



*Reports of Independent Auditors and
Financial Statements with
Supplementary Information*

**The Asian Americans for Community
Involvement of Santa Clara County, Inc.**

June 30, 2020 and 2019

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Report of Independent Auditors

The Board of Directors
The Asian Americans for Community Involvement of Santa Clara County, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Asian Americans for Community Involvement of Santa Clara County, Inc. (the "Organization"), a California nonprofit corporation, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we 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 Organization'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 Organization's internal control. Accordingly, we 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Asian Americans for Community Involvement of Santa Clara County, Inc., as of June 30, 2020, and the related 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.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited The Asian Americans for Community Involvement of Santa Clara County, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 23, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent in all material respects with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2020, on our consideration of The Asian Americans for Community Involvement of Santa Clara County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Asian Americans for Community Involvement of Santa Clara County, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Asian Americans for Community Involvement of Santa Clara County, Inc.'s internal control over financial reporting and compliance.

Moss Adams LLP

San Francisco, California
October 29, 2020

Financial Statements

**The Asian Americans for Community Involvement of
Santa Clara County, Inc.
Statements of Financial Position
June 30, 2020 and 2019**

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,490,238	\$ 7,388,367
Grants receivable, net - current	2,926,156	2,493,505
Patient accounts receivable, net	147,073	54,372
Other receivables	103	61,731
Prepaid expenses	193,913	123,474
Total current assets	13,757,483	10,121,449
Property, buildings, and equipment, net of accumulated depreciation	5,151,723	5,597,054
Deposits	46,511	20,326
Total assets	<u>\$ 18,955,717</u>	<u>\$ 15,738,829</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 272,368	\$ 303,230
Accrued expenses	1,869,385	1,543,967
Deferred revenue	711,966	383,554
Current portion of capital lease	24,560	21,135
Current portion of long-term debt	2,333,694	121,065
Total current liabilities	5,211,973	2,372,951
Amount due to counties, less current portion	912,652	1,204,355
Capital lease, less current portion	-	24,560
Long-term debt, less current portion	2,215,200	2,243,965
Total liabilities	8,339,825	5,845,831
Net assets		
Without donor restriction		
Undesignated	7,601,293	6,875,767
Board designated	3,014,599	3,014,599
Total unrestricted net assets	10,615,892	9,890,366
With donor restriction	-	2,632
Total net assets	10,615,892	9,892,998
Total liabilities and net assets	<u>\$ 18,955,717</u>	<u>\$ 15,738,829</u>

**The Asian Americans for Community Involvement of
Santa Clara County, Inc.
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2020
(With Summarized Comparative Totals for the Year Ended June 30, 2019)**

	2020			2019
	Net assets without donor restrictions	Net assets with donor restrictions	Total	Total
SUPPORT AND REVENUES				
Support				
Contracts and grants	\$ 10,700,577	\$ -	\$ 10,700,577	\$ 9,903,691
Contributions	1,364,146	-	1,364,146	979,212
Special events	244,308	-	244,308	242,340
Total support	<u>12,309,031</u>	<u>-</u>	<u>12,309,031</u>	<u>11,125,243</u>
Revenues				
Patient service revenue, net	1,961,837	-	1,961,837	1,633,497
Building rental income	3,082,677	-	3,082,677	2,439,439
Investment income, net	65,688	-	65,688	86,056
Other revenue	137,628	-	137,628	144,281
Net assets released from restrictions	2,632	(2,632)	-	-
Total support and revenues	<u>17,559,493</u>	<u>(2,632)</u>	<u>17,556,861</u>	<u>15,428,516</u>
EXPENSES				
Program services	12,757,993	-	12,757,993	11,058,269
Supporting services				
Management and general	2,628,273	-	2,628,273	2,383,857
Total supporting services	2,628,273	-	2,628,273	2,383,857
Building expenses	1,447,701	-	1,447,701	1,390,725
Total expenses	<u>16,833,967</u>	<u>-</u>	<u>16,833,967</u>	<u>14,832,851</u>
CHANGE IN NET ASSETS	725,526	(2,632)	722,894	595,665
NET ASSETS, beginning of year	<u>9,890,366</u>	<u>2,632</u>	<u>9,892,998</u>	<u>9,297,333</u>
NET ASSETS, end of year	<u>\$ 10,615,892</u>	<u>\$ -</u>	<u>\$ 10,615,892</u>	<u>\$ 9,892,998</u>

**The Asian Americans for Community Involvement of
Santa Clara County, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020**

