



Asylum Access

Audited Financial Statements

For the Year Ended

June 30, 2017

With Independent Auditor's Report Thereon

Asylum Access

(A California Non-Profit Corporation)
June 30, 2017 and 2016

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Asylum Access
1611 Telegraph Avenue #1111
Oakland, California 94612
Phone 510-891-8700
Web Site Address: www.asylumaccess.org

REGALIA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors Asylum Access

We have audited the accompanying financial statements of Asylum Access (a California nonprofit corporation) which comprise the statements of financial position as of June 30, 2017 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asylum Access as of June 30, 2017 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(continued)

INDEPENDENT AUDITORS' REPORT

(Continued)

Other Matters

Other Information

The financial statements of Asylum Access as of June 30, 2016 were audited by another auditor whose report dated February 13, 2017 expressed an unmodified opinion on those statements. The comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying **schedule of expenditures of federal awards**, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017, on our consideration of Asylum Access' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Asylum Access' internal control over financial reporting and compliance.

***Danville, California
November 15, 2017***

Regalia & Associates

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Statements of Financial Position June 30, 2017 and 2016

Assets

	2017	2016 (As Restated)
Cash and cash equivalents	\$ 462,507	\$ 827,894
Receivables	1,018,849	794,554
Prepaid expenses	33,372	29,618
Property and equipment, net of accumulated depreciation	16,685	20,291
Deposits	14,468	13,038
Total assets	<u>\$ 1,545,881</u>	<u>\$ 1,685,395</u>

Liabilities and Net Assets

Accounts payable and accrued liabilities	\$ 74,911	\$ 70,766
Accrued payroll liabilities	95,260	80,403
Deferred Revenue	281,166	204,221
Total liabilities	<u>451,337</u>	<u>355,390</u>
Net assets:		
Unrestricted	238,002	555,005
Temporarily restricted	856,542	775,000
Total net assets	<u>1,094,544</u>	<u>1,330,005</u>
Total liabilities and net assets	<u>\$ 1,545,881</u>	<u>\$ 1,685,395</u>

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Statements of Activities and Changes in Net Assets For the Years Ended June 30, 2017 and 2016

	June 30, 2017			June 30, 2016 (As Restated)		
	Temporarily		Total	Temporarily		Total
	Unrestricted	Restricted		Unrestricted	Restricted	
Revenue and support:						
Government grants	\$1,660,154	\$ -	\$1,660,154	\$ 1,302,190	\$ -	\$ 1,302,190
Contributions	171,632	25,000	196,632	155,875	-	155,875
Foundation and corporate grants	535,731	1,175,410	1,711,141	450,380	962,500	1,412,880
Special events, net	-	-	-	1,635	-	1,635
Interest and dividends	71	-	71	372	-	372
Other income	3,759	-	3,759	6,631	-	6,631
Net assets released from restrictions	1,118,868	(1,118,868)	-	876,134	(876,134)	-
Total revenue and support	<u>3,490,215</u>	<u>81,542</u>	<u>3,571,757</u>	<u>2,793,217</u>	<u>86,366</u>	<u>2,879,583</u>
Expenses:						
Programs	2,882,454	-	2,882,454	1,979,252	-	1,979,252
Management and general	600,524	-	600,524	448,774	-	448,774
Fundraising	324,240	-	324,240	246,738	-	246,738
Total expenses	<u>3,807,218</u>	<u>-</u>	<u>3,807,218</u>	<u>2,674,764</u>	<u>-</u>	<u>2,674,764</u>
Increase (decrease) in net assets	(317,003)	81,542	(235,461)	118,453	86,366	204,819
Prior Period Adjustment	-	-	-	(204,221)	-	(204,221)
Net assets at beginning of year	<u>555,005</u>	<u>775,000</u>	<u>1,330,005</u>	<u>640,773</u>	<u>688,634</u>	<u>1,329,407</u>
Net assets at end of year	<u>\$ 238,002</u>	<u>\$ 856,542</u>	<u>\$1,094,544</u>	<u>\$ 555,005</u>	<u>\$ 775,000</u>	<u>\$ 1,330,005</u>

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Statements of Cash Flows For the Years Ended June 30, 2017 and 2016

