



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

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

*June 30, 2021 and 2020*



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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 statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 audits 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, 2021 and 2020, and the related changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

## **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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021, 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 28, 2021

## **Financial Statements**

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**The Asian Americans for Community Involvement of  
Santa Clara County, Inc.  
Statements of Financial Position  
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 11,010,059	\$ 10,490,238
Grants receivable, net - current	3,638,880	2,926,156
Patient accounts receivable, net	183,481	147,073
Other receivables	162,515	103
Prepaid expenses	288,220	193,913
	<u>15,283,155</u>	<u>13,757,483</u>
Property, buildings, and equipment, net of accumulated depreciation	4,852,698	5,151,723
Deposits	16,736	46,511
	<u>4,869,434</u>	<u>5,198,234</u>
Total assets	<u>\$ 20,152,589</u>	<u>\$ 18,955,717</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 474,141	\$ 272,368
Accrued expenses	2,488,124	1,869,385
Deferred revenue	1,020,616	711,966
Current portion of capital lease	-	24,560
Current portion of long-term debt	-	2,333,694
	<u>3,982,881</u>	<u>5,211,973</u>
Total current liabilities	3,982,881	5,211,973
Amount due to counties, less current portion	916,498	912,652
Long-term debt, less current portion	-	2,215,200
	<u>916,498</u>	<u>2,215,200</u>
Total liabilities	<u>4,899,379</u>	<u>8,339,825</u>
Net assets		
Without donor restriction		
Undesignated	11,738,611	7,601,293
Board designated	3,514,599	3,014,599
	<u>15,253,210</u>	<u>10,615,892</u>
Total net assets	15,253,210	10,615,892
Total liabilities and net assets	<u>\$ 20,152,589</u>	<u>\$ 18,955,717</u>

**The Asian Americans for Community Involvement of  
Santa Clara County, Inc.  
Statements of Activities and Changes in Net Assets  
Years Ended June 30, 2021 and 2020**

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and revenues		
Support		
Contracts and grants	\$ 15,347,354	\$ 10,700,577
Contributions	1,951,973	1,364,146
Special events	185,979	244,308
Total support	17,485,306	12,309,031
Revenues		
Patient service revenue, net	1,855,779	1,961,837
Building rental income	3,350,540	3,082,677
Investment income, net	4,852	65,688
Other revenue	85,767	137,628
Total support and revenues	22,782,244	17,556,861
EXPENSES		
Program services	16,089,372	12,757,993
Supporting services		
Management and general	2,904,003	2,628,273
Total supporting services	2,904,003	2,628,273
Building expenses	1,392,120	1,447,701
Total expenses	20,385,495	16,833,967
EXCESS OF SUPPORT AND REVENUES OVER EXPENDITURES	2,396,749	722,894
GAIN ON FORGIVENESS OF PAYCHECK PROTECTION PROGRAM LOAN	2,240,569	-
CHANGE IN NET ASSETS	4,637,318	722,894
NET ASSETS, beginning of year	10,615,892	9,892,998
NET ASSETS, end of year	\$ 15,253,210	\$ 10,615,892

**The Asian Americans for Community Involvement of  
Santa Clara County, Inc.  
Statements of Functional Expenses  
Year Ended June 30, 2021**

