



Reports of Independent Auditors and
Financial Statements with Supplementary Information

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

June 30, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter – New Accounting Standard

As discussed in Note 2 to the financial statements, The Asian Americans for Community Involvement of Santa Clara County, Inc. adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, as of July 1, 2022, using the modified retrospective approach. Our opinion is not modified with respect to this 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* 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 October 31, 2023 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
October 31, 2023

Financial Statements

**The Asian Americans for Community Involvement of Santa Clara
County, Inc.**
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,500,520	\$ 14,529,692
Grants receivable, net	5,714,355	5,403,371
Patient accounts receivable, net	257,685	191,080
Other receivables	14,810	124,363
Prepaid expenses	277,689	217,545
Total current assets	16,765,059	20,466,051
Property, buildings, and equipment, net of accumulated depreciation	8,941,047	4,794,424
Operating lease right-of-use assets	431,142	-
Deposits	20,736	15,736
Other assets	55,900	-
Total assets	\$ 26,213,884	\$ 25,276,211
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 271,785	\$ 231,355
Accrued expenses	3,228,326	2,900,867
Deferred revenue	598,420	660,486
Operating lease liabilities, current portion	259,616	-
Total current liabilities	4,358,147	3,792,708
Amount due to counties, less current portion	916,498	916,498
Operating lease liabilities, less current portion	180,840	-
Total liabilities	5,455,485	4,709,206
Net assets		
Without donor restriction		
Undesignated	15,085,246	13,923,538
Board designated	3,514,599	3,514,599
With donor restriction	2,158,554	3,128,868
Total net assets	20,758,399	20,567,005
Total liabilities and net assets	\$ 26,213,884	\$ 25,276,211

See accompanying notes.

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

**Statements of Activities and Changes in Net Assets
Years Ended June 30, 2023 and 2022**

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and revenues		
Support		
Contracts and grants	\$ 21,517,002	\$ 14,231,334
Contributions	2,219,141	4,943,367
Special events	-	22,000
Net assets released from restrictions used for operations	336,248	4,132
Total support	24,072,391	19,200,833
Revenues		
Fundraising income - non-financial asset contribution	63,551	104,790
Patient service revenue, net	1,927,488	1,670,340
Building rental income	3,597,304	3,444,966
Investment income, net	246,412	126,698
Other revenue	908,873	654,300
Total support and revenues	30,816,019	25,201,927
EXPENSES		
Program services	23,161,455	17,788,215
Supporting services		
Management and general	5,163,668	4,011,529
Total supporting services	5,163,668	4,011,529
Building expenses	1,963,254	1,217,256
Total expenses	30,288,377	23,017,000
EXCESS OF SUPPORT AND REVENUES OVER EXPENDITURES	527,642	2,184,927
Net assets released from restrictions used for capital	634,066	-
Changes in net assets without donor restrictions	1,161,708	2,184,927
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Capital contracts and grants	-	633,000
Noncapital contracts and grants	-	2,500,000
Net assets released from restrictions	(970,314)	(4,132)
Changes in net assets with donor restrictions	(970,314)	3,128,868
CHANGE IN NET ASSETS	191,394	5,313,795
NET ASSETS, beginning of year	20,567,005	15,253,210
NET ASSETS, end of year	\$ 20,758,399	\$ 20,567,005

See accompanying notes.

The Asian Americans for Community Involvement of Santa Clara County, Inc.
Statements of Functional Expenses
Year Ended June 30, 2023