	2017	2016 (As Restated)
<i>Cash flows from operating activities:</i>		
Increase (decrease) in net assets	\$ (235,461)	\$ 598
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	3,606	1,879
Foreign currency loss	22,381	34,719
Changes in:		
Contracts and grants receivable	(246,676)	(280,183)
Prepaid expenses	(3,754)	(7,728)
Deposits	(1,430)	(3,078)
Accounts payable and accrued liabilities	4,145	42,234
Accrued payroll liabilities	14,857	26,002
Deferred Revenue	76,945	204,221
Net cash provided by (used for) operating activities	(365,387)	18,664
 <i>Cash flows from investing activities:</i>		
Acquisition of property and equipment	-	(14,500)
Net cash used for investing activities	-	(14,500)
Increase (decrease) in cash and cash equivalents	(365,387)	4,164
Cash and cash equivalents at beginning of year	827,894	823,730
Cash and cash equivalents at end of year	\$ 462,507	\$ 827,894
 <i>Supplemental Disclosures:</i>		
Interest expense	\$ -	\$ -
State registration taxes paid	\$ 150	\$ 150

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Statement of Functional Expenses For the Year Ended June 30, 2017

	Program Services					Supporting Services				Totals
	Legal Assistance	Policy Advocacy	Movement Building	Strategic Litigation	Community Legal Empowerment	Total Programs	Management and General	Fundraising		
<u>Compensation</u>										
Salaries and wages	\$ 1,018,795	\$ 208,770	\$ 188,481	\$ 26,454	\$ 170,895	\$ 1,613,395	\$ 330,092	\$ 217,269	\$ 2,160,756	
Payroll taxes	103,468	17,801	15,827	2,240	14,400	153,736	33,858	16,701	204,295	
Benefits	133,310	14,625	14,614	2,534	19,520	184,603	30,329	14,891	229,823	
Total compensation	1,255,573	241,196	218,922	31,228	204,815	1,951,734	394,279	248,861	2,594,874	
Accounting services	4,255	361	111	29	1,522	6,278	46,416	105	52,799	
Advertising and promotion	773	281	15	1	382	1,452	719	-	2,171	
Bank fees	652	52	20	14	90	828	10,875	17	11,720	
Book subscriptions	1,794	79	12	24	150	2,059	243	-	2,302	
Conferences, conventions, and meetings	24,535	13,171	7,003	205	34,621	79,535	1,016	101	80,652	
Corporate fees	4,040	3,003	57	149	1,163	8,412	1,547	13	9,972	
Currency conversion and other expense	6,105	100	1,037	-	436	7,678	23,899	-	31,577	
Depreciation	1,678	539	149	-	912	3,278	285	43	3,606	
Dues, licenses, services fees	594	544	625	28	339	2,130	1,051	798	3,979	
Equipment and furnishings	36,971	3,124	2,977	586	4,639	48,297	22,000	4,723	75,020	
Equipment rental and maintenance	3,609	776	414	91	1,166	6,056	1,221	436	7,713	
Grants	500	-	-	-	-	500	-	-	500	
Information technology	6,021	274	321	13	161	6,790	683	412	7,885	
Insurance	7,448	4,524	5,065	209	2,573	19,819	8,058	6,498	34,375	
Interpreters and other contractors	91,861	16,210	26,915	866	20,443	156,295	27,248	22,243	205,786	
Legal services	52,522	2,774	462	114	2,212	58,084	-	321	58,405	
Occupancy	116,123	16,307	10,769	2,121	22,571	167,891	22,570	12,819	203,280	
Postage and shipping	4,301	387	206	83	604	5,581	1,647	1,239	8,467	
Printing and copying	6,453	1,855	951	60	2,162	11,481	1,744	3,917	17,142	
Staff development	9,688	1,088	934	938	1,481	14,129	3,722	953	18,804	
Supplies	32,303	3,692	1,245	473	7,994	45,707	4,895	708	51,310	
Telephone	21,335	3,304	1,028	604	5,509	31,780	8,270	758	40,808	
Travel	125,527	43,348	18,819	12,573	46,393	246,660	18,136	19,275	284,071	
Total expenses	\$ 1,814,661	\$ 356,989	\$ 298,057	\$ 50,409	\$ 362,338	\$ 2,882,454	\$ 600,524	\$ 324,240	\$ 3,807,218	

See accompanying auditors' report and notes to financial statements.

