

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, 2014 with Comparative Totals
for the Year Ended June 30, 2013

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

FOUNDERS

Alexander W. Berger (1916-2005)
Griffith R. Lewis (1930-2012)

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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, 2014, 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, 2014, 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, 2013, and we expressed an unmodified opinion on those audited financial statements in our report dated October 11, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2014, 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
November 4, 2014

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

STATEMENT OF FINANCIAL POSITION

June 30, 2014 with Comparative Totals as of June 30, 2013

	ASSETS			2013
	2014			
	Unrestricted	Temporarily Restricted	TOTAL	TOTAL
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 5,255,902	\$ 604,669	\$ 5,860,571	\$ 4,257,568
Grants Receivable, Current Portion	2,011,344	-	2,011,344	2,135,387
Accounts Receivable	298,478	-	298,478	334,080
Promises to Give, Current Portion	62,842	150,333	213,175	570,179
Prepaid Expenses	142,302	-	142,302	159,596
Unamortized Debt Issuance Costs, Current Portion	83,531	-	83,531	83,531
Total Current Assets	<u>7,854,399</u>	<u>755,002</u>	<u>8,609,401</u>	<u>7,540,341</u>
PROPERTY AND EQUIPMENT, NET	<u>3,585,664</u>	<u>-</u>	<u>3,585,664</u>	<u>3,830,931</u>
OTHER ASSETS:				
Grants Receivable, Net of Current Portion	338,107	-	338,107	219,892
Promises To Give, Net of Current Portion	-	63,333	63,333	46,666
Unamortized Debt Issuance Costs, Net of Current Portion	459,418	-	459,418	542,948
Deposits	84,369	-	84,369	44,184
Total Other Assets	<u>881,894</u>	<u>63,333</u>	<u>945,227</u>	<u>853,690</u>
TOTAL ASSETS	<u>\$ 12,321,957</u>	<u>\$ 818,335</u>	<u>\$ 13,140,292</u>	<u>\$ 12,224,962</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts Payable	\$ 634,506	\$ -	\$ 634,506	\$ 244,688
Accrued Expenses	945,077	-	945,077	781,507
Tenant Security Deposits	3,705	-	3,705	5,374
Deferred Revenue	176,670	-	176,670	171,287
Long-Term Debt, Current Portion	85,701	-	85,701	82,254
Total Current Liabilities	<u>1,845,659</u>	<u>-</u>	<u>1,845,659</u>	<u>1,285,110</u>
LONG-TERM LIABILITIES, NET OF CURRENT PORTION:				
Long-Term Debt	<u>3,714,914</u>	<u>-</u>	<u>3,714,914</u>	<u>4,318,361</u>
Total Liabilities	<u>5,560,573</u>	<u>-</u>	<u>5,560,573</u>	<u>5,603,471</u>
NET ASSETS:				
Unrestricted Net Assets:				
Undesignated	3,746,785	-	3,746,785	2,752,376
Board Designated	3,014,599	-	3,014,599	3,014,599
Total Unrestricted Net Assets	6,761,384	-	6,761,384	5,766,975
Temporarily Restricted Net Assets	<u>-</u>	<u>818,335</u>	<u>818,335</u>	<u>854,516</u>
Total Net Assets	<u>6,761,384</u>	<u>818,335</u>	<u>7,579,719</u>	<u>6,621,491</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,321,957</u>	<u>\$ 818,335</u>	<u>\$ 13,140,292</u>	<u>\$ 12,224,962</u>

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, 2014 with Comparative Totals for the Year Ended June 30, 2013