	Program Services				Support Services		Total
	Physical Health	Behavioral Health	Wellness and Others	Total	Management and General	Building	
Expenses							
Personnel expenses	\$ 5,361,104	\$ 10,122,712	\$ 1,874,693	\$ 17,358,509	\$ 3,016,497	\$ 519,508	\$ 20,894,514
Rents and leases	113,088	118,338	44,900	276,326	1,485	18,879	296,690
Medical supplies	178,625	-	456	179,081	6,514	153	185,748
Professional fees	1,311,714	999,872	648,353	2,959,939	1,232,974	145,840	4,338,753
Office supplies	188,248	130,639	96,156	415,043	157,653	127,396	700,092
Depreciation	120,982	42,655	2,130	165,767	124,056	304,553	594,376
Insurance	11,411	8,784	2,158	22,353	20,850	111,184	154,387
Membership fees and publications	31,300	25,856	4,293	61,449	75,974	2,952	140,375
Utilities and communication	84,958	176,117	47,714	308,789	26,565	501,271	836,625
Repairs and maintenance	98,386	192,771	9,468	300,625	362	944,549	1,245,536
Meetings and trainings	24,499	37,659	52,761	114,919	44,858	-	159,777
Travel	7,690	37,044	67,654	112,388	49,856	13,898	176,142
Property taxes	-	3,267	-	3,267	-	19,352	22,619
Other	105,489	38,172	27,247	170,908	312,238	59,597	542,743
Total functional expenses before allocations	7,637,494	11,933,886	2,877,983	22,449,363	5,069,882	2,769,132	30,288,377
Building expenses - allocated	295,936	220,690	195,466	712,092	93,786	(805,878)	-
Total functional expenses	<u>\$ 7,933,430</u>	<u>\$ 12,154,576</u>	<u>\$ 3,073,449</u>	<u>\$ 23,161,455</u>	<u>\$ 5,163,668</u>	<u>\$ 1,963,254</u>	<u>\$ 30,288,377</u>

See accompanying notes.

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

	Program Services				Support Services		
	Physical Health	Behavioral Health	Wellness and Others	Total	Management and General	Building	Total
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
Total functional expenses before allocations	5,101,995	9,839,569	2,136,439	17,078,003	3,917,744	2,021,253	23,017,000
Building expenses - allocated	295,361	219,747	195,104	710,212	93,785	(803,997)	-
Total functional expenses	<u>\$ 5,397,356</u>	<u>\$ 10,059,316</u>	<u>\$ 2,331,543</u>	<u>\$ 17,788,215</u>	<u>\$ 4,011,529</u>	<u>\$ 1,217,256</u>	<u>\$ 23,017,000</u>

See accompanying notes.

**The Asian Americans for Community Involvement of Santa Clara
County, Inc.**
Statements of Cash Flows
Year Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 191,394	\$ 5,313,795
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	594,375	637,361
Amortization	3,100	-
Change in operating assets and liabilities		
Patient accounts receivable, net	(66,605)	(7,599)
Grants receivable, net	(310,984)	(1,764,491)
Other receivables	109,553	38,152
Prepaid expenses	(60,144)	70,675
Deposits	(5,000)	1,000
Operating lease right-of-use assets	(431,142)	-
Other assets	(75,000)	-
Accounts payable	40,430	(242,786)
Accrued expenses	327,459	412,743
Deferred revenue	(62,066)	(360,130)
Operating lease liabilities	440,456	-
Net cash provided by operating activities	<u>695,826</u>	<u>4,098,720</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, buildings, and equipment	<u>(4,724,998)</u>	<u>(579,087)</u>
Net cash used in investing activities	<u>(4,724,998)</u>	<u>(579,087)</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(4,029,172)	3,519,633
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	<u>14,529,692</u>	<u>11,010,059</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of year	<u>\$ 10,500,520</u>	<u>\$ 14,529,692</u>
SUPPLEMENTAL DISCLOSURE OF CASH-FLOW INFORMATION		
Non-financial asset contribution	<u>\$ 63,551</u>	<u>\$ 104,790</u>
Noncash acquisition of operating lease right-of-use assets	<u>\$ 671,842</u>	<u>\$ -</u>

See accompanying notes.

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

Notes to Financial Statements

Note 1 – Description of Organization and Program Services

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

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 its diverse community members by improving their health and well-being. AACI’s 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 and Enhanced Care Management –The Patient Navigation Center and Enhanced Care Management provide enabling services, such as appointment scheduling, referrals, care coordination across multiple service providers, and assistance with other social service needs that in total results in a comprehensive approach to overall care management.

Dental services – As a licensed FQHC, AACI also provides dental services as a core service that is essential to an individual’s overall health and wellness. AACI Family Dentistry provides oral care to adults and children in the same culturally sensitive manner.

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.

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

Notes to Financial Statements

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.

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 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, 2023 and 2022, cash equivalents consisted primarily of money market accounts with financial institutions.

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

Notes to Financial Statements

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 market funds which, at times, may exceed insured limits set by the Federal Deposit Insurance Corporation (“FDIC”) and Securities Investors Protection Corporation (“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.

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.