	Program Services				Support Services		Total
	Physical Health	Behavioral Health	Wellness and Others	Total	Management and General	Building	
Expenses							
Personnel expenses	\$ 2,662,130	\$ 5,975,692	\$ 993,721	\$ 9,631,543	\$ 1,868,853	\$ 353,418	\$ 11,853,814
Rents and leases	99,159	210,028	43,026	352,213	14,530	7,341	374,084
Medical supplies	83,827	1,107	3,687	88,621	-	-	88,621
Professional fees	439,387	479,014	64,890	983,291	66,686	80,204	1,130,181
Office supplies	69,299	188,679	30,340	288,318	87,644	40,726	416,688
Depreciation	162,459	74,517	7,939	244,915	33,174	386,471	664,560
Insurance	2,445	3,901	837	7,183	8,624	85,587	101,394
Membership fees and publications	12,735	19,544	650	32,929	60,350	1,049	94,328
Utilities and communication	23,000	85,794	11,602	120,396	6,507	413,181	540,084
Repairs and maintenance	44,794	115,683	7,493	167,970	19,014	601,179	788,163
Meetings and trainings	7,034	9,401	18,094	34,529	87,850	500	122,879
Interest	-	-	-	-	4,615	96,007	100,622
Travel	4,397	42,622	74,911	121,930	41,340	2,221	165,491
Property taxes	33	2,606	21	2,660	355	23,384	26,399
Other	3,257	36,209	3,289	42,755	226,946	96,958	366,659
Total functional expenses before allocations	3,613,956	7,244,797	1,260,500	12,119,253	2,526,488	2,188,226	16,833,967
Building expenses - allocated	270,465	206,826	161,449	638,740	101,785	(740,525)	-
Total functional expenses	<u>\$ 3,884,421</u>	<u>\$ 7,451,623</u>	<u>\$ 1,421,949</u>	<u>\$ 12,757,993</u>	<u>\$ 2,628,273</u>	<u>\$ 1,447,701</u>	<u>\$ 16,833,967</u>
Percentage of total	<u>23.1%</u>	<u>44.3%</u>	<u>8.4%</u>	<u>75.8%</u>	<u>15.6%</u>	<u>8.6%</u>	<u>100.0%</u>

**The Asian Americans for Community Involvement of
Santa Clara County, Inc.
Statement of Functional Expenses (Continued)
Year Ended June 30, 2019**

	Program Services				Support Services		Total
	Physical Health	Behavioral Health	Wellness and Others	Total	Management and General	Building	
Expenses							
Personnel expenses	\$ 2,074,918	\$ 4,986,743	\$ 1,029,873	\$ 8,091,534	\$ 1,884,130	\$ 335,003	\$ 10,310,667
Rents and leases	71,913	246,860	36,348	355,121	17,755	-	372,876
Medical supplies	59,331	116	1,474	60,921	100	-	61,021
Professional fees	422,577	316,666	59,240	798,483	68,910	67,653	935,046
Office supplies	33,839	90,272	31,967	156,078	127,468	37,302	320,848
Depreciation	204,642	67,959	10,263	282,864	31,644	324,042	638,550
Insurance	13,683	2,970	813	17,466	7,037	93,038	117,541
Membership fees and publications	14,501	20,897	923	36,321	63,300	2,217	101,838
Utilities and communication	18,243	80,134	14,200	112,577	7,092	420,300	539,969
Repairs and maintenance	23,939	61,602	9,831	95,372	24,043	552,189	671,604
Meetings and trainings	14,347	27,224	20,520	62,091	104,369	-	166,460
Interest	-	-	-	-	-	101,623	101,623
Travel	2,659	44,889	60,702	108,250	49,117	1,476	158,843
Property taxes	19	2,507	23	2,549	207	23,912	26,668
Other	71,004	204,601	50,668	326,273	(131,039)	114,063	309,297
Total functional expenses before allocations	3,025,615	6,153,440	1,326,845	10,505,900	2,254,133	2,072,818	14,832,851
Building expenses - allocated	246,773	157,707	147,889	552,369	129,724	(682,093)	-
Total functional expenses	\$ 3,272,388	\$ 6,311,147	\$ 1,474,734	\$ 11,058,269	\$ 2,383,857	\$ 1,390,725	\$ 14,832,851
Percentage of total	22.1%	42.5%	9.9%	74.6%	16.1%	9.4%	100.0%

**The Asian Americans for Community Involvement of
Santa Clara County, Inc.
Statements of Cash Flows
Year Ended June 30, 2020 and 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 722,894	\$ 595,665
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	664,560	638,550
Amortization	83,529	83,531
Change in operating assets and liabilities		
Patient accounts receivable, net	(92,701)	(2,173)
Grants receivable, net	(432,651)	(700,231)
Other receivables	61,628	17,175
Prepaid expenses	(70,439)	(1,582)
Deposits	(26,185)	837
Accounts payable	(30,862)	28,576
Accrued expenses	33,715	910,002
Deferred revenue	328,412	89,430
Net cash provided by operating activities	<u>1,241,900</u>	<u>1,659,780</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, buildings, and equipment	<u>(219,229)</u>	<u>(1,024,684)</u>
Net cash used in investing activities	<u>(219,229)</u>	<u>(1,024,684)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments on capital lease	(21,135)	(19,756)
Borrowing on long term debt	2,215,200	-
Principal repayments on long-term debt	<u>(73,099)</u>	<u>(115,897)</u>
Net cash provided by (used in) financing activities	<u>2,120,966</u>	<u>(135,653)</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	3,143,637	499,443
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	<u>7,388,367</u>	<u>6,888,924</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of year	<u>\$ 10,532,004</u>	<u>\$ 7,388,367</u>
SUPPLEMENTAL DISCLOSURE OF CASH-FLOW INFORMATION		
Cash paid for interest	<u>\$ 100,622</u>	<u>\$ 101,623</u>