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**Statement of Functional Expenses
For the Year Ended June 30, 2016**

	Program Services					Supporting Services				Totals
	Legal Assistance	Policy Advocacy	Movement Building	Strategic Litigation	Community Legal Empowerment	Total Programs	Management and General	Fundraising		
<u>Compensation</u>										
Salaries and wages	\$ 499,161	\$ 176,570	\$ 135,519	\$ 29,105	\$ 253,516	\$ 1,093,871	\$ 214,537	\$ 158,641	\$ 1,467,049	
Payroll taxes	52,085	14,453	10,821	2,770	22,363	102,492	15,997	12,497	130,986	
Benefits	47,292	15,994	10,455	3,564	26,675	103,980	17,988	14,413	136,381	
Total compensation	598,538	207,017	156,795	35,439	302,554	1,300,343	248,522	185,551	1,734,416	
Accounting services	163	-	-	-	-	163	23,397	-	23,560	
Advertising and promotion	35	-	-	-	262	297	2,461	90	2,848	
Awareness events	-	-	-	-	-	-	-	366	366	
Bank fees	512	-	-	-	-	512	13,963	1,280	15,755	
Book subscriptions	618	131	48	68	562	1,427	53	532	2,012	
Conferences, conventions, and meetings	15,633	8,343	1,401	267	15,598	41,242	1,326	966	43,534	
Corporate fees	401	-	-	-	-	401	4,769	-	5,170	
Currency conversion and other expense	9,809	-	-	-	1,486	11,295	56,265	-	67,560	
Depreciation	688	299	92	6	699	1,784	66	29	1,879	
Due, licenses, services fees	1,100	-	-	-	-	1,100	3,538	-	4,638	
Equipment and furnishings	22,163	5,676	3,353	1,253	15,032	47,477	9,401	3,205	60,083	
Equipment rental and maintenance	5,438	1,052	572	211	2,767	10,040	1,031	409	11,480	
Grants	-	-	-	-	1,518	1,518	-	500	2,018	
Information technology	671	1,577	1,288	53	396	3,985	2,013	1,329	7,327	
Insurance	2,138	4,034	3,287	231	1,740	11,430	5,362	3,337	20,129	
Interpreters and other contractors	83,272	13,441	4,832	2,747	28,433	132,725	14,020	24,079	170,824	
Legal services	7,391	20	-	-	-	7,411	7,569	60	15,040	
Occupancy	63,873	16,905	11,460	4,249	38,000	134,487	22,415	9,722	166,624	
Postage and shipping	2,304	717	480	136	993	4,630	851	695	6,176	
Printing and copying	5,744	1,963	1,102	200	3,031	12,040	1,725	3,069	16,834	
Staff development	1,340	405	-	26	750	2,521	9,427	129	12,077	
Supplies	19,928	3,400	1,691	1,139	14,882	41,040	5,019	956	47,015	
Telephone	18,473	2,533	1,442	1,130	9,955	33,533	2,388	775	36,696	
Travel	76,364	47,290	7,106	4,102	42,989	177,851	13,193	9,659	200,703	
Total expenses	\$ 936,596	\$ 314,803	\$ 194,949	\$ 51,257	\$ 481,647	\$ 1,979,252	\$ 448,774	\$ 246,738	\$ 2,674,764	

See accompanying auditors' report and notes to financial statements.

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Asylum Access

Notes to Financial Statements June 30, 2017

1. Organization

Asylum Access (a California tax-exempt, non-profit corporation) is a global leader in refugee human rights. Asylum Access has 17 offices around the world. Asylum Access has a track record of global and national-level policy change, coupled with legal assistance and community support, and has directly impacted more than one million refugees worldwide.

Asylum Access believes all refugees deserve a fair chance at a new life. All over the world, Asylum Access challenges barriers that keep refugees from living safely, moving freely, working and attending school – because when refugees can rebuild their lives, nations thrive. Asylum Access' unique combination of five integrated strategies provides grassroots assistance and changes the legal landscape for refugees and their host communities. More information is available on the organization's website at 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 and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, Asylum Access is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. There were no permanently restricted net assets as of June 30, 2017 and 2016.

Revenue Recognition

Asylum Access records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Notes to Financial Statements

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

Cash and Cash Equivalents

Cash and cash equivalents include savings, cash deposits and money market accounts with maturity dates of three months or less. Asylum Access may occasionally be the recipient of donated securities. Investments or securities received by gift are recorded at market value at the date of contribution in accordance with ASC 958.320, *Investments*. Asylum Access converts such securities to liquid assets, and any realized gains or losses are separately stated on the statements of activities and changes in net assets. Asylum Access maintains its cash balances in highly capitalized financial institutions, which at times may exceed federally insured limits.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities, which represent financial instruments, none of which are held for trading purposes, approximate carrying values of such amounts.

