SOUTHEAST ASIAN DEVELOPMENT CENTER

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2020

SOUTHEAST ASIAN DEVELOPMENT CENTER
June 30, 2020

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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, 2020, 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, 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.

Allan Liu

Certified Public Accountant
Millbrae, California
December 18, 2020

SOUTHEAST ASIAN DEVELOPMENT CENTER
Statements of Financial Position
June 30, 2020

ASSETS		
Current assets		
Cash and cash equivalents	$	427,290
Accounts receivable		3,800
Grants and accounts receivable		242,239
Prepaid expenses		1,181
Deposits		1,600
Total current assets		676,110
Noncurrent assets		
Property and equipment, net of accumulated depreciation		266,184
of $111,388 (note 2)		266,184
Total assets	$	942,294
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$	53,944
Accrued compensation		66,915
Deferred revenue		42,100
PPP loan (note 8)		84,240
Total current liabilities		247,199
Long-term liabilities		
EIDL Loan (note 8)		10,000
Total Long-term liabilities		10,000
Total liabilities		257,199
Net assets		
Without donor restrictions		685,095
Total net assets		685,095
Total liabilities and net assets	$	942,294

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

SOUTHEAST ASIAN DEVELOPMENT CENTER

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Government grants	$ 1,260,026	$ -	$ 1,260,026
Foundation and corporate grants	82,507	-	82,507
Contributions	12,303	-	12,303
Total Support	1,354,836	-	1,354,836
Revenue			
Special events	3,418	-	3,418
Total Support and Revenue	1,358,254	-	1,358,254
Expenses			
Program			
Youth Development	420,075	-	420,075
Health & Wellness	151,380	-	151,380
Economic Self Sufficiency	388,299	-	388,299
Total program expenses	959,754		959,754
Management and general	153,139	-	153,139
Fundraising	49,920	-	49,920
Total Expenses	1,162,813	-	1,162,813
Change in Net Assets	195,441	-	195,441
Net Assets, beginning of year	489,654	-	489,654
Net Assets, end of year	$ 685,095	$ -	$ 685,095

See accompanying notes to financial statements.

SOUTHEAST ASIAN DEVELOPMENT CENTER

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

	Youth Development	Health & Wellness	Economic Self Sufficiency	Total	Management and General	Fundraising	Total
Salaries & wages	$ 242,450	$ 96,330	$ 227,209	565,989	$ 69,542	$ 29,804	$ 665,335
Fringes & benefits	66,315	28,088	57,230	151,633	17,298	7,414	176,345
Total personnel	308,765	124,418	284,439	717,622	86,840	37,218	841,680
Accounting fees	4,968	160	14,829	19,957	46,115	-	66,072
Professional fee	7,258	1,997	22,560	31,815	4,326	6,591	42,732
Program Consultants	3,208	-	8,438	11,646	-	-	11,646
Client Related/Program Expense	38,088	4,620	6,428	49,136	192	2,760	52,088
Office Operating Expense	12,053	2,669	10,300	25,022	6,046	785	31,853
Communications	7,262	3,073	8,909	19,244	741	318	20,303
Occupancy	28,685	11,155	22,448	62,288	3,183	1,364	66,835
Equipment	4,870	900	6,055	11,825	340	-	12,165
Travel, Training & Meeting	1,552	1,076	870	3,498	807	216	4,521
Business Insurance	3,366	1,312	3,023	7,701	2,051	-	9,752
Miscellaneous Expense	-	-	-	-	1,441	668	2,109
Depreciation and Amortization	-	-	-	-	1,057	-	1,057
Total expenses	$ 420,075	$ 151,380	$ 388,299	$ 959,754	$ 153,139	$ 49,920	$ 1,162,813

See accompanying notes to financial statements.