The Asian Americans for Community Involvement of Santa Clara County, Inc. Notes to Financial Statements

NOTE 1 – DESCRIPTION OF ORGANIZATION AND PROGRAM SERVICES

Organization – The Asian Americans for Community Involvement of Santa Clara County, Inc. (“AACI” or “Organization”), is a nonprofit public benefit California corporation created in November 1973.

AACI is one of the largest community-based organizations advocating for and serving the marginalized and vulnerable ethnic communities in Santa Clara County. The mission is to strengthen the hope and the resilience of its community members by improving their health, mental health and well-being.

The array of programs advances a belief in providing care that goes beyond just health, but also providing people a sense of hope and new possibilities. Current programs include behavioral and primary health services, substance abuse treatment, center for survivors of torture, shelter for domestic violence victims, senior center, youth programs, and community advocacy.

AACI's array of programs and services are described in more detail below:

Physical Health:

Health services – The Primary Care Health Center, a fully licensed Federally Qualified Health Center (“FQHC”), provides culturally competent primary health care services. The health center derives support through grants and contracts with the U.S. Department of Health and Human Services and the California Health and Human Services Agency. The health center treats patients regardless of their ability to pay.

Integrated behavioral health services – The Integrated Behavioral Health Program provides behavioral health services in AACI's primary care health center.

Patient Navigation Center – The Patient Navigation Center partners with local community colleges to train, hire and deploy older youth of color to help community members navigate the health care system. The Patient Navigation Center provides enabling services, including interpretation, appointment scheduling, referrals, and application help for social services, as well as after-hours and self-care assistance.

Behavioral Health:

Mental health services – Mental Health Counseling Services include individual, group, and family counseling; case management; psychiatric assessment; and medical evaluation for children and adults. The CalWORKs Program provides a range of behavioral health and social services that are geared toward helping CalWORKs' clients achieve self-sufficiency.

Center for Survivors of Torture – Center for Survivors of Torture (“CST”) provides holistic rehabilitative services for survivors of torture and refugees from all over the world. CST provides psychological, psychiatric, and extensive case management services to help survivors heal from their trauma and provides linkages to medical, legal, and community services. CST also educates survivors, and trains and educates medical, psychological, and social service providers about the effects of torture and trauma. CST conducts and contributes to research to add to the body of knowledge about effective interventions and the effects of torture on survivors and communities.

The Asian Americans for Community Involvement of Santa Clara County, Inc. Notes to Financial Statements

Family and domestic violence services – The Domestic Violence Program (Asian Women’s Home) provides individual and group peer counseling, a 24-hour crisis hotline, housing and employment assistance, case management, legal advocacy support, and an emergency shelter for battered women and their children. This program further reaches out to the community by providing media outreach and educational training workshops for professionals, paraprofessionals, and community groups.

Wellness and Others:

Senior and health services – The Senior Wellness Program provides English classes, hot lunches, transportation assistance, recreational activities, and case management for seniors. The HOPE Program offers HIV/AIDS testing, education, counseling, and referrals for individuals.

Substance abuse services – The DUI Driving Program (“DDP”) provides education and intervention to convicted first time offenders and repeat offenders.

Youth services – The Youth Development Services Program provides homework assistance, health education, group discussions, development of social and leadership skills, recreational activities, and a multicultural curriculum that uses a strength-based model to build on the participants’ assets and prevent high-risk behavior.

Addiction recovery and education services – The Center for Addiction Recovery and Education (“CARE”) provides education, prevention, support, and treatment for affected problem gamblers and their significant others. CARE also includes substance abuse prevention programs focused on youth, as well as substance abuse prevention information and dissemination services.

Advocacy – The Advocacy Program provides a voice to the Asian community in Santa Clara County, advocates on issues of equality and social justice, builds relationships among local Asian groups and policymakers, and promotes civic engagement among Asians.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summarized financial information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient information to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements as of June 30, 2019.

Cash and cash equivalents – The Organization considers all liquid investments, other than certificates of deposits, with original maturities of three months or less, to be cash equivalents. At June 30, 2020 and 2019, cash equivalents consisted primarily of money market accounts with brokers.