Property and Equipment

Property and equipment are valued at cost or, if donated, at fair market value on the date of donation. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets. The cost of property and equipment which benefit future periods is capitalized and depreciated over the estimated useful life of each class of depreciable asset.

Net Assets

In accordance with accounting principles generally accepted in the United States of America, financial statements must present classes of net assets based on the following categories: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Grants and contributions are classified in the appropriate net asset category based on the absence or existence of donor-imposed restrictions that limit the use of the donated assets if they are designated as support for future periods or future projects when they are received.

Asylum Access reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Unrestricted net assets include all of those donated assets that have no restrictions or limitations imposed on their use. The Board of Directors may elect certain unrestricted funds to be set aside as Board designated funds, which may not be spent without approval by the Board. No such funds were set-aside during the years ended June 30, 2017 and 2016.

Reclassifications

Certain reclassifications have been made to the 2016 financial statements in order to conform to the presentation used in 2017.

Notes to Financial Statements

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

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in unrestricted net assets. Asylum Access reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions in which the donor restrictions are never relieved are recorded as permanently restricted support. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Donated property is recorded at the estimated fair value at the date of receipt. Asylum Access reports gifts of property as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Asylum Access reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed Services and Costs

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.

Income Taxes

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, Asylum Access is required to report information regarding its exposure to various tax positions taken by Asylum Access and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that Asylum Access has adequately evaluated its current tax positions and has concluded that as of June 30, 2017 and 2016, Asylum Access does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

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 23701f of the California Revenue and Taxation Code. This exemption is 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. Asylum Access may periodically receive unrelated business income requiring the organization to file separate tax returns under federal and state statutes.

Asylum Access

Notes to Financial Statements

3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks (checking and savings) at the time of purchase that have a maturity date of 90 days or less. The components of cash and cash equivalents are as follows at June 30:

	2017	2016
Checking accounts-domestic operations (noninterest-bearing)	\$ 231,640	\$ 478,238
Checking account-foreign operations (noninterest-bearing)	154,772	328,375
Business market savings	61,980	16,272
Petty cash and other (noninterest-bearing)	14,115	5,009
Total cash and cash equivalents	<u>\$ 462,507</u>	<u>\$ 827,894</u>

Fund on deposit in business market savings account bear interest at the rate of 0.02% per annum at June 30, 2017. 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. Receivables

Receivables consist of the following at June 30:

	2017	2016
Accounts receivable	\$ 2,986	\$ 212
Pledges receivable	80,487	1,717
Government contracts receivable	913,926	792,625
Total receivables	<u>\$ 997,399</u>	<u>\$ 794,554</u>

Receivables are generally due within one year from the date of the statement of financial position and management considers all amounts to be fully collectible. Accordingly, there is no provision for doubtful accounts at June 30, 2017 and 2016. All receivables are considered to be level 2 assets under fair value measurements (Note 12).

5. Property and Equipment

The following is a summary of property and equipment at June 30:

	2017	2016
Equipment	\$ 7,670	\$ 7,670
Vehicle	14,500	14,500
Subtotal	22,170	22,170
Less accumulated depreciation	(5,485)	(1,879)
Property, equipment and improvements (net)	<u>\$ 16,685</u>	<u>\$ 20,291</u>

Depreciation expense amounted to \$3,606 and \$1,879 for the years ended June 30, 2017 and 2016, respectively, and is reported on the statements of functional expenses.

Notes to Financial Statements

6. 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), Ecuador, Malaysia, Tanzania, Mexico, and Thailand (its field offices).

As of June 30, 2017, the headquarters lease in Oakland requires a monthly remittance of \$4,533 through May 31, 2018 (the end of the lease term). Asylum Access is responsible for its proportionate share of building, maintenance and operating expenses which includes property taxes and utilities.

Office leases for the field offices in foreign locations require monthly remittances ranging from \$350 to \$1,140 (amounts are estimated based on local monetary units).

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, 2017, minimum annual payments on all operating leases for the next five years with written agreements extending beyond one year are as follows: **Amounts due during year ending June 30, 2018: \$118,932; Amounts due during year ending June 30, 2019: \$25,584; Amounts due during year ending June 30, 2020: \$1,951; and Amounts due during year ending June 30, 2021: \$1,301.**

Total rent expense for all rental contracts amounted to \$186,854 and \$159,255 for the years ended June 30, 2017 and 2016, respectively.

