

**EAST BAY ASIAN YOUTH CENTER**

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**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2018  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017**

IZABAL, BERNACIAK & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

**EAST BAY ASIAN YOUTH CENTER  
AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017**

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IZABAL, BERNACIAK & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
**EAST BAY ASIAN YOUTH CENTER**  
Oakland, California

**Report on Financial Statements**

We have audited the accompanying financial statements of East Bay Asian Youth Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 East Bay Asian Youth Center'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 East Bay Asian Youth Center'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, 2018, 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**

Another auditor had audited East Bay Asian Youth Center's 2017 financial statements, and on their report dated February 6, 2018, they expressed an unmodified opinion on those audited finance statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2019, on our consideration of East Bay Asian Youth Center'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 East Bay Asian Youth Center's internal control over financial reporting and compliance.



San Francisco, California  
January 16, 2019

**EAST BAY ASIAN YOUTH CENTER  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2018  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017**

<b>Assets</b>	<b>2018</b>	<b>2017</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 458,600	\$ 323,630
Certificate of Deposit	161,003	160,842
Contracts and Grant Receivable	744,513	1,225,817
Prepaid Expenses	50,867	47,777
Investments	17,827	19,155
Total Current Assets	<u>1,432,810</u>	<u>1,777,221</u>
<b>Other Assets</b>		
Property and Equipment, net	482,673	289,471
Deposits	5,125	4,215
Total Noncurrent Assets	<u>487,798</u>	<u>293,686</u>
<b>Total Assets</b>	<u>\$ 1,920,608</u>	<u>\$ 2,070,907</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable & Accrued Expenses	\$ 188,181	\$ 265,427
Accrued Vacation	114,477	109,100
Lines of Credit	46,199	39,791
Notes Payable - Current Portion	327,546	175,269
Deferred Revenue	291,653	251,655
Total Current Liabilities	<u>968,056</u>	<u>841,242</u>
<b>Long Term Liabilities</b>		
Notes Payable - Net of Current Portion	26,403	45,372
Total Long Term Liabilities	<u>26,403</u>	<u>45,372</u>
Total Liabilities	<u>994,459</u>	<u>886,614</u>
<b>Net Assets</b>		
Unrestricted	156,559	(42,872)
Temporarily Restricted	769,590	1,227,165
Total Net Assets	<u>926,149</u>	<u>1,184,293</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,920,608</u>	<u>\$ 2,070,907</u>

See notes to the financial statements

**EAST BAY ASIAN YOUTH CENTER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017**

	2018		2017	
	Unrestricted Funds	Temporarily Restricted Funds	Total All Funds	Total All Funds
<b>Support and Revenue</b>				
<b>Support</b>				
Government Contracts	\$ 5,555,702	\$ -	\$ 5,555,702	\$ 4,850,191
Foundation and Corporate Support	-	520,654	520,654	1,335,200
Donations	154,826	-	154,826	272,904
Total Support	<u>5,710,528</u>	<u>520,654</u>	<u>6,231,182</u>	<u>6,458,295</u>
<b>Revenue</b>				
Fee for Service	99,291	-	99,291	64,147
Annual Gala	71,818	-	71,818	81,128
Grassroot Fundraising	1,909	-	1,909	4,628
Student Fees	358,556	-	358,556	242,674
Other Income	2,582	-	2,582	6,924
Net Assets Released from Restriction	978,229	(978,229)	-	-
Total Revenue	<u>1,512,385</u>	<u>(978,229)</u>	<u>534,156</u>	<u>399,501</u>
<b>Total Support and Revenue</b>	<u>7,222,913</u>	<u>(457,575)</u>	<u>6,765,338</u>	<u>6,857,796</u>
<b>Expenses</b>				
Program Services	5,931,710	-	5,931,710	5,071,394
Supporting Services				
Management & General	914,776	-	914,776	1,010,202
Fundraising	175,937	-	175,937	193,086
Subtotal Supporting Services	<u>1,090,713</u>	<u>-</u>	<u>1,090,713</u>	<u>1,203,288</u>
<b>Total Expenses</b>	<u>7,022,423</u>	<u>-</u>	<u>7,022,423</u>	<u>6,274,682</u>
<b>Changes in Net Assets from Operations</b>	200,490	(457,575)	(257,085)	583,114
<b>Other Changes</b>				
Interest and Dividend Income	759	-	759	717
Unrealized Loss on Investments	(1,818)	-	(1,818)	-
<b>Subtotal Other Changes</b>	<u>(1,059)</u>	<u>-</u>	<u>(1,059)</u>	<u>717</u>
<b>Changes in Net Assets</b>	199,431	(457,575)	(258,144)	583,831
<b>Net Assets, Beginning of the Year</b>	<u>(42,872)</u>	<u>1,227,165</u>	<u>1,184,293</u>	<u>600,462</u>
<b>Net Assets, End of the Year</b>	<u>\$ 156,559</u>	<u>\$ 769,590</u>	<u>\$ 926,149</u>	<u>\$ 1,184,293</u>

