,852	109,705	35,102	26,433	86,180	134,083	938,355	254,463	172,269	1,365,087
Accounting services	566	346	94	64	170	371	1,611	24,644	375	26,630
Advertising and promotion	64	36	13	8	27	37	185	121	54	360
Bank fees	840	515	230	201	489	417	2,692	3,024	2,305	8,021
Book subscriptions	64	67	32	19	68	38	288	161	136	585
Conferences/conventions/meetings	13,645	2,581	1,248	3,210	1,705	7,258	29,647	5,288	2,807	37,742
Corporate fees	5,542	1,325	58	68	-	3,019	10,012	1,357	131	11,500
Currency conversion/other expenses	124	107	51	30	109	1,160	1,581	16,654	(24,878)	(6,643)
Depreciation	1,061	-	-	-	-	-	1,061	-	-	1,061
Due, licenses, services fees	47	12	3,500	1	-	25	3,585	9	1	3,595
Equipment and furnishings	8,041	498	481	2,076	2,462	2,592	16,150	2,206	525	18,881
Equipment rental and maintenance	1,457	400	119	95	228	453	2,752	694	484	3,930
Grants	-	-	-	-	-	2,500	2,500	-	-	2,500
Information technology	1,404	437	206	361	474	559	3,441	1,288	885	5,614
Insurance	2,301	2,364	1,109	659	2,376	1,361	10,170	5,664	4,755	20,589
Interpreters and other contractors	63,000	11,243	7,163	4,049	9,451	18,436	113,342	39,576	16,669	169,587
Legal services	1,979	141	47	31	145	236	2,579	522	186	3,287
Occupancy	52,771	8,067	2,307	8,838	4,347	20,740	97,070	21,008	9,378	127,456
Postage and shipping	1,739	120	54	83	114	146	2,256	388	391	3,035
Printing and copying	2,144	272	69	159	104	805	3,553	538	1,230	5,321
Staff development	826	296	71	46	138	438	1,815	455	293	2,563
Supplies	10,094	701	37	646	10	3,115	14,603	1,028	97	15,728
Telephone	4,146	326	59	240	275	1,120	6,166	591	210	6,967
Travel	56,440	5,977	4,141	2,157	12,605	13,022	94,342	14,077	18,177	126,596
Total expenses	\$ 775,147	\$ 145,536	\$ 56,191	\$ 49,474	\$ 121,477	\$ 211,931	\$ 1,359,756	\$ 393,756	\$ 206,480	\$ 1,959,992

Notes to Financial Statements June 30, 2020 and 2019

1. Organization

Asylum Access (a California tax-exempt, non-profit corporation) believes all refugees deserve a fair chance at a new life. Through their legal empowerment, policy change and global systems change programs, Asylum Access advocates for a world where refugees everywhere can live safely, move freely, work, send children to school and contribute to their communities.

Asylum Access has national operations in Mexico, Malaysia and Thailand, and partners with local non-governmental organizations throughout Africa, Asia, Latin America and the Middle East. Asylum Access's work has impacted more than one million refugees worldwide. For more information, visit: www.asylumaccess.org.

2. Summary of Significant Accounting Policies

Basis of Accounting – The financial statements of Asylum Access have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“US GAAP”).

Measure of Operations – The statements of activities and changes in net assets reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Company's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents – Asylum Access' cash consists of cash on deposit with banks. Cash equivalents represent savings, cash deposits and money market accounts with maturity dates of three months or less from the date of purchase.

Concentrations of Credit Risk – Financial instruments that potentially subject Asylum Access to concentrations of credit risk consist principally of cash and cash equivalents and deposits. The Company maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Company manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

To date, Asylum Access has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and grants receivable considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of the Company's mission.

Receivables and Credit Policies – Asylum Access determined that no allowance for doubtful uncollectible accounts receivable is needed based on historical experience, an assessment of economic conditions, and a review of subsequent collections. It is the policy of the organization to periodically assess receivables to determine proper carrying value.