7. 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. Sick leave is not paid upon termination. Annual leave accruals are recorded in the financial statements as an accrued liability on the statement of financial position based on hourly rates in effect at the end of the fiscal year. Accrued vacation amounted to \$79,776 and \$71,600 at June 30, 2017 and 2016, respectively. Other accrued payroll liabilities amounted to \$15,484 and \$8,803 at June 30, 2017 and 2016, respectively.

8. 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 government contracts amounted to \$1,660,155 and \$1,302,190 for the years ended June 30, 2017 and 2016, respectively. As noted in the previous audits, these engagements present concentration vulnerabilities.

Asylum Access

Notes to Financial Statements

9. Temporarily Restricted Net Assets

Asylum Access recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. Temporarily restricted net assets consisted of the following at June 30:

Restricted For:	2017	2016 (As Restated)
Ecuador	\$ -	\$ 50,000
Fellowship Program	-	10,000
Future operations	517,816	430,000
Growth Campaign	100,000	-
Mexico	80,000	160,000
Middle East Expansion Pilot	80,000	-
Other programs	24,601	6,000
Refugee Rights Toolkit	-	100,000
Sabbatical	29,125	-
Tanzania	25,000	19,000
Total temporarily restricted net assets	<u>\$ 856,542</u>	<u>\$ 775,000</u>

During the years ended June 30, 2017 and 2016, contributions to temporarily restricted net assets amounted to \$1,200,410 and \$1,302,173, respectively. In accordance with the provisions of donor instructions, Asylum Access released \$1,118,868 and \$1,011,586 from temporarily restricted net assets during the years ended June 30, 2017 and 2016, respectively.

10. 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 projects, 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, donor conditions, and government contracts which obligate Asylum Access to fulfill certain requirements, conditions, and activities, (b) Funding levels which vary based on factors beyond Asylum Access's control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management personnel, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts.

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

Asylum Access

Notes to Financial Statements

11. In-Kind Contributions

A substantial number of unpaid volunteers have made significant contributions of time to various departments or programs of the 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 "*Revenue Recognition of Not-For-Profit Entities.*"

12. Fair Value Measurements

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 an organization's own estimates and pricing models.

13. Summarized Financial Results: United Nations Voluntary Fund for Victims of Torture

The following schedule provides summarized financial information for the organization's contract with the United Nations Voluntary Fund for Victims of Torture:

	Years Ended June 30:	
	2017	2016
Grant award	\$ 50,000	\$ 50,000
Expenses:		
Contract personnel	1,290	9,310
Salaries and benefits, overseas	43,710	31,719
Occupancy	4,000	7,971
Audit	1,000	1,000
Total expenses	50,000	50,000
Net income	\$ -	\$ -

14. In-Kind Contributions

Advertising and promotion costs are expensed as incurred. Advertising and promotion expense amounted to \$2,171 and \$2,848 for the years ended June 30, 2017 and 2016, respectively.

Asylum Access

Notes to Financial Statements

15. Prior Period Adjustment

During the year ended June 30, 2017, information relating to the incorrect treatment of an exchange transaction recorded in a previous fiscal year (involving international aid contracts) came to light. Contracts amounting to \$204,221 (which should have been recorded as deferred revenue) were improperly classified as contributions to (and releases from) temporarily restricted net assets. Accordingly, a prior period adjustment of \$204,221 has been reflected on the Statements of Activities and Changes in Net Assets as a reduction in net assets for the year ended June 30, 2016.

The direct impact of the prior period adjustment on the revenue and support activity for the year ended June 30, 2016 is presented below:

Revenue and support:	Unrestricted	Temporarily Restricted	Total (As Restated)
Government grants	\$ 1,302,190	\$ -	\$ 1,302,190
Contributions	155,875	-	155,875
Foundation and corporate grants	246,159	962,500	1,208,659
Special events, net	1,635	-	1,635
Interest and dividends	372	-	372
Other income	6,631	-	6,631
Net assets released from restrictions	876,134	(876,134)	-
Total revenue and support (as corrected)	<u>\$ 2,588,996</u>	<u>\$ 86,366</u>	<u>\$ 2,675,362</u>

There were no changes in previously reported expenses for the year ended June 30, 2016.

16. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, Asylum Access has evaluated subsequent events through November 15, 2017, 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.