	2014		2013	
	Unrestricted	Temporarily Restricted	TOTAL	TOTAL
SUPPORT AND REVENUE:				
Support:				
Contracts and Grants	\$ 8,858,148	\$ 235,210	\$ 9,093,358	\$ 7,153,731
Contributions	579,134	444,829	1,023,963	940,745
Contributions In-Kind	102,401	-	102,401	44,350
Special Events, Net of Expenses \$71,163 and \$7,093, respectively	160,644	-	160,644	108,391
Total Support	<u>9,700,327</u>	<u>680,039</u>	<u>10,380,366</u>	<u>8,247,217</u>
Revenue:				
Treatment Fees	2,565,937	-	2,565,937	2,386,504
Building Rental Income	2,144,961	-	2,144,961	2,129,613
Investment Income	2,444	-	2,444	4,355
Other Revenue	141,716	-	141,716	143,678
Total Revenue	<u>4,855,058</u>	<u>-</u>	<u>4,855,058</u>	<u>4,664,150</u>
Total Support and Revenue	14,555,385	680,039	15,235,424	12,911,367
Net Assets Released from Restrictions	<u>716,220</u>	<u>(716,220)</u>	<u>-</u>	<u>-</u>
Total Support, Revenue and Net Assets Released from Restrictions	<u>15,271,605</u>	<u>(36,181)</u>	<u>15,235,424</u>	<u>12,911,367</u>
EXPENSES:				
Program Services	<u>10,688,969</u>	<u>-</u>	<u>10,688,969</u>	<u>9,593,486</u>
Supporting Services:				
Management and General	1,931,622	-	1,931,622	1,679,671
Fiscal Sponsorship	27,579	-	27,579	13,662
Fundraising	314,861	-	314,861	321,465
Total Supporting Services	<u>2,274,062</u>	<u>-</u>	<u>2,274,062</u>	<u>2,014,798</u>
Building	<u>1,314,165</u>	<u>-</u>	<u>1,314,165</u>	<u>1,266,313</u>
Total Expenses	<u>14,277,196</u>	<u>-</u>	<u>14,277,196</u>	<u>12,874,597</u>
CHANGE IN NET ASSETS	994,409	(36,181)	958,228	36,770
NET ASSETS, Beginning of Year	<u>5,766,975</u>	<u>854,516</u>	<u>6,621,491</u>	<u>6,584,721</u>
NET ASSETS, End of Year	<u>\$ 6,761,384</u>	<u>\$ 818,335</u>	<u>\$ 7,579,719</u>	<u>\$ 6,621,491</u>

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, 2014 with Comparative Totals for the Year Ended June 30, 2013

