SOUTHEAST ASIAN DEVELOPMENT CENTER

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

SOUTHEAST ASIAN DEVELOPMENT CENTER
June 30, 2023 and 2022

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Independent Auditor's Report

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

Opinion

I have audited the accompanying financial statements of Southeast Asian Development Center, which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Southeast Asian Development Center as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Southeast Asian Development Center and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Southeast Asian Development Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Southeast Asian Development Center's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southeast Asian Development Center's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Allan Liu

Certified Public Accountant
Millbrae, California
January 2, 2024

SOUTHEAST ASIAN DEVELOPMENT CENTER
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 503,543	$ 466,915
Grants and accounts receivable	816,503	805,650
Prepaids and Deposits	17,734	19,944
Total current assets	1,337,780	1,292,509
Noncurrent assets		
Property and equipment, net of accumulated depreciation of $271,491 and $203,879 (note 2)	443,815	500,861
Right-of-use asset (office lease)	311,709	-
Total assets	$ 2,093,304	$ 1,793,370
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 48,296	$ 82,390
Accrued compensation	157,133	231,233
Deferred revenue	-	56,022
Lease liability	142,477	-
Total current liabilities	347,906	369,645
Lease liability	187,794	-
Total long-term liabilities	187,794	-
Total liabilities	535,700	369,645
Net assets		
Without donor restrictions	76,775	-
With donor restrictions	1,480,829	1,423,725
Total net assets	1,557,604	1,423,725
Total liabilities and net assets	$ 2,093,304	$ 1,793,370

See the accompanying notes to the financial statements.

SOUTHEAST ASIAN DEVELOPMENT CENTER
Statement of Activities
For the Year Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Support						
Government grants	$ 2,547,930	$ -	$ 2,547,930	$ 2,208,694	$ -	$ 2,208,694
Foundation and corporate grants	18,094	76,775	94,869	255,098	-	255,098
Contributions	15,055	-	15,055	288,693	-	288,693
Total Support	2,581,079	76,775	2,657,854	2,752,485	-	2,752,485
Revenue						
Special events	126,533	-	126,533	44,139	-	44,139
Net assets released from restriction	-	-	-			
Total Support and Revenue	2,707,612	76,775	2,784,387	2,796,624	-	2,796,624
Expenses						
Program						
Youth Development	589,733	-	589,733	712,282	-	712,282
Health & Wellness	528,753	-	528,753	684,636	-	684,636
Economic Success	659,483	-	659,483	653,182	-	653,182
Facility	104,709	-	104,709	-	-	-
Safety	422,103	-	422,103	17,180	-	17,180
Total program expenses	2,304,781		2,304,781	2,067,280		2,067,280
Management and general	225,990	-	225,990	193,852	-	193,852
Fundraising	119,738	-	119,738	141,067	-	141,067
Total Expenses	2,650,508	-	2,650,508	2,402,199	-	2,402,199
Change in Net Assets	57,104	76,775	133,879	394,425	-	394,425
Net Assets, beginning of year	1,423,725	-	1,423,725	1,029,300	-	1,029,300
Net Assets, end of year	$ 1,480,829	$ 76,775	$ 1,557,604	$ 1,423,725	$ -	$ 1,423,725

See accompanying notes to financial statements.

SOUTHEAST ASIAN DEVELOPMENT CENTER

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

	Youth Development	Health & Wellness	Economic Success	Facility	Safety	Total	Management and General	Fundraising	Total
Salaries & Wages	$ 349,114	$ 298,558	$ 410,216	$ 53,013	$ 218,179	$ 1,329,080	$ 110,431	$ 26,689	$ 1,466,201
Fringes & Benefits	80,297	68,668	94,350	12,193	50,181	305,689	32,266	6,139	344,093
Total Personnel	429,410	367,226	504,565	65,206	268,361	1,634,769	142,697	32,828	1,810,294
Professional fee & Consultants	6,947	25,231	13,449	319	41,455	87,402	26,892	19,441	133,735
Program Consultants	-	4,000	-	-	-	4,000	-	613	4,613
Event Expense	-	-	108	-	-	108	-	51,283	51,391
Client Related/Program Expense	43,568	29,019	2,005	-	28,962	103,554	393	523	104,471
Office Operating Expense	14,912	14,342	22,340	2,480	8,637	62,711	7,075	1,804	71,591
Communications	9,717	7,736	12,882	640	8,669	39,644	4,245	853	44,741
Occupancy	52,904	38,147	62,241	3,072	43,853	200,217	31,128	4,545	235,891
Equipment	2,146	1,725	2,314	221	1,889	8,297	690	194	9,180
Travel, Training & Meeting	10,707	20,863	14,670	30,079	8,390	84,709	1,756	2,205	88,671
Business Insurance	3,161	6,695	5,918	246	1,825	17,844	1,571	416	19,832
Miscellaneous Expense	160	-	74	-	-	234	4,449	3,802	8,485
Depreciation and Amortization	16,100	13,768	18,917	2,445	10,062	61,292	5,093	1,231	67,615
Total Expenses	$ 589,733	$ 528,753	$ 659,483	$ 104,709	$ 422,103	$ 2,304,781	$ 225,990	$ 119,738	$ 2,650,508