(continued)

**Notes to Financial Statements
June 30, 2020 and 2019**

2. Summary of Significant Accounting Policies *(continued)*

Accounts, Grants and Pledges Receivable – Asylum Access records grants and pledges receivable, which are expected to be collected within one year at net realizable value. When material, grants and pledges receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue on the statement of activities. The allowance for uncollectible receivables is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible.

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Asylum Access groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1

Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2

Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3

Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

(continued)

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies *(continued)*

Property and Equipment - Property and equipment purchased by Asylum Access are stated at cost or, if donated, at estimated fair value as of the date of the gift. The costs of additions and major improvements are capitalized, while maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated over the estimated useful lives of the assets (between 3 and 35 years) utilizing the straight-line method.

Income Taxes – Asylum Access is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Company has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Company has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Asylum Access has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

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

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, and it has opted to do so as reflected on the statements of financial position.

Net Assets 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 can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

(continued)

**Notes to Financial Statements
June 30, 2020 and 2019**

2. Summary of Significant Accounting Policies *(continued)*

Revenue and Revenue Recognition - Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided.

Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

A portion of Asylum Access’ revenue is derived from foundation grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, with limited discretion over spending decisions and right of return of any unused funds. Amounts received are recognized as revenue when Asylum Access has incurred expenditures in compliance with specific grant provisions.

Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. Asylum Access has received conditional grants amounting to \$809,522 that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been incurred, with advances payments of \$535,331 recognized in statements of financial position as refundable advances.

Asylum Access has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization’s financial reporting.

Functional Expenses - The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as salaries and wages, rent and utilities, insurance, and other overhead) have been allocated based on time and effort using Asylum Access’ payroll allocations. Other expenses (such as professional services and other direct costs) have been allocated in accordance with the specific services received from vendors.

**Notes to Financial Statements
June 30, 2020 and 2019**

2. Summary of Significant Accounting Policies *(continued)*

Donated Services and In-Kind Contributions – Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statement of activities and statements of functional expenses.

Reclassifications – Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Recent and Relevant Accounting Pronouncements – The following pronouncements became effective for fiscal years beginning subsequent to December 15, 2017:

In August 2016, the FASB issued *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Asylum Access has adjusted the presentation of these statements accordingly.

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842) Accounting for Leases*, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by *ASU No. 2018-01, ASU No. 2018-10, and ASU No. 2018-11*. This pronouncement is effective for fiscal years beginning after December 15, 2021.

This standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities and changes in net assets.

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of January 27, 2020 (the date of the Independent Auditors' Report), Asylum Access management has made this evaluation and has determined that the Company has the ability to continue as a going concern.

(continued)

Asylum Access

Notes to Financial Statements June 30, 2020 and 2019

2. Summary of Significant Accounting Policies *(continued)*

Recent and Relevant Accounting Pronouncements *(continued)*

In June 2018, the FASB issued *ASU 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Accordingly, Asylum Access has incorporated these clarifying standards within the audited financial statements.

3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks (checking and savings) at the time of purchase which have a maturity date of three months or less. The components of cash and cash equivalents are as follows at June 30:

	2020	2019
Checking accounts-domestic operations (noninterest-bearing)	\$ 2,796,960	\$ 570,620
Checking accounts-foreign operations (noninterest-bearing)	166,159	117,701
Business market savings	655,673	347,635
Petty cash and others (noninterest-bearing)	25,306	11,606
Total cash and cash equivalents	<u>\$ 3,644,098</u>	<u>\$ 1,047,562</u>

Funds on deposit in business market savings account bear interest at the rate of 0.02% per annum at June 30, 2020 and 2019. At certain times during the year, domestic deposits may exceed federally insurance limits. Asylum Access attempts to minimize its credit risk associated with cash equivalents in the United States by utilizing highly rated financial institutions.