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash balances and money market funds maintained at creditworthy financial institutions. The Organization maintained cash balances in bank accounts including certificates of deposit and money funds which, at times, may exceed insured limits set by the Federal Deposit Insurance Corporation (“FDIC”) and Securities Investors Protection Fund (“SIPC”) for funds held in securities accounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

The Asian Americans for Community Involvement of Santa Clara County, Inc. Notes to Financial Statements

Patient accounts receivable, net – Patient accounts receivable are recorded at amounts that reflect the consideration to which the Organization expects to be entitled in exchange for providing patient care. In evaluating the collectability of patient accounts receivable, the Organization regularly analyzes its past history and identifies and reviews trends for each of its major payor sources of revenue to estimate appropriate and sufficient implicit and explicit price concessions reflected in patient accounts receivable.

For receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides additional implicit and explicit price concessions, if necessary, based upon historical collection history for deductibles and copayments on accounts for which the third-party payor had not yet paid, or for remaining payor balances.

For receivables associated with private-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant implicit price concession in the period of services on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is reflected as a reduction in patient accounts receivable.

Property, buildings, and equipment, net – Property, buildings, and equipment are recorded at cost or estimated fair value for donated items. The Organization capitalizes all acquisitions greater than \$5,000 and with an economic useful life greater than one year. The cost of repairs and maintenance that do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which range from 3 to 39 years. Depreciation is charged to the activity benefiting from the use of the property or equipment. Donated assets are recorded at their fair market value at the time the contributed asset is received. The Organization periodically evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the capital asset. No asset impairment was recognized during the years ended June 30, 2020 and 2019.

Revenue recognition

Contracts and grants – Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Cash received in excess of revenue recognized is recorded as deferred revenue. During the years ended June 30, 2020 and 2019, approximately 61% and 70% of the Organization's support and revenue were derived from government contracts and grants, respectively. At June 30, 2020 and 2019, receivables from one government grantor represents 72% and 59% of grants receivable, respectively.

Contributions – Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as with donor restrictions, or without donor restrictions depending on the nature of donor restrictions. Donor restricted contributions are reported as increases in net assets with donor restrictions. When the restriction is met the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions.

The Asian Americans for Community Involvement of Santa Clara County, Inc. Notes to Financial Statements

The Organization reports gifts of cash and other assets as support with donor restrictions if received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from donor restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying financial statements. Absent donor-imposed restrictions, the Organization records donated services, materials, and facilities as support without donor restrictions. It is the policy of the Organization to encourage contributions.

Patient service revenue, net – Net patient service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the patients and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC Topic 606-10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's sliding fee policy, and implicit price concessions provided to uninsured patients.

The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

For changes in credit issues not assessed at the date of service, such as a payor files for bankruptcy or a patient defaults on a payment plan, the Organization recognizes these write-offs as bad debt expense, which is presented on the accompanying statements of activities and changes in net assets as a component of other expenses.

The Organization is approved as a FQHC for both Medicare and Medi-Cal reimbursement purposes. The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. These payment arrangements include:

The Asian Americans for Community Involvement of Santa Clara County, Inc. Notes to Financial Statements

Medicare – Covered FQHC services rendered to Medicare program beneficiaries are paid based on a cost reimbursement methodology. The Organization is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of an annual cost report by the Organization and audit thereof by the Medicare fiscal intermediary. Services not covered under the FQHC benefit are paid based on established fee schedules. Effective July 1, 2015, covered FQHC services rendered to Medicare program beneficiaries will be paid on a prospective payment system (PPS). Medicare payment under the FQHC PPS will be 80% of the lesser of the Organization's actual charge or the applicable PPS rate (patient coinsurance will be 20% of the lesser of the Organization's actual charge or the applicable PPS rate). Accordingly, to the extent the Organization's charge is below the applicable PPS rate, Medicare FQHC reimbursement will be limited.

Medi-Cal – Covered FQHC services rendered to Medi-Cal program beneficiaries are paid based on a prospective reimbursement methodology. The Organization is reimbursed a prospectively determined encounter rate for covered services provided.

The Organization has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Organization under these agreements includes prospectively determined rates per unit of service and discounts from established charges.

Building rental income – Rental income is recognized according to the terms of the underlying leases. Rental revenue is recognized over the term of the related lease.

Sliding scale fee – The Organization provides care to patients, who meet certain criteria under its sliding scale fee policy, without charge or at amounts less than its established rates. The Organization does not pursue collection of amounts determined to qualify as sliding scale fee care and they are not reported as revenue.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue, and expenses during the period. Accordingly, actual results could differ from those estimates.

Professional liability insurance – The Organization maintains its professional liability insurance. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Organization's claim experience, no such accrual has been made and there are no known claims or incidents that may result in the assertion of additional claims as of the date of this report. It is reasonably possible that this estimate could change materially in the near term.

