
ASIAN AMERICANS - PACIFIC ISLANDERS IN PHILANTHROPY

FINANCIAL STATEMENTS

June 30, 2019

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

ASIAN AMERICANS-PACIFIC ISLANDERS IN PHILANTHROPY

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Asian Americans - Pacific Islanders in Philanthropy
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of Asian Americans - Pacific Islanders in Philanthropy, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, 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 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 Asian Americans - Pacific Islanders in Philanthropy as of June 30, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Asian Americans - Pacific Islanders in Philanthropy's June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 21, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature in cursive script that reads "Crosby & Landa CPAs LLP".

Oakland, California

October 23, 2019

ASIAN AMERICANS-PACIFIC ISLANDERS IN PHILANTHROPY

Statement of Financial Position
June 30, 2019
(With Comparative Totals as of June 30, 2018)

	2019	2018
Assets		
Current Assets		
Cash	\$ 597,992	\$ 914,418
Contributions receivable	1,090,000	860,182
Accounts receivable	12,958	-
Prepaid expense	12,667	12,107
Total current assets	1,713,617	1,786,707
Property and equipment, net (Note 3)	2,026	2,530
Deposits	8,300	8,300
Total Assets	\$ 1,723,943	\$ 1,797,537
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 43,895	\$ 25,408
Accrued vacation	23,002	23,834
Deferred revenue	-	2,500
Total Liabilities	66,897	51,742
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Without donor restrictions	353,877	341,853
With donor restrictions (Note 6)	1,303,169	1,403,942
Total Net Assets	1,657,046	1,745,795
Total Liabilities and Net Assets	\$ 1,723,943	\$ 1,797,537

See Notes to the Financial Statements

ASIAN AMERICANS-PACIFIC ISLANDERS IN PHILANTHROPY

**Statement of Activities
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
Support and Revenue				
Support				
Grants and contributions	\$ 57,785	\$ 535,500	\$ 593,285	\$ 1,635,623
Institutional memberships	282,500		282,500	319,750
Total Support	<u>340,285</u>	<u>535,500</u>	<u>875,785</u>	<u>1,955,373</u>
Revenue				
Individual memberships	11,000		11,000	12,500
Conference fees	15,025		15,025	14,875
Interest income			-	800
Other	225		225	1,115
Total Revenue	<u>26,250</u>	<u>-</u>	<u>26,250</u>	<u>29,290</u>
Support provided by expiring time and purpose restrictions	<u>636,273</u>	<u>(636,273)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,002,808</u>	<u>(100,773)</u>	<u>902,035</u>	<u>1,984,663</u>
Expenses				
Program	777,010		777,010	718,888
Management and general	183,052		183,052	241,803
Membership development	<u>30,722</u>		<u>30,722</u>	<u>31,153</u>
Total Expenses	<u>990,784</u>	<u>-</u>	<u>990,784</u>	<u>991,844</u>
Change in Net Assets	12,024	(100,773)	(88,749)	992,819
Net Assets, beginning of year	<u>341,853</u>	<u>1,403,942</u>	<u>1,745,795</u>	<u>752,976</u>
Net Assets, end of year	<u>\$ 353,877</u>	<u>\$ 1,303,169</u>	<u>\$ 1,657,046</u>	<u>\$ 1,745,795</u>

See Notes to the Financial Statements

ASIAN AMERICANS-PACIFIC ISLANDERS IN PHILANTHROPY

**Statement of Cash Flows
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (88,749)	\$ 992,819
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	504	805
Change in assets and liabilities:		
Contributions receivable	(229,818)	(772,182)
Accounts receivable	(12,958)	-
Prepaid expense	(560)	(1,423)
Accounts payable and accrued expenses	18,487	(65,213)
Accrued vacation	(832)	3,505
Deferred revenue	(2,500)	(2,500)
Net cash provided (used) by operating activities	(316,426)	155,811
Net change in cash	(316,426)	155,811
Cash, beginning of year	914,418	758,607
Cash, end of year	\$ 597,992	\$ 914,418

See Notes to the Financial Statements

ASIAN AMERICANS-PACIFIC ISLANDERS IN PHILANTHROPY

**Statement of Functional Expenses
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

	Programs		Total Program	Management and General	Membership Development	Total	
	Projects	Membership				2019	2018
Salaries	\$ 224,784	\$ 108,419	\$ 333,203	\$ 80,247	\$ 21,537	\$ 434,987	\$ 420,387
Employee benefits	20,571	9,922	30,493	7,344	1,971	39,808	40,469
Payroll taxes	18,287	8,820	27,107	6,529	1,752	35,388	33,664
Total Personnel	<u>263,642</u>	<u>127,161</u>	<u>390,803</u>	<u>94,120</u>	<u>25,260</u>	<u>510,183</u>	<u>494,520</u>
Regrants	87,500	-	87,500	-	-	87,500	71,718
Fees for service	63,696	47,529	111,225	54,071	-	165,296	148,235
Office expenses	14,294	6,894	21,188	5,101	1,370	27,659	22,997
Information technology	13,049	6,097	19,146	4,611	1,237	24,994	7,895
Occupancy	27,560	13,293	40,853	9,839	2,641	53,333	53,243
Travel, conferences and meeting	41,523	59,047	100,570	13,092	-	113,662	183,263
Depreciation	260	126	386	93	25	504	805
Dues and membership	2,420	-	2,420	1,422	-	3,842	4,777
Insurance	1,969	950	2,919	703	189	3,811	4,391
Total Expenses	<u>\$ 515,913</u>	<u>\$ 261,097</u>	<u>\$ 777,010</u>	<u>\$ 183,052</u>	<u>\$ 30,722</u>	<u>\$ 990,784</u>	<u>\$ 991,844</u>

