THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT OF SANTA CLARA COUNTY, INC.

(A California Nonprofit Public Benefit Corporation)

***

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Year Ended June 30, 2013 with Comparative Totals
for the Year Ended June 30, 2012

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT
OF SANTA CLARA COUNTY, INC.
(A California Nonprofit Public Benefit Corporation)

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SECTION I

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Asian Americans for Community Involvement
of Santa Clara County, Inc.
(A California Nonprofit Public Benefit Corporation)
San Jose, California

Report on the Financial Statements

We have audited the accompanying financial statements of The Asian Americans for Community Involvement of Santa Clara County, Inc. (a California nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Asian Americans for Community Involvement of Santa Clara County, Inc.'s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Asian Americans for Community Involvement of Santa Clara County, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited The Asian Americans for Community Involvement of Santa Clara County, Inc.'s financial statements for the year ended June 30, 2012, and our report dated October 5, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Prior Period Adjustment

As described in Note 22, during the year ended June 30, 2013 management discovered that depreciation expense, not related to program services and fully attributable to the building, for the year ended June 30, 2012 was overstated by $170,514. As a result the Organization has restated the accompanying financial statements as of and for the year ended June 30, 2012 to reflect the correct depreciation expense for that year. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013, 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 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 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.

BERGER LEWIS ACCOUNTANCY CORPORATION
San Jose, California
October 11, 2013

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT
OF SANTA CLARA COUNTY, INC.
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION

June 30, 2013 with Comparative Totals as of June 30, 2012

ASSETS

	2013			(Restated) 2012
	Unrestricted	Temporarily Restricted	TOTAL	TOTAL
CURRENT ASSETS:				
Cash and Cash Equivalents	$ 3,913,995	$ 343,573	$ 4,257,568	$ 5,428,195
Grants Receivable, Current Portion	2,135,387	-	2,135,387	1,389,357
Accounts Receivable	334,080	-	334,080	229,179
Promises to Give, Current Portion	105,902	464,277	570,179	521,154
Prepaid Expenses	159,596	-	159,596	178,549
Unamortized Debt Issuance Costs, Current Portion	83,531	-	83,531	83,531
Total Current Assets	6,732,491	807,850	7,540,341	7,829,965
PROPERTY AND EQUIPMENT, NET	3,830,931	-	3,830,931	3,881,361
OTHER ASSETS:				
Grants Receivable, Net of Current Portion	219,892	-	219,892	306,209
Promises To Give, Net of Current Portion	-	46,666	46,666	96,101
Unamortized Debt Issuance Costs, Net of Current Portion	542,948	-	542,948	626,479
Deposits	44,184	-	44,184	60,783
Total Other Assets	807,024	46,666	853,690	1,089,572
TOTAL ASSETS	$ 11,370,446	$ 854,516	$ 12,224,962	$ 12,800,898

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:				
Accounts Payable	$ 244,688	$ -	$ 244,688	$ 349,078
Accrued Expenses	781,507	-	781,507	692,580
Tenant Security Deposits	5,374	-	5,374	5,374
Deferred Revenue	171,287	-	171,287	168,797
Long-Term Debt, Current Portion	82,254	-	82,254	600,000
Total Current Liabilities	1,285,110	-	1,285,110	1,815,829
LONG-TERM LIABILITIES, NET OF CURRENT PORTION:				
Long-Term Debt	4,318,361	-	4,318,361	4,400,348
Total Liabilities	5,603,471	-	5,603,471	6,216,177
NET ASSETS:				
Unrestricted Net Assets:				
Unrestricted	2,752,376	-	2,752,376	2,418,300
Board Designated	3,014,599	-	3,014,599	3,014,599
Total Unrestricted Net Assets	5,766,975	-	5,766,975	5,432,899
Temporarily Restricted Net Assets	-	854,516	854,516	1,151,822
Total Net Assets	5,766,975	854,516	6,621,491	6,584,721
TOTAL LIABILITIES AND NET ASSETS	$ 11,370,446	$ 854,516	$ 12,224,962	$ 12,800,898

The Accompanying Notes are an Integral Part of these Financial Statements.

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT
OF SANTA CLARA COUNTY, INC.
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013 with Comparative Totals for the Year Ended June 30, 2012

