

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Asian Americans Advancing Justice - AAJC
Washington, D.C.

Opinion

We have audited the accompanying financial statements of Asian Americans Advancing Justice - AAJC (AAJC), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AAJC as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AAJC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 AAJC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of AAJC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AAJC's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

May 1, 2024

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 20,762,160	\$ 34,636,608
Investments	17,513,132	419,714
Contributions receivable	2,976,600	2,079,006
Pledges receivable	248,866	552,830
Prepaid expenses	<u>136,058</u>	<u>159,153</u>
Total current assets	<u>41,636,816</u>	<u>37,847,311</u>
FIXED ASSETS		
Furniture and equipment	41,491	41,491
Less: Accumulated depreciation	<u>(35,957)</u>	<u>(33,070)</u>
Net fixed assets	<u>5,534</u>	<u>8,421</u>
OTHER ASSETS		
Right-of-use asset	826,059	1,117,411
Investments - Restricted	500,000	500,000
Contributions receivable, net of current portion	<u>640,138</u>	<u>1,143,803</u>
Total other assets	<u>1,966,197</u>	<u>2,761,214</u>
TOTAL ASSETS	<u>\$ 43,608,547</u>	<u>\$ 40,616,946</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Operating lease liability	\$ 350,260	\$ 337,612
Accounts payable and accrued liabilities	364,047	1,329,625
Grants payable	<u>960,000</u>	<u>1,252,000</u>
Total current liabilities	<u>1,674,307</u>	<u>2,919,237</u>
LONG-TERM LIABILITIES		
Operating lease liability, net	<u>612,853</u>	<u>963,113</u>
Total liabilities	<u>2,287,160</u>	<u>3,882,350</u>
NET ASSETS		
Without donor restrictions	21,484,558	17,655,099
With donor restrictions	<u>19,836,829</u>	<u>19,079,497</u>
Total net assets	<u>41,321,387</u>	<u>36,734,596</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 43,608,547</u>	<u>\$ 40,616,946</u>

See accompanying notes to financial statements.

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 1,764,121	\$ 10,156,078	\$ 11,920,199
Contributed services	1,016,552	-	1,016,552
Events	682,074	-	682,074
Investment income (loss), net	1,479,107	(3,750)	1,475,357
Other income	41,225	-	41,225
Net assets released from donor restrictions	<u>9,394,996</u>	<u>(9,394,996)</u>	<u>-</u>
Total revenue and support	<u>14,378,075</u>	<u>757,332</u>	<u>15,135,407</u>
EXPENSES			
Program Services:			
Anti-Asian Violence and Race Relations	2,668,368	-	2,668,368
Community Partners	2,336,730	-	2,336,730
Media	1,035,966	-	1,035,966
Immigration and Immigrant Rights	1,014,204	-	1,014,204
Voting Rights	858,031	-	858,031
Litigation	444,848	-	444,848
Census	220,011	-	220,011
Direct Lobbying	13,236	-	13,236
Grassroots Lobbying	<u>7,184</u>	<u>-</u>	<u>7,184</u>
Total program services	<u>8,598,578</u>	<u>-</u>	<u>8,598,578</u>
Supporting Services:			
Management and General	1,066,838	-	1,066,838
Fundraising	<u>883,200</u>	<u>-</u>	<u>883,200</u>
Total supporting services	<u>1,950,038</u>	<u>-</u>	<u>1,950,038</u>
Total expenses	<u>10,548,616</u>	<u>-</u>	<u>10,548,616</u>
Changes in net assets	3,829,459	757,332	4,586,791
Net assets at beginning of year	<u>17,655,099</u>	<u>19,079,497</u>	<u>36,734,596</u>
NET ASSETS AT END OF YEAR	<u>\$ 21,484,558</u>	<u>\$ 19,836,829</u>	<u>\$ 41,321,387</u>

