

The National Coalition for Asian Pacific American Community Development

Financial Statements
and Independent Auditors' Report

December 31, 2019 and 2018

The National Coalition for Asian Pacific American Community Development

Financial Statements
December 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

The National Coalition for Asian Pacific American Community Development

We have audited the accompanying financial statements of The National Coalition for Asian Pacific American Community Development (CAPACD), which comprise the statement of financial position as of December 31, 2019; 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 controls 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 CAPACD as of December 31, 2019, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, CAPACD adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) and FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of CAPACD as of December 31, 2018, were audited by other auditors whose report, dated June 19, 2019, expressed an unmodified opinion on those statements.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
July 30, 2020

The National Coalition for Asian Pacific American Community Development

Statements of Financial Position December 31, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 1,301,794	\$ 1,353,084
Accounts receivable	11,828	5,695
Grants receivable	494,292	421,466
Prepaid expenses	26,103	35,125
Deposits	10,073	9,724
Property and equipment, net	207	1,418
Total assets	\$ 1,844,297	\$ 1,826,512
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 121,248	\$ 83,075
Grants payable	181,832	462,986
Refundable advances	5,000	10,700
Total liabilities	308,080	556,761
Net Assets		
Without donor restrictions:		
Undesignated	16,983	23,054
Board-designated fund	231,544	208,490
Total without donor restrictions	248,527	231,544
With donor restrictions	1,287,690	1,038,207
Total net assets	1,536,217	1,269,751
Total liabilities and net assets	\$ 1,844,297	\$ 1,826,512

See accompanying notes.

The National Coalition for Asian Pacific American Community Development

Statement of Activities For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 332,038	\$ 2,265,000	\$ 2,597,038
Government grants	530,974	-	530,974
Contracts	73,700	-	73,700
Membership dues	60,650	-	60,650
In-kind contributions	46,804	-	46,804
Interest income	3,601	-	3,601
Other income	1,150	-	1,150
Released from restrictions	2,015,517	(2,015,517)	-
Total revenue and support	<u>3,064,434</u>	<u>249,483</u>	<u>3,313,917</u>
Expenses			
Program services:			
Core programs and policy	2,453,869	-	2,453,869
Lobbying	3,976	-	3,976
Total program services	<u>2,457,845</u>	<u>-</u>	<u>2,457,845</u>
Supporting services:			
General and administrative	482,739	-	482,739
Fundraising	106,867	-	106,867
Total supporting services	<u>589,606</u>	<u>-</u>	<u>589,606</u>
Total expenses	<u>3,047,451</u>	<u>-</u>	<u>3,047,451</u>
Change in Net Assets	16,983	249,483	266,466
Net Assets, beginning of year	<u>231,544</u>	<u>1,038,207</u>	<u>1,269,751</u>
Net Assets, end of year	<u>\$ 248,527</u>	<u>\$ 1,287,690</u>	<u>\$ 1,536,217</u>

See accompanying notes.

The National Coalition for Asian Pacific American Community Development

Statement of Activities For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 440,946	\$ 1,260,000	\$ 1,700,946
Government grants	592,675	-	592,675
Contracts	201,924	-	201,924
Membership dues	55,950	-	55,950
Convention registration	9,850	-	9,850
In-kind contributions	17,682	-	17,682
Interest income	1,425	-	1,425
Other income	1,300	-	1,300
Released from restrictions	2,304,692	(2,304,692)	-
Total revenue and support	3,626,444	(1,044,692)	2,581,752
Expenses			
Program services:			
Core programs and policy	3,086,552	-	3,086,552
Lobbying	2,786	-	2,786
Total program services	3,089,338	-	3,089,338
Supporting services:			
General and administrative	431,446	-	431,446
Fundraising	85,605	-	85,605
Total supporting services	517,051	-	517,051
Total expenses	3,606,389	-	3,606,389
Change in Net Assets	20,055	(1,044,692)	(1,024,637)
Net Assets, beginning of year	211,489	2,082,899	2,294,388
Net Assets, end of year	\$ 231,544	\$ 1,038,207	\$ 1,269,751

See accompanying notes.