ASYLUM ACCESS

Supplemental Schedule A
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Granting Agency	Program Title	Federal CFDA Number	Grant I.D. Name of Grant	Type of Program	Grant Period	Pass-Through	Award Amount	Federal Expenditures	Expenditure Payments to Subrecipients
Direct Awards:									
Department of State	Overseas Refugee Assistance Programs for Western Hemisphere	19.518	Award #SPRMC016CA1272	Major	9/15/15-9/14/16	N/A - Direct	\$ 1,000,000	\$ 181,522	\$ -
					9/15/16-9/14/17	N/A - Direct	1,266,918	1,083,679	-
					Total CFDA Number 19.518		\$ 2,266,918	\$ 1,265,201	\$ -
Department of State	Overseas Refugee Assistance Program for Near East and South Asia	19.519	Award #S-PRMCO-16-CA-1192	Major	9/15/15-9/14/16	N/A - Direct	\$ 300,000	\$ 59,836	\$ -
					9/15/16-9/14/17	N/A - Direct	319,997	269,318	-
					Total CFDA Number 19.519		\$ 619,997	\$ 329,154	\$ -
Total Direct Awards							\$ 2,886,915	\$ 1,594,355	\$ -
Indirect Awards:									
Department of State	International Programs to Support Democracy, Human Rights and Labor	19.345	National Endowment for Democracy	Non-Major	FYE Sept 2017	National Endowment for Democracy	\$ 65,700	\$ 65,700	\$ -
Total CFDA Number 19.345							\$ 65,700	\$ 65,700	\$ -
Total Direct and Indirect Awards							\$ 2,952,615	\$ 1,660,055	\$ -

Basis of Presentation: The schedule of expenditures of federal awards includes the federal grant activity of Asylum Access and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Such expenditures are recognized following the cost principles in Uniform Guidance, Cost Principles for Non-profit Organizations, wherein certain type of expenditures are not allowable or are limited as to reimbursement.

De Minimis Rate: Asylum Access has elected not to use the 10% de minimis cost rate on any of its contracts as outlined by section 200.414 (c) (3) of the Uniform Guidance.

Definitions:

CFDA - Catalog of Federal Domestic Assistance

Asylum Access

Summary Schedule of Prior Audit Findings Year Ended June 30, 2017

Status of Prior Year Findings

In accordance with the Uniform Guidance

None. The prior year audit report contained no reportable findings.

Prior Year Findings – Financial Statement Audit (GAGAS)

None

Prior Year Audit Findings and Questioned Costs *(Major Programs – In accordance with the Uniform Guidance)*

None

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**The Board of Directors
Asylum Access**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Asylum Access as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Asylum Access' basic financial statements, and have issued our report thereon dated November 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Asylum Access' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Asylum Access' internal control. Accordingly, we do not express an opinion on the effectiveness of Asylum Access' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will be not prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(continued)

The Board of Directors
Asylum Access

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

(continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Asylum Access' financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Regalia & Associates

Danville, California
November 15, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors
Asylum Access

[Report on Compliance for Each Major Federal Program](#)

We have audited Asylum Access' compliance with the types of compliance requirements described in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* that could have a direct and material effect on each of Asylum Access' major federal programs for the year ended June 30, 2017. Asylum Access' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms of conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Asylum Access' major federal programs based on our audit on the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Asylum Access' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Asylum Access' compliance.

Opinion on Each Major Federal Program

In our opinion, Asylum Access complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

(continued)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**
(continued)

Report on Internal Control Over Compliance

Management of Asylum Access is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Asylum Access' internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Asylum Access' internal control over compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Accordingly, this report is not suitable for any other purpose.

Regalia & Associates

***Danville, California
November 15, 2017***

Asylum Access

Schedule of Findings and Questioned Costs Year Ended June 30, 2017

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	No
• Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	No
• Type of auditors' report issued on compliance for major programs	Unmodified
• Any audit findings disclosed that are required to be reported in accordance with the <i>Uniform Guidance</i> ?	None
• Identification of major programs:	

<u>CFDA</u>	<u>Name of Federal Programs</u>
-------------	---------------------------------

93.518	United States Department of State <i>Overseas Refugee Assistance-Programs for Western Hemisphere</i>
93.519	United States Department of State <i>Overseas Refugee Assistance- Program for Near East and South Asia</i>

• Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
• Auditee qualified as low-risk auditee?	Yes

Findings - Financial Statement Audit (GAGAS)	None
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Audit Findings and Questioned Costs (In Accordance with the Uniform Guidance)	None
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