The Asian Americans for Community Involvement of Santa Clara County, Inc. Notes to Financial Statements

Basis of presentation – 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. Net assets, support and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor imposed stipulations. Investment earnings are recorded as net assets without donor restrictions for certain temporarily restricted funds in accordance with the Organization’s spending rule and for certain funds in accordance with donor stipulations. Net assets without donor restrictions also include those assets over which the Board of Directors (the “Board”) has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund, property and equipment fund plus any net assets designated by the Board for specific purposes. The Board has designated reserves for operating shortfalls, capital expenditures and service expansion. These reserves are deposited in a financial institution in the form of cash, cash equivalents, and money market funds. At June 30, 2020 and 2019, the board designated net assets without donor restrictions were \$3,014,599.

Net assets with donor restrictions – Net assets subject to donor imposed stipulations that may, or will be met, either by actions of the Organization and/or the passage of time. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Net assets subject to donor imposed restrictions also represent cash and cash equivalents that are subject to gift instrument restrictions that require the principal to be invested in perpetuity. At June 30, 2020, there were no net assets with donor restrictions.

Deferred revenue – Deferred revenue primarily consists of contracts and grants received in advance of revenue recognition to provide various programs and services. The Organization generally recognizes revenue when the revenue recognition criteria are met through performance of services as stipulated in the respective contracts and grants.

Fair value measurement – Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC Topic 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Asian Americans for Community Involvement of Santa Clara County, Inc. Notes to Financial Statements

The following methods were used to estimate the fair value of all other financial instruments:

Cash and cash equivalents – The carrying amount approximates fair value.

Long-term debt – The fair value of long-term debt is estimated based on discounted cash flow analyses, based on the Organization's current incremental borrowing rates for similar types of borrowing arrangements. The debt instruments as of June 30, 2020 and 2019, materially approximate their carrying values (see Note 5).

Unless otherwise indicated, the fair value of all reported assets and liabilities that represent financial instruments approximate their carrying values reported in the accompanying statements of financial position.

Expense allocation – Expenses directly identifiable with programs are charged to program services based upon employee's time for each function, purpose of each expenditure, and/or services provided for each program. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization. The costs of the Organization's various activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and functional expenses.

Income taxes – The Organization is a nonprofit corporation under Internal Revenue Code Section 501(c)(3) and has been granted tax-exempt statuses by the Internal Revenue Service and the California Revenue and Taxation Code. As of June 30, 2020 and 2019, the Organization had no unrecognized tax positions or uncertain tax positions requiring accrual. Therefore, no provision for income taxes has been provided in the financial statements.

Excess of support and revenues over expenses – The statement of activities and changes in net assets include excess of support and revenues over expenses. Changes in net assets without donor restrictions that are excluded from excess of support and revenues over expenses, consistent with industry practice, may include unrealized gains and losses on investments other than trading securities, permanent transfers to and from affiliates for other than goods and services, and contributions and grants of long-lived assets (including assets acquired using contributions and grants that by donor or granting agency restrictions were to be used for the purpose of acquiring such assets).

New accounting pronouncements – The Organization adopted Accounting Standard Update ("ASU") No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"), to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. This update will address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The adoption of ASU 2016-01 is effective for the Organization beginning July 1, 2019. The adoption of ASU 2016-01 did not have a significant impact on the financial statements.

The Organization adopted ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* ("ASU 2016-18"), which requires the statement of cash flows to explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The adoption of ASU 2016-18 is effective for the Organization beginning July 1, 2019. The adoption of ASU 2016-18 did not have a significant impact on the financial statements.

**The Asian Americans for Community Involvement of
Santa Clara County, Inc.
Notes to Financial Statements**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02”), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The effective date of ASU 2016-02 was deferred for the Organization by ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities*, to fiscal years beginning after December 15, 2021. The adoption of ASU 2016-02 is effective for the Organization for the year beginning July 1, 2022. Management is currently evaluating the impact of the provisions of ASU 2016-02 on the financial statements.

NOTE 3 – PROPERTY, BUILDINGS, AND EQUIPMENT, NET

Property, buildings, and equipment at June 30, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Land and building	\$ 5,013,820	\$ 5,013,820
Building improvements	7,566,344	6,949,582
Machinery and equipment	1,828,515	1,828,515
Furniture and fixtures	364,259	364,259
Donated equipment	142,304	142,304
Construction in progress	<u>149,442</u>	<u>546,977</u>
	15,064,684	14,845,457
Less: accumulated depreciation	<u>(9,912,961)</u>	<u>(9,248,403)</u>
Property, buildings, and equipment, net	<u>\$ 5,151,723</u>	<u>\$ 5,597,054</u>

Depreciation expense for the years ended June 30, 2020 and 2019, was \$664,560 and \$638,550, respectively.