See accompanying notes to financial statements.

SOUTHEAST ASIAN DEVELOPMENT CENTER

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

	Youth Development	Health & Wellness	Economic Success	Safety	Total	Management and General	Fundraising	Total
Salaries & Wages	$ 383,269	$ 354,000	$ 412,250	$ -	$ 1,149,520	$ 98,588	$ 71,933	$ 1,320,041
Fringes & Benefits	88,152	81,420	94,818	0	264,390	27,814	16,545	308,748
Total Personnel	471,421	435,420	507,068	0	1,413,910	126,401	88,477	1,628,788
Professional fee & Consultants	42,561	55,604	51,133	8,230	157,527	51,786	5,174	214,486
Program Consultants	912	92,155	7,909	-	100,975	-	-	100,975
Event expense	-	-	-	-	-	-	27,217	27,217
Client Related/Program Expense	67,123	38,546	4,952	-	110,621	334	1,792	112,746
Office Operating Expense	13,902	5,495	13,205	880	33,484	1,273	4,386	39,143
Communications	10,696	7,671	8,658	2,020	29,045	1,449	2,122	32,617
Occupancy	71,081	22,036	23,849	5,472	122,439	3,925	2,861	129,225
Equipment	4,953	1,343	3,701	333	10,330	253	524	11,107
Travel, Training & Meeting	7,661	3,064	9,300	244	20,269	924	4,496	25,688
Business Insurance	3,462	6,121	3,495	-	13,078	68	283	13,430
Miscellaneous Expense	-	82	-	-	82	2,677	261	3,020
Depreciation and Amortization	18,511	17,097	19,911	-	55,519	4,762	3,474	63,755
Total Expenses	$ 712,282	$ 684,636	$ 653,182	$ 17,180	$ 2,067,280	$ 193,852	$ 141,067	$ 2,402,199

See accompanying notes to financial statements.

SOUTHEAST ASIAN DEVELOPMENT CENTER
Statement of Cash Flows
For the Year Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ 133,879	$ 394,425
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	67,615	63,755
(Increase) decrease in:		
Accounts and grants receivable	(10,853)	(285,162)
Prepaid expenses	2,210	(18,344)
Right-of-use asset	(311,709)	-
Increase (decrease) in:		
Accounts payable	(34,094)	(21,486)
Accrued compensation	(74,100)	(23,896)
Deferred revenue	(56,022)	(86,958)
Lease liability	330,271	-
Net Cash Used in Operating Activities	47,197	22,334
Cash flows from investing activities		
Net purchase of property and equipment	(10,568)	(8,731)
Net cash provided (used) by investing activities		
Net Increase in Cash and Cash Equivalents	36,629	13,603
Cash and Cash Equivalents, beginning of year	466,915	453,312
Cash and Cash Equivalents, end of year	$ 503,544	$ 466,915
Interest expense	$ -	$ 110
Right-of-use asset obtained in exchange for lease obligation	$ 511,741	$ -

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.

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 represent amounts billed but not yet collected. SEADC's management considers all accounts and grants receivable to be fully collectible at June 30, 2023. It is SEADC's policy to write-off grants receivable 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, 2023, Southeast Asian Development Center adopted Financial Accounting Standards Board ASU 2016-02, Leases (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than twelve-months. Leases are classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. Southeast Asian Development Center elected to apply the modified retrospective transition approach for the standard by applying the standard to all leases existing at the date of initial adoption. The transition requirements are applied at the July 1, 2022, effective date rather than at the beginning of the earliest comparative period presented. There was no cumulative effect adjustment in the period of adoption.