The following table provides information about the Organization’s receivables pursuant to FASB ASC 606-10-50-11:

	<u>July 1, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Patient accounts receivable, net	\$ 183,481	\$ 191,080	\$ 257,685
Other receivables	<u>162,515</u>	<u>124,363</u>	<u>14,810</u>
	<u>\$ 345,996</u>	<u>\$ 315,443</u>	<u>\$ 272,495</u>

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

Notes to Financial Statements

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, 2023 and 2022.

Leases – The Organization has lessee activity with various lessors that are classified as operating leases. Operating leases are included in operating lease right-of-use assets and operating lease liabilities on the statements of financial position. The Organization considers that a contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration.

Right-of-use asset represents the right-of-use of an underlying asset for the lease term and lease liability represents obligations to make lease payments arising from the lease. Operating lease right-of-use assets and operating lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. When discount rates implicit in leases cannot be readily determined, the Organization uses the applicable incremental borrowing rate to perform lease classification tests and to measure lease liabilities and right-of-use assets. Lease expense for operating leases is recognized on a straight-line basis over the lease term. In addition, the Organization's leases generally do not contain any residual or restrictive covenants.

The Organization has agreements with lease and nonlease components, such as common area maintenance, and has elected to not account for the lease and nonlease components as separate components. The Organization has elected not to recognize lease right-of-use assets and lease liabilities for leases with terms of less than 12 months.

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, 2023 and 2022, approximately 70% and 56% of the Organization's support and revenue were derived from government contracts and grants, respectively. At June 30, 2023 and 2022, receivables from one government grantor represents 83% and 55% of grants receivable, respectively.

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

Notes to Financial Statements

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.

Non-financial asset contribution – The Organization recognizes in-kind contributed goods that create or enhance nonfinancial assets, and would typically need to be purchased, if not provided by donation. In-kind contributed goods are not monetized by the Organization but used in the Organization's operations. Contributed goods and services during the periods ended June 30, 2023 and 2022, consist primarily of donated materials and supplies. It is the policy of the Organization to record the estimated fair value, based on wholesale prices of comparable goods available in the market of these in-kind donations as non-financial asset contribution. During the years ended June 30, 2023 and 2022, \$63,551 and \$104,790, respectively, were recognized as non-financial asset contributions, and the related expenses were recognized 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 Asian Americans for Community Involvement of Santa Clara County, Inc.

Notes to Financial Statements

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.

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.

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

Notes to Financial Statements

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.

Advertising costs – The Organization expenses advertising costs as incurred. There is no advertising costs incurred for the years ended June 30, 2023 and 2022.

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, 2023 and 2022, the board designated net assets without donor restrictions were \$3,514,599.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may, or will be met, either by actions of the Organization and/or the passage of time. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Net assets subject to donor-imposed restrictions also represent cash and cash equivalents that are subject to gift instrument restrictions that require the principal to be invested in perpetuity. At June 30, 2023 and 2022, there were net assets with donor restrictions of \$2,158,554 and \$3,128,868, respectively.

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

Notes to Financial Statements

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

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

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

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

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

The 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, 2023 and 2022, 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.

Reclassifications – Certain reclassifications have been made to the prior year financial statements in order to confirm to the current year presentation.

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

Notes to 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 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”) 2016-02, *Leases (Topic 842)* (“ASU 2016-02”), as subsequently amended, which requires an entity to recognize assets and liabilities arising from a lease for both financing (formerly referred to as capital) and operating leases. ASU 2016-02 also requires new qualitative and quantitative disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted this ASU as of July 1, 2022, using the modified retrospective approach. In addition, the standard allows for certain practical expedients in transition to ASC Topic 842, *Leases*, including the package of practical expedients. The Organization elected to utilize the package of practical expedients, which allowed the Organization to not reassess the following: (i) whether any expired or existing contracts contained leases; (ii) the lease classification for any expired or existing leases; and (iii) the treatment of initial direct costs for any existing leases.

The adoption of this standard resulted in the recognition of operating lease right-of-use assets of \$671,842 and operating lease liabilities of \$671,842 as of July 1, 2022, for its lease with maturity dates through 2025. The Organization will amortize the right-of-use assets over the respective lease terms accordingly. The operating lease expenses are included in rents and leases expenses in the Organization’s statements of functional expenses. The adoption did not impact beginning net assets, or prior year statements of activities and changes in net assets and statements of cash flows as the Organization elected the practical expedient that allows comparative financial statements under ASC Topic 840, *Leases*. The Organization included the disclosures required for ASC Topic 842 in Note 7.