4. Accounts, Grants and Pledges Receivables

Receivables consist of the following at June 30:

	2020	2019
Accounts receivable	\$ 3,266	\$ 8,773
Pledges receivable	20,000	40,000
Grants receivable	1,075,926	494,466
Total accounts, grants and pledges receivables	<u>\$ 1,099,192</u>	<u>\$ 543,239</u>

Asylum Access uses the direct write-off method with regards to grants and pledges receivable which are deemed to be uncollectible. There were no bad debt write-offs involving grants and pledges receivable for the years ended June 30, 2020 and 2019. Management has evaluated the grants and pledges receivable as of June 30, 2020 and determined that such amounts are fully collectible based on the financial strength of the donors involved.

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Notes to Financial Statements June 30, 2020 and 2019

5. Fair Value Measurements

Composition of assets utilizing fair value measurements at June 30, 2020 is as follows:

	Totals		Level 1		Level 2		Level 3
Accounts receivable	\$ 3,266	\$	-	\$	3,266	\$	-
Pledges receivable	20,000		-		20,000		-
Grants receivable	1,075,926		-		1,075,926		-
Totals	<u>\$ 1,099,192</u>	\$	<u>-</u>	\$	<u>1,099,192</u>	\$	<u>-</u>

Composition of assets utilizing fair value measurements at June 30, 2019 is as follows:

	Totals		Level 1		Level 2		Level 3
Accounts receivable	\$ 8,773	\$	-		8,773	\$	-
Pledges receivable	40,000		-		40,000		-
Grants receivable	494,466		-		494,466		-
Totals	<u>\$ 543,239</u>	\$	<u>-</u>	\$	<u>543,239</u>	\$	<u>-</u>

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the investments at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active market prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets and liabilities are valued based on "unobservable inputs," such as a company's own estimates and pricing models. Asylum Access had no assets classified as Level 1 and Level 3 at June 30, 2020 and 2019.

6. Property and Equipment

Property and equipment consist of the following at June 30:

	2020		2019
Equipment	\$ 6,546	\$	6,648
Renovation	2,302		2,302
Total property and equipment	<u>8,848</u>		<u>8,950</u>
Less accumulated depreciation	<u>(6,807)</u>		<u>(6,014)</u>
Total property and equipment (net)	<u>\$ 2,041</u>	\$	<u>2,936</u>

Total depreciation expense amounted to \$793 and \$1,061 for the years ended June 30, 2020 and 2019, respectively, and is reflected on the statements of functional expenses.

Asylum Access

Notes to Financial Statements June 30, 2020 and 2019

7. Liquidity

Asylum Access regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. Asylum Access has various sources of liquidity at its disposal, including cash and equivalents, receivables, and other sources (including the future collection of grants and contributions receivable).

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Asylum Access considers all expenditures related to its ongoing activities in support of community initiatives to be general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 3,644,098	\$ 1,047,562
Accounts receivable	3,266	8,773
Pledges receivable	20,000	40,000
Grants receivable	1,075,926	494,466
Total financial assets	4,743,290	1,590,801
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs	(696,379)	(540,352)
Financial assets available to meet general expenditures over the next year	\$ 4,046,911	\$ 1,050,449

Asylum Access receives a substantial amount of support by way of restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, Asylum Access must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year.

As part of the Company's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

8. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of *ASC 710.25, Compensated Absences*. Under ASC 710.25, Asylum Access is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Annual leave accruals are recorded in the financial statements as an accrued liability based on hourly rates in effect at the end of the fiscal year. Accrued vacation amounted to \$87,741 and \$60,670 at June 30, 2020 and 2019, respectively. Other accrued payroll liabilities amounted to \$65,552 and \$57,257 at June 30, 2020 and 2019, respectively.