	Program Services				Support Services	Building	Total
	Physical Health	Behavioral Health	Wellness and Others	Total	Management and General		
Expenses							
Personnel expenses	\$ 3,093,497	\$ 7,433,486	\$ 1,104,482	\$ 11,631,465	\$ 1,966,237	\$ 412,309	\$ 14,010,011
Rents and leases	107,205	226,161	42,743	376,109	8,246	58,461	442,816
Medical supplies	100,072	5	291	100,368	-	-	100,368
Professional fees	678,289	916,551	280,189	1,875,029	157,217	108,216	2,140,462
Office supplies	78,161	114,825	326,398	519,384	123,792	19,337	662,513
Depreciation	130,520	69,386	7,342	207,248	41,026	399,989	648,263
Insurance	7,359	5,257	1,012	13,628	10,614	90,523	114,765
Membership fees and publications	16,860	22,037	959	39,856	78,848	13,773	132,477
Utilities and communication	24,087	103,605	20,111	147,803	6,978	431,086	585,867
Repairs and maintenance	143,979	112,075	9,000	265,054	-	510,495	775,549
Meetings and trainings	6,310	42,836	5,035	54,181	79,842	412	134,435
Interest	-	-	-	-	20,754	44,480	65,234
Travel	12,334	16,553	84,786	113,673	30,343	805	144,821
Property taxes	-	2,712	-	2,712	308	18,814	21,834
Other	17,134	45,010	6,191	68,335	280,611	57,134	406,080
Total functional expenses before allocations	4,415,807	9,110,499	1,888,539	15,414,845	2,804,816	2,165,834	20,385,495
Building expenses - allocated	274,787	229,556	170,184	674,527	99,187	(773,714)	-
Total functional expenses	\$ 4,690,594	\$ 9,340,055	\$ 2,058,723	\$ 16,089,372	\$ 2,904,003	\$ 1,392,120	\$ 20,385,495
Percentage of total	23.1%	45.8%	10.1%	78.9%	14.2%	6.8%	100.0%

See accompanying notes.

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

	Program Services				Support Services		
	Physical Health	Behavioral Health	Wellness and Others	Total	Management and General	Building	Total
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
<b>Total functional expenses before allocations</b>	<b>3,613,956</b>	<b>7,244,797</b>	<b>1,260,500</b>	<b>12,119,253</b>	<b>2,526,488</b>	<b>2,188,226</b>	<b>16,833,967</b>
Building expenses - allocated	270,465	206,826	161,449	638,740	101,785	(740,525)	-
<b>Total functional expenses</b>	<b>\$ 3,884,421</b>	<b>\$ 7,451,623</b>	<b>\$ 1,421,949</b>	<b>\$ 12,757,993</b>	<b>\$ 2,628,273</b>	<b>\$ 1,447,701</b>	<b>\$ 16,833,967</b>
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>

See accompanying notes.

**The Asian Americans for Community Involvement of  
Santa Clara County, Inc.  
Statements of Cash Flows  
Year Ended June 30, 2021 and 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 4,637,318	\$ 722,894
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	648,263	664,560
Amortization	41,766	83,529
Gain on forgiveness of Paycheck Protection Program loan	(2,240,569)	-
Change in operating assets and liabilities		
Patient accounts receivable, net	(36,408)	(92,701)
Grants receivable, net	(712,724)	(432,651)
Other receivables	(162,412)	61,628
Prepaid expenses	(94,307)	(70,439)
Deposits	29,775	(26,185)
Accounts payable	60,868	(30,862)
Accrued expenses	647,954	33,715
Deferred revenue	308,650	328,412
Net cash provided by operating activities	<u>3,128,174</u>	<u>1,241,900</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, buildings, and equipment	<u>(208,333)</u>	<u>(219,229)</u>
Net cash used in investing activities	<u>(208,333)</u>	<u>(219,229)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal repayments on capital lease	(24,560)	(21,135)
Borrowing on long term debt	-	2,215,200
Principal repayments on long-term debt	<u>(2,375,460)</u>	<u>(114,865)</u>
Net cash (used in) provided by financing activities	<u>(2,400,020)</u>	<u>2,079,200</u>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	519,821	3,101,871
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year</b>	10,490,238	7,388,367
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of year</b>	<u>\$ 11,010,059</u>	<u>\$ 10,490,238</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH-FLOW INFORMATION</b>		
Fixed asset additions included in accounts payable	<u>\$ 140,905</u>	<u>\$ -</u>
Cash paid for interest	<u>\$ 65,234</u>	<u>\$ 100,622</u>

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

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## 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.