The above machinery and equipment amount includes equipment under capital lease arrangement with cost basis of \$99,795 at June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, accumulated amortization expense recorded for capital leases was \$76,510 and \$56,551, respectively.

**The Asian Americans for Community Involvement of
Santa Clara County, Inc.
Notes to Financial Statements**

NOTE 4 – ACCRUED EXPENSES

At June 30, 2020 and 2019, accrued expenses consisted of the following:

	2020	2019
Vacation accrual	\$ 437,315	\$ 454,241
Accrued retirement contribution	75,950	149,691
Accrued salaries	530,079	488,180
Amount due to third-party payor	268,096	339,516
Amount due to counties, current	338,901	-
Other	219,044	112,339
Total accrued expenses	\$ 1,869,385	\$ 1,543,967

NOTE 5 – LONG-TERM DEBT

Debt issuance costs – Debt issuance costs are amortized over the life of the long-term debt using the effective interest method, which will mature on December 31, 2020. Unamortized debt issuance costs related to a recognized debt liability are presented in the statements of financial position as a direct deduction from the carrying value of the debt liability. Accumulated amortization of debt issuance costs was \$792,773 and \$709,244 at June 30, 2020 and 2019, respectively, while amortization expense was \$83,529 and \$83,531 for the years ended June 30, 2020 and 2019, respectively, and included in other expenses on the accompanying statements of functional expenses.

**The Asian Americans for Community Involvement of
Santa Clara County, Inc.
Notes to Financial Statements**

Long-term debt outstanding at June 30 consisted of the following:

	<u>2020</u>	<u>2019</u>
California Bank & Trust Series A Authority Loan - A loan payable with a bank that bears interest at 3.78% due in monthly interest-only payments until the end of the "Draw Period" (December 30, 2012). Starting in January 2013, monthly principal and interest payments are due. The amount of the monthly principal payments was determined at the end of the "Draw Period." Monthly principal and interest payments are \$17,757. A balloon payment of \$3,181,311 or the remaining principal balance, whichever is less, is due December 31, 2020. Collateral on the mortgage is the real estate property associated with the mortgage.	\$ 2,375,460	\$ 2,490,325
Promissory note through the Paycheck Protection Program of the U.S. Small Business Administration (SBA). The note was issued on April 10, 2020, with California Bank & Trust in the amount of \$2,215,200. Principal and interest on the note is payable commencing October 2021 and will be amortized over a 5 year period. The loan bears interest at 1.0% per annum. It is the Organization's policy to account for this loan in accordance with FASB ASC Topic 470, Debt, with interest accrued and expensed over the term of the loan, or until forgiveness is granted, releasing the Organization from being the primary obligor.	<u>2,215,200</u>	<u>-</u>
	4,590,660	2,490,325
Unamortized portion of debt issuance costs	(41,766)	(125,295)
Current portion of long-term debt	<u>(2,333,694)</u>	<u>(121,065)</u>
Long-term debt, net of current portion	<u>\$ 2,215,200</u>	<u>\$ 2,243,965</u>

Scheduled principal repayments on long-term debt are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 2,375,460
2022	295,360
2023	443,040
2024	443,040
2025	443,040
Thereafter	<u>590,720</u>
	<u>\$ 4,590,660</u>

Interest expense for the years ended June 30, 2020 and 2019, totaled \$100,622 and \$101,623, respectively.

**The Asian Americans for Community Involvement of
Santa Clara County, Inc.
Notes to Financial Statements**

There are certain financial covenants related to its long-term debt that the Organization was required to comply with. Management believes that the Organization was in compliance with these financial covenants as of and for the year ended June 30, 2020.

NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions during the years ended June 30, 2020 and 2019, by incurring expenses satisfying the restricted purpose or by the expiration of time, as follows:

	2020	2019
Domestic violence services	\$ 2,632	\$ 10,129
Total net assets released from restrictions	\$ 2,632	\$ 10,129

Donor restricted net assets as of June 30, 2019, were restricted for the purpose of domestic violence services.

NOTE 7 – BUILDING RENTAL INCOME

The Organization leases a portion of its office building to various nonprofit county agencies and other commercial organizations. The leases expire on various dates through September 2024. The Organization is responsible for all operating and maintenance expenses and other costs of ownership of the facility.

Future minimum lease proceeds are as follows:

Year Ending June 30,				
2021	\$	3,435,231		
2022		3,538,516		
2023		3,521,176		
2024		3,585,619		
2025		902,980		
	\$	14,983,522		

Rental income for the years ended June 30, 2020 and 2019, was \$3,082,677 and \$2,439,439, respectively.

