SOUTHEAST ASIAN DEVELOPMENT CENTER

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2019

SOUTHEAST ASIAN DEVELOPMENT CENTER
June 30, 2019

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Independent Auditor's Report

To the Board of Directors
Southeast Asian Development Center
San Francisco, California

I have audited the accompanying financial statements of Southeast Asian Development Center (a California nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeast Asian Development Center 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.

Allan Liu

Certified Public Accountant
Millbrae, California
January 13, 2020

SOUTHEAST ASIAN DEVELOPMENT CENTER
Statements of Financial Position
June 30, 2019

	2019
ASSETS	
Current assets	
Cash and cash equivalents	$ 220,073
Accounts receivable	4,850
Grants and accounts receivable	336,715
Prepaid expenses	10,405
Deposits	1,600
Total current assets	573,643
Noncurrent assets	
Property and equipment, net	97,991
	97,991
Total assets	$ 671,634
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	$ 88,959
Accrued compensation	50,271
Deferred revenue	42,750
Line of Credit	-
Total liabilities	181,980
Net assets	
Without donor restrictions	489,654
With donor restrictions	-
Total net assets	489,654
Total liabilities and net assets	$ 671,634

The accompanying notes are an integral part of these financial statements.

SOUTHEAST ASIAN DEVELOPMENT CENTER

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Government grants	$ 1,148,105	$ -	$ 1,148,105
Foundation and corporate grants	11,009	-	11,009
Contributions	18,683	-	18,683
Total Support	1,177,797	-	1,177,797
Revenue			
Special events	54,784	-	54,784
Total Support and Revenue	1,232,581	-	1,232,581
Expenses			
Program			
Youth Development	144,357	-	144,357
Health & Wellness	491,231	-	491,231
Economic Self Sufficiency	353,477	-	353,477
Total program expenses	989,064		989,064
Management and general	85,310	-	85,310
Fundraising	74,470	-	74,470
Total Expenses	1,148,844	-	1,148,844
Change in Net Assets	83,737	-	83,737
Net Assets, beginning of year	511,221	-	511,221
Prior period adjustment	(105,304)		(105,304)
Restated Net Assets, beginning of year	405,917	-	405,917
Net Assets, end of year	$ 489,654	$ -	$ 489,654

See accompanying notes to financial statements.

SOUTHEAST ASIAN DEVELOPMENT CENTER

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

	Youth Development	Health & Wellness	Economic Self Sufficiency	Total	Management and General	Fundraising	Total
Salaries & wages	$ 83,012	$ 287,484	$ 233,669	604,164	$ 59,353	$ 24,174	$687,691
Fringes & benefits	15,335	61,333	51,109	127,777	6,550	7,110	141,437
Total personnel	98,346	348,817	284,778	731,941	65,903	31,284	829,128
Accounting fees	8,212	24,066	20,257	52,535	2,607	1,024	56,166
Professional fee	2,400	11,567	11,861	25,828	1,070	5,974	32,872
Subcontract	7,600	-	-	7,600	-	-	7,600
Fundraising Event Expense	1,800	1,348	-	3,148	5	17,519	20,672
Program Consultants	-	360	588	948	-	-	948
Client Related/Program Expense	5,886	41,782	2,089	49,757	384	3,844	53,985
Office Operating Expense	3,877	26,323	6,681	36,881	231	914	38,026
Communications	2,235	5,731	4,520	12,485	693	276	13,454
Occupancy	9,799	22,261	17,038	49,098	11,646	2,056	62,800
Equipment	1,598	3,937	1,966	7,502	-	125	7,627
Travel, Training & Meeting	475	1,210	606	2,290	109	186	2,585
Business Insurance	2,008	3,555	3,042	8,605	982	185	9,772
Miscellaneous Expense	121	274	51	447	-	11,083	11,530
Depreciation and Amortization	-	-	-	-	1,680	-	1,680
Total expenses	$ 144,357	$ 491,231	$ 353,477	$ 989,064	$ 85,310	$ 74,470	$1,148,844

See accompanying notes to financial statements.

