VIETNAMESE YOUTH DEVELOPMENT CENTER

(A California Not-For-Profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2017

RINA
accountancy corporation

VIETNAMESE YOUTH DEVELOPMENT CENTER

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Independent Auditors' Report

Board of Directors
Vietnamese Youth Development Center

We have audited the accompanying financial statements of Vietnamese Youth Development Center (a California not-for-profit corporation), which comprise the statements of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the years then ended.

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 the 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 Vietnamese Youth Development Center as of June 30, 2017 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.

Certified Public Accountants

San Francisco, California
May 18, 2018

VIETNAMESE YOUTH DEVELOPMENT CENTER

STATEMENT OF FINANCIAL POSITION

ASSETS	June 30, 2017
Cash	$ 29,199
Contracts and grants receivable	452,074
Prepaid expenses	652
TOTAL CURRENT ASSETS	481,925
Property and equipment, net	32,489
Deposits	1,390
TOTAL ASSETS	$ 515,804
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$ 137,126
Accrued vacation	31,460
Line of credit	19,883
TOTAL LIABILITIES (ALL CURRENT)	188,469
NET ASSETS:	
Unrestricted	327,335
Temporarily restricted	-
TOTAL NET ASSETS	327,335
TOTAL LIABILITIES AND NET ASSETS	$ 515,804

See notes to financial statements.

VIETNAMESE YOUTH DEVELOPMENT CENTER

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Totals
SUPPORT AND REVENUE:			
Support:			
Government Awards	$ 1,129,101	$ -	$ 1,129,101
Contributions	16,506	-	16,506
Foundation and business grants	74,301	-	74,301
Total support	1,219,908	-	1,219,908
Revenue:			
Other income	807	-	807
TOTAL SUPPORT AND REVENUE	1,220,715	-	1,220,715
EXPENSES:			
Program	934,644	-	934,644
Management and general	90,606	-	90,606
Fundraising	23,930	-	23,930
TOTAL EXPENSES	1,049,180	-	1,049,180
CHANGE IN NET ASSETS	171,535	-	171,535
NET ASSETS, beginning of year	155,800	-	155,800
NET ASSETS, end of year	$ 327,335	$ -	$ 327,335

See notes to financial statements.

VIETNAMESE YOUTH DEVELOPMENT CENTER

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Program	Management and General	Fundraising	Total
Salaries	$ 423,571	$ 27,446	$ 4,579	$ 455,596
Employee benefits	120,252	16,273	640	137,165
Payroll taxes	51,090	2,557	640	54,287
Total personnel	594,913	46,276	5,859	647,048
Accounting	-	20,720	-	20,720
Professional fees	69,153	254	761	70,168
Advertising and promotion	26,253	569	494	27,316
Equipment rental and maintenance	12,599	220	178	12,997
Office Expenses	85,996	585	1,136	87,717
Occupancy	43,908	2,128	1,688	47,724
Travel and meals	15,896	17	47	15,960
Event expenses	701	-	10,466	11,167
Interest	-	6,465	-	6,465
Depreciation	-	10,595	-	10,595
Insurance	8,463	502	430	9,395
Miscellaneous	76,762	2,275	2,871	81,908
Total expenses	$ 934,644	$ 90,606	$ 23,930	$ 1,049,180

See notes to financial statements.

VIETNAMESE YOUTH DEVELOPMENT CENTER

STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 171,535
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	10,595
Decrease (increase) in:	
Contracts and grants receivable	(231,035)
Prepaid expenses	2,334
Deposits	510
Increase (decrease) in:	
Accounts payable and accrued expenses	50,612
Accrued vacation	16,192
Deferred revenue	(12,442)
NET CASH PROVIDED BY OPERATING ACTIVITIES	8,301
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of fixed assets	(21,552)
NET CASH USED BY INVESTING ACTIVITIES	(21,552)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net change in lines of credit	(6,117)
Repayments on borrowings	(5,000)
NET CASH USED BY FINANCING ACTIVITIES	(11,117)
NET CHANGE IN CASH	(24,368)
CASH AND CASH EQUIVALENTS, beginning of year	53,565
CASH AND CASH EQUIVALENTS, end of year	$ 29,199
SUPPLEMENTAL INFORMATION	
Interest paid	$ 6,465

See notes to financial statements.