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Notes to Financial Statements June 30, 2020 and 2019

9. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions (previously unrestricted net assets) of \$2,129,085 and \$827,451 at June 30, 2020 and 2019, respectively, represent the cumulative operating surpluses of Asylum Access since its inception. In a previous fiscal year, the Board of Directors established a Board-designated operating reserve. As of June 30, 2020 and 2019, the balance amounted to \$600,132 and \$265,026, respectively. Asylum Access also incurred cumulative translation adjustments which are segregated within net assets without donor restrictions and are summarized as follows for the years ending June 30:

	2020	2019
Beginning balance - cumulative translation adjustment	\$ 5,591	\$ -
Translation adjustment	20,003	5,591
Ending balance - cumulative translation adjustment	\$ 25,594	\$ 5,591

In accordance with *FASB Statement 52, Foreign Currency Translation*, the economic effects of an exchange rate change on an operation which is relatively self-contained and integrated within a foreign country relate to the net investment in that operation. Additionally, translation adjustments which arise from consolidating a foreign operation do not impact cash flows and are not included in net income. Accordingly, the cumulative translation adjustment is shown as a separate component of net assets without donor restrictions (as summarized above).

Net Assets with Donor Restrictions

Asylum Access recognizes support from net assets with donor restrictions when the restrictions imposed by the donors have been satisfied or expired. Net assets restricted by donor for time and purpose are summarized as follows at June 30:

Restricted For:	2020	2019
Development Director	\$ -	\$ 25,000
Future operations	-	40,000
Global Services	254,625	366,383
Growth Campaign	20,000	40,000
Hospitality Route Program	101,780	-
Malaysian	127,276	35,000
Mexico	45,007	33,969
Southeast Asia	131,684	-
Thailand	16,007	-
Time restricted	1,150,000	-
Totals	\$ 1,846,379	\$ 540,352

During the years ended June 30, 2020 and 2019, Asylum Access received donor restricted contributions of \$2,513,186 and \$814,726, respectively. Net assets released from restrictions amounted to \$1,207,159 and \$756,463 during the years ended June 30, 2020 and 2019, respectively.

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Notes to Financial Statements June 30, 2020 and 2019

10. Government Contracts and Concentration Vulnerability

Asylum Access has historically engaged with the United States Department of State to provide programs enhancing human rights in Africa, Asia, and Latin America. The value of these secured Department of State government contracts amounted to \$548,500 and \$486,126 for the years ended June 30, 2020 and 2019, respectively. Although the magnitude of the government contracts has been (and continues to be) significant, Asylum Access believes it will continue to receive funding from such contracts into the foreseeable future.

11. Charities Aid Foundation (CAF) Donation on Behalf of Clifford Chance

A schedule of activity for the CAF donation to Asylum Access on behalf of Clifford Chance is summarized as follows for the years ended June 30:

	2020	2019
Grant awards released from restrictions	\$ 144,311	\$ 105,888
Expenses:		
Operating costs	24,429	3,146
Personnel	107,106	89,343
Professional services	6,876	2,915
Rent	426	-
Travel and meetings	5,474	10,484
Total expenses	144,311	105,888
Net	\$ -	\$ -

12. PPP Loan Program Under the CARES Act

During May 2020, Asylum Access applied for and received \$67,000 in forgivable loan under the Small Business Administration Paycheck Protection Program ("PPP"). Congress established the PPP to provide relief to small businesses during the coronavirus pandemic as part of the \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136. This legislation authorized the United States Treasury Department to use the SBA's 7(a) small business lending program to fund loans of up to \$10 million per borrower that qualifying businesses could spend to cover payroll, mortgage interest, rent, and utilities.

Asylum Access expended the funds for payroll, operating overhead, and other eligible costs in accordance with its agreement with the SBA. Management fully anticipates that it will satisfy the PPP's eligibility and loan forgiveness criteria, enabling the funds to be reclassified from a liability to contributed income.

As of June 30, 2020, loan payable to SBA amounted to \$67,000 on the statements of financial position. Based on the guidance in *FASB ASC 405-20-40-1, Liabilities*, the proceeds from the loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the debtor has been "legally released" or (2) the debtor pays off the loan to the creditor. Once the loan is, in part or wholly, forgiven and legal release is received. Asylum Access anticipates that it will reduce the liability by the amount forgiven and record the forgiven loan as income.