	2013			(Restated) 2012
	Unrestricted	Temporarily Restricted	TOTAL	TOTAL
SUPPORT AND REVENUE:				
Support:				
Contracts and Grants	$ 7,153,731	$ -	$ 7,153,731	$ 6,637,850
Contributions	253,275	687,470	940,745	674,860
Contributions In-Kind	44,350	-	44,350	46,566
Special Events, Net of Expenses $7,093 and $22,392, respectively	108,391	-	108,391	73,893
Total Support	7,559,747	687,470	8,247,217	7,433,169
Revenue:				
Treatment Fees	2,386,504	-	2,386,504	2,519,763
Building Rental Income	2,129,613	-	2,129,613	2,075,165
Investment Income	4,355	-	4,355	13,352
Other Revenue	143,678	-	143,678	292,313
Total Revenue	4,664,150	-	4,664,150	4,900,593
Total Support and Revenue	12,223,897	687,470	12,911,367	12,333,762
Net Assets Released from Restrictions	984,776	(984,776)	-	-
Total Support, Revenue and Net Assets Released from Restrictions	13,208,673	(297,306)	12,911,367	12,333,762
EXPENSES:				
Program Services	9,593,486	-	9,593,486	9,353,686
Supporting Services:				
Management and General	1,679,671	-	1,679,671	1,896,534
Fiscal Sponsorship	13,662	-	13,662	41,541
Fundraising	321,465	-	321,465	238,888
Total Supporting Services	2,014,798	-	2,014,798	2,176,963
Building	1,266,313	-	1,266,313	1,330,364
Total Expenses	12,874,597	-	12,874,597	12,861,013
CHANGE IN NET ASSETS	334,076	(297,306)	36,770	(527,251)
NET ASSETS, Beginning of Year, as Restated (Note 22)	5,432,899	1,151,822	6,584,721	7,111,972
NET ASSETS, End of Year	$ 5,766,975	$ 854,516	$ 6,621,491	$ 6,584,721

The Accompanying Notes are an Integral Part of these Financial Statements.

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT OF SANTA CLARA COUNTY, INC.
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2013 with Comparative Totals for the Year Ended June 30, 2012