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, consists of the following:	2023	2022
Furniture and equipment	$179,652	$169,083
Leasehold Improvement	535,654	535,654
Less accumulated depreciation	(271,491)	(203,876)
	$443,815	$500,861

Southeast Asian Development Center's depreciation expense for the years ended June 30, 2023 and 2022 was $67,615 and $63,755, respectively.

(3) LEASES

Southeast Asian Development Center recognizes and measures its leases in accordance with FASB ASC 842, Leases. Southeast Asian Development Center determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. A contract contains a lease if there is an identified asset and Southeast Asian Development Center has the right to control the asset. Lease terms include options to extend the lease when it is reasonably certain those options will be exercised. Southeast Asian Development Center recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index rate. Southeast Asian Development Center has elected to use the risk-free rate in lieu of determining an incremental borrowing rate as its discount rate for all leases which is the Treasury constant maturity rate as of the lease commencement date for yield-curve-rates of similar length to the lease term. The ROU asset is subsequently measured throughout the lease term at the present value of remaining lease payments, plus any unamortized initial direct costs. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

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 2024 through June 2026 are $46,127, $47,511, and $48,937, respectively.

Additionally, on March 1, 2022, Southeast Asian Development Center signed a lease for office space at 281 Ellis Street in San Francisco. The terms of the lease are three- and one-half years, commencing on March 16, 2022 and ending on March 31, 2025 with base rent of $7,700 and with a current security deposit paid of $15,400. Base rent payments for the fiscal year ending June 2024 are $92,400 and $69,700 for fiscal year ending June 30, 2025.

Future minimum lease payments for the operating lease (including the option to extend) as of June 30, 2023, are as follows:

Year ending June 30	2024	$ 136,385
	2025	121,369
	2026	48,654
Total minimum lease payments		306,408
	Less interest	(5,301)
	Present value of lease liabilities	$ 311,709

Maturities of lease liabilities under noncancellable operating leases are as follows:

Year ending June 30	2024	$ 142,477
	2025	124,695
	2026	63,099
Total Lease liability		$330,271

(4) ACCRUED VACATION PAYABLE

Employees of Southeast Asian Development Center are entitled to paid vacation based on length of service and other factors. Employees gain a vested right to accumulated vacation. As of June 30, 2023 and 2022 the value of accumulated vacation was $48,771 and $41,904, respectively.

Sick leave benefits are accumulated for each employee, but employees do not gain a vested right to the accumulated sick leave benefits and are therefore not recognized as a liability by Southeast Asian Development Center, and sick leave benefits are recorded as expenditures in period taken.

(5) WITH DONOR RESTRICTIONS

With donor restrictions were as follows:

Support for 2023/2024	$ 76,775
Total	$ 76,775

(6) 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.

(7) 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.

As of June 30, 2023 and 2022, the balance in the bank as of exceeded the FDIC insurance limit by $406,861 and $279,512, respectively. Management believes the Southeast Asian Development Center is not exposed to any significant credit risk to cash.

(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	$503,543
Grants and account receivable	816,503
Financial assets available at June 30, 2023:	1,320,046
Less those unavailable for general expenditures within one year due to:	
Restricted by donor with time or purpose restrictions	(76,775)
Financial assets available to meet cash needs for general expenditures within one year	$1,243,271

Cash and cash equivalents	$466,915
Grants and account receivable	805,650
Financial assets available at June 30, 2022:	$1,272,565

(9) 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 2, 2024, which is the date the financial statements were available to be issued.

ALLAN LIU, CPA

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southeast Asian Development Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated January 2, 2024.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Southeast Asian Development Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeast Asian Development Center's internal control. Accordingly, I do not express an opinion on the effectiveness of Southeast Asian Development Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southeast Asian Development Center's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southeast Asian Development Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allan Liu

Certified Public Accountant
Millbrae, California
January 2, 2024

SOUTHEAST ASIAN DEVEOPMENT CENTER
DBA SUCCESS CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

FINDINGS AND QUESTIONED COSTS:

PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS

None.

CURRENT YEAR AUDIT FINDINGS AND RECOMMENDATIONS

None.