	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	2014	2013
EXPENSES:																		
Salaries	\$ 2,772,400	\$ 567,560	\$ 278,388	\$ 144,187	\$ 406,617	\$ 165,843	\$ 1,496,628	\$ 368,032	\$ 233,519	\$ 79,590	\$ 6,512,764	\$ 1,119,345	\$ -	\$ 166,912	\$ 1,286,257	\$ 246,919	\$ 8,045,940	\$ 7,077,478
Employee Benefits	452,127	98,788	60,982	20,928	39,388	27,733	201,091	56,735	45,330	20,725	1,023,827	220,668	-	27,368	248,036	41,901	1,313,764	1,200,013
Payroll Taxes	204,855	42,560	21,011	10,918	29,004	12,157	94,807	26,664	18,125	6,034	466,135	77,953	-	12,347	90,300	17,710	574,145	504,148
Total Salaries and Related Expenses	3,429,382	708,908	360,381	176,033	475,009	205,733	1,792,526	451,431	296,974	106,349	8,002,726	1,417,966	-	206,627	1,624,593	306,530	9,933,849	8,781,639
Consultants and Subcontractors	164,696	2,086	7,323	5,500	17,253	6,886	47,513	325,461	2,500	-	579,218	97,862	21,593	12,254	131,709	-	710,927	769,116
Depreciation	65,351	14,638	1,533	480	1,745	921	71,481	1,275	980	465	158,869	14,315	-	743	15,058	315,584	489,511	493,540
Utilities	3,822	10,188	-	-	-	-	-	-	4,000	-	18,010	-	-	-	-	368,824	386,834	321,365
Professional Fees	120,441	39,224	16,866	6,387	19,416	12,016	78,880	14,139	10,902	5,162	323,433	-	853	8,887	9,740	44,357	377,530	361,213
Janitorial	-	2,677	-	-	-	-	-	-	3,888	-	6,565	-	-	-	-	-	299,330	305,895
Supplies	33,548	51,333	11,903	1,294	4,068	11,740	48,700	6,021	6,242	974	175,823	27,677	-	31,737	59,414	37,869	273,106	249,916
Repairs and Maintenance	53,654	10,703	-	-	7,020	-	28,346	-	461	-	100,184	15,028	-	5,679	20,707	146,238	267,129	429,732
Seminars and Training	37,054	6,073	20,293	2,224	5,091	17,033	15,999	22,869	10,230	4,111	140,977	59,846	2,754	5,083	67,683	360	209,020	110,018
Equipment and Furniture	49,923	4,658	-	26,475	7,074	947	12,978	16,737	4,218	-	123,010	33,075	-	10,498	43,573	3,764	170,347	66,614
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	165,967	165,967	199,533
Occupancy	48,005	224	200	-	-	-	-	11,253	48,799	585	109,066	2,282	120	-	2,402	47,483	158,951	106,049
Meals	11,729	6,910	37,466	126	652	6,817	8,588	2,475	4,968	2,556	82,287	25,375	409	268	26,052	-	108,339	97,957
Auto and Travel	40,215	14,440	3,805	626	2,361	2,344	943	7,286	6,888	507	79,415	5,029	-	995	6,024	75	85,514	68,737
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	83,531	83,531	83,531
Telephone	21,024	14,273	1,975	1,031	6,308	3,647	8,290	1,443	8,482	425	66,898	4,853	-	1,157	6,010	9,318	82,226	63,629
License Fees	10,411	2	-	-	41,868	-	22,007	-	-	288	74,576	5,981	-	-	5,981	183	80,740	46,174
Insurance	14,081	4,468	1,987	2,482	2,211	1,185	12,782	1,679	1,597	602	43,074	11,627	-	1,149	12,776	23,840	79,690	75,875
Copying, Printing and Postage	4,248	4,401	1,382	4,641	3,059	82	1,579	86	1,314	49	20,841	26,416	-	13,805	40,221	12	61,074	48,210
Membership Fees and Publications	16,425	1,517	125	1,529	419	-	11,726	5,822	50	45	37,658	13,648	-	945	14,593	3,759	56,010	50,121
Other	1,115	826	104	59	22	347	345	2,210	221	559	5,808	14,651	1,850	769	17,270	8,672	31,750	22,266
Donations	2,988	184	-	-	-	-	-	-	-	23	3,195	26,834	-	1,595	28,429	-	31,624	26,825
Bank Charges	6	-	-	-	8,498	-	296	39	-	56	8,895	17,097	-	3,382	20,479	-	29,374	27,719
Advertising	2,122	75	300	683	-	-	150	-	1,044	-	4,374	19,336	-	330	19,666	-	24,040	9,266
Property Taxes	140	727	-	-	-	-	140	-	-	-	1,007	720	-	720	22,193	23,920	24,459	
Client Financial Assistance	3,867	15,295	-	-	-	-	-	692	-	-	19,854	-	-	-	-	-	19,854	15,179
Equipment Rent/Lease	7,310	1,329	660	210	755	398	5,218	551	432	200	17,063	1,356	-	259	1,615	406	18,084	18,719
Security	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,188	10,188	27,741
Stipends	140	-	500	-	-	-	-	320	-	-	960	-	-	-	-	960	2,110	
Bad Debt Expense	-	-	-	-	-	-	212	-	-	-	212	-	-	-	-	-	212	23,816
Total Functional Expenses Before Allocations	4,141,697	915,159	466,803	229,780	602,829	270,096	2,168,699	871,789	414,190	122,956	10,203,998	1,840,974	27,579	306,162	2,174,715	1,898,483	14,277,196	12,874,597
Building Expenses - Allocated	219,254	14,368	70,324	3,655	64,221	-	108,050	3,399	-	1,700	484,971	90,648	-	8,699	99,347	(584,318)	-	-
Less Building Expenses Related to Building Rental Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,314,165)	(1,314,165)	(1,266,313)
Total Functional Expenses	\$ 4,360,951	\$ 929,527	\$ 537,127	\$ 233,435	\$ 667,050	\$ 270,096	\$ 2,276,749	\$ 875,188	\$ 414,190	\$ 124,656	\$ 10,688,969	\$ 1,931,622	\$ 27,579	\$ 314,861	\$ 2,274,062	\$ -	\$ 12,963,031	\$ 11,608,284
Percentage of Total	33.6 %	7.2 %	4.1 %	1.8 %	5.1 %	2.1 %	17.6 %	6.8 %	3.2 %	1.0 %	82.5 %	14.9 %	0.2 %	2.4 %	17.5 %	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, 2014 with Comparative Totals for the Year Ended June 30, 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 958,228	\$ 36,770
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	489,511	493,540
Amortization	83,531	83,531
(Increase) Decrease in Assets:		
Grants Receivable	5,828	(679,900)
Accounts Receivable	35,602	(84,714)
Promises to Give	340,337	410
Prepaid Expenses	17,294	18,953
Deposits	(40,185)	16,599
Increase (Decrease) in Liabilities:		
Accounts Payable	389,818	(104,390)
Accrued Expenses	163,570	88,927
Tenant Security Deposits	(1,669)	-
Deferred Revenue	5,383	2,490
Net Cash Provided (Used) by Operating Activities	2,447,248	(127,784)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	(244,245)	(443,110)
Net Cash Used by Investing Activities	(244,245)	(443,110)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Long-Term Debt	(600,000)	(599,733)
Net Cash Used by Financing Activities	(600,000)	(599,733)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,603,003	(1,170,627)
CASH AND CASH EQUIVALENTS, Beginning of Year	4,257,568	5,428,195
CASH AND CASH EQUIVALENTS, End of Year	\$ 5,860,571	\$ 4,257,568
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash Paid for Interest	\$ 165,967	\$ 199,533