Founded in 1973, AACI serves individuals and families with cultural humility, sensitivity and respect, advocating for and serving the marginalized and ethnic communities in Santa Clara County. AACI’s mission is to strengthen the resilience and hope of our diverse community members by improving their health and well-being. Our vision is that everyone in our diverse community is healthy, safe and well.

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 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:**

**Behavioral health services** – Behavioral Health 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

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**Gender based violence prevention and 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.

**Advocacy** – The Advocacy Program provides a voice to the marginalized and vulnerable ethnic communities AACL serves 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 minority community members.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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, 2021 and 2020, cash equivalents consisted primarily of money market accounts with financial institutions.

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.

**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.

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

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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, 2021 and 2020.

## **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, 2021 and 2020, approximately 67% and 61% of the Organization's support and revenue were derived from government contracts and grants, respectively. At June 30, 2021 and 2020, receivables from one government grantor represents 57% and 72% 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 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.

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

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*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:

*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.

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

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*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.

**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 strategic 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, 2021 and 2020, the board designated net assets without donor restrictions were \$3,514,599 and \$3,014,599, respectively.

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

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*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, 2021 and 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. At June 30, 2021 and 2020, deferred revenue includes \$413,080 and \$0, respectively, of funds granted to the Organization as part of the Provider Relief Fund.

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

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

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. Building expenses include expenses directly related to the upkeep of the Organization’s building. 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.

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

**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, 2021 and 2020, 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.

**Performance indicator** – The statement of activities and changes in net assets include excess of support and revenues over expenditures. Excess of support and revenues over expenditures which are excluded, consistent with industry practice, may include unrealized gains and losses on investments on debt securities, permanent transfers to and from affiliates for other than goods and services, gain on forgiveness of debt 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** – 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.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (“ASU 2020-07”), to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU 2020-07 should be applied on a retrospective basis and is effective for the Organization for the year ending June 30, 2022, with early adoption permitted. Management is currently evaluating the impact of the provisions of ASU 2020-07 on the financial statements.

## NOTE 3 – PROPERTY, BUILDINGS, AND EQUIPMENT, NET

Property, buildings, and equipment at June 30, 2021 and 2020, consisted of the following:

	2021	2020
Land and building	\$ 5,013,820	\$ 5,013,820
Building improvements	7,816,423	7,566,344
Machinery and equipment	1,844,630	1,828,515
Furniture and fixtures	364,259	364,259
Donated equipment	142,304	142,304
Construction in progress	232,487	149,442
	15,413,923	15,064,684
Less: accumulated depreciation	(10,561,225)	(9,912,961)
Property, buildings, and equipment, net	\$ 4,852,698	\$ 5,151,723

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

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Depreciation expense for the years ended June 30, 2021 and 2020, was \$648,263 and \$664,560, respectively.

**NOTE 4 – ACCRUED EXPENSES**

At June 30, 2021 and 2020, accrued expenses consisted of the following:

	<u>2021</u>	<u>2020</u>
Vacation accrual	\$ 575,706	\$ 437,315
Accrued retirement contribution	139,045	75,950
Accrued salaries	560,271	530,079
Amount due to third-party payor	309,427	268,096
Amount due to counties, current	338,901	338,901
Other	<u>564,774</u>	<u>219,044</u>
Total accrued expenses	<u>\$ 2,488,124</u>	<u>\$ 1,869,385</u>

**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 matured on December 31, 2020. Unamortized debt issuance costs related to a recognized debt liability were presented in the statements of financial position as a direct deduction from the carrying value of the debt liability. Unamortized debt issuance costs was \$0 and \$41,766 at June 30, 2021 and 2020, respectively, while amortization expense was \$41,766 and \$83,529 for the years ended June 30, 2021 and 2020, 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:

	2021	2020
<p>California Bank &amp; 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. On December 23, 2020, the loan was fully paid off.</p>	\$ -	\$ 2,375,460
<p>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 &amp; 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. The outstanding principal amount and related accrued interest was forgiven in the year ended June 30, 2021 and recognized as gain on forgiveness of Paycheck Protection Program loan in the statement of activities and changes in net assets.</p>	-	2,215,200
<p>Unamortized portion of debt issuance costs</p>	-	4,590,660
<p>Current portion of long-term debt</p>	-	(41,766)
<p>Long-term debt, net of current portion</p>	\$ -	\$ 2,215,200

Interest expense for the years ended June 30, 2021 and 2020, totaled \$65,234 and \$100,622, respectively.

**NOTE 6 – BUILDING RENTAL INCOME**

The Organization leases a portion of its office building to county agencies. 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.

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

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Future minimum lease proceeds are as follows:

<u>Year Ending June 30,</u>	
2022	3,538,516
2023	3,521,176
2024	3,585,619
2025	<u>902,980</u>
	<u>\$ 11,548,291</u>

Rental income for the years ended June 30, 2021 and 2020, was \$3,350,540 and \$3,082,677, respectively.

## **NOTE 7 – 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, 2021 and 2020, was \$442,816 and \$374,083, 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>	
2022	171,212
2023	5,838
2024	<u>487</u>
	<u>\$ 177,537</u>

## **NOTE 8 – 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 three years commencing at the participant's hire date. During the years ended June 30, 2021 and 2020, the Organization contributed \$232,361 and \$146,090, respectively, to the plan, and these amounts are included in personnel expenses on the accompanying statements of functional expenses.

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

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**NOTE 9 – 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 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.

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

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Throughout 2020 and 2021, the United States Congress passed the Coronavirus Aid, Relief, and Economic Securities ("CARES") Act, as well as several other legislative acts that resulted in substantial funds being allocated to health care organizations under the Provider Relief Fund. During 2020 and 2021, the Organization received funds under the Provider Relief Fund, administered by the U.S. Department of Health & Human Services ("HHS") of \$413,080 and \$27,800, respectively. 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 the COVID-19 pandemic, 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. For the years ended June 30, 2021 and 2020, the Organization has determined it met the terms and conditions of these funds and accordingly has recognized \$0 and \$27,800, respectively of Provider Relief Fund in grant revenue on the statements of activities and changes in net assets. Refunding of amounts received may be required by the various legislative acts if a received entity is unable to quantify the financial losses intended to be covered by the funding. The Organization continues to reconcile and analyze its health care related expenses and lost revenues based on known reporting guidance.

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 10 – 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.

**NOTE 11 – LIQUIDITY AND AVAILABILITY**

The following table reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditure within one year:

	2021	2020
Cash and cash equivalents	\$ 11,010,059	\$ 10,490,238
Grants receivable, net - current	3,638,880	2,926,156
Patient accounts receivable, net	183,481	147,073
Other receivables	162,515	103
Financial assets available to meet cash needs for general expenditures within one year	\$ 14,994,935	\$ 13,563,570

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

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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 12 – 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 28, 2021, which is the date the financial statements were available to be issued.