The National Coalition for Asian Pacific American Community Development

Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services			Supporting Services			Total Expenses
	Core Programs and Policy	Lobbying	Total Programs	General and Administrative	Fundraising	Total Supporting Services	
Salaries, benefits, and taxes	\$ 1,005,529	\$ 3,131	\$ 1,008,660	\$ 321,096	\$ 74,721	\$ 395,817	\$ 1,404,477
Subgrants	825,856	-	825,856	-	-	-	825,856
Advertisements and sponsorships	-	-	-	-	3,844	3,844	3,844
Professional fees	281,953	142	282,095	97,215	3,421	100,636	382,731
Operations	36,237	106	36,343	23,563	2,600	26,163	62,506
Office and space rental	89,926	290	90,216	28,935	6,761	35,696	125,912
Dues and subscriptions	6,104	-	6,104	46	311	357	6,461
Travel and member meetings	188,074	249	188,323	6,123	5,342	11,465	199,788
Board meetings	17,906	58	17,964	5,761	1,346	7,107	25,071
Convention and event costs	70	-	70	-	8,521	8,521	8,591
Communication materials	2,214	-	2,214	-	-	-	2,214
Total Expenses	\$ 2,453,869	\$ 3,976	\$ 2,457,845	\$ 482,739	\$ 106,867	\$ 589,606	\$ 3,047,451

See accompanying notes.

The National Coalition for Asian Pacific American Community Development

Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services			Supporting Services			Total Expenses
	Core Programs and Policy	Lobbying	Total Programs	General and Administrative	Fundraising	Total Supporting Services	
Salaries, benefits, and taxes	\$ 969,634	\$ 2,046	\$ 971,680	\$ 298,861	\$ 64,787	\$ 363,648	\$ 1,335,328
Subgrants	1,466,984	-	1,466,984	-	-	-	1,466,984
Advertisements and sponsorships	1,937	3	1,940	459	189	648	2,588
Professional fees	202,438	76	202,514	77,628	9,828	87,456	289,970
Operations	44,036	69	44,105	17,756	2,379	20,135	64,240
Office and space rental	87,525	187	87,712	26,269	5,680	31,949	119,661
Dues and subscriptions	6,166	-	6,166	-	-	-	6,166
Travel and member meetings	144,058	367	144,425	5,125	1,449	6,574	150,999
Board meetings	17,331	38	17,369	5,348	1,158	6,506	23,875
Convention and event costs	145,405	-	145,405	-	-	-	145,405
Communication materials	1,038	-	1,038	-	135	135	1,173
Total Expenses	\$ 3,086,552	\$ 2,786	\$ 3,089,338	\$ 431,446	\$ 85,605	\$ 517,051	\$ 3,606,389

See accompanying notes.

The National Coalition for Asian Pacific American Community Development

Statements of Cash Flows For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 266,466	\$ (1,024,637)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	815	5,383
Loss on disposal of property and equipment	396	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(6,133)	-
Grants receivable	(72,826)	409,047
Prepaid expenses	9,022	(5,362)
Deposits	(349)	(268)
Increase (decrease) in:		
Accounts payable and accrued expenses	38,173	(7,406)
Grants payable	(281,154)	169,306
Refundable advances	(5,700)	(6,449)
	(51,290)	(460,386)
Net cash used in operating activities	(51,290)	(460,386)
Net Decrease in Cash and Cash Equivalents	(51,290)	(460,386)
Cash and Cash Equivalents, beginning of year	1,353,084	1,813,470
Cash and Cash Equivalents, end of year	\$ 1,301,794	\$ 1,353,084

See accompanying notes.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2019 and 2018

1. Nature of Operations

The National Coalition for Asian Pacific American Community Development (CAPACD) is a nonprofit organization, incorporated in the District of Columbia with an office in Washington, D.C. and an office in Oakland, California. CAPACD's mission is to improve the quality of life for low-income Asian Americans and Pacific Islanders by promoting economic vitality, civic and political participation, and racial equity.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

CAPACD's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Included in net assets without donor restrictions were Board-designated funds restricted solely through the actions of the Board.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. CAPACD reports grants and contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash Equivalents

For the purpose of the statements of cash flows, CAPACD considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

CAPACD's accounts receivable are all due in less than one year and are recorded at net realizable value. CAPACD writes off accounts receivable when they become uncollectible. When necessary, an allowance for uncollectible accounts receivable is determined based on management's best estimate of the outstanding uncollectible accounts. There was no allowance recognized as management believes all accounts are fully collectible at both December 31, 2019 and 2018.

Grants Receivable

Grants receivable consist of amounts due to be reimbursed to CAPACD for expenses incurred under various grant agreements from both government and private sources. All grants receivable are expected to be collected within one year and are recorded at net realizable value. There was no allowance recognized as management believes all grants receivable are fully collectible at both December 31, 2019 and 2018.