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)

NOTES TO 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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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 DUI Driving Program (DDP)** provides education and intervention to convicted first time offenders and repeat offenders.

YOUTH SERVICES

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

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 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, prevention, support and treatment for affected problem gamblers and their 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.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2013, 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.

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."

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NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2014 and 2013, 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. 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, 2014 and 2013, the allowance for uncollectible unconditional promises was \$32,000 and \$32,000, respectively.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

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, 2014 and 2013, revenue adjustments received by the Organization were \$15,261 and \$124,006, respectively (see Note 14).

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT
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NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2014 and 2013 fundraising costs totaled \$314,861 and \$321,465, respectively. Fundraising costs related to special events for the years ended June 30, 2014 and 2013 totaled \$71,163 and \$7,093, 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% or 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, 2011 and beyond remain subject to possible examination by the Internal Revenue Service. The Organization's California returns for the years ended June 30, 2010 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, 2014 and 2013 were \$24,040 and \$9,266, respectively.

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT
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NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Reclassifications during the year ended June 30, 2014 were not material.

Subsequent Events - Management of the Organization has evaluated events and transactions subsequent to June 30, 2014 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, 2014. Subsequent events have been evaluated through the date the financial statements became available to be issued, November 4, 2014.

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, 2014 and 2013 was \$4,991,387 and \$3,505,458, respectively.

NOTE 5 - PROMISES TO GIVE:

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

	<u>2014</u>	<u>2013</u>
Receivable in Less Than One Year	\$ 245,175	\$ 602,179
Receivable in One to Five Years	<u>63,333</u>	<u>46,666</u>
Total Promises to Give	308,508	648,845
Allowance for Uncollectible Promises to Give	<u>(32,000)</u>	<u>(32,000)</u>
Total Promises to Give, Net Allowance	276,508	616,845
Promises to Give, Current Portion	<u>(213,175)</u>	<u>(570,179)</u>
Promises to Give, Net of Current Portion	<u>\$ 63,333</u>	<u>\$ 46,666</u>

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NOTES TO FINANCIAL STATEMENTS
(Continued)

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:

	<u>2014</u>	<u>2013</u>
Debt Issuance Costs	\$ 834,539	\$ 834,539
Less: Accumulated Amortization	<u>(291,590)</u>	<u>(208,060)</u>
	542,949	626,479
Unamortized Debt Issuance Costs, Current Portion	<u>(83,531)</u>	<u>(83,531)</u>
Unamortized Debt Issuance Costs, Net of Current Portion	<u>\$ 459,418</u>	<u>\$ 542,948</u>

Amortization expense for the years ended June 30, 2014 and 2013 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 at June 30, consisted of the following:

	<u>2014</u>	<u>2013</u>
Land and Building	\$ 5,013,820	\$ 5,013,820
Building Improvements	5,697,660	5,562,667
Machinery and Equipment	1,487,996	1,378,746
Furniture and Fixtures	367,032	367,032
Donated Equipment	<u>142,304</u>	<u>142,304</u>
	12,708,812	12,464,569
Less: Accumulated Depreciation	<u>(9,123,148)</u>	<u>(8,633,638)</u>
Property and Equipment, Net	<u>\$ 3,585,664</u>	<u>\$ 3,830,931</u>

Depreciation expense for the years ended June 30, 2014 and 2013 was \$489,511 and \$493,540, respectively.