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 2,247,645	\$ 8,092,415	\$ 10,340,060
Contributed services	3,229,357	-	3,229,357
Events	444,059	-	444,059
Investment income (loss), net	282,285	(49,795)	232,490
Other income	120,605	-	120,605
Net assets released from donor restrictions	<u>12,810,612</u>	<u>(12,810,612)</u>	<u>-</u>
Total revenue and support	<u>19,134,563</u>	<u>(4,767,992)</u>	<u>14,366,571</u>
EXPENSES			
Program Services:			
Anti-Asian Violence and Race Relations	9,304,173	-	9,304,173
Community Partners	2,238,125	-	2,238,125
Voting Rights	938,153	-	938,153
Media	746,518	-	746,518
Immigration and Immigrant Rights	517,140	-	517,140
Asian American Education Project	504,993	-	504,993
Litigation	365,077	-	365,077
Census	219,712	-	219,712
Direct Lobbying	41,507	-	41,507
Grassroots Lobbying	<u>3,374</u>	<u>-</u>	<u>3,374</u>
Total program services	<u>14,878,772</u>	<u>-</u>	<u>14,878,772</u>
Supporting Services:			
Management and General	758,788	-	758,788
Fundraising	<u>754,388</u>	<u>-</u>	<u>754,388</u>
Total supporting services	<u>1,513,176</u>	<u>-</u>	<u>1,513,176</u>
Total expenses	<u>16,391,948</u>	<u>-</u>	<u>16,391,948</u>
Changes in net assets before other item	2,742,615	(4,767,992)	(2,025,377)
OTHER ITEM			
Transfer to Asian American Education Project	<u>(1,257,411)</u>	<u>-</u>	<u>(1,257,411)</u>
Changes in net assets	1,485,204	(4,767,992)	(3,282,788)
Net assets at beginning of year	<u>16,169,895</u>	<u>23,847,489</u>	<u>40,017,384</u>
NET ASSETS AT END OF YEAR	<u>\$ 17,655,099</u>	<u>\$ 19,079,497</u>	<u>\$ 36,734,596</u>

See accompanying notes to financial statements.

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services					
	Anti-Asian Violence and Race Relations	Community Partners	Media	Immigration and Immigrant Rights	Voting Rights	Litigation
Salaries and related expenses	\$ 549,978	\$ 1,546,740	\$ 397,380	\$ 550,742	\$ 185,132	\$ 290,992
Professional fees	1,035,189	317,112	164,007	8,567	419,323	90,296
Grants	1,000,000	50,950	348,850	372,800	144,500	-
Conferences, meetings and travel	23,765	239,749	41,891	25,253	43,214	23,579
Base office and administrative operations	52,137	153,270	38,339	51,853	17,307	36,647
Other office and administrative expenses	7,299	28,909	45,499	4,989	48,555	3,334
TOTAL	\$ 2,668,368	\$ 2,336,730	\$ 1,035,966	\$ 1,014,204	\$ 858,031	\$ 444,848

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services (Continued)			Supporting Services			Total Expenses	
	Census	Direct Lobbying	Grassroots Lobbying	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries and related expenses	\$ 147,034	\$ 11,644	\$ 6,432	\$ 3,686,074	\$ 593,567	\$ 644,308	\$ 1,237,875	\$ 4,923,949
Professional fees	52,796	155	76	2,087,521	362,899	31,386	394,285	2,481,806
Grants	-	-	-	1,917,100	-	-	-	1,917,100
Conferences, meetings and travel	4,440	201	110	402,202	24,231	108,629	132,860	535,062
Base office and administrative operations	14,094	1,158	544	365,349	58,415	62,218	120,633	485,982
Other office and administrative expenses	1,647	78	22	140,332	27,726	36,659	64,385	204,717
TOTAL	\$ 220,011	\$ 13,236	\$ 7,184	\$ 8,598,578	\$ 1,066,838	\$ 883,200	\$ 1,950,038	\$10,548,616

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services						
	Anti-Asian Violence and Race Relations	Community Partners	Voting Rights	Media	Immigration and Immigrant Rights	Asian American Education Project	Litigation
Grants	\$ 5,439,777	\$ 513,250	\$ 432,500	\$ 250,500	\$ -	\$ -	\$ -
Professional fees	3,308,258	151,941	360,798	71,407	95,484	468,229	22,780
Salaries and related expenses	475,699	1,304,541	117,266	353,720	362,510	13,231	288,040
Base office and administrative operations	52,148	163,806	19,018	39,381	39,254	1,801	40,890
Conferences, meetings and travel	22,937	44,070	709	9,759	13,044	11,801	9,005
Other office and administrative expenses	5,354	60,517	7,862	21,751	6,848	9,931	4,362
TOTAL	\$ 9,304,173	\$ 2,238,125	\$ 938,153	\$ 746,518	\$ 517,140	\$ 504,993	\$ 365,077