## **Supplementary Information**

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**The Asian Americans for Community Involvement of  
Santa Clara County, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing 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	\$ 188,056
Assistance for Torture Victims	93.604	90ZT0200-01-00	9/30/18-9/29/22	357,508
Subtotal for ALN 93.604				<u>545,564</u>
Health Center Program	93.224	H80CS26615-07-00	11/1/13-2/28/22	971,635
Health Center Program	93.224	H80CS26615-08-00	11/1/13-2/28/22	182,137
COVID-19 Health Center Program	93.224	H8ECS38203-01-00	5/1/20-4/30/21	133,354
COVID-19 Health Center Program	93.224	H8CCS34484-01-00	3/15/20-3/14/21	52,069
COVID-19 Health Center Program	93.224	20-COVID19BPHC-C3	4/1/20-3/31/21	543,485
Subtotal for Health Center Program Cluster				<u>1,882,680</u>
COVID-19 Provider Relief Fund	93.498	-	-	<u>27,800</u>
Total Direct Awards				<u>2,456,044</u>
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	-	1/1/21-12/31/21	56,157
Pass-through from Santa Clara County Social Services				
Agency-County of Santa Clara				
Nutrition Services Incentive Program	93.045	4300015195	7/1/20-6/30/21	13,080
Pass-through from Santa Clara County Social Services				
Agency-County of Santa Clara				
Nutrition Services Incentive Program	93.053	4300015195	7/1/20-6/30/21	5,192
Subtotal for Aging Cluster				<u>74,429</u>
Pass-through from Santa Clara County				
Grants to Prov. Outpatient Early Inter. Serv. with Rspt. to HIV Disease	93.918	4300017291	7/1/20-6/30/21	30,578
Grants to Prov. Outpatient Early Inter. Serv. with Rspt. to HIV Disease	93.918	4300017292	7/1/20-3/31/21	11,617
Subtotal for ALN 93.918				<u>42,195</u>
Pass through from Asian Health Services				
Sub. Abuse and Mental Health Serv. Projects of Rgnl. and Nat. Sig.				
Sub. Abuse and Mental Health Serv. Projects of Rgnl. and Nat. Sig.	93.243	4300017291/4300017292	9/30/18-9/30/23	24,136
Sub. Abuse and Mental Health Serv. Projects of Rgnl. and Nat. Sig.	93.243	4300017291/4300017292	9/30/18-9/30/23	99,300
Subtotal for ALN 93.243				<u>123,436</u>
Pass through from CA Governor's Office of Emergency Services				
Family Violence Prevention and Services				
	93.671	DV18 26 1471	10/1/19-9/30/20	<u>38,119</u>
Total Pass-through Awards				<u>278,179</u>
<i>Total U.S. Department of Health and Human Services</i>				
				<u>2,734,223</u>
<i>U.S. Department of Justice</i>				
Direct Award				
Culturally and Linguistically Specific Services Program				
Pass-through from Asian Law Alliance	16.016	2018-UW-AX-0018	10/1/18-9/30/21	97,704
Legal Assistance for Victims Grant				
Pass-through from California Emergency Management	16.524	2017-WL-AX-0031	10/1/17-12/31/20	30,388
Crime Victim Assistance				
Crime Victim Assistance	16.575	DV20 28 1471	10/1/20-9/30/21	177,657
Crime Victim Assistance	16.575	DV20 28 1471	10/1/20-9/30/21	37,847
Subtotal for ALN 16.575				<u>215,504</u>
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	<u>64,803</u>
Total U.S. Department of Justice				<u>408,399</u>
<i>U.S. Department of Housing and Urban Development</i>				
Pass-through from Sacred Heart Community Service				
COVID-19 Emergency Homelessness Prevention Program	14.267	-	9/1/20-1/31/21	126,484
Pass-through from YWCA Silicon Valley				
Continuum of Care Program				
	14.267	CA1385L9T001802	12/17/19-6/30/24	<u>46,024</u>
Subtotal for ALN 14.267				<u>172,508</u>
Total U.S. Department of Housing and Urban Development				<u>172,508</u>
<i>Total expenditures of federal awards</i>				<u>\$ 3,315,130</u>

**The Asian Americans for Community Involvement of  
Santa Clara County, Inc.  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021**

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**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, 2021. 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, 2021.

## **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, 2021, 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 28, 2021.

### **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 opinion 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 28, 2021

## **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, 2021. 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 programs.

#### ***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, 2021.

### **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 28, 2021

**The Asian Americans for Community Involvement of  
Santa Clara County, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021**

**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>Federal Assistance Listing 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, 2021**

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There were no prior audit findings reported.

