SOUTHEAST ASIAN DEVELOPMENT CENTER

FINANCIAL STATEMENTS

June 30, 2024

CROSBY & KANEDA
Certified Public Accountants
for Nonprofit Organizations

SOUTHEAST ASIAN DEVELOPMENT CENTER

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Southeast Asian Development Center (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, cash flows and functional expenses, for the year then ended, and the related notes to the financial statements. In our 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, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 our 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 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, including omissions, 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, we:

- 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Crosby + Kaneda CPAs LLP

Alameda, California
April 1, 2025

SOUTHEAST ASIAN DEVELOPMENT CENTER

Statement of Financial Position
June 30, 2024

Assets	
Assets	
Cash and cash equivalents	$ 2,972,644
Accounts receivable	153
Contributions receivable	9,700
Government receivable	556,769
Prepaid expenses and other assets	40,630
Property and equipment, net (Note 3)	5,650,174
Right of use asset - operating lease	156,585
Total Assets	$ 9,386,655
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	$ 252,094
Accrued vacation	68,010
Deferred revenue	96,539
Operating lease liability (Note 4)	169,735
Total Liabilities	586,378
Net Assets	
Without donor restrictions	6,559,849
With donor restrictions (Note 6)	2,240,428
Total Net Assets	8,800,277
Total Liabilities and Net Assets	$ 9,386,655

See Notes to the Financial Statements

SOUTHEAST ASIAN DEVELOPMENT CENTER

Statement of Activities
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Government	$ 2,390,366	$	$ 2,390,366
Government - building	5,000,000	2,500,000	7,500,000
Individual support	11,690		11,690
Foundation and corporate support	37,636		37,636
Special events, net (Note 7)	27,283		27,283
Interest	67,413		67,413
Other income	1,650		1,650
Support provided by expiring time and purpose restrictions	336,347	(336,347)	-
Total Support and Revenue	7,872,385	2,163,653	10,036,038
Expenses			
Program	2,182,704		2,182,704
Management and general	499,177		499,177
Fundraising	111,484		111,484
Total Expenses	2,793,365	-	2,793,365
Change in Net Assets	5,079,020	2,163,653	7,242,673
Net Assets, beginning of year	1,480,829	76,775	1,557,604
Net Assets, end of year	$ 6,559,849	$ 2,240,428	$ 8,800,277

See Notes to the Financial Statements

SOUTHEAST ASIAN DEVELOPMENT CENTER

Statement of Cash Flows
For the Year Ended June 30, 2024

Cash flows from operating activities:	
Change in net assets	$ 7,242,673
Adjustments to reconcile changes in net assets to cash provided (used) by operating activities:	
Depreciation	67,615
Contributions intended for long-term use	(7,500,000)
Change in assets and liabilities:	
Accounts receivable	25,436
Contributions receivable	(9,700)
Government receivable	234,145
Prepaid expenses and other assets	(22,896)
Operating lease assets and liabilities	(5,412)
Accounts payable and accrued expenses	203,798
Accrued vacation	(89,123)
Deferred revenue	96,539
Net cash provided (used) by operating activities	243,075
Cash flows from investing activities:	
Purchase of property and equipment	(5,273,974)
Net cash provided (used) by investing activities	(5,273,974)
Cash flows from financing activities:	
Contributions intended for long-term use	7,500,000
Net cash provided (used) by financing activities	7,500,000
Net change in cash and cash equivalents	2,469,101
Cash and cash equivalents, beginning of year	503,543
Cash and cash equivalents, end of year	$ 2,972,644
Supplemental information:	
Cash paid on operating lease	$ 141,188

See Notes to the Financial Statements

SOUTHEAST ASIAN DEVELOPMENT CENTER

Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program	Management and General	Fundraising	Total
Salaries	$ 1,328,283	$ 239,795	$ 48,334	$ 1,616,412
Employee benefits	204,651	36,946	7,447	249,044
Payroll taxes	106,815	19,283	3,887	129,985
Total Personnel	1,639,749	296,024	59,668	1,995,441
Fees for service	139,821	111,419	44,688	295,928
Supplies and office expenses	133,505	28,950	1,564	164,019
Occupancy	166,004	20,037	2,180	188,221
Travel and meals	19,616	313	178	20,107
Insurance	15,670	2,287	207	18,164
Depreciation	59,634	7,198	783	67,615
Dues, licenses, service fees	8,705	32,949	2,216	43,870
Total Expenses	2,182,704	499,177	111,484	2,793,365
Expenses reported on a net basis on statement of activities				
Direct donor benefit	-	-	29,178	29,178
Total Expense	$ 2,182,704	$ 499,177	$ 140,662	$ 2,822,543

See Notes to the Financial Statements

NOTE 1: NATURE OF ACTIVITIES

Southeast Asian Development Center (the Organization) is a California nonprofit public benefit corporation, which was founded in 1978. The Organization 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. The Organization provides employment skills training and opportunities, education and leadership development to Southeast Asians and urban youth. The Organization is funded by local, county, and state agencies with certain portions of its funding originating from federal government and private grants and contributions.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor restrictions are perpetual in nature; there were no restrictions of this nature as of June 30, 2024.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor-imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due and therefore are reported as restricted until payment is

due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Accounting for Revenue

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. Revenue from agreements based on hourly rates is recognized over time as time is expended if the Organization expects it will have an enforceable right to payment for such amounts. Revenue is recognized based on estimated progress towards complete satisfaction of the performance obligation if the Organization can reasonably measure such progress. If the Organization's efforts are expended evenly throughout the performance period, the Organization may recognize revenue on a straight-line basis over such a period.

Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met.

The Organization tracks contract assets representing earned amounts that are not yet receivable separately from accounts receivable, if any. As a practical expedient the Organization disregards the effects of potential financing components if the period between payment and performance is one year or less.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest-bearing amounts due from grantors on cost reimbursement or performance grants. The Organization considers all accounts receivable to be fully collectible at June 30, 2024. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Contributions Receivable

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The Organization considers all contributions receivable to be fully collectible at June 30, 2024. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Government Support and Receivables

A portion of the Organization's revenue is derived from cost-based agreements with governmental funders which are conditioned upon performance requirements and/or the incurrence of allowable qualifying expenses. The support from these agreements is classified as conditional and revenue and related receivables are recognized as the Organization incurs eligible expenditures. Funds received in advance of expenditure are reported as deferred revenue. As of June 30, 2024, conditional unrecognized portion of government awards totaled $384,039.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of June 30, 2024 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended June 30, 2024.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair value of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on June 30, 2024.

Leases

The Organization evaluates all contracts to determine if they contain a lease. For leases with terms greater than 12 months, the Organization records a right-of-use asset and lease obligation at the present value of lease payments over the term of the lease. The Organization expenses total lease costs on a straight-line basis over the related lease term. The Organization has elected to exclude leases that (a) have a lease term of 12 months or less and (b) do not contain a reasonably certain purchase option. The Organization has elected to combine non-lease components with related lease components unless non-lease components are billed separately. As the Organization's leases do not generally provide a readily determinable implicit interest rate, the Organization uses the risk-free rate commensurate with the respective terms of the leases to discount the lease payments.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over $2,500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Building	30 years
Building improvements	15 years
Furniture and equipment	5-10 years
Leasehold improvements	Lease term

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on time sheets/time activity reports prepared by personnel.

Occupancy, depreciation, and amortization are allocated based on a square foot basis dependent on the programs and supporting activities occupying the space.

All other common costs that cannot be directly identified are allocated on the basis of employee FTE for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgments contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Recent Account Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which replaces the probable incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses on financial instruments and other commitments to extend credit. The adoption of this update did not have a material impact on the Organization's financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of April 1, 2025, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2024:

Land	$ 523,231
Buildings and improvements	4,750,743
Leasehold improvements	528,842
Furniture and equipment	80,687
Less accumulated depreciation	(233,329)
Total	$ 5,650,174

NOTE 4: OPERATING LEASE LIABILITY

The Organization leases two office spaces in San Francisco, California which expire in March 2025 and July 2026. The Organization elected to use an estimated risk-free rate as the approximate discount rate for its lease liability. Future minimum lease payments were as follows for the year ending June 30:

2025	$ 120,917
2026	48,818
2027	4,078
Less amounts considered interest	(4,078)
Total	$ 169,735
Weighted avg lease term	21 months
Weighted avg discount rate	3%

Operating lease expense for the year ended June 30, 2024 was $137,673.

NOTE 5: CONTINGENCIES

Compliance with Donor Restrictions

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

Use of Property

During the year ended June 30, 2024, the Organization entered into funding agreements with the State of California and City and County of San Francisco to purchase and develop a property located in San Francisco. The funding agreements is contingent upon certain conditions including limitations on the use of the property for a service and development center. The Organization believes that it will continue to comply with all conditions and therefore has recognized the amount as income upon signing the funding agreement.

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as of June 30, 2024:

Building acquisition	$ 2,202,345
Marketing and communication	16,100
Programs	21,983
Total	$ 2,240,428

NOTE 7: SPECIAL EVENTS

Activities related to fundraising events were as follows during the year ended June 30, 2024:

Admissions	$ 49,320
Contributions and sponsorships	4,586
Auction proceeds	2,555
Less costs of direct donor benefit	(29,178)
Net special event proceeds	$ 27,283

NOTE 8: CONCENTRATIONS

Government Funding

During the year ended June 30, 2024, the Organization received approximately 99% of its support and revenue from governmental entities. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities. Approximately 98% of receivables due at year end were from government sources.

Concentration of Credit Risk

The Organization had approximately $235,000 of deposits in excess of federally insured limits as of June 30, 2024.

Geographic Area

A material portion of the organization's activities and funders are located in San Francisco and the State of California. As such, the Organization's ability to generate resources or carry out activities may be impacted by factors affecting the areas in which it operates.

NOTE 9: RETIREMENT PLAN

The Organization has a defined contribution retirement plan (the Plan) under section 401(k) of the Internal Revenue Code. The Plan covers all employees who meet age and length of service requirements. The Organization is not required to make contributions to the Plan. During the year ended June 30, 2024, retirement contributions totaled $52,493.

NOTE 10: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024 are:

Cash and cash equivalents	$ 2,972,644
Accounts receivable	153
Contributions receivable	9,700
Government receivable	556,769
Less purpose-restricted net assets	(2,240,428)
Total	$ 1,298,838

As part of the Organization's liquidity management plan, the Organization deposits funds in excess of daily requirements in cash and cash equivalents.