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services (Continued)			Supporting Services			Total Expenses	
	Census	Direct Lobbying	Grassroots Lobbying	Total Program Services	Management and General	Fundraising		Total Supporting Services
Grants	\$ 31,500	\$ -	\$ -	\$ 6,667,527	\$ -	\$ -	\$ -	\$ 6,667,527
Professional fees	72,288	28,256	34	4,579,475	234,533	30,172	264,705	4,844,180
Salaries and related expenses	96,672	11,662	3,058	3,026,399	451,573	527,560	979,133	4,005,532
Base office and administrative operations	10,893	1,418	265	368,874	48,987	59,019	108,006	476,880
Conferences, meetings and travel	5,562	23	6	116,916	6,781	95,406	102,187	219,103
Other office and administrative expenses	2,797	148	11	119,581	16,914	42,231	59,145	178,726
TOTAL	\$ 219,712	\$ 41,507	\$ 3,374	\$ 14,878,772	\$ 758,788	\$ 754,388	\$ 1,513,176	\$ 16,391,948

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 4,586,791	\$ (3,282,788)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	2,887	2,887
Realized and unrealized (gain) loss	(269,883)	66,223
Discount on long-term contributions receivable	59,235	(114,877)
Amortization of operating lease right-of-use asset, net	291,352	284,942
(Increase) decrease in:		
Contributions receivable	(453,164)	4,196,975
Pledges receivable	303,964	(117,677)
Prepaid expenses	23,095	(60,771)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(965,578)	911,435
Grants payable	(292,000)	(783,000)
Deferred rent	-	(28,658)
Lease liability	<u>(337,612)</u>	<u>(325,320)</u>
Net cash provided by operating activities	<u>2,949,087</u>	<u>749,371</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(34,686,233)	(885,347)
Proceeds from sales of investments	<u>17,862,698</u>	<u>1,558,265</u>
Net cash (used) provided by investing activities	<u>(16,823,535)</u>	<u>672,918</u>
Net (decrease) increase in cash and cash equivalents	(13,874,448)	1,422,289
Cash and cash equivalents at beginning of year	<u>34,636,608</u>	<u>33,214,319</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 20,762,160</u>	<u>\$ 34,636,608</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Right-of-Use Asset	<u>\$ -</u>	<u>\$ 1,402,353</u>
Operating Lease Liability	<u>\$ -</u>	<u>\$ 1,626,045</u>

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Asian Americans Advancing Justice - AAJC, Inc. (AAJC) is a 501(c)(3) non-profit organization, incorporated in Washington, D.C. AAJC works to advance civil and human rights for Asian Americans, and to build and promote a fair and equitable society for all. In accomplishing its mission, AAJC focuses its work to promote civic engagement, to forge strong and safe communities, and to create an inclusive society in communities on a local, regional, and national level. A nationally recognized voice on behalf of Asian Americans, AAJC focuses its expertise on anti-Asian violence prevention/race relations, broadband, census, health, immigrant rights, language access, and voting rights.

In 2021, AAJC agreed to serve as fiscal sponsor for Asian American Education Project (AAEP), which is co-directed by a former Board Member of AAJC. During the year ended December 31, 2022, AAEP was incorporated as a 501(c)(3) non-profit organization and at that time, AAJC released the balance of restricted contributions for AAEP totaling \$1,257,411 to the organization.

Program Services -

Anti-Asian Violence and Race Relations - Addressing hate and discrimination has been central to AAJC's work since the organization was founded 30 years ago. Through our anti-hate work, AAJC strives to ensure that the civil rights and human rights of Asian Americans are protected. AAJC works to advance laws and policies that address anti-Asian hate, including improvements to hate crimes laws and government data collection, and advocating for increased resources to respond to hate crimes and hate incidents and to build community safety. AAJC works with policy makers on the Hill, in the White House, and in executive agencies; with civil rights advocates, including the Leadership Conference on Civil and Human Rights Hate Crimes Task Force; community leaders, including our community partners network of over 250 AAPI-serving community-based organizations; and the media to address anti-Asian racism and xenophobia. AAJC also has established resources for responding to anti-Asian hate, including the provision of bystander intervention training nationwide.