	PROGRAM SERVICES											SUPPORTING SERVICES					TOTAL	
	Mental Health Services	Family Violence Services	Senior and Health Services	Integrated Behavioral Health	Substance Abuse Services	Youth Services	Health Services	Patient Navigation Center	CARE Services	Advocacy	Total	Management and General	Fiscal Sponsorship	Fundraising	Total	Building	2013	(Restated) 2012
EXPENSES:																		
Salaries	$ 2,584,563	$ 483,318	$ 265,569	$ 120,397	$ 347,279	$ 142,683	$ 1,395,165	$ 70,230	$ 233,847	$ 37,210	$ 5,680,261	$ 1,024,884	$ -	$ 151,496	$ 1,176,380	$ 220,837	$ 7,077,478	$ 6,711,603
Employee Benefits	393,000	73,426	55,280	15,870	47,744	33,675	231,933	12,473	56,834	9,153	929,388	206,637	-	20,650	227,287	43,338	1,200,013	1,074,165
Payroll Taxes	191,529	36,558	19,526	9,145	25,337	10,433	88,442	5,081	17,143	2,823	406,017	71,078	-	11,157	82,235	15,896	504,148	482,558
Total Salaries and Related Expenses	3,169,092	593,302	340,375	145,412	420,360	186,791	1,715,540	87,784	307,824	49,186	7,015,666	1,302,599	-	183,303	1,485,902	280,071	8,781,639	8,268,326
Consultants and Subcontractors	270,074	1,010	9,518	2,100	16,640	6,299	47,353	134,775	141,200	4,188	633,157	61,749	12,276	40,758	114,783	-	769,116	1,294,933
Depreciation	66,554	13,938	1,348	363	1,692	780	56,646	275	1,196	180	142,972	12,892	-	-	12,892	337,676	493,540	433,991
Repairs and Maintenance	33,249	92,683	348	-	2,572	-	31,798	-	6,600	-	167,250	6,674	-	5,644	12,318	250,164	429,732	476,759
Professional Fees	131,622	32,865	17,584	4,846	20,273	11,251	110,319	2,894	15,751	2,344	349,749	-	10	12,593	12,603	20,037	361,213	387,738
Utilities	2,779	10,921	-	-	-	-	-	-	4,244	-	17,944	-	-	-	-	303,421	321,365	319,081
Janitorial	-	-	-	-	-	-	-	-	4,806	-	4,806	-	-	-	-	248,722	253,528	242,832
Supplies	37,461	62,792	13,328	769	5,117	9,383	57,516	3,750	4,563	583	195,262	22,605	-	11,797	34,402	20,252	249,916	194,357
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	199,533	199,533	219,693
Seminars and Training	22,695	2,125	2,586	3,451	967	9,831	4,861	1,490	17,414	1,991	67,411	36,340	134	6,133	42,607	-	110,018	145,225
Occupancy	40,500	218	-	-	-	-	-	-	63,042	318	104,078	-	-	-	-	1,971	106,049	86,580
Meals	7,241	10,929	34,107	-	1,449	3,749	5,212	2,451	3,945	2,297	71,380	21,531	1,032	3,998	26,561	16	97,957	112,665
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	83,531	83,531	83,531
Insurance	11,981	3,600	1,706	447	1,931	986	14,696	253	1,898	226	37,724	9,971	210	754	10,935	27,216	75,875	100,857
Auto and Travel	38,126	8,487	1,867	258	2,763	2,676	218	1,393	7,645	524	63,957	4,579	-	147	4,726	54	68,737	79,527
Equipment and Furniture	18,645	9,679	2,695	-	960	312	3,669	-	2,256	-	38,216	9,058	-	995	10,053	18,345	66,614	66,554
Telephone	16,257	11,577	1,203	820	4,082	2,745	5,897	148	9,179	242	52,150	5,233	-	1,108	6,341	5,138	63,629	63,519
Membership Fees and Publications	13,261	798	15	-	1,230	-	14,472	3,989	104	65	33,934	13,650	-	1,625	15,275	912	50,121	44,082
Copying, Printing and Postage	4,725	524	566	243	2,881	-	1,823	245	2,039	98	13,144	16,696	-	18,259	34,955	111	48,210	37,193
License Fees	900	-	-	-	38,981	-	4,838	-	-	-	44,719	1,378	-	20	1,398	57	46,174	47,331
Security	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,741	27,741	23,984
Bank Charges	-	-	4	-	7,645	-	244	-	-	-	7,893	19,290	-	536	19,826	-	27,719	34,358
Donations	-	-	-	-	-	-	-	-	-	-	-	26,825	-	-	26,825	-	26,825	9,215
Property Taxes	-	979	-	-	-	-	-	-	-	-	979	354	-	-	354	23,126	24,459	26,712
Bad Debt Expense	-	-	-	-	-	-	549	-	-	-	549	-	-	23,267	23,267	-	23,816	5,995
Other	672	839	503	-	399	986	378	43	447	140	4,407	14,676	-	1,154	15,830	2,029	22,266	12,951
Equipment Rent/Lease	6,567	992	567	151	658	342	5,198	75	520	73	15,143	2,969	-	250	3,219	357	18,719	18,583
Client Financial Assistance	-	15,179	-	-	-	-	-	-	-	-	15,179	-	-	-	-	-	15,179	16,323
Advertising	1,609	250	45	-	-	-	375	300	4,973	75	7,627	1,064	-	425	1,489	150	9,266	5,783
Stipends	540	-	1,520	-	-	-	-	-	50	-	2,110	-	-	-	-	-	2,110	2,335
Total Functional Expenses Before Allocations	3,894,550	873,687	429,885	158,860	530,600	236,131	2,081,602	239,865	599,696	62,530	9,107,406	1,590,133	13,662	312,766	1,916,561	1,850,630	12,874,597	12,861,013
Building Expenses - Allocated	216,753	14,368	72,824	3,655	64,221	-	108,050	4,509	-	1,700	486,080	89,538	-	8,699	98,237	(584,317)	-	-
Less Building Expenses Related to Building Rental Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,266,313)	(1,266,313)	(1,330,364)
Total Functional Expenses	$ 4,111,303	$ 888,055	$ 502,709	$ 162,515	$ 594,821	$ 236,131	$ 2,189,652	$ 244,374	$ 599,696	$ 64,230	$ 9,593,486	$ 1,679,671	$ 13,662	$ 321,465	$ 2,014,798	$ -	$ 11,608,284	$ 11,530,649
Percentage of Total	35.4 %	7.7 %	4.3 %	1.4 %	5.1 %	2.0 %	18.8 %	2.1 %	5.2 %	0.6 %	82.6 %	14.5 %	0.1 %	2.8 %	17.4 %	0.0 %	100.0 %	

The Accompanying Notes are an Integral Part of these Financial Statements.

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT
OF SANTA CLARA COUNTY, INC.
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS

Year Ended June 30, 2013 with Comparative Totals for the Year Ended June 30, 2012

	2013	(Restated) 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 36,770	$ (527,251)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	493,540	433,991
Amortization	83,531	83,531
(Increase) Decrease in Assets:		
Grants Receivable	(679,900)	(84,975)
Accounts Receivable	(84,714)	370,865
Promises to Give	410	686,111
Prepaid Expenses	18,953	(34,132)
Prepaid Income Taxes	-	699
Deposits	16,599	960
Increase (Decrease) in Liabilities:		
Accounts Payable	(104,390)	62,606
Accrued Expenses	88,927	32,756
Deferred Revenue	2,490	9,233
Net Cash Provided (Used) by Operating Activities	(127,784)	1,034,394
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(443,110)	(338,859)
Net Cash Used by Investing Activities	(443,110)	(338,859)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Long-Term Debt	(599,733)	(110,000)
Net Cash Used by Financing Activities	(599,733)	(110,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,170,627)	585,535
CASH AND CASH EQUIVALENTS, Beginning of Year	5,428,195	4,842,660
CASH AND CASH EQUIVALENTS, End of Year	$ 4,257,568	$ 5,428,195
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash Paid for Interest	$ 199,533	$ 219,693

The Accompanying Notes are an Integral Part of these Financial Statements.