See notes to the financial statements.

**EAST BAY ASIAN YOUTH CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017**

	Program Services	Supporting Services			2018 Total	2017 Total
		Management & General	Fundraising	Subtotal		
<b>EXPENSES</b>						
Salaries	\$ 4,081,150	\$ 569,954	\$ 88,500	\$ 658,454	\$ 4,739,604	\$ 4,102,743
Benefits	254,603	95,127	10,133	105,260	359,863	319,545
Pension	20,918	12,375	4,425	16,800	37,718	36,143
Payroll Taxes	376,066	44,506	6,888	51,394	427,460	373,726
Worker's Compensation	48,077	2,767	548	3,315	51,392	37,564
Contractual	488,917	12,381	-	12,381	501,298	567,528
Classroom Project/Stipends	59,895	-	-	-	59,895	104,899
Accounting Service	-	26,493	-	26,493	26,493	21,692
Personnel Service	-	35,141	-	35,141	35,141	24,104
Board/Professional Development	-	-	-	-	-	1,285
Telecommunications	4,334	3,331	-	3,331	7,665	7,634
Facilities	65,096	15,562	-	15,562	80,658	89,800
Reprographics	8,073	7,451	-	7,451	15,524	13,932
Travel	-	-	322	322	322	6,432
Field Trip	37,442	-	-	-	37,442	31,344
Finance Charges	2,600	12,038	31	12,069	14,669	12,709
Depreciation	-	15,231	-	15,231	15,231	10,591
Program Activities	464,175	-	1,810	1,810	465,985	352,944
Equipment Purchase	-	-	-	-	-	3,220
Supplies & Services	10,764	34,609	36,849	71,458	82,222	81,624
Donation	-	-	4,310	4,310	4,310	4,928
Insurance	-	19,280	-	19,280	19,280	19,420
Loss	-	1,357	-	1,357	1,357	-
Utilities	9,600	7,173	-	7,173	16,773	14,877
Event Direct Cost	-	-	22,121	22,121	22,121	35,998
<b>TOTAL EXPENSES</b>	<b>\$ 5,931,710</b>	<b>\$ 914,776</b>	<b>\$ 175,937</b>	<b>\$ 1,090,713</b>	<b>\$ 7,022,423</b>	<b>\$ 6,274,682</b>

See notes to the financial statements.

**EAST BAY ASIAN YOUTH CENTER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018  
WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in Net Assets	\$ (258,144)	\$ 583,831
<i>Adjustments to Reconcile Net Assets to Net Cash Provided by Operating Activities:</i>		
Depreciation	15,231	10,591
Unrealized Loss/(Gain) on Investments	1,818	-
Interest and Dividends from Investments	(490)	-
<i>(Increase)/Decrease in:</i>		
Contracts and Grant Receivable	481,304	(300,907)
Prepaid Expenses	(3,090)	(4,777)
Deposits	(910)	(1,715)
<i>Increase/(Decrease) in:</i>		
Accounts Payable & Accrued Expenses	(77,246)	(40,949)
Accrued Vacation	5,377	9,301
Deferred Revenue	39,998	146,425
<b>Net Cash Provided/(Used) by Operating Activities</b>	<u>203,848</u>	<u>401,800</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	(208,433)	(286,433)
<b>Net Cash Provided/(Used) by Investing Activities</b>	<u>(208,433)</u>	<u>(286,433)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Proceeds from Line of Credit	6,408	(10,209)
Net Proceeds from Notes Payable	133,308	60,641
Reinvestment of Interest in Certificates of Deposits	(161)	(147)
<b>Net Cash Provided/(Used) by Financing Activities</b>	<u>139,555</u>	<u>50,285</u>
<b>NET INCREASE/(DECREASE) IN CASH</b>	134,970	165,652
Cash and Cash Equivalents at Beginning of Year	<u>323,630</u>	<u>157,978</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 458,600</u>	<u>\$ 323,630</u>
<b>Supplemental Disclosure:</b>		
Interest Expense	<u>\$ 8,878</u>	<u>\$ 7,521</u>