AAJC works to promote educational equity for the nation's diverse Asian American communities and expand access to and inclusion of the history of Asian Americans in K-12 education nationwide. AAJC also works with state and local partners, convening, sharing resources, and building capacity to advocate for Asian American history to be included in K-12 curriculum.

Community Partners - Created to build the capacity and leadership of Asian American communities, AAJC works hand-in-hand with community-based organizations to conduct workshops and trainings on various issues of importance to local, regional, and national partners. The Community Partners network, which has expanded to include over 250 Community Partners in 37 states and Washington, DC, provides a critical link allowing AAJC to target underserved Asian American populations.

Media - AAJC works to ensure that the principles of opportunity, fairness, and equity are protected on-line. It does so by advocating for policies that ensure that the Asian American community has nondiscriminatory access to technology, and that technology will not be used in a way that will harm the community. In addition, AAJC advocates for the fair and equal representation of Asian Americans both in front of and behind the camera. Through AAJC's mis-dis information project, AAJC promotes media and digital literacy skills through community trainings, provides tools and resources for community partners, and advocates for policies and processes that can effectively reduce harmful content targeting the Asian American community.

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Program Services (continued) -

Immigration and Immigrant Rights - AAJC provides leadership, educates policymakers, stakeholders, and the media on immigration policy as it affects the Asian American and Pacific Islander communities. AAJC advocates for fair and just immigration policies that protect family unity, provide access to immigration status and citizenship, and promote civil rights protections and due process in enforcement. AAJC also provides the Asian American community with essential information, insight and analysis on newly enacted and proposed immigration and immigrant integration policies and programs.

AAJC works to combat the government's racial targeting and profiling of Asian American and Asian immigrant scientists, researchers, and scholars, particularly those of Chinese descent. AAJC leads Federal advocacy efforts, including successful advocacy to end the Department of Justice's China Initiative. AAJC also provides a legal referral service in English and Mandarin Chinese that connects people impacted by government profiling to attorneys and helps ensure they know their rights.

Voting Rights - AAJC works to eliminate discriminatory barriers to Asian Americans and others in voting and civil rights. AAJC provides technical assistance and training on many voter-related issues including language assistance mandated by the voting rights act, voter suppression, and election reform.

Litigation - AAJC participates in key civil rights cases through direct litigation, and through amicus briefs to the supreme court and other courts, on cases that protect the rights of Asian Americans and other communities of color. Through our various litigation efforts, we have advocated on issues involving census, immigrant rights, voting rights, telecommunications, and affirmative action. AAJC has played a leading role in preserving and protecting affirmative action policies that promote diversity and benefit Asian American students. We are involved in lawsuits across the country to ensure that all communities of color continue to benefit from policies that seek to provide equitable access to educational opportunities.

Census - It is essential to ensure an accurate count of the Asian American community in the census. Advancing Justice-AAJC is a national leader when it comes to Census Policy and Community Outreach. Advancing Justice-AAJC pursues a fair and accurate census count of Asian Americans and Pacific Islanders in the decennial census and American Community Survey (ACS). Advancing Justice-AAJC partnered with national and local partners nationwide in leading a Census 2020 Get Out The Count Campaign. Advancing Justice-AAJC is the co-chair of The Leadership Conference on Civil & Human Rights Census Task Force.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Basis of presentation (continued) -

- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are more restrictive than AAJC mission and purpose. 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. Donor imposed restrictions are released when the 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. Other donor imposed restrictions are 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 without donor restrictions when the assets are placed in service.

Cash and cash equivalents -

AAJC considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000.

At times during the year, AAJC maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Contributions and pledges receivable -

Contributions and pledges receivable include unconditional promises to give that are expected to be collected in future years. Contributions and pledges receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term Contributions and pledges receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions. All receivables are considered by management to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses, net of any investment fees, are included in investment income (loss) in the Statements of Activities and Changes in Net Assets.