NOTE 1 - ORGANIZATION:

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

AACI specializes in providing culturally competent health and social services, targeting the Asian community in Santa Clara County. Additionally, AACI promotes social justice through education and participation in the democratic process, and provides a community voice for issues of concern to Asians in Santa Clara County.

NOTE 2 - PROGRAM SERVICES:

The Asian Americans for Community Involvement of Santa Clara County, Inc.'s mission is to improve the health, mental health, and well being of individuals, families, and the Asian community. AACI does this by providing an array of high quality health and human services, sharing expertise about the Asian community's needs and best service delivery practices, and providing Asian leadership in advocating on key health and human services issues. Founded in 1973, AACI is the largest community-based organization focused on the Asian community in Santa Clara County.

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

MENTAL HEALTH SERVICES

Mental Health Counseling Services include individual, group, and family counseling; case management; psychiatric assessment; and medical evaluation for children and adults. **The Center for Survivors of Torture** provides clinical evaluation, treatment, and social services to survivors of torture from all countries. **The CalWORKs Program** provides a range of behavioral health and social services that are geared toward helping CalWORKs clients achieve self-sufficiency.

FAMILY VIOLENCE SERVICES

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

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.

INTEGRATED BEHAVIORAL HEALTH

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

NOTE 2 - PROGRAM SERVICES (Continued):

SUBSTANCE ABUSE SERVICES

The Adolescent Substance Abuse Treatment Program provides prevention, intervention, and outpatient services for youth who are experiencing alcohol and other drug related problems. **The Driving Under the Influence (DUI) Program** provides education and intervention to convicted first time offenders and repeat offenders.

YOUTH SERVICES

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

HEALTH SERVICES

The Primary Care Health Center, a fully licensed community clinic, provides culturally competent primary health care services, focusing on the underserved Asian American population within Santa Clara County. The health center treats patients regardless of their ability to pay.

PATIENT NAVIGATION CENTER

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

CARE SERVICES

The Center for Addictive Recovery and Education (CARE) provides education and treatment for problem gamblers and their concerned significant others.

ADVOCACY

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting - The financial statements of The Asian Americans for Community Involvement of Santa Clara County, Inc. have been prepared on the accrual basis of accounting.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Presentation - The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations. In accordance with accounting principles generally accepted in the United States of America, the Organization reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund, property and equipment fund plus any net assets designated by the Board for specific purposes.

Temporarily restricted net assets include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the year end of the current reporting period.

Permanently restricted net assets include those assets which are subject to a non-expiring donor restriction, such as endowments. There are currently no permanently restricted net assets.

Comparative Financial Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

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.

Cash and Cash Equivalents - Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less, and exclude donor restricted receipts, restricted cash in escrow and amounts designated for long-term purposes.

Fair Value Measurements - Fair value is defined 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."

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

> Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.
>
> Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.
>
> Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Accounts and Grants Receivable - Accounts and grants receivable, less an allowance for uncollectible amounts, are recognized as support and revenue in the period received. The Organization uses the allowance method to record uncollectible accounts and grants receivable. The allowance is based on prior year's experience and management's analysis of specific promises made. At June 30, 2013 and 2012, the allowance for uncollectible accounts and grants receivable was $3,000 and $3,000, respectively.

Promises to Give - Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as support in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. All unconditional promises to give are receivable in less than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization uses the allowance method to record uncollectible unconditional promises. The allowance is based on prior year's experience and management's analysis of specific promises made. At June 30, 2013 and 2012, the allowance for uncollectible unconditional promises was $32,000 and $36,500, respectively.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Property and Equipment - Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over $5,000 are capitalized. The cost of repairs and maintenance which 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.

Deferred Revenue - Deferred revenue consists primarily of the rental fees received in advance from tenants to occur in the subsequent fiscal year. These advance rentals will be recognized as income over the period to which they apply.

Revenue Recognition - The Organization recognizes support and revenue on the accrual basis of accounting. Revenue from contracts and grants which have been classified as "exchange transactions" and program fees are recognized as revenue in the period in which the service is provided. Deferred revenue represents advances of resources or revenue received in advance of the earnings process being completed.

Contributions - Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions. Temporarily restricted contributions are reported as increases in restricted net assets. When the restriction is met the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

Treatment Fees - Treatment Fees are fees collected from patients and third-party payers, which are recognized as revenues when services are rendered. These fees include retroactive adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. In addition, if the payment from these adjustments is received in the first quarter of the subsequent fiscal year then revenue would be recognized in the current period. For the years ended June 30, 2013 and 2012, revenue adjustments received by the Organization were $124,006 and $170,397, respectively (see Note 14).