See notes to the financial statements



**EAST BAY ASIAN YOUTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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. The organization works 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.

**Basis of Accounting**

The accompanying financial statements are prepared on the accrual basis of accounting. Revenue is recognized when earned and expenditures are recognized when they are incurred.

**Basis of Presentation**

The Organization has various funds, one of which is unrestricted, and the rest are temporarily and permanently restricted. The temporarily restricted funds are used to support specific programs within the Organization. The unrestricted funds are used to support the general and administrative functions of the Organization as well as additional support of the other programs. Permanent restrictions are imposed by donors on contributions in a way that the restriction can never be released and the net asset must be held in perpetuity.

The accompanying financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into the following classes of assets:

*Unrestricted net assets* – consists 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. There were no permanently restricted net assets as of June 30, 2018.

**EAST BAY ASIAN YOUTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**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.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically 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. When restrictions are satisfied in the same accounting period that the contribution is received, both the revenue and the related expense are reported in the unrestricted net asset class.

**Financial Statement Presentation**

The Organization follows the recommendations of the Financial Accounting Standards Board. The Organization is required to report 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.

**Revenue Recognition**

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 and depending on whether the restrictions are met in the current period. Restricted contributions are reported as increases in unrestricted net assets if the restrictions have been met in the current fiscal period. If the restriction has not been met by fiscal year end, the amount is reported as an increase in temporarily or permanently restricted net assets. When the restriction is finally met on a contribution received in a prior fiscal period, the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

**EAST BAY ASIAN YOUTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Capitalization of Assets**

Assets purchased with unrestricted general funds and assets donated to the Organization are depreciated through the statement of activities. Assets purchased with restricted grant funds are recorded as revenue and expensed in the period of acquisition through the statement of activities. The corresponding capitalization and depreciation for these grant purchases is accounted for through increases and decreases in net assets of the statement of activities.

**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 on the property and equipment or the related lease terms as follows:

Building	30 years
Furniture and equipment	3 years
Leasehold improvements	10 – 20 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.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is recognized in income for the period.

**Statement of Cash Flows**

For purposes of the statement of cash flows, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fair Value of Financial Instruments**

The carrying amounts of cash, cash equivalents, accounts receivable and other assets approximate fair values due to the short-term maturities of these assets.

**EAST BAY ASIAN YOUTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Tax Status**

The Organization has been determined by the Internal Revenue Service to be a 501(c) (3) exempt nonprofit organization and was incorporated pursuant to the Nonprofit Public Benefit Corporation Law of the State of California. Accordingly, no provision for income taxes is included in the accompanying financial statements.

**Advertising Expenses**

The costs of advertising are expensed as incurred. During the year ended June 30, 2018, advertising costs charged to expense totaled \$0.

**Allocated Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, based on management estimates certain costs have been allocated among the programs and supporting services benefited.

**Contracts & Grants Receivable**

Contracts & Grants Receivable consist of amounts due from funding sources, as described in Note D, and are considered by management to be fully collectible.

**Deferred Revenue**

Deferred revenue represents advance payments received from grantors that have not yet been earned.

**Investments**

Investments include certificates of deposits that generally mature between six months and two years from the purchase date, as well as equity securities that are publicly traded. Cost approximates market for all certificates of deposits, all other investments are recorded at fair value. Unrealized gains and losses are reflected in unrestricted net assets.

**Comparative Financial Information**

The financial statements include certain prior year summarized comparative information in total but not by classification of revenue, expenses, functional expenses and net assets. 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 consolidated financial statements for the year ended June 30, 2017, from which the summarized information was derived.

