



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

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

*June 30, 2022 and 2021*



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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 Audit of the Financial Statements**

#### ***Opinion***

We have audited the 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, 2022 and 2021, 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.

In our opinion, the accompanying financial statements 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, 2022 and 2021, 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.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Asian Americans for Community Involvement of Santa Clara County, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

### ***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* 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 schedule of expenditures of federal awards 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 November 3, 2022 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.

A handwritten signature in cursive script that reads "Moss Adams LLP".

San Francisco, California  
November 3, 2022

## **Financial Statements**

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**The Asian Americans for Community Involvement of  
Santa Clara County, Inc.  
Statements of Financial Position  
June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 14,529,692	\$ 11,010,059
Grants receivable, net - current	5,403,371	3,638,880
Patient accounts receivable, net	191,080	183,481
Other receivables	124,363	162,515
Prepaid expenses	<u>217,545</u>	<u>288,220</u>
Total current assets	20,466,051	15,283,155
Property, buildings, and equipment, net of accumulated depreciation	4,794,424	4,852,698
Deposits	<u>15,736</u>	<u>16,736</u>
Total assets	<u><u>\$ 25,276,211</u></u>	<u><u>\$ 20,152,589</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 231,355	\$ 474,141
Accrued expenses	2,900,867	2,488,124
Deferred revenue	<u>660,486</u>	<u>1,020,616</u>
Total current liabilities	3,792,708	3,982,881
Amount due to counties, less current portion	<u>916,498</u>	<u>916,498</u>
Total liabilities	<u>4,709,206</u>	<u>4,899,379</u>
Net assets		
Without donor restriction		
Undesignated	13,923,538	11,738,611
Board designated	3,514,599	3,514,599
With donor restriction	<u>3,128,868</u>	<u>-</u>
Total net assets	<u>20,567,005</u>	<u>15,253,210</u>
Total liabilities and net assets	<u><u>\$ 25,276,211</u></u>	<u><u>\$ 20,152,589</u></u>

**The Asian Americans for Community Involvement of  
Santa Clara County, Inc.  
Statements of Activities and Changes in Net Assets  
Years Ended June 30, 2022 and 2021**

	2022	2021
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Support and revenues		
Support		
Contracts and grants	\$ 14,231,334	\$ 15,347,354
Contributions	4,943,367	1,951,973
Special events	22,000	185,979
Net assets released from restrictions used for operations	4,132	-
Total support	19,200,833	17,485,306
Revenues		
Fundraising income - non-financial asset contribution	104,790	-
Patient service revenue, net	2,324,640	1,855,779
Building rental income	3,444,966	3,350,540
Investment income, net	126,698	4,852
Other revenue	-	85,767
Total support and revenues	25,201,927	22,782,244
<b>EXPENSES</b>		
Program services	17,788,215	16,089,372
Supporting services		
Management and general	4,011,529	2,904,003
Total supporting services	4,011,529	2,904,003
Building expenses	1,217,256	1,392,120
Total expenses	23,017,000	20,385,495
<b>EXCESS OF SUPPORT AND REVENUES OVER EXPENDITURES</b>	2,184,927	2,396,749
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Gain on forgiveness on Paycheck Protection Program loan	-	2,240,569
Changes in net assets without donor restrictions	2,184,927	4,637,318
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Capital contracts and grants	633,000	-
Noncapital contracts and grants	2,500,000	-
Net assets released from restrictions	(4,132)	-
Changes in net assets with donor restrictions	3,128,868	-
<b>CHANGE IN NET ASSETS</b>	5,313,795	4,637,318
<b>NET ASSETS, beginning of year</b>	15,253,210	10,615,892
<b>NET ASSETS, end of year</b>	\$ 20,567,005	\$ 15,253,210

See accompanying notes.