Property and Equipment

Property and equipment with a cost in excess of \$1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets, which range from three to five years. Expenditures for repairs and maintenance are expensed as incurred.

Grants Payable

CAPACD provides funding to various organizations under subgrant agreements. Subgrantees are selected based on a pre-award risk assessment conducted by CAPACD and are continuously monitored through narrative reports and regular check-ins. Subgrantees submit invoices for actual expenses incurred, which are reimbursed to the subgrantee once approved by CAPACD. Invoices received that have not yet been reimbursed are recorded as grants payable in the accompanying statements of financial position.

Refundable Advances

Amounts received from grantors prior to incurring qualifying expenditures are recorded as refundable advances in the accompanying statements of financial position.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

CAPACD recognizes grants and contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of CAPACD's revenue is derived from cost-reimbursable government grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CAPACD has incurred expenditures in compliance with specific grant or contract provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the accompanying statements of financial position.

Membership dues are comprised of an exchange element based on the benefits received and includes a bundle of membership benefits that represent the performance obligations. CAPACD has concluded the performance obligation related to member benefits is satisfied throughout the membership period as member benefits are received and consumed simultaneously during the membership period. Such membership dues are recognized ratably over the applicable dues period. Membership dues received that are applicable to the following year are included in deferred membership dues in the accompanying statements of financial position. There were no deferred membership dues at both December 31, 2019 and 2018.

Revenue from all other sources is recognized when earned.

In-Kind Contributions

The value of contributions that enhance a nonfinancial asset, which are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying statements of activities as in-kind contributions. In-kind contributions consist of donated Board travel and pro-bono legal services that benefit both program and supporting services. In-kind contributions are recognized as revenue and expense in the accompanying statements of activities at their estimated fair value, as provided by the donor, at the date of receipt.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions (continued)

CAPACD also receives a substantial amount of services donated by volunteers in carrying out its program services. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under Financial Accounting Standards Board (FASB) Accounting Standards Codification 958-605-25-16, *Contributed Services*.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation. These reclassifications have no effect on the change in net assets previously reported.

Change in Accounting Principles

FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, supersedes or replaces nearly all revenue recognition guidance under accounting principles generally accepted in the United States of America. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. CAPACD has implemented Topic 606 and has adjusted, if applicable, the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented. The implementation had no impact on the previously reported net assets.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Change in Accounting Principles (continued)

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. CAPACD has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in these financial statements under a modified prospective basis. The implementation had no impact on the previously reported net assets.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2021.

Subsequent Events

In preparing these financial statements, CAPACD has evaluated events and transactions for potential recognition or disclosure through July 30, 2020, the date the financial statements were available to be issued.

Subsequent to year-end, CAPACD applied for a Paycheck Protection Program loan (“PPP loan”) under Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP loan was granted on April 15, 2020 in the amount of \$223,424 at a fixed rate of 1% and matures on April 21, 2022. Funds from this PPP loan may only be used for payroll costs, costs used to continue group healthcare benefits, mortgage payments, rent, utilities, and interest on other debt obligation incurred before February 15, 2020. CAPACD intends to use the entire loan amount for qualifying expenses and apply for forgiveness of certain amounts up to the full amount of the loan under the terms of the Paycheck Protection Program.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Subsequent Events (continued)

As a result of the spread of the COVID-19 pandemic, economic uncertainties have arisen that are likely to impact CAPACD. The extent of the impact of COVID-19 on CAPACD's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and its direct impact on CAPACD, all of which are uncertain and cannot be predicted at this time. CAPACD has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact.

3. Liquidity and Availability

CAPACD strives to maintain liquid financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management periodically reviews CAPACD's liquid asset needs and adjusts the cash and cash equivalent balances as necessary. As described in Note 7 to the financial statements, CAPACD also has a committed line of credit in the amount of \$80,000, which it could draw upon in the event of an unanticipated liquidity need. There was no outstanding balance on this line of credit at both December 31, 2019 and 2018. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,301,794	\$ 1,353,084
Accounts receivable	11,828	5,695
Grants receivable	<u>494,292</u>	<u>421,466</u>
Total financial assets	1,807,914	1,780,245
Less: restricted for Board-designated fund	(231,544)	(208,490)
Less: restricted by donors	<u>(1,287,690)</u>	<u>(1,038,207)</u>
Total available for general expenditures	<u>\$ 288,680</u>	<u>\$ 533,548</u>

