

ASIAN PACIFIC AMERICAN COMMUNITY CENTER

**Financial Statements
Years Ended June 30, 2023 and 2022**

ASIAN PACIFIC AMERICAN COMMUNITY CENTER

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Asian Pacific American Community Center
San Francisco, California

Opinion

I have audited the accompanying financial statements of Asian Pacific American Community Center (APACC) (a California nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of APACC as of June 30, 2023, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of APACC and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 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 APACC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT (Continued)

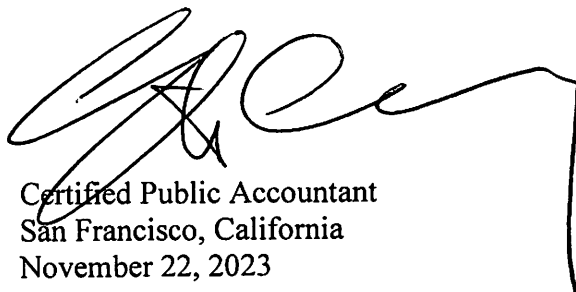
Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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. 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 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, I:

- 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 APACC'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about APACC's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



Certified Public Accountant
San Francisco, California
November 22, 2023

ASIAN PACIFIC AMERICAN COMMUNITY CENTER
STATEMENTS OF FINANCIAL POSITION
For the Years Ended June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 340,242	\$ 301,510
Trade receivable	4,841	28,892
Government receivables (Note 3)	171,645	116,548
Prepaid expense	7,896	2,162
Total current assets	524,624	449,112
Fixed asset		
Net property and equipment (Note 4)	14,657	20,322
TOTAL ASSETS	\$ 539,281	\$ 469,434
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 34,118	\$ 39,088
Total current liabilities	34,118	39,088
TOTAL LIABILITIES	34,118	39,088
 NET ASSETS		
Without donor restriction	505,163	430,346
TOTAL NET ASSETS	505,163	430,346
TOTAL LIABILITIES AND NET ASSETS	\$ 539,281	\$ 469,434

See notes to financial statement.

ASIAN PACIFIC AMERICAN COMMUNITY CENTER
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Years Ended June 30, 2023 and 2022

	<u>Without Donor Restriction</u>	<u>2023 Total</u>	<u>2022 Total</u>
REVENUE, GAINS, AND OTHER SUPPORT			
Grant & contracts	\$ 10,000	\$ 10,000	\$ 95,000
Government contracts	-	-	675,543
Program contracts	1,053,086	1,053,086	82,621
Contributions	38,218	38,218	61,847
Other revenue	26,412	26,412	13,646
	<u>1,127,716</u>	<u>1,127,716</u>	<u>928,657</u>
FUNCTIONAL EXPENSES			
Program services	987,540	987,540	805,141
Management & General	65,359	65,359	35,653
Fundraising	-	-	1,554
	<u>1,052,899</u>	<u>1,052,899</u>	<u>842,348</u>
CHANGE IN NET ASSETS	<u>74,817</u>	<u>74,817</u>	<u>86,309</u>
NET ASSETS, beginning of year	<u>430,346</u>	<u>430,346</u>	<u>344,037</u>
NET ASSETS, End of year	<u>\$ 505,163</u>	<u>\$ 505,163</u>	<u>\$ 430,346</u>

See notes to financial statement.

**ASIAN PACIFIC AMERICAN COMMUNITY CENTER
STATEMENTS OF FUNCTIONAL EXPENSES**

	Program Services	Management General &	2023 Total	2022 Total
Salaries	\$ 711,358	\$ 32,186	\$ 743,544	\$ 616,464
Benefits	80,513	17,632	98,145	85,715
Consulting	20,263	632	20,895	33,907
Fees, Bank Charges, Interest	135	711	846	535
Dues & Subscriptions	39	800	839	500
Insurance	4,779	135	4,914	4,543
Meals	1,177	2,063	3,240	2,142
Occupancy Expenses	17,428	232	17,660	15,863
Postage and Printing	-	75	75	53
Supplies	-	811	811	2,739
Telephone	1,583	98	1,681	1,139
Professional Service Expenses	1,800	-	1,800	-
Fundraising Expense	-	-	-	1,554
Advertising	-	-	-	75
Travel	-	-	-	4,283
Holiday Event Expense	-	762	762	-
Charitable Contributions	-	1,500	1,500	-
Other Expenses	-	-	-	4,862
Program Expenses	148,465	2,058	150,523	63,089
Depreciation	-	5,664	5,664	4,885
Total Functional Expenses	\$ 987,540	\$ 65,359	\$ 1,052,899	\$ 842,348

See notes to financial statement.

