



Center for Gender and Refugee Studies – California, Inc.

Financial Statements

**For the year ended
June 30, 2020**

With Independent Auditors' Report Thereon

(A California Not-for-Profit Corporation)

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C E R T I F I E D P U B L I C A C C O U N T A N T S
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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Center for Gender and Refugee Studies – California, Inc.

We have audited the accompanying financial statements of Center for Gender and Refugee Studies – California, Inc. (a California nonprofit organization) which comprise the statement of financial position as of June 30, 2020 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Gender and Refugee Studies - California as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Regalia & Associates

Danville, California
April 15, 2021

**Statement of Financial Position
June 30, 2020**

ASSETS

Assets:

Cash and cash equivalents	\$ 629,480
Grants and accounts receivable	<u>22,751</u>
Total assets	<u>\$ 652,231</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued liabilities	<u>\$ 501,868</u>
Total liabilities	<u>501,868</u>

Net assets:

With donor restrictions	144,288
Without donor restrictions	<u>6,075</u>
Total net assets	<u>150,363</u>
Total liabilities and net assets	<u>\$ 652,231</u>

**Statement of Activities and Changes in Net Assets
Year Ended June 30, 2020**

Changes in net assets without donor restrictions:

Revenue and support:

Contributed income:

Government grants	\$ 116,922
Net assets released from restriction	561,770
In-kind donations	296,232
Foundation grants	51,867
Individual contributions	750
Other income	63
Total contributed income	1,027,604

Program service fees	10,000
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Total revenue and support	1,037,604
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Expenses:

Program services	772,380
General and administrative	175,277
Fundraising	81,039
Total expenses	1,028,696

Increase in net assets without donor restriction	8,908
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Changes in net assets with donor restrictions:

Grants and contributions	706,058
Net assets released from restrictions	(561,770)
	144,288

Increase in net assets with donor restrictions	144,288
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Increase in net assets	153,196
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Net deficit at beginning of year	(2,833)
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Net assets at end of year	\$ 150,363
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**Statement of Cash Flows
Year Ended June 30, 2020**

Operating activities:

Increase in net assets	\$ 153,196
Adjustments to reconcile to cash provided by (used for) operating activities:	
Changes in:	
Grants and accounts receivable	38,402
Accounts payable and accrued liabilities	365,664
Refundable advances	(81,838)
Cash provided by operating activities	475,424
Net increase in cash and cash equivalents	475,424
Cash and cash equivalents at beginning of year	154,056
Cash and cash equivalents at end of year	\$ 629,480

Additional cash flow information:

State registration taxes paid	\$ 85
Interest and finance charges paid	\$ -

**Statement of Functional Expenses
Year Ended June 30, 2020**

	General and			
	Program	Admin-	Fund-	
	Services	istrative	raising	Total
Administrative fee	\$ -	\$ 37,295	\$ -	\$ 37,295
Computer hardware and software	10,345	-	-	10,345
Dues and licenses	3,135	-	-	3,135
Grants to other organizations	29,943	-	-	29,943
Insurance	797	500	-	1,297
Miscellaneous	233	-	-	233
Occupancy	35,944	6,092	4,168	46,204
Postage	317	-	-	317
Printing	3,332	-	-	3,332
Professional fees	18,090	19,089	-	37,179
Salaries, payroll taxes, and benefits	664,536	112,216	76,871	853,623
Supplies and office	1,717	-	-	1,717
Taxes and fees	-	85	-	85
Travel, meals, and events	3,991	-	-	3,991
Totals	\$ 772,380	\$ 175,277	\$ 81,039	\$ 1,028,696

Notes to Financial Statements
June 30, 2020

1. Organization

Center for Gender and Refugee Studies – California, Inc. (CGRS-CA) is a non-profit organization incorporated in California in 2014. CGRS-CA operates from its headquarters in San Francisco, California. CGRS-CA protects the fundamental human rights of refugee women, children, LGBT individuals, and others who flee persecution in their home countries through legal expertise and training, impact litigation, policy development, research, and in-country fact-finding.

2. Summary of Significant Accounting Policies

Basis of Presentation – The financial statements of CGRS-CA have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

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

Cash and Cash Equivalents – CGRS-CA's cash consists of cash on deposit in checking accounts. When applicable, cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Grants and Accounts Receivable – CGRS-CA records receivables that are expected to be collected within one year at net realizable value. When material, receivables expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

In subsequent years, amortization of the discounts (when applicable) will be included in contribution revenue in the statement of activities. The allowance for uncollectible receivables is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible.

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.

(continued)

Notes to Financial Statements
June 30, 2020

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

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

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

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

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

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

In-Kind Contributions - In-kind contributions are reflected at the fair value of the contribution received in accordance with *ASC 958.605.30-11*. The contributions of services, equipment, and other materials 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.

Functional Allocation of Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as salaries and related expenses, rent and occupancy, insurance, and other overhead) have been allocated based on time and effort using CGRS-CA's payroll allocations. Other expenses (such as professional fees and other direct costs) have been allocated in accordance with the specific services received from vendors.

(*continued*)

Notes to Financial Statements
June 30, 2020

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

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

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, but it has opted not to do so as of June 30, 2020.

Net Assets With Donor Restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Income Taxes – Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, CGRS-CA is required to report information regarding its exposure to various tax positions taken by CGRS-CA 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 CGRS-CA has adequately evaluated its current tax positions and has concluded that as of June 30, 2020, CGRS-CA does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

CGRS-CA has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that CGRS-CA continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. CGRS-CA may periodically receive unrelated business income requiring CGRS-CA to file separate tax returns under federal and state statutes. Under such conditions, CGRS-CA will calculate, accrue and remit the applicable taxes.

Fair Value Measurements - Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs).