Contributions In-Kind - Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Organization also receives donated services that do not require specific expertise but which are, nonetheless, central to the Organization's operations. Since these services did not require specialized skills, they have not been recorded as support and expenses in the financial statements.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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

Fundraising Costs - Fundraising costs are generally recorded as expenses when the fundraising event takes place, which include costs associated with marketing, special events and grant writing. For the years ended June 30, 2013 and 2012 fundraising costs totaled $321,465 and $238,888, respectively. Fundraising costs related to special events for the years ended June 30, 2013 and 2012 totaled $7,093 and $22,392, respectively.

Income Taxes - The Asian Americans for Community Involvement of Santa Clara County, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701(d) of the California Revenue Taxation Code. However, income from unrelated business activities related to the rental of certain debt-financed property to nonqualifying organizations may be subject to income taxes. Tax-exempt organizations must include certain income from debt-financed property in their unrelated business income (UBI). However, if substantially all of a property's use is directly related to the exercise or performance (rather than merely the funding) of an organization's exempt purpose, it is not debt-financed property (IRC Sec. 514 (b)(1)). The phrase "substantially all" is defined as 85% of more of the use of the property. The extent property is used for a particular purpose is determined by facts and circumstances (Reg. 1.514 (b)-1(b)(1)). Since the exempt purpose use of the building exceeds 85% of the total use, management has concluded that the building is exempt from the "debt-financed property" rule and therefore not subject to unrelated business income tax. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

Uncertainty in Income Taxes - Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more-likely-than-not to be sustained upon examination.

The Organization files information returns in the U.S. federal jurisdiction and state of California. The Organization's federal returns for the years ended June 30, 2010 and beyond remain subject to possible examination by the Internal Revenue Service. The Organization's California returns of the tax years ended June 30, 2009 and beyond remain subject to possible examination by the Franchise Tax Board.

Advertising - The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expenses for the years ended June 30, 2013 and 2012 were $9,266 and $5,783, respectively.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Reclassifications - Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation.

Subsequent Events - Management of the Organization has evaluated events and transactions subsequent to June 30, 2013 for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition or disclosure in the financial statements for the fiscal year ended June 30, 2013. Subsequent events have been evaluated through the date the financial statements became available to be issued, October 11, 2013.

NOTE 4 - INVESTMENTS:

The Organization maintains certain investment accounts that are reported as part of cash and cash equivalents. The future proceeds from these accounts are intended to support the operations of the Organization. The Organization's investment objective is the preservation of capital and moderate growth. Accordingly, these investments are comprised of highly liquid, low-risk instruments, like U.S. Government Money Market Funds which primarily have holdings in Government Agency Debt and U.S. Treasury Bills and Notes.

Investments, stated at fair value, have been determined by quoted market values in active markets and therefore classified as Level 1. Fair market value at June 30, 2013 and 2012 was $3,505,458 and $4,882,342, respectively.

NOTE 5 - PROMISES TO GIVE:

Promises to give as of June 30, consisted of the following:

	2013	2012
Receivable in Less Than One Year	$ 602,179	$ 557,654
Receivable in One to Five Years	46,666	96,101
Total Promises to Give	648,845	653,755
Allowance for Uncollectible Promises to Give	(32,000)	(36,500)
Total Promises to Give, Net Allowance	616,845	617,255
Promises to Give, Current Portion	(570,179)	(521,154)
Promises to Give, Net of Current Portion	$ 46,666	$ 96,101

NOTE 6 - UNAMORTIZED DEBT ISSUANCE COSTS:

Debt issuance costs are amortized ratably over the life of the long-term debt which will mature on December 31, 2020. At June 30, the balance of unamortized debt issuance costs consisted of the following:

	2013	2012
Debt Issuance Costs	$ 834,539	$ 834,539
Less: Accumulated Amortization	(208,060)	(124,529)
	626,479	710,010
Unamortized Debt Issuance Costs, Current Portion	(83,531)	(83,531)
Unamortized Debt Issuance Costs, Net of Current Portion	$ 542,948	$ 626,479

Amortization expense for the years ended June 30, 2013 and 2012 totaled $83,531 and $83,531, respectively, which is included in the total amortization expense on the accompanying statement of functional expenses.

NOTE 7 - PROPERTY AND EQUIPMENT:

The cost and related accumulated depreciation of the property and equipment atJune 30, consisted of the following:

	2013	(Restated) 2012
Land and Building	$ 5,013,820	$ 5,013,820
Building Improvements	5,562,667	5,540,803
Machinery and Equipment	1,378,746	962,686
Furniture and Fixtures	367,032	361,846
Donated Equipment	142,304	142,304
	12,464,569	12,021,459
Less: Accumulated Depreciation	(8,633,638)	(8,140,098)
Property and Equipment, Net	$ 3,830,931	$ 3,881,361

Depreciation expense for the years ended June 30, 2013 and 2012 was $493,540 and $433,991, respectively.