ASIAN PACIFIC AMERICAN COMMUNITY CENTER
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 74,817	86,309
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in assets:		
Trade receivable	24,052	(94,510)
Government receivables	(55,097)	-
Prepaid expense	(5,734)	5,125
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(4,970)	9,759
Depreciation	5,664	4,885
Net Cash Provided by Operating Activities	38,732	11,568
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(3,894)
Net Cash (Used) in Investing Activities	-	(3,894)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	38,732	7,674
CASH AND CASH EQUIVALENTS, at beginning of year	301,510	293,836
CASH AND CASH EQUIVALENTS, at end of year	\$ 340,242	\$ 301,510
 Supplemental information:		
Interest	\$ -	\$ -

See notes to financial statement.

ASIAN PACIFIC AMERICAN COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENT
For the Years Ended June 30, 2023 and 2022

NOTE 1 – ORGANIZATION

APACC’s mission is to help strengthen Asian Pacific American families living in Visitation Valley by providing linguistically and culturally appropriate programs and services. Our clients are mostly low- and moderate-income immigrant families with limited or no English proficiency. The goal of our programs are to ensure that our clients receive support in the form of education, resources and referrals needed to adapt and become self-sufficient. Our ultimate goal is for families to thrive and our community to be confident, healthy, strong and safe.

APACC is a 501(c)3 non-profit located in the Visitation Valley neighbourhood of San Francisco at 66 Raymond Ave. San Francisco, CA 94134. APACC primarily provides assistance to low-income families and community members. Services include social services/translation services, applying for low-income housing, applying for CalFresh, Med-Cal, Youth After School Program, Youth Summer Program, safety workshops, voters workshops, recycling education workshops, annual holiday food giveaway, annual holiday toy giveaway, Free Low-Income Tax Filing, Waste Disposal Education programs, and much more.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) Basis of Presentation - The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.
- (b) Estimates - 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (c) Grants & Accounts Receivable - Accounts receivable are stated at the amount management expects to collect on outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

ASIAN PACIFIC AMERICAN COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENT
For the Years Ended June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (d) 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 not opted to do so as of June 30, 2023 and 2022.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent funds which are 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 such 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.

- (e) Revenue Recognition - Grant and government contracts will recognize as income when its earned.

The Organization may have gifts of cash and other assets as restricted support if they are received with a donor's stipulation limiting the use of the donated assets. When a donor's restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

- (f) Grants and Contributions Receivable - Grants and contributions receivable include unconditional commitments from foundations and individuals that are recorded at their net realizable value.

ASIAN PACIFIC AMERICAN COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENT
For the Years Ended June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (g) Income Taxes - The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from the federal and state income taxes under the Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701 (d). The Organization has evaluated its current tax positions and has concluded that as of June 30, 2023, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.
- (h) Cash and Cash Equivalents - For purposes of the statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Management believes the Organization is not evoked to any significant credit risk on cash and cash equivalents, as all balances were covered by FDIC insurance.
- (i) In-Kind Contributions - Contributed services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. No such contributions were recognized in fiscal years 2023.
- (j) Property and Equipments Depreciation – Property and equipments are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Property and equipments consist of all capitalized assets which are expected to be useful for more than one year and cost \$1,000 or more. Depreciation is provided over the estimated useful lives of the assets, 5 to 20 years, on a straight-line basis.
- (k) Concentrations of Credit Risk - Financial instruments, which potentially subject the league to a concentration of credit risk, principally consists of cash. Cash in bank accounts may, at times, exceed federally insured limits. Asian Pacific American Community Center has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk.
- (l) Functional Allocation of Expenses - The costs of providing various programs activities have been summarized on a functional basis in the statement of Activities. Accordingly, certain costs have been allocated among program, general and administrative, and fundraising services based on the ratio of each activity's direct salary cost to total salary expense. Program expenses include all costs relating to the leagues.

ASIAN PACIFIC AMERICAN COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENT
For the Years Ended June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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). APACC groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1

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

Level 2

Other observable inputs, either directly or indirectly, including:

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

Level 3

Unobservable inputs that cannot be corroborated by observable market data.

