

The National Coalition for Asian Pacific American Community Development

Financial Statements
and Independent Auditors' Report

December 31, 2020 and 2019

The National Coalition for Asian Pacific American Community Development

Financial Statements
December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
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 statements of financial position as of December 31, 2020 and 2019; the related statements of activities, functional expenses, and cash flows 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 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 audits. We conducted our audits 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.

Auditor's Responsibility (continued)

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, 2020 and 2019, and the changes in its net assets 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 "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
July 12, 2021

The National Coalition for Asian Pacific American Community Development

Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 2,825,124	\$ 1,301,794
Contributions receivable	18,917	11,828
Grants receivable	248,683	494,292
Prepaid expenses	19,642	26,103
Deposits	9,269	10,073
Property and equipment, net	<u>-</u>	<u>207</u>
Total assets	<u>\$ 3,121,635</u>	<u>\$ 1,844,297</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 129,468	\$ 121,248
Subgrants payable	498,982	181,832
Refundable advances	<u>50,000</u>	<u>5,000</u>
Total liabilities	<u>678,450</u>	<u>308,080</u>
Net Assets		
Without donor restrictions:		
Undesignated	64,667	16,983
Board-designated fund	<u>248,527</u>	<u>231,544</u>
Total without donor restrictions	313,194	248,527
With donor restrictions	<u>2,129,991</u>	<u>1,287,690</u>
Total net assets	<u>2,443,185</u>	<u>1,536,217</u>
Total liabilities and net assets	<u>\$ 3,121,635</u>	<u>\$ 1,844,297</u>

See accompanying notes.

The National Coalition for Asian Pacific American Community Development

Statement of Activities For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 903,364	\$ 2,776,700	\$ 3,680,064
Government grants	469,101	-	469,101
Contracts	60,000	-	60,000
Membership dues	65,425	-	65,425
In-kind contributions	15,557	-	15,557
Interest income	4,483	-	4,483
Other income	10,992	-	10,992
Released from restrictions	1,934,399	(1,934,399)	-
Total revenue and support	3,463,321	842,301	4,305,622
Expenses			
Program services:			
Core programs and policy	2,925,906	-	2,925,906
Total program services	2,925,906	-	2,925,906
Supporting services:			
General and administrative	403,343	-	403,343
Fundraising	69,405	-	69,405
Total supporting services	472,748	-	472,748
Total expenses	3,398,654	-	3,398,654
Change in Net Assets	64,667	842,301	906,968
Net Assets, beginning of year	248,527	1,287,690	1,536,217
Net Assets, end of year	\$ 313,194	\$ 2,129,991	\$ 2,443,185

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	3,064,434	249,483	3,313,917
Expenses			
Program services:			
Core programs and policy	2,453,869	-	2,453,869
Lobbying	3,976	-	3,976
Total program services	2,457,845	-	2,457,845
Supporting services:			
General and administrative	482,739	-	482,739
Fundraising	106,867	-	106,867
Total supporting services	589,606	-	589,606
Total expenses	3,047,451	-	3,047,451
Change in Net Assets	16,983	249,483	266,466
Net Assets, beginning of year	231,544	1,038,207	1,269,751
Net Assets, end of year	\$ 248,527	\$ 1,287,690	\$ 1,536,217

See accompanying notes.