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT
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NOTES TO FINANCIAL STATEMENTS
(Continued)

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:

	2014	2013
Vacation Accrual	\$ 362,941	\$ 292,584
Accrued Retirement Contribution	145,152	131,656
Accrued Salaries	112,755	62,395
Other	324,229	294,872
Total Accrued Expenses	\$ 945,077	\$ 781,507

NOTE 10 - LONG-TERM DEBT:

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

	2014	2013
<u>California Bank & Trust Series A Authority Loan</u> - 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 are due. The amount of the monthly principal payments was determined at the end of the "Draw Period". Monthly principal and interest payments are \$17,757. A balloon payment of \$3,181,311 or the remaining principal balance, whichever is less, is due December 31, 2020.	\$ 3,594,232	\$ 3,760,321

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT
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NOTES TO FINANCIAL STATEMENTS
(Continued)

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 are 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.

	206,383	640,294
Total Long-Term Debt	3,800,615	4,400,615
Current Portion of Long-Term Debt	(85,701)	(82,254)
Long-Term Debt, Net of Current Portion	\$ 3,714,914	\$ 4,318,361

Future minimum principal payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 85,701
2016	88,777
2017	93,022
2018	96,932
2019	101,012
Thereafter	3,335,171
Total Future Minimum Principal Payments	\$ 3,800,615

Interest expense for the years ended June 30, 2014 and 2013 totaled \$165,967 and \$199,533, 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, 2014.

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

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT
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NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2014 and 2013, 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:

	<u>2014</u>	<u>2013</u>
Center for Addiction Recovery Empowerment	\$ 426,829	\$ 252,063
Senior and Youth Community Program	92,875	182,083
Domestic Violence Services	87,614	77,213
Health Services	81,666	115,000
Time Restricted Gifts	64,667	70,000
Mental Health Services	36,338	50,157
Strong Field Project	28,346	55,235
Business Planning and Training	-	42,765
Advocacy	-	10,000
Total Temporarily Restricted Net Assets	<u>\$ 818,335</u>	<u>\$ 854,516</u>

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT
OF SANTA CLARA COUNTY, INC.
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NOTES TO FINANCIAL STATEMENTS
(Continued)

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:

	<u>2014</u>
Purpose Restriction:	
Center for Addiction Recovery Empowerment	\$ 252,063
Senior and Youth Community Program	170,580
Health Services	85,833
Domestic Violence Services	64,599
Business Planning and Training	42,765
Mental Health Services	40,157
Strong Field Project	26,889
Time Restricted Gifts	23,334
Advocacy	<u>10,000</u>
Total Net Assets Released from Restrictions	<u>\$ 716,220</u>

NOTE 14 - TREATMENT FEES - RETROACTIVE ADJUSTMENTS:

During the years ended June 30, 2014 and 2013 the Organization recognized retroactive adjustments to its treatment fees totaling \$15,261 and \$124,006. The adjustments cover the years ended June 30, 2008 through June 30, 2014. 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 2019. AACI is responsible for all operating and maintenance expenses and other costs of ownership of the facility.

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT
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NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 15 - BUILDING RENTAL INCOME (Continued):

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 2,361,313
2016	2,346,201
2017	2,194,235
2018	2,187,286
2019	2,187,286
Thereafter	<u>546,821</u>
Total Future Minimum Lease Payments	<u>\$ 11,823,142</u>

Rental income for the years ended June 30, 2014 and 2013 was \$2,144,961 and \$2,129,613, respectively.