Asylum Access

Notes to Financial Statements June 30, 2020 and 2019

13. IKEA Donation

A schedule of activity for the IKEA donation to Asylum Access is summarized as follows for the year ended June 30, 2020:

Grant award released from restriction	\$ 50,439
Expenses:	
Operating costs	4,220
Personnel	38,680
Rent	6,235
Travel and meetings	1,304
Total expenses	<u>50,439</u>
Net	<u>\$ -</u>

14. In-Kind Contributions

Asylum Access recognizes donated materials which create and enhance non-financial assets or that require specialized skills. During the year ended June 30, 2019, Asylum Access was the recipient of certain in-kind contributions which satisfied the provisions of under *ASC 958.605.30-11 Revenue Recognition of Not-For-Profit Entities* and these donated services and materials were recorded at their estimated fair market values as program and supporting revenues and expenses. The value of these contributions as reflected on the statement of activities and changes in net assets amounted to \$3,294. There were no such donated materials for the year ended June 30, 2020.

A substantial number of unpaid volunteers have made significant contributions of time to various departments or programs of Asylum Access. The value of this contributed time is not reflected in the financial statements because it is not susceptible to objective measurement or valuation and therefore did not meet the criteria for recognition under ASC 958.605.30-11.

15. Refundable Advances

Refundable advances at June 30, 2020 and 2019 represent funds received in advance from conditional promises to give towards Asylum Access' programs. Such amounts have been recorded as a short-term liability on the statements of financial position. When the conditions have been satisfied, these advances will be transferred to contributed support on the statement of activities and changes in net assets. Total refundable advances are summarized as follows at June 30:

	2020	2019
UNHCR Mexico	\$ 41,175	\$ 47,331
Stanford University	7,500	-
IKEA Foundation	427,561	-
Stichting Benevolentia - AAM	59,095	-
United States Department of State	-	37,817
Partnerships and universities	-	3,753
Total	<u>\$ 535,331</u>	<u>\$ 88,901</u>

**Notes to Financial Statements
June 30, 2020 and 2019**

16. Lease Commitments

Asylum Access is obligated under separate lease agreements for multiple office locations throughout the world including Oakland, California (the location of the organization's headquarters), Malaysia, Mexico, and Thailand (its field offices).

As of June 30, 2020, the headquarters lease in Oakland is under a month-to-month operating lease agreement which requires a monthly remittance of \$2,915.

Office leases for the field offices in foreign locations require monthly remittances ranging from \$249 to \$1,949 (amounts are estimated based on local monetary units and conversion factors).

Asylum Access is also obligated under certain equipment leases with monthly rental payments ranging from \$30 to \$160. These leases have commitment periods running through June 30, 2021.

As of June 30, 2020, minimum annual payments on all operating leases for the next five years under written contractual agreements are as follows: **Amounts due during year ending June 30, 2021: \$44,273.** Total occupancy expense (including rent, utilities, and janitorial services) amounted to \$145,885 and \$127,456 for the years ended June 30, 2020 and 2019, respectively.

17. COVID-19

In late 2019, an outbreak of a novel strain of coronavirus (COVID-19) was detected in China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.

The novel coronavirus threat has (a) significantly impacted financial markets, (b) potentially diminished revenue streams, and (3) impacted private enterprises with which Asylum Access conducts business. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic.

Management is carefully monitoring the situation and evaluating its options during this time. These financial statements do not contain any adjustments related to economic losses which may or may not be realized by Asylum Access as a result of these events.

**Notes to Financial Statements
June 30, 2020 and 2019**

18. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and future funding agreements, which are not reflected in the financial statements.

Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate Asylum Access to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond Asylum Access' control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management personnel, including executive officers of the organization, and (d) Financial risks associated with funds on deposit in accounts at financial institutions.

Certain of the grants and contracts (including current and prior costs) are subject to adjustment upon review and final acceptance by the granting agency. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements.

19. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, Asylum Access has evaluated subsequent events through December 4, 2020, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.