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

ASIAN PACIFIC AMERICAN COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENT
For the Years Ended June 30, 2023 and 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (n) Subsequent Events - At the time of the audit, the Organization has evaluated all subsequent events through November 22, 2023, the date the financial statements were available to be issued, and determined that there is no material impact from the subsequent events.
- (o) Comparative Financial Information - The accompanying financial statements include certain prior-year summarized comparative information in total but not by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the reviewed financial statements for the year ended June 30, 2022, from which the summarized information was derived.
- (p) Reclassifications - Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. These reclassifications had no impact on previously reported net assets.

NOTE 3 – GRANTS & ACCOUNTS RECEIVABLE

Grants and accounts receivable consists of government contracts and program receivable at June 30, 2023 and 2022. The Organization generally does not require collateral on accounts receivable. Bad debts are provided on the allowance method based on historical experience and management’s evaluation of outstanding accounts receivable. Management deemed no allowance necessary for the year June 30, 2023 and 2022.

Accounts receivable consist of tuition fees as follows:

	2023	2022
Trade receivable	\$ 4,841	\$ 28,892
Government receivables	171,645	116,548
	\$ 176,486	\$ 145,440

**ASIAN PACIFIC AMERICAN COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENT
For the Years Ended June 30, 2023 and 2022**

NOTE 4 –PROPERTY AND EQUIPMENT

Property and equipment consist of as follows:

	2023	2022
Office furniture and equipment	\$ 39,050	\$ 39,051
	39,050	39,051
Less accumulated depreciation	24,393	18,729
Total	\$ 14,657	\$ 20,322

Depreciation expense amounted to \$5,644 and \$4,885 for the years ended June 30, 2023 and 2022, respectively.

NOTE 5– LEASES

The Organization sub-leases it’s office and program space from another Not-for-profit on month-to-month operating leases expired on August 2021. Currently APACC’s sublease is under Board of Supervisor approval plan.

Rental expense amounted to \$17,066 and \$11,906 for the years ended June 30, 2023 and 2022 respectively.

NOTE 6 – COVID-19

COVID-19

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Organization’s ability to conduct program activities or raise contributions. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. As such, the financial impact of this situation cannot be reasonably estimated at this time.

ASIAN PACIFIC AMERICAN COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENT
For the Years Ended June 30, 2023 and 2022

NOTE 7 – RISKS & UNCERTAINTIES

Revenue Concentration

Approximately 72% of the Organization's total support and revenue is derived from local government grants. Should funding from this grant decrease, the Organization could experience a contraction of its services.

Funding Source Requirements

The Organization receives contributions and grants that are restricted for a specific program or purpose. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to be returned to the donor. It is management's opinion that all donor conditions have been met for grants and contributions that have either been recorded as unrestricted or for which donor restrictions have been released.

Cash Deposits in Excess of FDIC Insurance Limits

The Organization maintains its cash deposits with several financial institutions. Such amounts may at times exceed Federal Deposit Insurance Corporation limits (currently \$250,000 per depositor per institution), however, management believes the risk of loss is minimal. Total uninsured cash was approximately \$0 as of June 30, 2023 and 2022.

NOTE 8– LIQUIDITY

APACC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. APACC has various sources of liquidity at its disposal, including cash and equivalents and receivables. For purposes of analysing resources available to meet general expenditures over a 12-month period, APACC considers all expenditures related to its ongoing activities of promoting healthier lives and prevent disease among underserved populations as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, APACC operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

**ASIAN PACIFIC AMERICAN COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENT
For the Years Ended June 30, 2023 and 2022**

NOTE 8– LIQUIDITY (Continued)

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 340,242	\$ 301,510
Accounts receivable	176,486	145,440
Total financial assets	516,728	446,950
Total	\$ 516,728	\$ 446,950

APACC receives a substantial amount of support by way of restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, APACC must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of APACC’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. APACC’s goal is generally to maintain financial assets to meet 90 days of operating expenses.

NOTE 9– COMMITMENTS AND CONTINGENCIES

In the normal course of business APACC could be subject to certain commitments and contingencies which might not be fully reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) grant restrictions and donor conditions which obligate APACC to fulfill certain requirements as set forth in grant instruments, (b) funding levels which vary based on factors beyond APACC’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.