SOUTHEAST ASIAN DEVELOPMENT CENTER

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2021

SOUTHEAST ASIAN DEVELOPMENT CENTER
June 30, 2021

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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, 2021, 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, 2021, 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
April 12, 2022

SOUTHEAST ASIAN DEVELOPMENT CENTER
Statements of Financial Position
June 30, 2021

ASSETS	
Current assets	
Cash and cash equivalents	$ 453,312
Grants and accounts receivable	520,488
Deposits	1,600
Total current assets	975,400
Noncurrent assets	
Property and equipment, net of accumulated depreciation	555,886
of $140,121 (note 2)	555,886
Total assets	$ 1,531,286
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	$ 103,877
Accrued compensation	255,129
Deferred revenue	142,980
Total liabilities	501,986
Net assets	
Without donor restrictions	1,029,300
Total net assets	1,029,300
Total liabilities and net assets	$ 1,531,286

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

SOUTHEAST ASIAN DEVELOPMENT CENTER

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Government grants	$ 2,030,727	$ -	$ 2,030,727
Foundation and corporate grants	59,492	-	59,492
Contributions	16,480	-	16,480
Total Support	2,106,699	-	2,106,699
Revenue			
Special events	10,459	-	10,459
Total Support and Revenue	2,117,158	-	2,117,158
Expenses			
Program			
Youth Development	449,940	-	449,940
Health & Wellness	452,610	-	452,610
Economic Success	606,252	-	606,252
Total program expenses	1,508,802		1,508,802
Management and general	200,321	-	200,321
Fundraising	63,831	-	63,831
Total Expenses	1,772,953	-	1,772,953
Change in Net Assets	344,205	-	344,205
Net Assets, beginning of year	685,095	-	685,095
Net Assets, end of year	$ 1,029,300	$ -	$ 1,029,300

See accompanying notes to financial statements.

SOUTEAST ASIAN DEVELOPMENT CENTER

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

	Youth Development	Health & Wellness	Economic Success	Total	Management and General	Fundraising	Total
Salaries & Wages	$ 286,697	$ 220,050	$ 370,984	$ 877,731	$ 101,218	$ 38,163	$ 1,017,112
Fringes & Benefits	76,792	58,940	99,368	235,100	27,111	10,222	272,433
Total Personnel	363,488	278,991	470,352	1,112,831	128,330	48,385	1,289,545
Professional fee & Consultants	4,478	6,677	41,980	53,134	60,131	3,614	116,879
Program Consultants	-	69,362	-	69,362	-	-	69,362
Client Related/Program Expense	25,047	48,901	16,634	90,582	-	-	90,582
Office Operating Expense	4,087	3,000	13,062	20,148	487	5,526	26,161
Communications	7,370	7,220	5,803	20,393	1,086	1,111	22,591
Occupancy	20,718	14,911	17,249	52,878	4,119	1,945	58,943
Equipment	12,262	11,294	26,198	49,754	508	946	51,209
Travel, Training & Meeting	1,750	28	952	2,729	288	385	3,402
Business Insurance	2,641	6,012	3,541	12,194	-	380	12,574
Miscellaneous Expense	-	-	-	-	2,512	461	2,973
Depreciation and Amortization	8,099	6,216	10,480	24,795	2,859	1,078	28,732
Total Expenses	$ 449,940	$ 452,610	$ 606,252	$ 1,508,802	$ 200,321	$ 63,831	$ 1,772,953

See accompanying notes to financial statements.

SOUTHEAST ASIAN DEVELOPMENT CENTER

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2021

Cash Flows from Operating Activities		
Change in net assets	$	344,205
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation		28,732
(Increase) decrease in:		
Accounts receivable		3,800
Grants receivable		(278,249)
Prepaid expenses		1,181
Increase (decrease) in:		
Accounts payable		49,933
Accrued compensation		188,214
Deferred revenue		100,880
Net Cash Used in Operating Activities		438,696
Cash flows from investing activities		
Net purchase of property and equipment		(318,434)
Net cash provided (used) by investing activities		
Cash flows from financing activities		
EIDL Loan-forgiven		(10,000)
PPP Loan-forgiven		(84,240)
Net cash provided (used) by financing activities		(94,240)
Net Increase in Cash and Cash Equivalents		26,022
Cash and Cash Equivalents, beginning of year		427,290
Cash and Cash Equivalents, end of year	$	453,312
Interest expense	$	13

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, 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 Success
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 those 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.

Grants Receivables – Grants receivable represents amounts billed but not yet collected. SEADC's management considers all accounts and grants receivable to be fully collectible at June 30, 2021. It is SEADC's policy to write-off grants 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, 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 February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. ASU 2016-02 is effective for financial statements issued for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. Southeast Asian Development Center is currently evaluating the impact of adopting this new guidance on its financial statement.

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, 2021 consists of the following:

Furniture and equipment	$160,352
Leasehold Improvement	535,655
Less accumulated depreciation	(140,121)
	$555,886

Southeast Asian Development Center' depreciation expense for the year ended June 30, 2021 was $28,732.

(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 $4,078.07 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 2022 through June 2026 are $43,480, $44,784, $46,127, $47,511, and $48,937, respectively.

(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, 2021, the balance in the bank exceeded the FDIC insurance limit by $209,994. 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	$453,312
Grants and account receivable	520,488
Financial assets available at June 30, 2021:	$973,800

(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 April 12, 2022, which is the date the financial statements were available to be issued.

The coronavirus (SARS-CoV-2) pandemic developed rapidly in 2021, with a significant number of cases globally. Measures taken to contain the virus have significantly affected economic activity. The extent to which the coronavirus pandemic may impact operating results, financial conditions, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted.

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