**EAST BAY ASIAN YOUTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Reclassifications**

Certain reclassifications have been made to the 2017 financial statement presentation to correspond to the current year's format. Specifically, cash and cash equivalents in the amount of \$19,155 has been reclassified on the Statement of Financial Position as Investments. Total net assets and net income are unchanged due to these reclassifications.

**Note B: CASH AND CASH EQUIVALENTS**

At June 30, 2018, cash and cash equivalents consisted of:

City National Bank	\$	441,183
California Trust Bank		15,819
First Republic Bank		1,598
Total	\$	<u>458,600</u>

**Note C: PROPERTY AND EQUIPMENT**

Depreciation expense for the year ended June 30, 2018, was \$15,231. The original cost and accumulated depreciation for the property and equipment were as follows, as of June 30, 2018:

Building	\$	248,532
Land		220,741
Equipment		72,300
Leasehold improvements		77,983
Total		<u>619,556</u>
Less: accumulated depreciation		<u>(136,883)</u>
Property and equipment, net	\$	<u>482,673</u>

**Note D: GRANTS RECEIVABLE**

At June 30, 2018, grants receivable consisted of:

Government Grants	\$	629,587
Foundation & Corporate Support		111,499
Other		3,427
Total	\$	<u>744,513</u>

**EAST BAY ASIAN YOUTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note E: CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS  
IN EXCESS OF INSURED LIMITS**

The Organization maintains cash balances with the City National Bank, California Trust Bank and First Republic Bank. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2018, the Organization's uninsured cash balances before reconciling items totaled approximately \$495,000.

**Note F: TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2018, temporarily restricted net assets consisted of the following:

Attendance Initiative	\$ 432,312
Building Fund	40,000
Organizational Development	103,107
Central Valley	93,063
School Activities	31,108
Passage of Time Restriction	70,000
Total	<u>\$ 769,590</u>

**Note G: NET ASSETS RELEASED FROM RESTRICTIONS**

At June 30, 2018, temporarily restricted net assets released consisted of the following:

Attendance Initiative	\$ 267,688
Youth Impact Initiative	171,792
Building Fund	185,000
Organizational Development	115,657
Central Valley	195,846
School Activities	23,246
Oakland Unite Summit	6,500
Passage of Time Restriction	12,500
Total	<u>\$ 978,229</u>

**Note H: LINE OF CREDIT**

The Organization has a \$50,000 line of credit with a bank, charged interest at Wall Street Journal Prime rate plus 2.0% floating. Line of credit matures on February 2020. As of June 30, 2018, the outstanding balance was \$46,199.

**EAST BAY ASIAN YOUTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note I: CONCENTRATION OF REVENUE**

The Organization received a substantial amount of its support from federal, state, and county 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.

During the year ended June 30, 2018, the Organization received 74% of support from two sources as follows:

Oakland Unified School District	\$	3,424,411
City of Oakland	\$	1,578,397

**Note J: NOTES PAYABLE**

The Organization has a note payable to an individual, charged at simple interest on the unpaid principal balance at the rate of 5.0%. Note matures on December 1, 2020, with monthly principal and interest payments of \$1,612. On June 30, 2018, the amount obligated on the note was \$43,949.

The Organization has an interest only note with a bank, charged interest at the rate of 2.10% maturing in August 2018. On June 30, 2018, the amount obligated on the note was \$160,000.

The Organization has an interest only note with a bank, charged interest at the rate of Prime rate plus 1.25% maturing in March 2019. On June 30, 2018, the amount obligated on the note was \$150,000.

Following are maturities of long-term debt for each of the next five years and thereafter:

<u>Year Ending June 30</u>		
2019	\$	327,546
2020		18,443
2021		<u>7,960</u>
Total Notes Payable		353,949
Less: Current Portion		<u>(327,546)</u>
Long-term Portion	\$	<u>26,403</u>

**EAST BAY ASIAN YOUTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note K: RETIREMENT PLAN**

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 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 year ended June 30, 2018 was \$37,718.

**Note L: LEASE COMMITMENT**

As of June 30, 2018, the Organization incurred \$50,487 in rental expenses. The Organization is leasing office spaces in Oakland and Sacramento, California. The Organization also leases a copy machine. The Oakland office's lease expires on September 30, 2019. The Sacramento office's lease expires on January 31, 2019. The copy machine lease expires on July 1, 2020.