See Notes to the Financial Statements

ASIAN AMERICANS - PACIFIC ISLANDERS IN PHILANTHROPY

Notes to the Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

NOTE 1: NATURE OF ACTIVITIES

Asian Americans - Pacific Islanders in Philanthropy (AAPIP or the Organization) is a nonprofit public benefit corporation founded in 1990. AAPIP is a national membership and philanthropic advocacy organization dedicated to expanding and mobilizing resources for Asian American/Pacific Islander (AAPI) communities to build a more just and equitable society. AAPIP's members include staff and trustees of foundations and other grant making entities as well as individual donors and philanthropy-serving professionals. In addition, AAPIP supports ten regional chapters in the United States (Boston, Chicago, Los Angeles, Minneapolis, New York, Philadelphia, San Francisco, Seattle, Silicon Valley and Washington DC). These chapters are centers for place-based advocacy, information sharing, leadership development, and network building around AAPI issues and philanthropy.

AAPIP's programs include a range of convening, research and advocacy, community philanthropy or "Giving Circles" and other incubation projects. These programs are designed to engage AAPI communities and philanthropy to address unmet needs; serve as a resource for and about AAPI communities; support informed, grassroots giving within and to AAPI communities; and explore new ideas and approaches for social justice philanthropy.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature. There were no restrictions of this nature as of June 30, 2019.

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Notes to the Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net are reported as decreases in net assets without donor restrictions.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest bearing amounts due from members. The Organization considers all accounts receivable to be fully collectible at June 30, 2019. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Contributions Receivable

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The Organization considers all contributions receivable to be fully collectible at June 30, 2019. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts

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Notes to the Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

become uncollectible, they are charged to expense in the period in which that determination is made.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under 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 as of June 30, 2019 and is not aware of 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.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended June 30, 2019.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on June 30, 2019.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

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Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$1,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Computer equipment and software	3-5 years
Furniture, fixtures and equipment	3-7 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Deferred Revenue

Deferred revenue represents membership dues received for services that have not been completely fulfilled.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on tracking by functional area in payroll system.

Occupancy, depreciation, and amortization, interest, telephone and internet services, insurance, and supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of employee full time equivalents.

Management and general activities include the functions necessary to provide support for the organization's program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising

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For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising.

Changes in Accounting Principles

The Organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a disclosure about liquidity and availability of resources.

The changes have the following effect on net assets at June 30, 2018:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 341,853	\$ -
Temporarily restricted net assets	1,403,942	-
Net assets without donor restrictions	-	341,853
Net assets with donor restrictions	-	<u>1,403,942</u>
Total	<u>\$ 1,745,795</u>	<u>\$ 1,745,795</u>

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of October 23, 2019 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

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**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

	<u>2019</u>	<u>2018</u>
Computer equipment and software	\$ 17,660	\$ 17,660
Furniture and fixtures	2,765	2,765
Less accumulated depreciation	<u>(18,399)</u>	<u>(17,895)</u>
Total	<u>\$ 2,026</u>	<u>\$ 2,530</u>

NOTE 4: COMMITMENTS

Operating Leases

The Organization leases office equipment that expires on March 10, 2020. Future minimum lease payments totaled \$228 for the year ended June 30, 2020.

NOTE 5: CONTINGENCIES

Compliance with Donor Restrictions

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

Sabbaticals

The Organization offers regular full-time employees up to six weeks paid sabbatical leave after five continuous years of service. Leave must be taken within 24 months of the date the employee becomes eligible or it will be forfeited. Sabbatical benefits do not vest, and leave is subject to the ability of the Organization to accommodate the leave of absence. The President and CEO retains the discretion to grant or deny requests for sabbatical leave. As of June 30, 2019, the Organization's management has estimated that any costs to the Organization to implement this policy would not be significant, and therefore has not accrued the liability.

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of June 30:

	<u>2019</u>	<u>2018</u>
LA Chapter	\$ 5,670	\$ -
CHANGE Philanthropy	1,039,999	1,234,629
Future use	<u>257,500</u>	<u>169,313</u>
Total	<u>\$ 1,303,169</u>	<u>\$ 1,403,942</u>

NOTE 7: LINE OF CREDIT

The Organization has a secured line of credit with a bank for a total of \$150,000 to be drawn down upon as needed, with a floating interest rate equal to the Index plus 2.00%, or

ASIAN AMERICANS - PACIFIC ISLANDERS IN PHILANTHROPY

**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

the Floor Rate of 5.00% whichever is greater. As of June 30, 2019 and 2018, there was no balance outstanding.

NOTE 8: CONDITIONAL PROMISES TO GIVE

In addition to the activity reflected on the Organization's statement of activity, the Organization received \$50,000 in conditional promises to give as of June 30, 2019 based on program performance and reporting requirements. The Organization recognizes such promises to give as support once the related conditions are satisfied.

NOTE 9: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 are:

Financial assets:	
Cash	\$ 597,992
Contributions receivable	1,090,000
Accounts receivable	<u>12,958</u>
Total financial assets	1,700,950
Less: purpose-restricted net assets	<u>(1,045,669)</u>
Amount available for general expenditures within one year	<u>\$ 655,281</u>

As part of the Organization's liquidity management plan, the Organization maintains funds in excess of daily requirements in cash. The Organization maintains a revolving line of credit of \$150,000 to cover short-term cash needs (Note 7).

NOTE 10: CONCENTRATIONS

Revenue Concentrations and Receivables

During the year ended June 30, 2019, the Organization received approximately 45% of its support and revenue from two foundations. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities.

Contributions receivable consist entirely of amounts due from one foundation.