Note 3 – Property, Buildings, and Equipment, Net

Property, buildings, and equipment at June 30, 2023 and 2022, consisted of the following:

	2023	2022
Land and building	\$ 8,184,302	\$ 5,013,820
Building improvements	8,294,233	8,058,308
Machinery and equipment	3,042,818	2,045,104
Furniture and fixtures	364,259	364,259
Construction in progress	848,393	511,517
	20,734,005	15,993,008
Less: accumulated depreciation	(11,792,958)	(11,198,584)
Property, buildings, and equipment, net	\$ 8,941,047	\$ 4,794,424

Depreciation expense for the years ended June 30, 2023 and 2022, was \$594,375 and \$637,361, respectively.

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

Notes to Financial Statements

Note 4 – Accrued Expenses

At June 30, 2023 and 2022, accrued expenses consisted of the following:

	2023	2022
Vacation accrual	\$ 854,778	\$ 739,661
Accrued retirement contribution	155,802	118,505
Accrued salaries	832,533	728,438
Amount due to third-party payor	401,510	224,085
Amount due to counties, current	337,009	338,901
Other	646,694	751,277
Total accrued expenses	\$ 3,228,326	\$ 2,900,867

Note 5 – Net Assets with Donor Restrictions

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

	2023	2022
Subject to expenditure for specified purpose:		
Homelessness prevention	\$ 2,158,554	\$ 2,495,868
Electronic health record system	-	633,000
	\$ 2,158,554	\$ 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, 2023 and 2022 were \$970,314 and \$4,132, 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 2027. 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

Future minimum lease proceeds are as follows:

<u>Year Ending June 30,</u>	
2024	\$ 3,990,356
2025	1,153,305
2026	202,851
2027	68,624
2028	52,617
	<hr/>
	<u>\$ 5,467,753</u>

Rental income for the years ended June 30, 2023 and 2022, was \$3,597,304 and \$3,444,966, respectively.

Note 7 – Leases

The Organization has various noncancelable operating agreements for the lease of certain facilities with expiration dates through March 2025.

The Organization does not recognize lease right-of-use assets and lease liabilities arising from leases with a term of 12 months or less. The Organization's lease payments are for the right-of-use of the underlying leased asset over the lease terms. The leases also contain provisions that periodically increase the rent due, typically annually, based on a fixed escalation percentage or an inflationary index, or a combination of both. The weighted average remaining lease term and the weighted average discount rate of the Organization's operating leases is 2 years and 6.5%, respectively, at June 30, 2023.

Rental expense for the years ended June 30, 2023, was \$296,690, which is included in rents and leases expense on the accompanying statements of functional expenses.

Cash paid for amounts included in the measurements of operating lease liabilities was \$266,912 for the year ended June 30, 2023.

There were no variable lease payments for the year ended June 30, 2023.

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

Notes to Financial Statements

Future minimum rental payments required under noncancelable operating leases as of June 30, 2023 are as follows:

Years Ending June 30,

2024	\$ 279,150
2025	184,690
Total lease payments	463,840
Less: present value discount	(23,384)
	<u>\$ 440,456</u>

Future minimum rental payments required under noncancelable operating leases as of June 30, 2022, and reflect the application of the prior year lease standard (ASC Topic 840) are as follows:

Years Ending June 30,

2023	\$ 265,300
2024	279,149
2025	184,690
	<u>\$ 729,139</u>

Rental expense for the year ended June 30, 2022, was \$227,046, which is included in rents and leases expense on the accompanying statements of functional expenses.

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, 2023 and 2022, the Organization contributed \$263,925 and \$207,507, 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

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.

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.

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

Notes to Financial Statements

Note 11 – Liquidity and Availability

The following table reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 10,500,520	\$ 14,529,692
Grants receivable, net	5,714,355	5,403,371
Patient accounts receivable, net	257,685	191,080
Other receivables	14,810	124,363
Less donor restricted net assets	<u>(2,158,554)</u>	<u>(3,128,868)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 14,328,816</u>	<u>\$ 17,119,638</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 October 31, 2023, which is the date the financial statements were available to be issued.