NOTE 8 - LINE OF CREDIT:

AACI had a $1,000,000 revolving line of credit with a bank, which bore interest at the bank's prime rate plus 1% (4.25% at June 30, 2012) and expired on December 31, 2012. The revolving line of credit was secured by a general security interest in the assets of AACI. The Organization did not renew the agreement for this line of credit.

NOTE 9 - ACCRUED EXPENSES:

At June 30, accrued expenses consisted of the following:

	2013	2012
Vacation Accrual	$ 292,584	$ 262,848
Accrued Retirement Contribution	131,656	126,680
Accrued Salaries	62,395	75,181
Other	294,872	227,871
Total Accrued Expenses	$ 781,507	$ 692,580

NOTE 10 - LONG-TERM DEBT:

At June 30, long-term debt outstanding consisted of the following:

	2013	2012
California Bank & Trust Series A Authority Loan - A loan payable with a bank which bears interest at 3.78% due in monthly interest only payments until the end of the "Draw Period" (December 30, 2012). Starting in January 2013 monthly principal and interest payments will be due. The amount of the monthly principal payments was determined at the end of the "Draw Period". Monthly principal and interest payments are $17,757. A balloon payment of $3,181,311 or the remaining principal balance, whichever is less, is due December 31, 2020.	$ 3,760,321	$ 3,800,000

NOTE 10 - LONG-TERM DEBT (Continued):

California Bank & Trust Series B Authority Loan - A loan payable with a bank which bears interest at 5.64% due in monthly interest only payments until the end of the "Draw Period" (December 30, 2012). Starting in January 2013 monthly principal and interest payments will be due. The amount of the monthly principal payments was determined at the end of the "Draw Period". Monthly principal and interest payments are $5,266. A balloon payment of $791,301 or the remaining principal balance, whichever is less, is due December 31, 2020.	640,294	1,200,348
Total Long-Term Debt	4,400,615	5,000,348
Current Portion of Long-Term Debt	(82,254)	(600,000)
Long-Term Debt, Net of Current Portion	$ 4,318,361	$ 4,400,348

Management plans to make principal payments of $50,000 per month during the year ending June 30, 2014.

Future minimum principal payments are as follows:

Year Ending June 30,	Amount
2014	$ 82,254
2015	85,701
2016	88,777
2017	93,022
2018	96,932
Thereafter	3,953,929
Total Future Minimum Principal Payments	$ 4,400,615

Interest expense for the years ended June 30, 2013 and 2012 totaled $199,533 and $219,693, respectively.

The loan agreements contain certain financial covenants including a debt service coverage ratio of not less than 1.75 to 1.00, a current ratio of not less than 2.00 to 1.00 and tangible net assets of not less than $4,000,000. The covenants are reviewed on a quarterly basis. AACI was in compliance with such covenants as of June 30, 2013.

The loans payable are classified as a Level 2 liability (see Note 3).

NOTE 11 - BOARD DESIGNATED NET ASSETS:

The Board of Directors of the Organization has full authority and plenary power to manage, invest, and reinvest any principal or income of the fund. 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, 2013 and 2012, the unrestricted board designated net assets were $3,014,599 and $3,014,599, respectively.

NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS:

The Organization's temporarily restricted net assets at June 30, consisted of the following:

	2013	2012
Senior and Youth Community Program	$ 182,083	$ 38,981
Center for Addiction Recovery Empowerment	151,227	593,039
Health Services	115,000	320,833
Gambling Addiction Counseling	100,836	-
Domestic Violence Services	77,213	106,566
Time Restriction	70,000	-
Strong Field Project	55,235	14,168
Mental Health Services	50,157	43,235
Business Planning and Training	42,765	-
Advocacy	10,000	30,000
Voice Project	-	5,000
Total Temporarily Restricted Net Assets	$ 854,516	$ 1,151,822

NOTE 13 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose or by the expiration of time as follows:

	2013
Purpose Restriction:	
Center for Addiction Recovery Empowerment	$ 593,039
Health Services	208,333
Domestic Violence Services	72,020
Senior and Youth Community Program	38,981
Mental Health Services	33,235
Advocacy	20,000
Strong Field Project	14,168
Voice Project	5,000
Total Net Assets Released from Restrictions	$ 984,776

NOTE 14 - TREATMENT FEES - RETROACTIVE ADJUSTMENTS:

During the years ended June 30, 2013 and 2012 the Organization recognized retroactive adjustments to its treatment fees totaling $124,006 and $170,397. The adjustments cover the fiscal year 2012 during the year ended June 30, 2013 and 2006 through 2011 during the year ended June 30, 2012. They represent differences between the preliminary and final payment rates per visit for a range of Medi-Cal and Medicare types of visits. The adjustments resulted from the State of California, Health and Human Service Agency, Department of Health Care Services' reconciliation review of the Organization's treatment fee amounts and its subsequent payment of the settled differences.