The Board-designated fund is not subject to an annual spending rate. Although CAPACD does not intend to spend from this Board-designated fund, other than amounts appropriate for general expenditures as part of CAPACD's annual budget approval, these amounts could be made available through Board approval if necessary.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2019 and 2018

4. Concentration of Credit Risk

Financial instruments that potentially subject CAPACD to significant concentrations of credit risk consist of cash and cash equivalents. CAPACD maintains cash deposit and transaction accounts with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). CAPACD has not experienced any credit losses on its cash and cash equivalents to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

5. Property and Equipment

Property and equipment consists of the following at December 31:

	2019	2018
Furniture and equipment	\$ 42,157	\$ 57,084
Less: accumulated depreciation	(41,950)	(55,666)
Property and equipment, net	<u>\$ 207</u>	<u>\$ 1,418</u>

6. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at December 31:

	2019	2018
Program restricted	\$ 1,287,690	\$ 1,000,914
Time restricted	-	37,293
Total net assets with donor restrictions	<u>\$ 1,287,690</u>	<u>\$ 1,038,207</u>

7. Line of Credit

CAPACD maintains an \$80,000 revolving line of credit, which renews automatically each year, to finance short-term working capital needs. The line of credit is secured by cash held in accounts at the same financial institution. Amounts borrowed under this agreement bear interest at 10% per year. There was no outstanding balance on this line of credit at both December 31, 2019 and 2018.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2019 and 2018

8. Commitments and Contingencies

Operating Leases

CAPACD leases office space in Oakland, California under a noncancelable operating lease, which commenced on October 1, 2014 and expired on September 30, 2019. In May 2019, the lease was extended through November 30, 2024. The terms of the lease call for base monthly payments of \$4,797 and annual rental increases of 3%, which does not include the pro rata share of the building operating expenses and real estate taxes. The unamortized portion of the cumulative difference between the actual rent paid and the straight-line rent is not reflected in the accompanying statements of financial position due to immateriality.

CAPACD also leases office space in Washington, D.C. under a noncancelable operating lease, which originated on August 1, 2008 and was extended through December 31, 2019, at a monthly base rental fee of \$6,268. On December 31, 2019, the lease was renewed through December 31, 2020 at a monthly base rental fee of \$6,659. Subsequent to year-end, starting August 1, 2020, the monthly base rental fee was reduced to \$5,855 through December 31, 2020, as a result of CAPACD letting go of one of the offices.

CAPACD also leases office equipment that expired on June 25, 2020.

Future minimum lease payments under the lease agreements are as follows for the years ending December 31:

2020	\$	136,460
2021		59,435
2022		61,218
2023		63,055
2024		59,386
		<hr/>
Total future minimum lease payments	\$	<u>379,554</u>

Rent expense for the years ended December 31, 2019 and 2018 totaled \$125,912 and \$119,661, respectively.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2019 and 2018

8. Commitments and Contingencies (continued)

Government Grants

Funds received from government agencies are subject to audit under the provisions of the grant agreements. The ultimate determination of amounts received under these grant agreements is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such grant agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

Hotel Agreements

CAPACD holds conferences at various hotels throughout the United States. These events are contracted with the hotels and conference centers in advance. In the event that CAPACD cancels its agreements with the hotels or conference centers, it can be held liable for liquidated damages up to the amount of lost profit less the hotel's mitigation, depending upon the date of cancellation.

9. Retirement Plans

CAPACD maintains a tax-deferred, 403(b) contribution plan ("the Plan"), which allows employees to contribute to the Plan through payroll deduction. CAPACD provides a matching contribution of up to 4% of gross wages. Contributions to the Plan during the years ended December 31, 2019 and 2018 totaled \$30,021 and \$33,280, respectively.

In addition, CAPACD maintains an arrangement whereby its employees can elect to contribute to a tax-sheltered annuity. From time to time, the Board in its sole discretion may make an employer contribution to the CAPACD simplified employee pension plan on behalf of CAPACD's eligible employees. The amount of such employer contributions, if any, shall be determined by the Board and may vary from time to time.

10. Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2019 and 2018

11. Income Taxes

CAPACD is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code (IRC). For the years ended December 31, 2019 and 2018, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Contributions to CAPACD are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has evaluated CAPACD's tax positions and concluded that the financial statements do not include any uncertain tax positions.