Supplementary Information

**The Asian Americans for Community Involvement of Santa Clara
County, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Award Number	Federal Expenditures
<i>U.S. Department of Health and Human Services</i>			
Direct Award			
Assistance for Torture Victims	93.604	90ZT0200-04-00	\$ 156,736
Assistance for Torture Victims	93.604	90ZT023801	356,250
Subtotal for ALN 93.604			512,986
COVID-19 Expanding Vaccination	93.527	1H8GCS47916-01-00	98,460
Health Center Program	93.224	5H80CS26615-10-00	407,490
Health Center Program	93.224	5H80CS26615-09-00	1,109,033
Health Center Program	93.224	3H8FCS40709-01-01	65,500
COVID-19 Health Center Program	93.224	1H8FCS40709-01-00	357,750
Pass-through from Sacred Heart Community Service			
Health Center Program	93.224	MOU	15,529
Subtotal for Health Center Program Cluster			2,053,762
Direct Award			
Behavioral Health Workforce Education & Training Program	93.732	5MC1HP42071-02-00	283,523
Health Center Infrastructure Support	93.526	1C8ECS44346-01-00	498,407
Pass-through from Bay Area Community Health			
HIV Prevention Activities Non-Governmental Organization Based	93.939	MOU	105,072
Pass-through from Santa Clara County			
Congressional Directives	93.493	4300020136	293,014
Pass-through from Community Health Partnership			
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	MOU	185,877
Pass-through from Community Health Partnership			
Immunization Cooperative Agreements	93.268	MOU	16,213
Pass-through from CA Governor's Office of Emergency Services			
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	DV20 28 1471	64,438
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	DV22 30 1471	67,498
Subtotal for ALN 93.671			131,936
Pass-through from Santa Clara County Social Services			
Agency-County of Santa Clara			
Senior Nutrition Program	93.045	4300015195	32,684
Pass-through from Santa Clara County Social Services			
Agency-County of Santa Clara			
Nutrition Services Incentive Program	93.053	4300015195	4,123
Subtotal for Aging Cluster			36,807
Pass-through from Santa Clara County			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	PO 4300020482	57,024
Block Grants for Prevention and Treatment of Substance Abuse	93.959	PO 4300020481	1,149
Block Grants for Prevention and Treatment of Substance Abuse	93.959	PO 4300021580	989,728
Subtotal for ALN 93.959			1,047,901
Pass through from Asian Health Services			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	4300017291/4300017292	73,702
<i>Total U.S. Department of Health and Human Services</i>			5,239,200
<i>U.S. Department of Justice</i>			
Pass-through from Asian Law Alliance			
Legal Assistance for Victims Grant	16.524	2017-WL-AX-0031	120,575
Pass-through from California Emergency Management			
Crime Victim Assistance	16.575	DV20 28 1471	88,192
Crime Victim Assistance	16.575	DV22 30 1471	69,269
Subtotal for ALN 16.575			157,461
Pass-through from Community Solutions			
Services for Trafficking Victims	16.320	2018-VT-BX-K023	2,616
<i>Total U.S. Department of Justice</i>			280,652
<i>U.S. Department of Homeland Security</i>			
Pass-through from Emergency Food & Shelter Program Local Board			
Emergency Food and Shelter National Board Program	97.024	MOU	1,000
Pass-through from Sourcewise Community Resource Solutions			
Assistance to Firefighters Grant	97.044	2023SWARP01	53,639
<i>Total U.S. Department of Homeland Security</i>			54,639
<i>Total expenditures of federal awards</i>			<u>\$ 5,574,491</u>

See accompanying notes to schedule of expenditures of federal awards.

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

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

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, 2023. 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, 2023.

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, 2023, 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 31, 2023.

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 Organization'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 or significant deficiencies may exist that were not identified.

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*.

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.

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

San Francisco, California

October 31, 2023

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, 2023. 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, 2023.

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 the 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.



San Francisco, California
October 31, 2023

**The Asian Americans for Community Involvement of Santa Clara
County, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

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 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:

<i>Federal Assistance Listing Number</i>	<i>Name of Federal Program</i>	<i>Type of Auditor’s Report Issued on Compliance for the Major Federal Program</i>
93.224&93.527	Health Center Program Cluster	<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

Section II – Financial Statement Findings

None reported

Section III – Major Federal Award Findings and Questioned Costs

None reported