The Asian Americans for Community Involvement of Santa Clara County, Inc. Notes to Financial Statements

NOTE 8 – OPERATING LEASE COMMITMENTS

The Organization has various noncancelable operating agreements for the lease of certain facilities with expiration dates through 2024. Rental expense for the years ended June 30, 2020 and 2019, was \$374,083 and \$260,109, respectively, which is included in rents and leases expense on the accompanying statements of functional expenses. The future minimum lease commitments are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 233,959
2022	171,212
2023	5,838
2024	<u>487</u>
	<u>\$ 411,496</u>

NOTE 9 – RETIREMENT PLAN

Under Section 403(b)(7) of the Internal Revenue Code of 1986, individual employees may establish a custodial agreement account for elective salary deferrals. The 403(b) defined contribution plan is based on compensation up to a specified limited amount. All full-time employees of the Organization are eligible to participate in the plan. The Organization contributes an amount up to 4% of the participant's annual salary, and may elect to make other voluntary contributions to the plan. Contributions are fully vested at the time of the contribution. Other voluntary contributions made by the employer vest in equal annual installments over four years commencing at the participant's hire date. During the years ended June 30, 2020 and 2019, the Organization contributed \$146,090 and \$149,691, respectively, to the plan, and these amounts are included in personnel expenses on the accompanying statements of functional expenses.

NOTE 10 – CONTINGENCIES

Grants and contracts awarded to the Organization are subject to the funding agencies' criteria, contract terms, and regulations under which expenditures may be charged and are subject to audit under such terms, regulations and criteria. Occasionally, such audits may determine that certain costs incurred in connection with the grants do not comply with the established criteria that govern them. In such cases, the Organization could be held responsible for repayments to the funding agency for the costs or be subject to a reduction of future funding in the amount of the costs.

Management does not anticipate any material questioned costs for the contracts and grants administered during the period. The Organization would be responsible for the absorption of any over-expenditure of its restricted grants that cannot be covered by additional grant funds or contributions from other sources.

The Organization is aware of certain asserted and unasserted legal claims. While the outcome cannot be determined at this time, it is management's opinion that the liability, if any, from these actions will not have a material adverse effect on the Organization's financial position.

The Asian Americans for Community Involvement of Santa Clara County, Inc. Notes to Financial Statements

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Organization is subject to similar regulatory reviews, there are no reviews currently underway, and management believes that the outcome of any potential regulatory review will not have a material adverse effect on the Organization's financial position or changes in net assets.

COVID-19 pandemic – In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The related adverse public health developments, including orders to shelter-in-place, travel restrictions, and mandated business closures, have adversely affected workforces, organizations, their patients and customers, economies, and financial markets globally, leading to increased market volatility and disruptions in normal business operations, including the Organization's operations.

On March 27, 2020, the United States Congress passed the Coronavirus Aid, Relief, and Economic Securities ("CARES") Act. The CARES Act included provisions for health care under the Provider Relief Fund. During April, May, and June 2020, the Organization received funds under the Provider Relief Fund, administered by the U.S. Department of Health & Human Services ("HHS") of approximately \$27,800. The Organization was required to and did timely sign attestations agreeing to the terms and conditions of payment. Those terms and conditions include measures to prevent fraud and misuse. Documentation is required to ensure that these funds are to be used for healthcare-related expenses or lost revenue attributable to COVID-19, limitations of out of pocket payments from certain patients, and the acceptance of several other reporting and compliance requirements. It is noted that anti-fraud monitoring and auditing will be performed by HHS and the Office of the Inspector General. The Organization's management is currently determining its ability to comply with these terms and conditions. For the year ended June 30, 2020, the Organization has recognized approximately \$27,800 of the Provider Relief Fund on its statements of activities and changes in net assets.

The Organization's management has been closely monitoring the impact of COVID-19 on the Organization's operations, including the impact on its patients and employees. The duration and intensity of the pandemic is uncertain but may influence patient decisions, donor decisions, and may also negatively impact collections of the Organization's receivables.

NOTE 11 – HEALTH CARE REFORM

The Patient Protection and Affordable Care Act ("PPACA") allowed for the expansion of Medicaid members in the State of California. Any further federal or state funding changes could have an impact on the Organization. With the changes in the executive branch, the future of PPACA and impact of future changes in Medicaid to the Organization is uncertain at this time.

The Asian Americans for Community Involvement of Santa Clara County, Inc. Notes to Financial Statements

NOTE 12 – LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general expenditure within one year:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 10,490,238	\$ 7,388,367
Grants receivable, net - current	2,926,156	2,493,505
Patient accounts receivable, net	147,073	54,372
Other receivables	<u>103</u>	<u>61,731</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 13,563,570</u>	<u>\$ 9,997,975</u>

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

The Organization has evaluated subsequent events through October 29, 2020, which is the date the financial statements were available to be issued.

