
East Bay Asian Youth Center

FINANCIAL STATEMENTS

June 30, 2015 and June 30, 2014

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

EAST BAY ASIAN YOUTH CENTER

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INDEPENDENT AUDITORS' REPORT

Board of Directors
East Bay Asian Youth Center
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of East Bay Asian Youth Center, which comprise the statement of financial position as of June 30, 2015 and June 30, 2014, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 entity'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 East Bay Asian Youth Center as of June 30, 2015 and June 30, 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Crosby + Kaneda". The signature is written in a cursive, flowing style.

Certified Public Accountants
Oakland, California
November 13, 2015

EAST BAY ASIAN YOUTH CENTER

**Statement of Financial Position
June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 106,730	\$ 113,383
Certificate of deposit	160,000	160,000
Contracts and grants receivable	1,053,326	907,185
Prepaid expenses	40,010	37,055
Total Current Assets	<u>1,360,066</u>	<u>1,217,623</u>
Property and equipment, net (Note 3)	22,721	26,395
Deposits	<u>2,500</u>	<u>2,500</u>
Total Assets	<u>\$ 1,385,287</u>	<u>\$ 1,246,518</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 129,629	\$ 277,495
Accrued vacation	97,333	85,407
Lines of credit (Note 4)	160,000	207,434
Deferred revenue	121,017	139,933
Total Liabilities	<u>507,979</u>	<u>710,269</u>
Commitments and Contingencies (Notes 5 and 6)		
Net Assets		
Unrestricted	(56,931)	(121,326)
Temporarily restricted (Note 8)	934,239	657,575
Total Net Assets	<u>877,308</u>	<u>536,249</u>
Total Liabilities and Net Assets	<u>\$ 1,385,287</u>	<u>\$ 1,246,518</u>

See Notes to the Financial Statements

EAST BAY ASIAN YOUTH CENTER

**Statement of Activities
For the Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Support			
Government contracts	\$ 4,152,373	\$	\$ 4,152,373
Foundation and corporate support	-	1,109,435	1,109,435
Donations	119,038		119,038
Annual fundraising event, net (Note 9)	32,618		32,618
Total Support	<u>4,304,029</u>	<u>1,109,435</u>	<u>5,413,464</u>
Revenue			
Fee for service	152,567		152,567
Student fees	205,779		205,779
Other income	2,256		2,256
Total Revenue	<u>360,602</u>	<u>-</u>	<u>360,602</u>
Net assets released			
from donor restrictions (Note 8)	832,771	(832,771)	-
Total Support and Revenue	<u>5,497,402</u>	<u>276,664</u>	<u>5,774,066</u>
Expenses			
Program	4,737,685		4,737,685
Management and general	475,373		475,373
Fundraising	219,949		219,949
Total Expenses	<u>5,433,007</u>	<u>-</u>	<u>5,433,007</u>
Change in Net Assets	<u>64,395</u>	<u>276,664</u>	<u>341,059</u>
Net Assets, beginning of year	<u>(121,326)</u>	<u>657,575</u>	<u>536,249</u>
Net Assets, end of year	<u>\$ (56,931)</u>	<u>\$ 934,239</u>	<u>\$ 877,308</u>

See Notes to the Financial Statements

EAST BAY ASIAN YOUTH CENTER

**Statement of Activities
For the Year Ended June 30, 2014**

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Support			
Government contracts	\$ 3,843,952	\$	\$ 3,843,952
Foundation and corporate support		507,500	507,500
Donations	43,135		43,135
Annual fundraising event, net (Note 9)	45,393		45,393
Total Support	3,932,480	507,500	4,439,980
Revenue			
Fee for service	45,908		45,908
Student fees	173,119		173,119
Interest and dividends	487		487
Other income	9,489		9,489
Total Revenue	229,003	-	229,003
Net assets released from donor restrictions (Note 8)	674,251	(674,251)	-
Total Support and Revenue	4,835,734	(166,751)	4,668,983
Expenses			
Program	4,220,829		4,220,829
Management and general	446,737		446,737
Fundraising	221,617		221,617
Total Expenses	4,889,183	-	4,889,183
Change in Net Assets	(53,449)	(166,751)	(220,200)
Net Assets, beginning of year	(67,877)	824,326	756,449
Net Assets, end of year	\$ (121,326)	\$ 657,575	\$ 536,249