On October 20, 2017, the Organization purchased an additional 25% of the property located at 2025 East 12<sup>th</sup> Street, Oakland, CA, increasing ownership to 62.5%. The purchase led to reduced lease payments beginning November 2017.

The following is a schedule of the future minimum lease payments under these operating leases for the year ended June 30:

	<u>Office Spaces</u>	<u>Copy Machine</u>	<u>Total</u>
2019	\$ 32,805	\$ 5,640	\$ 38,445
2020	5,238	5,640	10,878
Total	<u>\$ 38,043</u>	<u>\$ 11,280</u>	<u>\$ 49,323</u>

**Note M: FUNDRAISING EVENT**

The Organization holds an Annual Gala. Activities related to the Gala are as followed:

Sponsorship	\$ 27,500
Ticket Sale	26,795
Silent Auction	5,943
Raffle	6,915
Donation	4,665
Less: Cost of Direct Donor Benefit	<u>(30,469)</u>
Total	<u>\$ 41,349</u>



**EAST BAY ASIAN YOUTH CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Note N: INVESTMENTS**

The Financial Accounting Standard Board (the FASB) defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and describes disclosures about fair value measurements.

The FASB has established a three level fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value. A level is assigned to each fair value measurement in its entirety. The three levels of the fair value hierarchy under the FASB are defined below:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

Level 2 – Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and are unobservable (i.e. supported by little or no market activity).

Investments are quoted on the basis of quoted market prices (all level 1 measurements) and consist of the following at June 30, 2018:

Certificates of Deposits	\$	161,003
Marketable Securities		15,612
Bank Deposits		<u>2,215</u>
Total	\$	<u><u>178,830</u></u>

Net investment income for the years ended June 30, 2018, total as follows:

Interest and dividends	\$	759
Net realized gain/(loss) and unrealized appreciation/(depreciation)		<u>(1,818)</u>
Net investment income (loss)	\$	<u><u>(1,059)</u></u>

**EAST BAY ASIAN YOUTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note O: SUBSEQUENT EVENTS**

Management of the Organization has evaluated its subsequent events through January 16, 2019, the date the financial statements were available to be issued.

On August 6, 2018, the Organization paid off one of the notes with City National Bank for the amount of \$160,000 with maturity date of August 2018.

On November 27, 2018, the Organization paid off one of the notes with City National Bank for the amount of \$150,000 with maturity date of March 2019.

## **SUPPLEMENTARY INFORMATION**

IZABAL, BERNACIAK & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT  
ON ADDITIONAL INFORMATION**

Board of Directors  
**EAST BAY ASIAN YOUTH CENTER**  
Oakland, California

We have audited the financial statements of East Bay Asian Youth Center for the year ended June 30, 2018, and have issued our report thereon dated January 16, 2019 and is presented in the preceding section. That examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The following Schedules are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements, and, in our opinion the information is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Isabel Bernaciak & Company*

San Francisco, California  
January 16, 2019

**EAST BAY ASIAN YOUTH CENTER  
SCHEDULE OF ALAMEDA COUNTY AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>County Grantor/Pass Through Grantor/Program</u>	<u>Master Contract</u>	<u>Procurement Contract</u>	<u>Contract Period</u>	<u>Contract Amount</u>	<u>Contract Expenditures</u>	<u>Amount Received</u>
<b><u>Alameda County Health Care Agency</u></b>						
<i>Direct Programs</i>						
Youth & Family Opportunity Initiative	900031	15446	7/1/17-6/30/18	\$ 110,912	\$ 110,912	\$ 110,912
Center for Healthy Schools & Communities- School Health Centers	900112	15492	7/1/17-6/30/18	142,500	142,500	142,500
<b><u>Alameda County Probation Department</u></b>						
<i>Direct Programs</i>						
Delinquency Prevention Network	900031	12002	7/1/15-12/31/18	<u>94,106</u>	<u>26,316</u>	<u>26,316</u>
<b>Total Alameda County Awards</b>				<b>\$ <u>347,518</u></b>	<b>\$ <u>279,728</u></b>	<b>\$ <u>279,728</u></b>