**The Asian Americans for Community Involvement of  
Santa Clara County, Inc.  
Statements of Functional Expenses  
Year Ended June 30, 2022**

	Program Services				Support Services		Total
	Physical Health	Behavioral Health	Wellness and Others	Total	Management and General	Building	
Expenses							
Personnel expenses	\$ 3,706,539	\$ 8,137,003	\$ 1,342,413	\$ 13,185,955	\$ 2,457,778	\$ 367,547	\$ 16,011,280
Rents and leases	68,924	114,014	42,690	225,628	610	808	227,046
Medical supplies	113,807	808	-	114,615	-	-	114,615
Professional fees	866,340	896,731	507,757	2,270,828	633,370	155,968	3,060,166
Office supplies	45,801	90,429	81,100	217,330	183,860	29,788	430,978
Depreciation	127,913	66,134	7,320	201,367	35,337	400,657	637,361
Insurance	8,386	7,990	1,674	18,050	17,313	49,502	84,865
Membership fees and publications	18,683	25,925	2,433	47,041	85,681	1,350	134,072
Utilities and communication	48,209	179,705	35,646	263,560	23,612	470,261	757,433
Repairs and maintenance	59,838	237,069	11,773	308,680	88,660	503,664	901,004
Meetings and trainings	15,618	39,277	24,617	79,512	84,209	-	163,721
Travel	6,686	23,202	63,945	93,833	43,999	6,529	144,361
Property taxes	-	3,045	-	3,045	-	20,395	23,440
Other	15,251	18,237	15,071	48,559	263,315	14,784	326,658
<b>Total functional expenses before allocations</b>	<b>5,101,995</b>	<b>9,839,569</b>	<b>2,136,439</b>	<b>17,078,003</b>	<b>3,917,744</b>	<b>2,021,253</b>	<b>23,017,000</b>
Building expenses - allocated	295,361	219,747	195,104	710,212	93,785	(803,997)	-
<b>Total functional expenses</b>	<b>\$ 5,397,356</b>	<b>\$ 10,059,316</b>	<b>\$ 2,331,543</b>	<b>\$ 17,788,215</b>	<b>\$ 4,011,529</b>	<b>\$ 1,217,256</b>	<b>\$ 23,017,000</b>

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

Expenses	Program Services				Support Services		Total
	Physical Health	Behavioral Health	Wellness and Others	Total	Management and General	Building	
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
<b>Total functional expenses before allocations</b>	<b>4,415,807</b>	<b>9,110,499</b>	<b>1,888,539</b>	<b>15,414,845</b>	<b>2,804,816</b>	<b>2,165,834</b>	<b>20,385,495</b>
Building expenses - allocated	274,787	229,556	170,184	674,527	99,187	(773,714)	-
<b>Total functional expenses</b>	<b>\$ 4,690,594</b>	<b>\$ 9,340,055</b>	<b>\$ 2,058,723</b>	<b>\$ 16,089,372</b>	<b>\$ 2,904,003</b>	<b>\$ 1,392,120</b>	<b>\$ 20,385,495</b>

**The Asian Americans for Community Involvement of  
Santa Clara County, Inc.  
Statements of Cash Flows  
Year Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 5,313,795	\$ 4,637,318
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	637,361	648,263
Amortization	-	41,766
Gain on forgiveness of Paycheck Protection Program loan	-	(2,240,569)
Change in operating assets and liabilities		
Patient accounts receivable, net	(7,599)	(36,408)
Grants receivable, net	(1,764,491)	(712,724)
Other receivables	38,152	(162,412)
Prepaid expenses	70,675	(94,307)
Deposits	1,000	29,775
Accounts payable	(242,786)	60,868
Accrued expenses	412,743	647,954
Deferred revenue	(360,130)	308,650
	<u>4,098,720</u>	<u>3,128,174</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, buildings, and equipment	(579,087)	(208,333)
	<u>(579,087)</u>	<u>(208,333)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal repayments on capital lease	-	(24,560)
Principal repayments on long-term debt	-	(2,375,460)
	<u>-</u>	<u>(2,400,020)</u>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	3,519,633	519,821
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year</b>	11,010,059	10,490,238
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of year</b>	<u>\$ 14,529,692</u>	<u>\$ 11,010,059</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH-FLOW INFORMATION</b>		
Fixed asset additions included in accounts payable	<u>\$ -</u>	<u>\$ 140,905</u>
Cash paid for interest	<u>\$ -</u>	<u>\$ 65,234</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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## 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.