See Notes to the Financial Statements

EAST BAY ASIAN YOUTH CENTER

**Statement of Cash Flows
For the Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ 341,059	\$ (220,200)
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Depreciation	13,970	9,276
Change in assets and liabilities:		
Contracts and grants receivable	(146,141)	33,730
Prepaid expenses	(2,955)	2,462
Accounts payable and accrued expenses	(147,866)	(280,129)
Accrued vacation	11,926	(3,326)
Deferred revenue	(18,916)	11,603
Net cash provided (used) by operating activities	<u>51,077</u>	<u>(446,584)</u>
Cash flows from investing activities		
Purchase of fixed assets	<u>(10,296)</u>	<u>(30,453)</u>
Net cash used by investing activities	<u>(10,296)</u>	<u>(30,453)</u>
Cash flows from financing activities		
Net proceeds from line of credit	(47,434)	103,665
Repayments of loans	-	(56,231)
Net cash provided (used) by financing activities	<u>(47,434)</u>	<u>47,434</u>
Net change in cash and cash equivalents	<u>(6,653)</u>	<u>(429,603)</u>
Cash and cash equivalents, beginning of year	<u>113,383</u>	<u>542,986</u>
Cash and cash equivalents, end of year	<u>\$ 106,730</u>	<u>\$ 113,383</u>
Supplemental Disclosure:		
Interest paid during the year	<u>\$ 4,190</u>	<u>\$ 7,534</u>

See Notes to the Financial Statements

EAST BAY ASIAN YOUTH CENTER

**Statement of Functional Expenses
For the Years Ended June 30, 2015 and 2014**

	2015				2014			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries	\$ 3,158,021	\$ 227,295	\$ 144,038	\$ 3,529,354	\$ 2,724,508	\$ 187,005	\$ 160,407	\$ 3,071,920
Pension	13,086	9,579	4,110	26,775	15,410	8,146	4,979	28,535
Benefits	257,756	40,213	12,446	310,415	254,475	35,434	14,603	304,512
Payroll Taxes	293,301	17,399	12,868	323,568	251,087	15,155	13,820	280,062
Total Personnel	<u>3,722,164</u>	<u>294,486</u>	<u>173,462</u>	<u>4,190,112</u>	<u>3,245,480</u>	<u>245,740</u>	<u>193,809</u>	<u>3,685,029</u>
Accounting fees	-	28,395	-	28,395	-	29,383	-	29,383
Other professional services	502,525	23,859	6,775	533,159	656,490	24,834	-	681,324
Supplies	285,460	25,698	36,099	347,257	201,757	56,303	23,325	281,385
Telephone	5,695	2,327	-	8,022	5,732	1,923	-	7,655
Occupancy	64,460	45,380	241	110,081	42,904	44,995	60	87,959
Printing and publications	9,999	8,170	-	18,169	9,910	8,898	-	18,808
Travel	13,902	-	-	13,902	3,115	-	-	3,115
Interest	-	4,190	-	4,190	1,253	5,870	411	7,534
Depreciation	-	13,970	-	13,970	-	9,276	-	9,276
Insurance	-	16,776	-	16,776	-	16,374	306	16,680
Stipends and scholarships	132,203	-	-	132,203	54,188	-	-	54,188
Bank fees	1,177	1,112	178	2,467	-	-	-	-
Professional development	-	11,010	-	11,010	-	-	-	-
Miscellaneous	100	-	3,194	3,294	-	3,141	3,706	6,847
Total Expenses	<u>\$ 4,737,685</u>	<u>\$ 475,373</u>	<u>\$ 219,949</u>	<u>\$ 5,433,007</u>	<u>\$ 4,220,829</u>	<u>\$ 446,737</u>	<u>\$ 221,617</u>	<u>\$ 4,889,183</u>

See Notes to the Financial Statements

EAST BAY ASIAN YOUTH CENTER

Notes to the Financial Statements For the Years Ended June 30, 2015 and June 30, 2014

NOTE 1: NATURE OF ACTIVITIES

East Bay Asian Youth Center (the Organization) is a California nonprofit public benefit corporation dedicated to inspiring young people to be life-long builders of a just and compassionate multi-cultural society. We work to build neighborhoods into places that foster the healthy development of young people by providing children, youth, and young adults a continuum of support, and engage families in making positive community change.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of June 30, 2015.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

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Notes to the Financial Statements For the Years Ended June 30, 2015 and June 30, 2014

Unrestricted contributions and grants are recorded as unrestricted revenue. Contributions are considered to be available for unrestricted use unless restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contracts and Grants Receivable

The Organization considers all contracts and grants receivable to be fully collectible at June 30, 2015. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2015 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended June 30, 2015.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the

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Notes to the Financial Statements For the Years Ended June 30, 2015 and June 30, 2014

measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on June 30, 2015.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$1,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment or the related lease terms as follows:

Improvements	10-20 years
Furniture and equipment	3 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

Deferred Revenue

Deferred revenue represents advance payments of federal and local government grant awards which have not yet been completely fulfilled as well as summer program fee revenue not yet earned.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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Notes to the Financial Statements For the Years Ended June 30, 2015 and June 30, 2014