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

AAJC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. AAJC is not a private foundation.

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Events revenue -

AAJC's events revenue is the most significant revenue stream that is treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met and the event has occurred. AAJC has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost and/or sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. AAJC's contracts with customers generally have initial terms of one year or less.

Contributions -

The majority of AAJC's revenue is received through contributions from organizations and other entities. Contributions are recognized in the appropriate category of net assets in the period received. AAJC performs an analysis of the individual contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. There were no unrecognized conditional awards as of December 31, 2023 and 2022.

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Contributed services -

Contributed services consist of professional services and are recognized at their estimated fair value if they require specialized skills that would need to be purchased if they were not contributed.

Contributed professional services are valued at the estimated fair value based on their current rates for similar services. In addition, volunteers have donated significant amounts of their time to AAJC; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Functional allocation of expenses -

The costs of providing services and other activities are summarized on a functional basis in the Statements of Activities and Changes in Net Assets.

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Functional allocation of expenses (continued) -

Expenses directly attributable to specific functional areas of AAJC are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas on a basis of time and effort, such as salary dollars based on labor hours of employees, or other reasonable basis.

Risks and uncertainties -

AAJC invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

AAJC adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurement. AAJC accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, AAJC has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market AAJC has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the years ended December 31, 2023 and 2022. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Funds held by AAJC are open-end and are registered with the SEC. These funds are required to publish their daily value and to transact at that price and are deemed to be actively traded.
- *Exchange Traded Funds* - Valued at the daily closing price as reported by the fund. Funds held by AAJC are open-end and are registered with the SEC. These funds are required to publish their daily value and to transact at that price and are deemed to be actively traded.
- *Common Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Certificates of Deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.
- *Corporate Bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *U.S. Government Securities* - Valued at the closing price reported in the active market in which the individual securities are traded.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2023:

Asset Class	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,600,000	\$ -	\$ -	\$ 2,600,000
Exchange traded funds	4,875,833	-	-	4,875,833
Certificates of deposit	-	980,063	-	980,063
Corporate bonds	-	2,231,606	-	2,231,606
U.S. Government securities	-	<u>7,325,630</u>	-	<u>7,325,630</u>
TOTAL	<u>\$ 7,475,833</u>	<u>\$ 10,537,299</u>	<u>\$ -</u>	<u>\$ 18,013,132</u>

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2022:

Asset Class	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 9,148	\$ -	\$ -	\$ 9,148
Common stocks	319,681	-	-	319,681
Exchange traded funds	346,629	-	-	346,629
Certificates of deposit	-	<u>244,256</u>	-	<u>244,256</u>
TOTAL	<u>\$ 675,458</u>	<u>\$ 244,256</u>	<u>\$ -</u>	<u>\$ 919,714</u>

Included in investments is the Ford Foundation Reserves restricted for use totaling \$500,000 as of December 31, 2023 and 2022.

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Included in investment income are the following as of December 31, 2023 and 2022:

	2023	2022
Interest and dividends	\$ 1,218,363	\$ 303,920
Realized and unrealized gain (loss)	269,883	(66,223)
Investment expenses provided by external investment advisors	(12,889)	(5,207)
TOTAL INVESTMENT INCOME, NET OF INVESTMENT EXPENSES	\$ 1,475,357	\$ 232,490

3. CONTRIBUTIONS RECEIVABLE

As of December 31, 2023 and 2022, contributors to AAJC have made written promises to give, of which \$3,679,600 and \$3,344,906, remained due and outstanding, respectively. Contributions due in more than one year have been discounted using rates ranging 7.50% to 8.50% for the years ended December 31, 2023 and 2022, respectively.

Contributions are due as follows at December 31, 2023 and 2022:

	2023	2022
Less than one year	\$ 2,976,600	\$ 2,079,006
One-to-five years	703,000	1,265,900
Subtotal	3,679,600	3,344,906
Less: Allowance to discount balance to present value	(62,862)	(122,097)
CONTRIBUTIONS RECEIVABLE, NET	\$ 3,616,738	\$ 3,222,809

4. BOARD DESIGNATED NET ASSETS

AAJC's Board of Directors created the following board designated net asset funds for the following purpose:

Long-Term Investments Fund: created for the purpose of long-term investing for total return, to sustain and improve its ability to support projects that further its mission and to maintain the financial stability of AAJC.