SOUTHEAST ASIAN DEVELOPMENT CENTER

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2019

Cash Flows from Operating Activities		
Change in net assets	$	83,737
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Prior period adjustment		(105,304)
Depreciation		1,680
(Increase) decrease in:		
Accounts receivable		(4,850)
Grants receivable		(53,670)
Prepaid expenses		(9,015)
Deposits		4,652
Increase (decrease) in:		
Accounts payable		15,676
Accrued compensation		36,114
Deferred revenue		42,750
Net Cash Used in Operating Activities		11,770
Cash flows from investing activities		
Net purchase of property and equipment		(66,927)
Net cash provided (used) by investing activities		
Net Increase in Cash and Cash Equivalents		(55,157)
Cash and Cash Equivalents, beginning of year		275,230
Cash and Cash Equivalents, end of year	$	220,073

See accompanying notes to financial statements.

(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Southeast Asian Development Center (SEADC) is a California nonprofit public benefit corporation, which was founded in 1978. Southeast Asian Development Center (SEADC) formerly Vietnamese Youth Development Center went through a name change in April 2019. Our new name reflects the beneficiaries we've served since 1977 and allows us to effectively reach out to more Southeast Asians across San Francisco. Our beneficiaries are primarily low-income vulnerable Southeast Asian youth, families, adults and seniors. SEADC provides employment skills training and opportunities, education and leadership development to Southeast Asians and urban youth. SEADC is funded by local, county, and state agencies with certain portions of its funding originating from federal government and private grants and contributions.

Description of Programs

Youth Development
Funding for our youth development programs come from the City and County Departments of San Francisco. They include the Department of Children, Youth and Families, Mayor's Office Of Housing and Community Development, and Japanese Community Youth Council. SEADC provides youth with critical tools and resources to prepare them to transition successfully to adulthood. We offer the following programs:

- Daily homework support in group and one-on-one; extended learning in reading, writing, science and math during summer; group and team building activities; family events to promote bonding and engagement.
- High school youth participate in work experience and exploration opportunities. These will include year-round paid on the job placement, paid/unpaid internships and career exploration workshops.

Health and Wellness
Funding for our health and wellness programs come from the Department of Children, Youth and Families, Department of Public Health, Japanese Community Youth Council, Richmond Area Multi Services Inc. and Community Youth Center. SEADC provides Southeast Asian youth, adults and families with culturally appropriate support for their physical and mental well-being. We offer the following programs:

- Health education and promotion to support social, emotional health, promoting cultural and healing practices, stigma reduction and outreach and engagement.
- Behavioral health services provide Southeast Asian with counseling, linkages and referrals.
- Health advocacy workshops promoting youth leadership skills focus on health inequities in the Southeast Asian community.

Economic Self-Sufficiency
Funding for our economic self-sufficiency programs come from the Mayor's Office of Housing and Community Development, Office of Economic Workforce Development, San Francisco Housing Development Corporation and Hospitality House. SEADC provides Southeast Asian adults and families with support to help them meet basic life needs, be stably housed and gain economic independence. We offer the following programs:

- Daily drop in translation services for limited English speaking Vietnamese clients, assist with coordinating and navigating basic needs,health and life resources.
- Assisting with housing application, and housing counseling.
- Prepared and placed low-income Southeast Asians into jobs and vocational/accredited career programs.

- Weekly English as a Second Language classes to improve English proficiency and language skills.

Basis of Accounting – The accompanying financial statements are presented using the accrual method of accounting.

Financial Statement Presentation – In accordance with U.S. Generally Accepted Accounting, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, 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.

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 are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

Use of Estimates – The preparation of financial statements, in conformity with U.S. generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents consist of cash, checking accounts, money market funds, a money market account, and brokerage accounts.

Accounts Receivables – Accounts receivable represents amounts billed but not yet collected. SEADC's management considers all accounts and grants receivable to be fully collectible at June 30, 2019. It is SEADC's policy to write-off accounts receivables when management determines the receivable is not collectible.

Statement of Cash Flows
For purposes of the statement of cash flows, Southeast Asian Development Center considers all short- term investments with an original maturity of three months or less to be cash equivalents.