VIETNAMESE YOUTH DEVELOPMENT CENTER

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2017

Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of activities:

Vietnamese Youth Development Center (VYDC), a California non-profit organization formed in 1978 to provide employment skills training and opportunities, education and leadership development to Asian Pacific Islander and urban youth. VYDC its funding from local, county, and state agencies with certain portions of its funding originating from the federal government and private grants and contributions.

Financial statement format:

VYDC classifies its net assets and activities into one of three categories: unrestricted, temporarily restricted and permanently restricted. Descriptions of these categories are as follows:

Unrestricted: Those net assets and activities which represent the portion of expendable funds that are available to support operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

Temporarily restricted: Those net assets and activities which are donor-restricted for (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets. There were no temporarily restricted net assets as of June 30, 2017.

Permanently restricted: Those net assets and activities which are permanently donor-restricted for holdings of (a) assets donated with stipulations that they be used for a specified purpose, be preserved, and not sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income. There were no permanently restricted net assets as of June 30, 2017.

Cash:

Cash is considered to be short-term, highly liquid investments with original maturities of three months or less.

Accounts receivable:

Accounts receivable represent amounts billed but not yet collected. VYDC's management considers all accounts and grants receivable to be fully collectible at June 30, 2017. It is the VYDC's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Property and equipment:

Property and equipment are stated at cost of acquisition or construction, or fair value if contributed. Capitalization policy states that records shall be maintained on all tangible fixed assets that have a historical cost of $2,500. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The useful lives of the assets are estimated as follows:

Building and improvements	10 years
Office furniture	3 years
Office equipment	3 years

VIETNAMESE YOUTH DEVELOPMENT CENTER

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2017

Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenue recognition:

Contributions are recognized as revenue when they are unconditionally communicated. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recorded at their fair value as unrestricted support, temporarily restricted support, or permanently restricted support, depending on the absence or existence of donor-imposed restrictions as applicable. When a 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 statements of activities as net assets released from restrictions. Contributions restricted for the purchase of long-lived assets, are reported as unrestricted support, when expended for that purpose. Contributed services are stated at their estimated fair value, if they are ordinarily purchased and are of a specialized nature.

Income taxes:

VYDC is exempt from federal and state income taxes under Section 501 (c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements.

Subsequent events:

Management has evaluated subsequent events through May 18, 2018, the date which the financial statements were available for issue. No significant events were identified that require additional disclosure.

Note 2. NATURE 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3. CONCENTRATIONS OF RISK:

VYDC receives a portion of its support from state, county, and local governments. A significant reduction in the level of this support, if this were to occur, may have an effect on VYDC programs and activities.

Contracts and grants receivable consist principally of amounts due from other nonprofit organizations and government entities. Approximately 97% of the contracts and grants receivables were from government sources, and approximately 93% of total revenue was from government sources for the year ended June 30, 2017.

Financial instruments that potentially subject VYDC to concentrations of credit risk consist principally of cash and cash equivalents and receivables. At times, cash and cash equivalents were held in financial institutions in amounts exceeding the guaranteed amounts of the Federal Deposit Insurance Corporation.

VIETNAMESE YOUTH DEVELOPMENT CENTER

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2017

Note 4. PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following:

	2017
Furniture and equipment	$ 120,516
Leasehold Improvements	10,311
	130,827
Less accumulated depreciation	(98,338)
Total	$ 32,489

Depreciation expense for the year ended June 30, 2017 was $4,451.

Note 5. LINE OF CREDIT:

VYDC has an operating revolving line of credit with a bank for a total of $26,000 to be drawn down upon as needed, with an interest rate of the index rate of 3.5%. As of June 30, 2017 there was an outstanding balance of $19,883.

Note 6. COMMITMENTS AND CONTINGENCIES:

Commitments:

Operating Leases

VYDC is party to a lease for the community center and office space which expires in August 2026. Future minimum lease payments were as follows for the years ended June 30:

2018	$ 44,208
2019	45,534
2020	46,896
2021	48,304
2022	49,754
Thereafter	223,773
	$ 458,469

Rent for the year ended June 30, 2017 was $37,096.

Contingencies:

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. VYDC deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of VYDC to the provisions of the grants. VYDC's management is of the opinion that VYDC has complied with the terms of all grants.