**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.

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

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

**Other** – Additional programming services are offered to support the delivery of an integrated care coordination model which includes outreach and care management of the primary care health, behavioral health and preventative services.

## **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, 2022 and 2021, 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.

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

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**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, 2022 and 2021.

## **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, 2022 and 2021, approximately 56% and 67% of the Organization's support and revenue were derived from government contracts and grants, respectively. At June 30, 2022 and 2021, receivables from one government grantor represents 55% and 57% 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

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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.

*Non-financial asset contribution* – Non-financial asset contributions, such as, fixed assets, materials and supplies, intangible assets and services, have been valued at fair value. Fair value is measured at a price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Non-financial asset contributions consisted of donated supplies in the amount of \$104,790 and \$0 for the years ended June 30, 2022 and 2021, respectively. The fair value was estimated based on the current rates of corresponding items provided by donors. The donations for program events and client financial assistance are included in meetings and trainings in the statements of activities and changes in net assets.

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

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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.

*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

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**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, 2022 and 2021, the board designated net assets without donor restrictions were \$3,514,599 and \$3,514,599, respectively.

*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, 2022 and 2021, there were net assets with donor restrictions of \$3,128,868 and \$0, respectively.

**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, 2022 and 2021, deferred revenue includes \$0 and \$413,080, 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 Asian Americans for Community Involvement of Santa Clara County, Inc. Notes to Financial Statements

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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.

**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, 2022 and 2021, 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. Changes in net assets without restrictions, which are excluded from excess of support and revenues over expenditures, consistent with industry practice, include 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 Accounting Standards Update ("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, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), which amends the accounting guidance to provide guidance concerning presentation and disclosure by not-for-profit entities of contributed non-financial assets received. Specifically, the amendments require (1) presentation as a separate line item in the statement of activities of contributed non-financial assets, and (2) disclosure of information about each category (i.e., type) of non-financial asset received. Non-financial assets include fixed assets (e.g., land, buildings, and equipment), the use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The Organization retrospectively adopted ASU 2020-07 on July 1, 2021 and applied the required presentation and disclosure in the statements of activities and changes in net assets and Note 2.

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

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

Property, buildings, and equipment at June 30, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
Land and building	\$ 5,013,820	\$ 5,013,820
Building improvements	8,058,308	7,816,423
Machinery and equipment	2,045,104	1,986,934
Furniture and fixtures	364,259	364,259
Construction in progress	<u>511,517</u>	<u>232,487</u>
	15,993,008	15,413,923
Less: accumulated depreciation	<u>(11,198,584)</u>	<u>(10,561,225)</u>
Property, buildings, and equipment, net	<u>\$ 4,794,424</u>	<u>\$ 4,852,698</u>

Depreciation expense for the years ended June 30, 2022 and 2021, was \$637,361 and \$648,263, respectively.

**NOTE 4 – ACCRUED EXPENSES**

At June 30, 2022 and 2021, accrued expenses consisted of the following:

	<u>2022</u>	<u>2021</u>
Vacation accrual	\$ 739,661	\$ 575,706
Accrued retirement contribution	118,505	139,045
Accrued salaries	728,438	560,271
Amount due to third-party payor	224,085	309,427
Amount due to counties, current	338,901	338,901
Other	<u>751,277</u>	<u>564,774</u>
Total accrued expenses	<u>\$ 2,900,867</u>	<u>\$ 2,488,124</u>

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

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**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at June 30 were available for the following specific program services:

	2022	2021
Subject to expenditure for specified purpose:		
Homelessness prevention	\$ 2,495,868	\$ -
Electronic health record system	633,000	-
	\$ 3,128,868	\$ -

Existing net assets with donor restriction are expected to be released within five years. Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes by donors for the years ended June 30, 2022 and 2021 were \$4,132 and \$0, 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.

Future minimum lease proceeds are as follows:

<u>Year Ending June 30,</u>			
2023	\$	3,661,426	
2024		3,776,828	
2025		1,099,923	
2026		202,851	
2027		208,937	
Thereafter		52,617	
	\$	9,002,582	

Rental income for the years ended June 30, 2022 and 2021, was \$3,444,966 and \$3,350,540, respectively.