Property and Equipment – Property and equipment and furniture are stated of acquisition or construction. Contributed property and equipment are recorded at their estimated fair market values at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3-5 years for equipment and 10 years for property improvements. Southeast Asian Development Center uses $2,500 as its capitalization threshold for office equipment and furniture.

Recent Accounting Guidance **-** During the year ended June 30, 2019, Southeast Asian Development Center adopted Accounting Standards Update 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). Southeast Asian Development Center applied the change on a retrospective basis beginning in the year ended June 30, 2018. The main provisions of this Update require: presentation on the statement of financial position of amounts for two classes of net assets at the end of the period; presentation on the statement of activities of the amount of the change in each of the two classes of net assets; and enhanced disclosures about (1) the amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits, (2) the composition of net assets with donor restrictions and how the restrictions affect the use of resources, (3) qualitative information that communicates how the Southeast Asian Development Center manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position date, (4) quantitative information that communicates the availability of Southeast Asian Development Center' financial assets at the statement of financial position date to meet cash needs for general expenditures within one year of the balance sheet date. There was no effect of this retrospective adoption of the Update there was no change in total net assets as of June 30, 2018.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes – Southeast Asian Development Center is exempt from Federal income and California franchise taxes under provisions of Section 501(c) (3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, respectively. However, tax-exempt organizations are subject to Federal income and California franchise taxes for unrelated business taxable income.

Management has considered its tax positions and believes that all of the positions taken in the federal and state tax returns are more likely than not to be sustained upon examination. The federal and state taxing authorities generally can examine the tax returns for three years and four years after they are filed or the due date of the return, whichever is later, respectively.

Subsequent Events – Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affects the financial statements. Such events have been evaluated through January 13, 2020.

Revenue Recognition-All contributions are considered available for general programs unless specifically restricted by the donor. Contributions are recognized when cash, securities or other assets an unconditional promise to give, or notification of a beneficial interest is received. Amounts received that are designated for future periods or restricted by the donor are reported as support with donor restrictions.

(2) PROPERTY AND EQUIPMENT

Property and Equipment at June 30, 2019 consists of the following:

Furniture and equipment	$208,323
Less accumulated depreciation	(110,332)
	$ 97,991

Southeast Asian Development Center' depreciation expense for the year ended June 30, 2019 was $1,680.

(3) LEASES

On July 28, 2016, Southeast Asian Development Center signed a lease for office space at 166 Eddy Street Center in San Francisco. The terms of the lease are from July 28, 2016 through July 28, 2026, with a monthly base rent range of $3,125.5 to $5,480.58 and with a current security deposit paid of $1,600. SEADC is also liable for monthly share of property taxes and operating expenses. SEADC has two options to extend the lease for an additional five years each, subject to certain conditions. Base rent payments for the fiscal years ending June 2020 through June 2024 are $40,980, $42,213, $43,480, $44,784, and $46,127, respectively and $96,448, thereafter.

(5) CONTINGENCIES

Southeast Asian Development Center receives funds from various government sources that are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, Southeast Asian Development Center has no provision for the possible disallowance of program costs in their financial statements.

(6) CONCENTRATION OF CREDIT RISK

Southeast Asian Development Center maintains its cash and cash equivalents at one major bank. Federal Deposit Insurance Corporation (FDIC) provides insurance for $250,000 per depositor, per insured bank.

At June 30, 2019, the balance in the bank did not exceed the FDIC insurance limit.

(7) PRIOR PERIOD ADJUSTMENT

Prior period adjustment of $105,304 pertains an overstatement of assets by $88,745 and an understatement of liabilities by $16,559 on the June 30, 2018 audit report.

(8) LIQUIDITY AND AVAILABILITY

As part of Southeast Asian Development Center's liquidity management, it goal is to main cash and short-term investments on hand to meet 90 days of normal operating expense, which on average is $300,000. In addition, any cash in excess of the daily requirements is invested in short-term investments and money market funds.

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:

Cash and cash equivalents	$220,073
Grants and account receivable	341,565
Financial assets available at June 30, 2019:	$561,638