Reclassifications

Certain accounts in the prior year's summarized information may have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of November 13, 2015 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 66,987	\$ 66,987
Furniture and equipment	77,330	67,033
Less accumulated depreciation	<u>(121,596)</u>	<u>(107,625)</u>
Total	<u>\$ 22,721</u>	<u>\$ 26,395</u>

NOTE 4: LINES OF CREDIT

The Organization had the following lines of credit for the year ended June 30:

	<u>2015</u>	<u>2014</u>
\$50,000 line of credit with a bank, charged interest at prime plus 2.5% or 6.0% as of June 30, 2015. The line matures November 2016.	\$ -	\$ 47,434
\$160,000 line of credit with a bank, charged interest at a rate of 2.10% as of June 30, 2015. The line matures August 2016 and is secured by the Organization's time deposit at the same bank.	<u>160,000</u>	<u>160,000</u>
Total	<u>\$ 160,000</u>	<u>\$ 207,434</u>

NOTE 5: COMMITMENTS

Operating Leases

The Organization is party to a lease for office space in Oakland, California which expires in September, 2016. The Organization is party to a lease for equipment which expires in June, 2020.

Future minimum operating lease payments are as follows as of June 30:

2016	\$ 57,512
2017	18,423
2018	5,640
2019	5,640
2020	<u>5,640</u>
Total	<u>\$ 92,855</u>

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Notes to the Financial Statements For the Years Ended June 30, 2015 and June 30, 2014

Rent for the years ended June 30, 2015 and 2014 was \$49,269 and \$47,793, respectively.

NOTE 6: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 7: CONCENTRATIONS

Government Support

The Organization receives a substantial portion of its support from federal, state and local governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities.

Contracts and Grants Receivable

As of June 30, 2015 approximately 44% of contracts and grants accounts receivable were from one foundation funder.

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of June 30:

	<u>2015</u>	<u>2014</u>
AYPAL Program	\$ 134,598	\$ 100,000
Boys and Young Men of Color Project / Street Team	22,457	315,867
Central Valley	87,375	-
Garfield School	-	3,616
Oakland High	-	61,343
Organizational development	-	59,215
Merger	30,000	50,000
MetWest School	1,279	5,500
Summer Programs	5,000	60,634
Youth Impact Initiative	653,530	-
Future periods	<u>-</u>	<u>1,400</u>
Total	<u>\$ 934,239</u>	<u>\$ 657,575</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the year ended June 30:

	<u>2015</u>	<u>2014</u>
AYPAL Program	\$ 174,600	\$ -
Boys and Young Men of Color Project / Street Team	293,410	209,549
Building International Communities	10,000	-
Central Valley	25,862	-

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Notes to the Financial Statements For the Years Ended June 30, 2015 and June 30, 2014

Flexible Leadership	-	30,827
Garfield School	3,616	73,577
Garden Projects	-	3,000
Oakland High	71,343	47,994
Organizational development	59,215	191,293
Merger	20,000	25,176
MetWest School	4,221	14,500
Summer Programs	61,634	41,735
Youth Impact Initiative	46,470	-
Passage of time	<u>62,400</u>	<u>36,600</u>
Total	<u>\$ 832,771</u>	<u>\$ 674,251</u>

NOTE 9: ANNUAL FUNDRAISING EVENT

The Organization held a fundraising event during the year. Activity related to the event was as follows during the year ended June 30:

	<u>2015</u>	<u>2014</u>
Admissions	\$ 21,955	\$ 21,612
Donations and sponsorships	32,550	48,473
Sale of donated auction items	2,015	1,935
Raffle	3,130	3,419
Less: Costs of direct donor benefit	<u>(27,032)</u>	<u>(30,046)</u>
Total	<u>\$ 32,618</u>	<u>\$ 45,393</u>

NOTE 10: PENSION

The Organization has a defined contribution plan as established under Internal Revenue Code Section 403(b) (the Plan). All full time employees are eligible for participation in the Plan and become 25% vested after two full years of employment, 50% vested after three years, 75% vested after four years, and 100% vested after five years. For each Plan year, the Organization will contribute 50% of any amounts contributed by participating employees. The maximum the Organization will contribute is an amount equal to 5% of the participating employees' total annual salary. Total contributions made by the Organization for the years ended June 30, 2015 and 2014 were \$26,775 and \$28,535 respectively.

NOTE 11: RELATED PARTY TRANSACTIONS

The Executive Director of the Organization served on the Board of the Oakland Unified School District (OUSD) though January 5, 2015. In addition to federal funding, the Organization received funding from and through the OUSD in excess of \$1,269,227 and \$1,312,698 during the years ended June 30, 2015 and 2014, respectively. The Organization continues to be funded by the OUSD and occupies program facilities owned by the OUSD. The Executive Director has informed the Board of Directors and the other members of the OUSD Board of this relationship and recuses himself from all discussions regarding funding to the Organization.