NOTE 15 - BUILDING RENTAL INCOME:

AACI leases a portion of its office building to various nonprofit county agencies and other commercial organizations. The leases expire on various dates through 2016. AACI is responsible for all operating and maintenance expenses and other costs of ownership of the facility.

Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2014	$ 2,082,239
2015	149,237
2016	119,285
Total Future Minimum Lease Payments	$ 2,350,761

NOTE 15 - BUILDING RENTAL INCOME (Continued):

Rental income for the years ended June 30, 2013 and 2012 was $2,129,613 and $2,075,165, respectively.

NOTE 16 - DONATED SERVICES:

For the years ended June 30, 2013 and 2012, volunteers also donated 1,206 and 1,169 hours of non-professional services. Since these services did not require specialized skills, they have not been recorded as support and expenses in the financial statements.

NOTE 17 - DONATED MATERIALS:

The Organization receives contributed goods which are included in the financial statements at their value where an objective basis of measurement is available. For the years ended June 30, 2013 and 2012, the value of these items was estimated at $44,350 and $46,566, respectively, with offsetting expenses recorded.

NOTE 18 - OPERATING LEASE COMMITMENTS:

The Organization has various non-cancelable operating agreements for the lease of various office equipment and certain facilities with expiration dates through February 2017. Rental expense for the years ended June 30, 2013 and 2012 was $124,768 and $105,163, respectively, which is included in the occupancy and equipment rent/lease expenses on the accompanying statement of functional expenses.

Future minimum lease payments (without adjustment for changes in the Consumer Price Index) are as follows:

Year Ending June 30,	Amount
2014	$ 91,136
2015	88,920
2016	80,611
2017	49,076
Total Future Minimum Lease Payments	$ 309,743

NOTE 19 - 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 AACI are eligible to participate in the plan. AACI contributes an amount up to 3% of the participant's annual salary, and may elect to make other voluntary contributions to the plan. Contributions are fully vested at the time of the contribution. Other voluntary contributions made by the employer vest in equal annual installments over four years commencing at the participant's hire date. During the years ended June 30, 2013 and 2012, AACI contributed $131,656 and $126,680 to the plan, respectively, and these amounts are included in the employee benefits on the accompanying statement of functional expenses.

NOTE 20 - CONTINGENCIES:

Grants and contracts awarded to The Asian Americans for Community Involvement of Santa Clara County, Inc. 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 which cannot be covered by additional grant funds or contributions from other sources.

NOTE 21 - CONCENTRATIONS:

Concentration of Government Contracts or Grants

During the years ended June 30, 2013 and 2012, approximately 51% and 49% of the Organization's support and revenue were derived from government contracts and grants. At June 30, 2013 and 2012, receivables from two government grantors represents 80% and 84% respectively. Grants receivable are recorded at the amount management expects to collect from outstanding balances. No provision to the carrying amount of these receivables is made for doubtful collections.

NOTE 21 - CONCENTRATIONS (Continued):

Concentrations of Financial Instruments

Financial instruments which 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.

NOTE 22 - PRIOR PERIOD ADJUSTMENT:

Depreciation Expense Adjustment - During the year ended June 30, 2013 management discovered that depreciation expense, not related to program services and fully attributable to the building, for the year ended June 30, 2012 was overstated by $170,514. As a result the Organization has restated the accompanying financial statements as of and for the year ended June 30, 2012 to reflect the correct depreciation expense for that year.

Adjustments related to net assets are summarized as follows:

	2012		
	Unrestricted	Temporarily Restricted	Total
Change in Net Assets for the Year Ended June 30, 2012 Before Adjustment	$ 148,977	$ (846,742)	$ (697,765)
Add: Overstatement of Depreciation Expense	170,514	-	170,514
Change in Net Assets for the Year Ended June 30, 2012, as Restated	319,491	(846,742)	(527,251)
Net Assets - June 30, 2011	5,113,408	1,998,564	7,111,972
Net Assets - June 30, 2012, as Restated	$ 5,432,899	$ 1,151,822	$ 6,584,721