NOTE 16 - DONATED SERVICES:

For the years ended June 30, 2014 and 2013, volunteers also donated 2,534 and 1,206 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, 2014 and 2013, the value of these items was estimated at \$102,401 and \$44,350, 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 2017. Rental expense for the years ended June 30, 2014 and 2013 was \$178,035 and \$124,768, respectively, which is included in the occupancy and equipment rent/lease expenses on the accompanying statement of functional expenses.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 18 - OPERATING LEASE COMMITMENTS (Continued):

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 253,429
2016	206,256
2017	<u>47,472</u>
Total Future Minimum Lease Payments	<u>\$ 507,157</u>

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, 2014 and 2013, AACI contributed \$145,152 and \$131,656 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.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 21 - CONCENTRATIONS:

Concentration of Government Contracts or Grants

During the years ended June 30, 2014 and 2013, approximately 56% and 51% of the Organization's support and revenue were derived from government contracts and grants. At June 30, 2014 and 2013, receivables from two government grantors represents 87% and 80% 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.

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.

SECTION II
SUPPLEMENTARY INFORMATION

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT
OF SANTA CLARA COUNTY, INC.
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

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>U.S. Department of Health and Human Services</u>				
Direct Award:				
Assistance for Torture Victims	93.604	90ZT0124/01	9/30/12-9/30/13	\$ 125,887
Assistance for Torture Victims	93.604	90ZT0124-02-00	9/30/13-9/30/14	252,916
Health Care Innovation Awards (HCIA)	93.610	1C1CMS331035-02-00	7/1/13-6/30/14	920,430
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	1 H80CS26615-01-00	11/1/13-2/28/15	433,336
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	7/1/13-6/30/14	9,000
Pass-through from Santa Clara County Social Services Agency:				
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	AP 1213-13	7/1/13-6/30/14	57,037
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	7/1/13-6/30/14	50,000
Pass-through from Santa Clara County:				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	H89HA00046	7/1/13-6/30/14	<u>45,000</u>
Total U.S. Department of Health and Human Services				<u>1,893,606</u>
<u>U.S. Department of Homeland Security</u>				
Pass-through from Federal Emergency Management Agency:				
Emergency Food and Shelter National Board Program	97.024	2011-VT-BX-K010	4/1/13-8/31/14	<u>31,134</u>
<u>U.S. Department of Justice</u>				
Pass-through from State of California:				
ARRA - Violence Against Women Formula Grants	16.588	DV13211471	7/1/13-6/30/14	184,800
Pass-through from Morgan Hill Police Department:				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2013-WL-AX-0002	10/1/13-9/30/16	54,599
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2008-WE-AX-0036	9/1/10-8/31/14	67,879
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2011-VT-BX-K010	5/3/12 - 4/30/14	<u>42,306</u>
Total U.S. Department of Justice				<u>349,584</u>
<u>U.S. Department of Housing and Urban Development</u>				
Pass-through from City of San Jose:				
Community Development Block Grants/Entitlement Grants	14.218	CPS-13-008	7/1/13-6/30/14	33,830
Emergency Solutions Grant Program	14.231	ESG-12-003A	7/1/13-6/30/14	<u>5,338</u>
Total U.S. Department of Housing and Urban Development				<u>39,168</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 2,313,492</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

THE ASIAN AMERICANS FOR COMMUNITY INVOLVEMENT
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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, 2014. 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

FOUNDERS

Alexander W. Berger (1916-2005)
Griffith R. Lewis (1930-2012)

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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, 2014, 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 November 4, 2014.

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

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 "Berger Lewis Accountancy Corporation".

BERGER LEWIS ACCOUNTANCY CORPORATION
San Jose, California
November 4, 2014

FOUNDERS

Alexander W. Berger (1916-2005)
Griffith R. Lewis (1930-2012)

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

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, 2014. 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, 2014.

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
San Jose, California
November 4, 2014

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, 2014

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 that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as a major program were:
 - CFDA 93.224 - Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)
 - CFDA 93.610 - Health Care Innovation Awards (HCIA)
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 - Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)

CFDA No. - 93.224

Grant Period - 11/1/13 to 2/28/15

None

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Year Ended June 30, 2014

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Name of Program - Health Care Innovation Awards (HCIA)
CFDA No. - 93.610
Grant Period - 7/1/12 to 6/30/13
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, 2014

NONE