Operating Reserve Fund: to ensure stability of the mission, programs, employment and ongoing operations of AAJC. The minimum amount to be designated as operating reserves will be established in an amount sufficient to maintain on-going operations and programs measured for a set period of time, measured in months.

The target minimum Operating Reserve Fund is equal to six months of average operating costs, to be calculated each year after approval of the annual budget.

Special Initiatives Fund: create for uses in alignment with AAJC's Strategic Plan as approved by the Board of Directors.

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

4. BOARD DESIGNATED NET ASSETS (Continued)

As of December 31, 2023 and 2022, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

	2023	2022
Long-Term Investments	\$ 7,500,000	\$ -
Operating Reserve Fund	6,000,000	6,000,000
Special Initiative Fund	5,600,000	-
BOARD DESIGNATED NET ASSETS	\$ 19,100,000	\$ 6,000,000

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023 and 2022:

	2023	2022
Subject to expenditure for specified purpose:		
Civil Rights	\$ 18,193,194	\$ 16,707,221
Anti-Asian Violence	421,969	1,050,596
Litigation Campaign	503,847	600,111
Immigration Rights	5,710	5,710
Accumulated investment earnings from endowment funds not yet authorized for spending	179,794	183,544
Endowments contributions to be invested in perpetuity:		
Ford Foundation Operating Reserves	500,000	500,000
Joyce Chiang Memorial Scholarship Fund	32,315	32,315
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 19,836,829	\$ 19,079,497

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	2023	2022
Purpose restrictions accomplished:		
Civil Rights	\$ 8,557,076	\$ 6,661,314
Anti-Asian Violence	741,656	4,366,902
Litigation Campaign	96,264	-
Asian American Education Project	-	1,757,302
Immigration and Immigrant Rights	-	25,094
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	\$ 9,394,996	\$ 12,810,612

6. CONTRIBUTED SERVICES

During the years ended December 31, 2023 and 2022, AAJC was the beneficiary of contributed services, which allowed AAJC to provide greater resources toward various programs. There were no donor-imposed restrictions associated with the contribution services during the years ended December 31, 2023 and 2022. To properly reflect total program expenses, the following donations have been included in revenue and expense for the years ended December 31, 2023 and 2022.

	2023	2022
Professional Fees	\$ 1,016,552	\$ 3,229,357

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

6. CONTRIBUTED SERVICES (Continued)

The following programs have benefited from these contributed services:

	2023	2022
Anti-Asian Violence and Race Relations	\$ <u>1,016,552</u>	\$ <u>3,229,357</u>

7. LIQUIDITY

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the current Statements of Financial Position date comprise the following at December 31, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 20,762,160	\$ 34,636,608
Investments	18,013,132	919,714
Contributions and pledges receivable	<u>3,865,604</u>	<u>3,775,639</u>
Subtotal financial assets available within one year	42,640,896	39,331,961
Less: Donor restricted funds	(19,836,829)	(19,079,497)
Less: Board designated funds	<u>(19,100,000)</u>	<u>(6,000,000)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>3,704,067</u>	\$ <u>14,252,464</u>

AAJC is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, AAJC must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of AAJC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Occasionally, the Board designates a portion of any operating surplus to its reserve, which was \$19,100,000 and \$6,000,000 as of December 31, 2023 and 2022, respectively. This fund established by the governing Board may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

8. LEASE COMMITMENT

During November 2015, AAJC entered into a ten year lease for office space at 1620 L Street, N.W., Washington, D.C. Monthly rent of \$24,700 commences on the first day of the eleventh calendar month, with annual rent increases by 2.25%. The lease agreement includes provisions whereas the base rent is abated during the initial ten calendar months.

During the year ended December 31, 2015, AAJC obtained an irrevocable letter of credit with BB&T totaling \$24,700. The terms under the lease that began during that year stipulate that AAJC maintain this letter of credit in lieu of a security deposit.