(*continued*)

Notes to Financial Statements
June 30, 2020

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

Fair Value Measurements (*continued*) - CGRS-CA groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1

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

Level 2

Other observable inputs, either directly or indirectly, including:

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

Level 3

Unobservable inputs that cannot be corroborated by observable market data.

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

Recent and Relevant Accounting Pronouncements – The following pronouncements represent relevant current accounting guidance applicable to nonprofit organizations:

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

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires an organization's management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of April 15, 2021 (the date of the Independent Auditors' Report), CGRS-CA management has made this evaluation and has determined that CGRS-CA has the ability to continue as a going concern. *(continued)*

Notes to Financial Statements
June 30, 2020

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

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

3. Cash and Cash Equivalents

Cash and cash equivalents of \$629,480 at June 30, 2020 consists of funds on deposit in a checking account. Funds on deposit in checking are noninterest-bearing. CGRS-CA attempts to limit its credit risk associated with cash balances by utilizing financial institutions that are well capitalized and highly rated.

4. Grants and Accounts Receivable

Grants and accounts receivable at June 30, 2020 are summarized as follows:

Government grants receivable	\$ 12,751
Program service fees receivable	10,000
Total net assets with donor restrictions	<u>\$ 22,751</u>

All amounts are expected to be collected within one year of the balance sheet date. CGRS-CA uses the direct write-off method with regards to receivables deemed uncollectible. During the year ended June 30, 2020, CGRS-CA recognized no bad debts. Management has evaluated the receivables as of June 30, 2020 and determined that such amounts are fully collectible based on the financial strength of the donors involved.

5. Liquidity

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

For purposes of analyzing resources available to meet general expenditures over a 12-month period, CGRS-CA considers all expenditures related to its ongoing activities of providing legal services to refugee women, children, LGBT individuals, and others to be general expenditures. *(continued)*

Notes to Financial Statements
June 30, 2020

5. Liquidity *(continued)*

In addition to financial assets available to meet general expenditures over the next 12 months, CGRS-CA operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The following table shows the total financial assets held by CGRS-CA and the amounts of those financial assets readily available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$ 629,480
Grants and accounts receivable	22,751
Less: amounts not available to be used within one year:	
Net assets with donor restrictions for programs	(23,133)
Financial assets available to meet general expenditures over the next twelve months	\$ 629,098

As part of CGRS-CA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. CGRS-CA's goal is generally to maintain financial assets to meet 90 days of operating expenses.

6. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions (previously unrestricted net assets) of \$6,075 at June 30, 2020 represents the net cumulative retained surplus of CGRS-CA since its inception.

Net Assets With Donor Restrictions

Net assets with donor restrictions (previously temporarily restricted net assets) at June 30, 2020 are summarized as follows:

Equal Access Fund 2020	\$ 2,804
IOLTA 2020	53,014
Bank Grant	65,337
Borealis project	23,133
Total net assets with donor restrictions	\$ 144,288

During the year ended June 30, 2020, contributions to and releases of net assets with donor restrictions amounted to \$706,058 and \$561,770, respectively.

Notes to Financial Statements
June 30, 2020

7. Occupancy and Related Parties

CGRS-CA occupies office space in San Francisco provided by U.C. Hastings College of the Law (“U.C. Hastings”) under a pro-bono operating agreement. Management has estimated the value of the in-kind occupancy to be a total of \$46,204 for the year ended June 30, 2020. This in-kind contribution is included with in-kind donations on the statement of activities and changes in net assets and as occupancy expense on the statement of functional expenses.

U.C. Hastings provided CGRS-CA with an original start-up funding grant of \$35,000. In addition to receiving pro-bono office space from U.C. Hastings (as noted above), CGRS-CA also receives in-kind contribution of personnel employed by U.C. Hastings (with an estimated value of \$296,232 for both the office space and personnel for the year ended June 30, 2020.) CGRS-CA is the California-focused arm of the U.C. Hastings-based Center for Gender and Refugee Studies (“the Center”) that has grown into an internationally respected resource for gender asylum and related areas, renowned for its knowledge of the law and ability to combine sophisticated legal strategies with policy advocacy and human rights interventions.

Facing increasing demand for the Center’s services from the growing refugee and immigrant populations of California and their representatives, the Center made the decision to incorporate CGRS-CA and apply for 501(c)(3) tax-exempt status in 2014 to expand and strengthen the ability to provide legal technical assistance, training, and litigation resources for attorneys throughout the state. The newly incorporated entity works closely with, and continues to be affiliated with, the Center, bringing into focus the same vision for a world where no one is subject to persecution because of his or her gender, age, sexual orientation, gender identity, or membership in a family or other social group.

In early 2015, the Center entered into a Memorandum of Understanding (MOU) with the U.C. Hastings administration approved by the Board of Directors in support of the Center’s decision to incorporate CGRS-CA as a California nonprofit with the sole focus of protecting the rights of refugees living in California. CGRS-CA is a separate legal entity from the University, yet through the terms of the MOU, continues to be closely affiliated with the U.C. Hastings-based Center, sharing staff, office space, and other resources.

8. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts related to ongoing operational activities, 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) Contractual restrictions and donor conditions which obligate CGRS-CA to fulfill certain requirements as set forth in legal instruments, (b) Funding levels which vary based on factors beyond CGRS-CA’s control, such as general economic conditions, (c) Employment contracts and service agreements with outside contractors, and (d) Financial risks associated with funds on deposit in accounts at financial institutions. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements.

Notes to Financial Statements
June 30, 2020

9. COVID-19

In late 2019, there was an outbreak of a novel strain of coronavirus (COVID-19) which was characterized as a pandemic by the World Health Organization on March 11, 2020.

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

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

10. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, CGRS-CA has evaluated subsequent events through April 15, 2021, 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.