Supplementary Information

**The Asian Americans for Community Involvement of
Santa Clara County, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Award Number	Award Period	Federal Expenditures
<i>U.S. Department of Health and Human Services</i>				
Direct Awards				
Assistance for Torture Victims	93.604	90ZT0200-02-00	9/30/18-9/29/22	\$ 237,122
Assistance for Torture Victims	93.604	90ZT0200-01-00	9/30/18-9/29/22	103,515
Subtotal for CFDA 93.604				340,637
Health Center Program	93.224	H80CS26615-06-02	11/1/13-2/28/22	886,411
Health Center Program	93.224	H80CS26615-07-00	11/1/13-2/28/22	98,252
Subtotal for CFDA 93.224 and Health Center Program Cluster				984,663
COVID-19 Provider Relief Fund	93.498	N/A	N/A	27,800
<i>Total Direct Awards</i>				1,353,100
Pass-through from Santa Clara County Social Services				
Agency-County of Santa Clara				
Special Programs for the Aging, Title III, Part C, Nutrition Services	94.045	AP123-15	7/1/19-6/30/20	19,926
Pass-through from Santa Clara County Social Services				
Agency-County of Santa Clara				
Nutrition Services Incentive Program	93.053	AP123-15	7/1/19-6/30/20	7,910
Subtotal for Aging Cluster				27,836
Pass-through from Santa Clara County				
Grants to Prov. Outpatient Early Inter. Serv. with Rspt. to HIV Disease	93.918	4300015414	7/1/19-6/30/21	23,535
Pass through from Asian Health Services				
Sub. Abuse and Mental Health Serv. Projects of Rgnl. and Nat. Sig.	93.243	4300017291/4300017292	9/30/18-9/30/23	41,029
Pass through from Asian Health Services				
Sub. Abuse and Mental Health Serv. Projects of Rgnl. and Nat. Sig.	93.243	4300017291/4300017292	9/30/18-9/29/22	117,974
Subtotal for CFDA 93.243				159,003
Pass through from CA Governor's Office of Emergency Services				
Family Violence Prevention and Services	93.671	DV18 26 1471	10/1/18-9/30/19	120,642
Pass through from CA Governor's Office of Emergency Services				
Family Violence Prevention and Services	93.671	DV19 27 1471	10/1/19-7/31/20	273,108
Subtotal for CFDA 93.671				393,750
<i>Total Pass-through Awards</i>				604,124
<i>Total U.S. Department of Health and Human Services</i>				1,957,224
<i>U.S. Department of Justice</i>				
Direct Award				
Culturally and Linguistically Specific Services Program	16.016	2018-UW-AX-0018	10/1/18-9/30/20	79,930
Pass-through from Santa Clara University				
Services for Trafficking Victims	16.320	2015-VT-BX-K031	10/1/15-9/30/19	3,275
Pass-through from Asian Law Alliance				
Legal Assistance for Victims Grant	16.524	2017-WL-AX-0031	10/1/17-9/30/20	63,749
Pass-through from California Emergency Management				
Crime Victim Assistance	16.575	DV17 25 1471	10/1/18-9/30/19	9,614
Crime Victim Assistance	16.575	DV18 26 1471	10/1/19-7/31/20	53,104
Pass-through from YMCA Silicon Valley				
Grants to Enc. Arrest Policies and Enforce. of Prot. Orders Program	16.590	2018-WE-AX-0002	10/1/18-9/30/21	27,569
<i>Total U.S. Department of Justice</i>				237,241
<i>U.S. Department of Housing and Urban Development</i>				
Pass-through from YWCA Silicon Valley				
Continuum of Care Program	14.267	2018-WE-AX-0002	12/17/19-6/30/24	847
<i>Total U.S. Department of Housing and Urban Development</i>				847
<i>Total expenditures of federal awards</i>				\$ 2,195,312

**The Asian Americans for Community Involvement of
Santa Clara County, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of The Asian Americans for Community Involvement of Santa Clara County, Inc. (the “Organization”), under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget (“OMB”) Title 2 U.S. *Code of Federal Regulations* (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – SUBRECIPIENTS

The Organization did not provide federal awards to subrecipients during the year ended June 30, 2020.

Report of Independent Auditors 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
The Asian Americans for Community Involvement of Santa Clara County, Inc.

We 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 The Asian Americans for Community Involvement of Santa Clara County, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 the Organization'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.

Moss Adams LLP

San Francisco, California
October 29, 2020

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
The Asian Americans for Community Involvement of Santa Clara County, Inc.

Report on Compliance for the Major Federal Program

We have audited The Asian Americans for Community Involvement of Santa Clara County, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2020. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major Federal Program

In our opinion, The Asian Americans for Community Involvement of Santa Clara County, Inc., complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss Adams LLP

San Francisco, California
October 29, 2020

**The Asian Americans for Community Involvement of
Santa Clara County, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of Major Federal Program and Type of Auditor's Report Issued on Compliance for Major Federal Program

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Program</i>
93.224	Health Center Program Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

**The Asian Americans for Community Involvement of
Santa Clara County, Inc.
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020**

There were no prior audit findings reported.