Effective January 1 2022, AAJC adopted ASU 2019-01, *Leases* (Topic 842). AAJC elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. AAJC also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes.

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

8. LEASE COMMITMENT (Continued)

AAJC adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, AAJC recorded an operating lease right-of-use asset totaling \$1,402,353 and an operating lease liability totaling \$1,626,045 at January 1, 2022. These implementation date amounts were determined by calculating the present value of all future rentals using an incremental borrowing rate of 1.37% as the discount rate.

The operating lease right-of-use asset totaled \$826,059 as of December 31, 2023 and the operating lease liability totaled \$963,113 as of December 31, 2023.

Lease cost for the office lease, including costs passed-through as occupancy expenses, totaled \$375,136 and \$349,149 for the years ended December 31, 2023 and 2022, respectively. These costs are included in base office and administrative operation expenses on the Statements of Functional Expenses. The following is a schedule of the future minimum lease payments due under the operating leases, net of imputed interest:

<u>Year Ending December 31,</u>		
2024		\$ 360,457
2025		368,563
2026		<u>250,598</u>
		979,618
Less: Imputed interest		(16,505)
Less: Current portion		<u>(350,260)</u>
LONG-TERM PORTION		<u>\$ 612,853</u>

9. PENSION PLAN

AAJC maintains an IRC Section 403(b) retirement plan (the Plan) allowing employees to elect to defer compensation up to the maximum allowed under IRS regulations. Under the Plan, AAJC will make employer contributions following a tiered structure, contributing from 3% to 7% determined by an employee's staff level and years of service. For the years ended December 31, 2023 and 2022, contributions totaled \$130,289 and \$105,194, respectively.

10. ENDOWMENT

AAJC's endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriate such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, AAJC considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

10. ENDOWMENT (Continued)

AAJC has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, AAJC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Endowment net asset composition by type of fund as of December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 532,315	\$ 532,315
Accumulated investment earnings	<u>-</u>	<u>179,794</u>	<u>179,794</u>
TOTAL ENDOWMENT FUNDS	<u>\$ -</u>	<u>\$ 712,109</u>	<u>\$ 712,109</u>

Changes in endowment net assets for the year ended December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 715,859	\$ 715,859
Investment return:			
Net appreciation (realized and unrealized)	-	970	970
Investment fees	<u>-</u>	<u>(4,720)</u>	<u>(4,720)</u>
Total investment return	<u>-</u>	<u>(3,750)</u>	<u>(3,750)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 712,109</u>	<u>\$ 712,109</u>

Endowment net asset composition by type of fund as of December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 532,315	\$ 532,315
Accumulated investment earnings	<u>-</u>	<u>183,544</u>	<u>183,544</u>
TOTAL ENDOWMENT FUNDS	<u>\$ -</u>	<u>\$ 715,859</u>	<u>\$ 715,859</u>

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

10. ENDOWMENT (Continued)

Changes in endowment net assets for the year ended December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 765,654	\$ 765,654
Investment return:			
Net depreciation (realized and unrealized)	-	(44,588)	(44,588)
Investment fees	-	(5,207)	(5,207)
Total investment return	-	(49,795)	(49,795)
ENDOWMENT NET ASSETS, END OF YEAR	\$ -	\$ 715,859	\$ 715,859

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur after the investment of new contributions for donor-restricted endowment funds and after continued appropriations for certain programs that were deemed prudent by the Board of Directors. As of December 31, 2023 and 2022, AAJC had no funds with deficiencies.

Return Objectives and Risk Parameters -

AAJC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, AAJC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). AAJC targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

AAJC has a policy of appropriating for distribution each year a certain percentage of its endowment fund's average fair value. In establishing this policy, AAJC considered the long-term expected return on its endowment. Accordingly, over the long-term, AAJC expects the current spending policy to allow its endowment to grow at the average rate of return for the market. This is consistent with AAJC's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

ASIAN AMERICANS ADVANCING JUSTICE - AAJC

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

11. SUBSEQUENT EVENTS

In preparing these financial statements, AAJC has evaluated events and transactions for potential recognition or disclosure through May 1, 2024, the date the financial statements were issued.