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

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## 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, 2022 and 2021, was \$227,046 and \$248,417, 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>	
2023	\$ 265,300
2024	279,149
2025	<u>184,690</u>
	<u>\$ 729,139</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, 2022 and 2021, the Organization contributed \$207,507 and \$232,361, respectively, to the plan, and these amounts are included in personnel expenses on the accompanying statements of functional expenses.

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

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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.

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 2022 and 2021, the Organization received funds under the Provider Relief Fund, administered by the U.S. Department of Health & Human Services ("HHS") of \$0 and \$413,080, 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, 2022 and 2021, the Organization has determined it met the terms and conditions of these funds and accordingly has recognized \$413,080 and \$0, 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.

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

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**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, 2022 and 2021, reduced by amounts not available for general expenditure within one year:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 14,529,692	\$ 11,010,059
Grants receivable, net - current	5,403,371	3,638,880
Patient accounts receivable, net	191,080	183,481
Other receivables	124,363	162,515
Less donor restricted net assets	<u>(3,128,868)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 17,119,638</u>	<u>\$ 14,994,935</u>

Financial assets are considered unavailable when illiquid, not convertible to cash within one year or 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 November 3, 2022, 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, 2022

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 Award				
Assistance for Torture Victims	93.604	90ZT0200-03-00	10/1/20-9/30/21	\$ 115,992
Assistance for Torture Victims	93.604	90ZT0200-04-00	10/1/21-9/30/22	339,439
Subtotal for ALN 93.604				455,431
Health Center Program	93.224	21C8ECS44346C6	9/15/21-9/14/24	10,229
Health Center Program	93.224	21MC1HP42071C6	7/1/21-6/30/23	283,015
Health Center Program	93.224	H80CS26615-07-00	11/1/13-2/28/22	1,004,955
Health Center Program	93.224	H80CS26615-08-00	7/1/21-6/30/22	481,229
COVID-19 Health Center Program	93.224	21H8FCS40709C6	4/1/21-3/31/23	465,625
Pass-through from Santa Clara County Social Services				
Health Center Program	93.224	PO 4300020482	7/1/21-6/30/22	25,000
Subtotal for Health Center Program Cluster				2,270,053
Direct Award				
COVID-19 Provider Relief Fund	93.498	-	-	413,080
Pass-through from Santa Clara County Social Services				
Agency-County of Santa Clara				
Nutrition Program	93.045	4300015195	7/1/21-6/30/22	14,234
Pass-through from Santa Clara County Social Services				
Agency-County of Santa Clara				
Senior Nutrition Program	93.045	BOS-2021-2	1/1/21-12/31/21	15,053
Pass-through from Santa Clara County Social Services				
Agency-County of Santa Clara				
COVID-10 Meals - Senior Nutrition Program	93.045	BOS-2021-2	1/1/22-12/31/22	15,322
Subtotal for ALN 93.045				44,609
Pass-through from Santa Clara County Social Services				
Agency-County of Santa Clara				
Nutrition Services Incentive Program	93.053	BOS-2021-2	7/1/21-6/30/22	5,650
Subtotal for Aging Cluster				50,259
Pass-through from Santa Clara County				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	PO 4300020482	7/1/21-6/30/22	182,679
Block Grants for Prevention and Treatment of Substance Abuse	93.959	PO 4300020481	7/1/21-6/30/22	149,706
Block Grants for Prevention and Treatment of Substance Abuse	93.959	PO 4300020483	7/1/21-6/30/22	722,994
Subtotal for ALN 93.959				1,055,379
Pass through from Asian Health Services				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	4300017291/4300017292	9/30/18-9/30/23	42,879
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	4300017291/4300017292	9/30/18-9/30/23	123,372
Subtotal for ALN 93.243				166,251
<i>Total U.S. Department of Health and Human Services</i>				<u>4,410,453</u>
<i>U.S. Department of Justice</i>				
Direct Award				
Culturally and Linguistically Specific Services Program	16.016	2018-UW-AX-0018	10/1/18-9/30/21	18,418
Pass-through from Asian Law Alliance				
Legal Assistance for Victims Grant	16.524	2017-WL-AX-0031	10/1/21-9/30/24	61,954
Pass-through from California Emergency Management				
Crime Victim Assistance	16.575	DV20 28 1471	10/1/20-9/30/21	98,687
Crime Victim Assistance	16.575	DV20 28 1471	8/1/2021-7/31/2022	244,743
Subtotal for ALN 16.575				343,430
Pass-through from YMCA Silicon Valley				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2018-WE-AX-0002	10/1/18-9/30/22	129,453
<i>Total U.S. Department of Justice</i>				<u>553,255</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	-	-	183,964
Pass-through from YWCA Silicon Valley				
Continuum of Care Program	14.267	CA1385L9T001802	12/17/19-6/30/24	56,578
Subtotal for ALN 14.267				240,542
<i>Total U.S. Department of Housing and Urban Development</i>				<u>240,542</u>
<i>Total expenditures of federal awards</i>				<u>\$ 5,204,250</u>