SOUTHEAST ASIAN DEVELOPMENT CENTER

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2020

Cash Flows from Operating Activities		
Change in net assets	$	195,441
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation		1,057
(Increase) decrease in:		
Accounts receivable		1,050
Grants receivable		94,476
Prepaid expenses		9,224
Deposits		-
Increase (decrease) in:		
Accounts payable		(35,015)
Accrued compensation		16,644
Deferred revenue		(650)
Net Cash Used in Operating Activities		282,227
Cash flows from investing activities		
Net purchase of property and equipment		(169,250)
Net cash provided (used) by investing activities		
Cash flows from financing activities		
EIDL Loan		10,000
PPP Loan		84,240
Net cash provided (used) by financing activities		94,240
Net Increase in Cash and Cash Equivalents		207,217
Cash and Cash Equivalents, beginning of year		220,073
Cash and Cash Equivalents, end of year	$	427,290
Interest expense	$	-

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, 2020. 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 - 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. SEADC has adjusted the presentation of these statements accordingly.

During the year ended June 30, 2020, SEADC adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), using the retrospective method. This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. Analysis of various provisions of this standard resulted in no significant changes in the way SEADCs recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a retrospective prospective basis on July 1, 2018. There was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of July 1, 2019

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.

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, 2020 consists of the following:

Furniture and equipment	$160,352
Leasehold Improvement	217,220
Less accumulated depreciation	(111,388)
	$266,184

Southeast Asian Development Center' depreciation expense for the year ended June 30, 2019 was $1,057.

(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 $42,213, $43,480, $44,784, $46,127 and $47,511, respectively and $48,937, 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.

On June 30, 2020, the balance in the bank exceeded the FDIC insurance limit by $262,800. Management believes the Southeast Asian Development Center is not exposed to any significant credit risk to cash.

(7) 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	$427,290
Grants and account receivable	246,039
Financial assets available at June 30, 2020:	$673,329

(8) 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 December 18, 2020, which is the date the financial statements were available to be issued.

On March 16, 2020, Public health officers from six Bay Area counties, including San Francisco County, announced at 1 p.m. Monday that the region would "shelter in place" beginning 12:01 a.m. Tuesday to slow the spread of COVID-19, colloquially known as the coronavirus and until further notice, workplaces and businesses should implement telecommuting and teleconferencing for their employees, where appropriate and feasible and that only those employees performing essential duties that cannot be performed by telecommuting should physically come to work. Furthermore, state and local public health directives banned gatherings in any formal setting. As a result of the state and local public health directives, SEADC has:

• Beginning on March 18, 2020 SEADC, Inc. changed to a reduced schedule. Staff are present on a rotating schedule with teleworking provided for those working at home.

• Developed different 2020/2021 budget scenarios to determine the best path forward to ensure organizational financial stability for 2020/2021 and beyond in the emerging COVID-19 recession. This process resulted in a revised budget for 2020/2021 and new fund development strategies to support effective organizational functioning and staff retention and address potential budget shortfalls caused by loss of revenue connected to annual in-person performances and recession impacts on philanthropic giving. Future potential impacts may include a continued requirement for employees to work remotely, adjustments to SEADC's annual goals, strategic actions and budget to meet the evolving and emerging needs of people struggling the most to make ends meet, and an impairment of its ability to hold future in person events.

Management and SEADC's Board of Directors continue to carefully monitor the situation, conduct financial scenario planning, and evaluate SEADC's options during this time.

On May 6, 2020, SEADC received loan proceeds in the amount of approximately $174,995 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

SEADC's management chooses not to follow FASB ASC 470 by representing the full amount as a liability, as SEADC expects to meet the PPP's eligibility criteria and concludes that the PPP loan represents, in substance, a grant that is expected to be forgiven, thus they account for the PPP loans in accordance with FASB ASC 958-605 as a conditional contribution. The PPP loan of $174,995 has recognized $90,755 as revenue and expense and the balance of the loan is $84,240 as of June 30, 2020. Management believes that the expenses are for eligible purposes to be forgiven.

Additionally, on April 14, 2020, SEADC received an EIDL Advance which was a grant program offered together with the economic injury loan program. The amount of the grant was determined by the number of employees indicated on the EIDL application: $1,000/employee, up to a maximum of $10,000.