SECTION II

SUPPLEMENTARY INFORMATION

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT OF SANTA CLARA COUNTY, INC.
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Entity's Identifying Number/ Grant Number	Grant Period/ Period In Current Fiscal Year	Federal Expenditures
U.S. Department of Health and Human Services				
Direct Award:				
Assistance for Torture Victims	93.604	90ZT0124/01	9/30/12-9/30/13	$ 254,113
Assistance for Torture Victims	93.604	90ZT0084/03	9/30/11-9/30/12	116,764
Health Care Innovation Challenge	93.610	1C1CMS331035-01-00	7/1/12-6/30/13	263,665
Health Care and Other Facilities	93.887	C76HF09418-01-00	6/1/08-5/31/13	92,696
Pass-through from Council on Aging:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	AP 1213-10	7/1/12-6/30/13	10,000
Pass-through from Santa Clara County - SSA:				
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	AP 1213-13	7/1/12-6/30/13	55,298
Pass-through from Asian & Pacific Islander Wellness Center:				
State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	93.006	5U65PS002412-03	7/1/12-6/30/13	50,000
Pass-through from Santa Clara County:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	H89HA00046	7/1/12-6/30/13	35,000
Total U.S. Department of Health and Human Services				877,536
U.S. Department of Homeland Security				
Pass-through from Federal Emergency Management Agency:				
Emergency Food and Shelter National Board Program	97.024	2011-VT-BX-K010	10/1/11-3/31/13	34,212
Total U.S. Department of Homeland Security				34,212
U.S. Department of Justice				
Pass-through from State of California:				
ARRA - Violence Against Women Formula Grants	16.588	DV12201471	7/1/12-6/30/13	186,723
Pass-through from Morgan Hill Police Department:				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program - OVC trafficking	16.590	2008-WE-AX-0036	9/1/10-8/31/14	56,135
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program - OVC trafficking	16.590	2011-VT-BX-K010	5/3/12 - 4/30/14	4,939
Total U.S. Department of Justice				247,797
U.S. Department of Housing and Urban Development				
Pass-through from City of San Jose:				
Emergency Solutions Grants Program	14.231	ESG-12-003	7/1/12-6/30/13	36,625
Total U.S. Department of Housing and Urban Development				36,625
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 1,196,170

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT
OF SANTA CLARA COUNTY, INC.
(A California Nonprofit Public Benefit Corporation)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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. under programs of the federal government for the year ended June 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of The Asian Americans for Community Involvement of Santa Clara County, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Asian Americans for Community Involvement of Santa Clara County, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

SECTION III

REPORTS

Thomas C. Bondi
Lawrence S. Kuechler
Roberto M. Maragoni
Frank A. Minuti, Jr.

EMERITUS
Alexander W. Berger (1916-2005)
Griffith R. Lewis

BERGER LEWIS
ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

Daniel C. Moors
Randy G. Peterson
Todd W. Robinson
David R. Sheets
Robert W. Smiley

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
The Asian Americans For Community Involvement
of Santa Clara County, Inc.
(A California Nonprofit Public Benefit Corporation)
San Jose, California

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. (a California nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, 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 11, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Asian Americans for Community Involvement of Santa Clara County, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Asian Americans for Community Involvement of Santa Clara County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Asian Americans for Community Involvement of Santa Clara County, Inc.'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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to management of The Asian Americans for Community Involvement of Santa Clara County, Inc. in separate letter dated October 11, 2013.

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.

Berger Lewis Accountancy Corporation

BERGER LEWIS ACCOUNTANCY CORPORATION
San Jose, California
October 11, 2013

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
The Asian Americans For Community Involvement
of Santa Clara County, Inc.
(A California Nonprofit Public Benefit Corporation)
San Jose, California

Report on Compliance for Each Major Federal Program

We have audited The Asian Americans for Community Involvement of Santa Clara County, Inc.'s (a California nonprofit public benefit corporation) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The Asian Americans for Community Involvement of Santa Clara County, Inc.'s major federal programs for the year ended June 30, 2013. The Asian Americans for Community Involvement of Santa Clara County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Asian Americans for Community Involvement of Santa Clara County, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Asian Americans for Community Involvement of Santa Clara County, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Asian Americans for Community Involvement of Santa Clara County, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, The Asian Americans for Community Involvement of Santa Clara County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of The Asian Americans for Community Involvement of Santa Clara County, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Asian Americans for Community Involvement of Santa Clara County, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Asian Americans for Community Involvement of Santa Clara County, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Berger Lewis Accountancy Corporation

BERGER LEWIS ACCOUNTANCY CORPORATION
San Jose, California
October 11, 2013

SECTION IV

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT
OF SANTA CLARA COUNTY, INC.
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2013

SUMMARY OF AUDITOR'S RESULTS:

1. The auditor's report expresses an unmodified opinion on the financial statements of The Asian Americans for Community Involvement of Santa Clara County, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report 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*.
3. No instances of noncompliance material to the financial statements of The Asian Americans for Community Involvement of Santa Clara County, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for The Asian Americans for Community Involvement of Santa Clara County, Inc. expresses an unmodified opinion on all major federal programs.
6. No audit findings which would be required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major program was:
   - CFDA 93.604 - Assistance for Torture Victims
8. The threshold used for distinguishing between Type A and B programs was $300,000.
9. The Asian Americans for Community Involvement of Santa Clara County, Inc. was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT:

NONE

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT:

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Name of Program - Assistance for Torture Victims
CFDA No. - 93.604
Grant Period - 9/30/11 to 9/30/13
None

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT
OF SANTA CLARA COUNTY, INC.
(A California Nonprofit Public Benefit Corporation)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2013

NONE