**The Asian Americans for Community Involvement of  
Santa Clara County, Inc.  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022**

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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, 2022. 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, 2022.

## **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***

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, 2022, 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 November 3, 2022.

### **Report on 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be significant deficiency.

## **Report on 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*.

### **The Asian Americans for Community Involvement of Santa Clara County, Inc.'s Response to Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on The Asian Americans for Community Involvement of Santa Clara County, Inc.'s response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Asian Americans for Community Involvement of Santa Clara County, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 entity'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.

A handwritten signature in cursive script that reads "Moss Adams LLP".

San Francisco, California  
November 3, 2022

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

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

## **Report on Compliance for the Major Federal Program**

### ***Opinion on 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 identified as subject to audit 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, 2022. 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.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

The image shows a handwritten signature in cursive script that reads "Moss Adams LLP". The signature is written in dark ink and is positioned above the printed name and date.

San Francisco, California  
November 3, 2022

**The Asian Americans for Community Involvement of  
Santa Clara County, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the consolidated 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 the major federal program:

- 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 the Major Federal Program:**

Federal Assistance Listing Number	Name of Federal Program	Type of Auditor’s Report Issued on Compliance for the Major Federal Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse	<i>Unmodified</i>

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

Auditee qualified as low-risk auditee?  Yes  No



**The Asian Americans for Community Involvement of  
Santa Clara County, Inc.  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2022**

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**Section II – Financial Statement Findings**

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**Finding 2022-001 – Reconciliation of Grant Revenue – Significant Deficiency**

*Criteria* – Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958-605, *Not-for-Profit: Revenue Recognition*, establishes accounting standards for the recognition and measurement of grant revenue for not-for-profit entities, including assessment of the collectability of grant receivables.

*Condition/Context* – Grant revenue and grants receivable were not reconciled on a consistent or timely basis, resulting in certain grants receivable being incorrectly classified as outstanding when collections were received.

*Effect* – Grant revenue was not appropriately recognized in accordance with generally accepted accounting principles during the fiscal year.

*Cause* – Grant revenue and grants receivable were not reconciled on a consistent or timely basis during the fiscal year, due to turnover in accounting department.

*Recommendation* – We recommend that the Organization’s management performs a detailed analysis and reconciliation of grant revenue billed and cash receipts on a monthly basis to ensure that grant revenue is appropriately recorded, and cash receipts are appropriately reconciled and applied to billings recorded. We also recommend that the Organization monitors for appropriate staffing to ensure that processes are performed consistently and timely, even when turnover of employees occurs.

*Management’s response* – Management agrees with the recommendation and is adding staff to ensure consistent and timely execution of established policies and procedures that require detailed analysis and reconciliations of grant revenue billed and cash receipts are followed on a monthly basis.

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**Section III – Federal Award Findings and Questioned Costs**

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None reported

**The Asian Americans for Community Involvement of  
Santa Clara County, Inc.  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2022**

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There were no prior audit findings reported.