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**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
**EAST BAY ASIAN YOUTH CENTER**  
Oakland, California

We have audited the financial statements of East Bay Asian Youth Center as of and for the year ended June 30, 2018, and have issued our report thereon dated January 16, 2019, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance 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 their records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Isabel Bernaciak & Company*

San Francisco, California  
January 16, 2019

**EAST BAY ASIAN YOUTH CENTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Education</u></b>			
<b><u>California Department of Education</u></b>			
<i>Passed Through: Oakland Unified School District</i>			
21st Century Community Learning Center	16-1898	84.287	\$ 57,526
21st Century Community Learning Center	17-1893	84.287	185,514
21st Century Community Learning Center	16-2019	84.287	30,080
21st Century Community Learning Center	17-1894	84.287	185,379
21st Century Community Learning Center	16-1895	84.287	15,343
21st Century Community Learning Center	17-1895	84.287	190,951
21st Century Community Learning Center	16-1781	84.287	15,680
21st Century Community Learning Center	17-1623	84.287	79,879
21st Century Community Learning Center	16-1897	84.287	43,465
21st Century Community Learning Center	17-1892	84.287	157,014
21st Century Community Learning Center	16-1780	84.287	6,363
21st Century Community Learning Center	17-1622	84.287	180,243
21st Century Community Learning Center	N/A	84.287	113,713
21st Century Community Learning Center	N/A	84.287	3,317
<b>Total U.S. Department of Education California Department of Education</b>			<b>1,264,466</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,264,466</b>

**Note A: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of East Bay Asian Youth Center under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of East Bay Asian Youth Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of East Bay Asian Youth Center.

**Note B: Summary of Significant Accounting Policies**

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) East Bay Asian Youth Center has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**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**

Board of Directors  
**EAST BAY ASIAN YOUTH CENTER**  
Oakland, 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 East Bay Asian Youth Center (the Organization), which comprise the statement of financial position as of June 30, 2018, 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 January 16, 2019.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

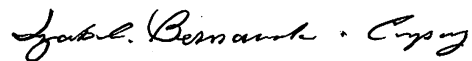


### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



San Francisco, California

January 16, 2019

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
**EAST BAY ASIAN YOUTH CENTER**  
Oakland, California

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

We have audited East Bay Asian Youth Center's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of East Bay Asian Youth Center's major federal programs for the year ended June 30, 2018. East Bay Asian Youth Center'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of East Bay Asian Youth Center'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types 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 East Bay Asian Youth Center'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 East Bay Asian Youth Center's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, East Bay Asian Youth Center 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, 2018.

### **Report on Internal Control Over Compliance**

Management of East Bay Asian Youth Center 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 East Bay Asian Youth Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 the *Uniform Guidance*, 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 East Bay Asian Youth Center'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 requirements 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 the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.



San Francisco, California  
January 16, 2019

**EAST BAY ASIAN YOUTH CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<b>A. SUMMARY OF AUDITOR'S RESULTS</b>	
<i>Financial Statements</i>	
1. Type of Financial Statement Report	UNMODIFIED
2. Internal Control over Financial Reporting: Material Weakness(es) Identified Significant Deficiency(ies) Identified	NONE REPORTED NONE REPORTED
3. Noncompliance Disclosed by Audit Which Is Material to Financial Statements	NONE REPORTED
<i>Federal Awards</i>	
1. Internal Control Over Major Programs: Material Weakness(es) Identified Significant Deficiency(ies) Identified	NONE REPORTED NONE REPORTED
2. Type of Compliance Report Major Programs	UNMODIFIED
3. Uniform Guidance Audit Finding Required to be Disclosed by Audit in accordance with 2 CFR 200.516(a)	NONE REPORTED
4. Major Program:	84.287 – 21 <sup>st</sup> Century Community Learning Centers
5. Dollar Threshold for Type A Programs	\$750,000
6. Auditee Qualification	LOW RISK
B. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with GAGAS	NONE REPORTED
C. Findings and Questioned Costs for Federal Awards Including Audit Findings Defined in the Uniform Guidance	NONE REPORTED

**EAST BAY ASIAN YOUTH CENTER  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

There were no prior year findings.