The National Coalition for Asian Pacific American Community Development

Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	Supporting Services			Total Expenses
	Core Programs and Policy	General and Administrative	Fundraising	Total Supporting Services	
Salaries, benefits, and taxes	\$ 958,791	\$ 276,520	\$ 53,163	\$ 329,683	\$ 1,288,474
Subgrants	1,539,424	-	-	-	1,539,424
Professional fees	189,932	60,316	5,559	65,875	255,807
Rent	99,820	28,888	5,531	34,419	134,239
Advertisements and sponsorships	1,276	230	1,394	1,624	2,900
Bank and payroll charges	1,699	21,957	193	22,150	23,849
Board meetings	5,588	1,617	310	1,927	7,515
Communication materials	4,767	90	17	107	4,874
Convention and event costs	21,583	22	4	26	21,609
Depreciation	154	44	9	53	207
Dues and subscriptions	11,409	118	573	691	12,100
Equipment	4,509	849	163	1,012	5,521
Equipment rental	2,706	783	150	933	3,639
Insurance	5,080	1,470	281	1,751	6,831
Office supplies	1,509	345	67	412	1,921
Postage and delivery	673	28	11	39	712
Telephone and internet	16,753	4,849	929	5,778	22,531
Travel and member meetings	50,530	2,788	587	3,375	53,905
Website	9,155	2,266	434	2,700	11,855
Miscellaneous	548	163	30	193	741
Total Expenses	\$ 2,925,906	\$ 403,343	\$ 69,405	\$ 472,748	\$ 3,398,654

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	General and Administrative	Fundraising	Total Supporting Services	
Salaries, benefits, and taxes	\$ 1,005,529	\$ 3,131	\$ 321,096	\$ 74,721	\$ 395,817	\$ 1,404,477
Subgrants	825,856	-	-	-	-	825,856
Professional fees	281,953	142	97,215	3,421	100,636	382,731
Rent	89,926	290	28,935	6,761	35,696	125,912
Advertisements and sponsorships	-	-	-	3,844	3,844	3,844
Bank and payroll charges	286	-	12,614	134	12,748	13,034
Board meetings	17,906	58	5,761	1,346	7,107	25,071
Communication materials	2,214	-	-	-	-	2,214
Convention and event costs	70	-	-	8,521	8,521	8,591
Depreciation	582	2	187	44	231	815
Dues and subscriptions	6,104	-	46	311	357	6,461
Equipment	1,727	2	218	51	269	1,998
Equipment rental	3,768	12	1,213	283	1,496	5,276
Insurance	4,380	14	1,409	329	1,738	6,132
Office supplies	1,798	5	482	113	595	2,398
Postage and delivery	626	2	170	40	210	838
Telephone and internet	13,356	42	4,248	992	5,240	18,638
Travel and member meetings	188,074	249	6,123	5,342	11,465	199,788
Website	9,215	25	2,465	576	3,041	12,281
Miscellaneous	499	2	557	38	595	1,096
Total Expenses	\$ 2,453,869	\$ 3,976	\$ 482,739	\$ 106,867	\$ 589,606	\$ 3,047,451

See accompanying notes.

The National Coalition for Asian Pacific American Community Development

Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 906,968	\$ 266,466
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	207	815
Loss on disposal of property and equipment	-	396
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(7,089)	(6,133)
Grants receivable	245,609	(72,826)
Prepaid expenses	6,461	9,022
Deposits	804	(349)
Increase (decrease) in:		
Accounts payable and accrued expenses	8,220	38,173
Subgrants payable	317,150	(281,154)
Refundable advances	45,000	(5,700)
Net cash provided by (used in) operating activities	1,523,330	(51,290)
Net Increase (Decrease) in Cash and Cash Equivalents	1,523,330	(51,290)
Cash and Cash Equivalents, beginning of year	1,301,794	1,353,084
Cash and Cash Equivalents, end of year	\$ 2,825,124	\$ 1,301,794

See accompanying notes.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2020 and 2019

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 90 days or less at the time of purchase.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Contributions Receivable

CAPACD's contributions receivable are all due in less than one year and are recorded at net realizable value. When necessary, an allowance for uncollectible contributions 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, 2020 and 2019.

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, 2020 and 2019.

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.

Subgrants Payable

Subgrant expenses that have been incurred but not reimbursed at December 31, 2020 and 2019 are recorded as subgrants 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, 2020 and 2019

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, 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 provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the accompanying statements of financial position and totaled \$50,000 and \$5,000 at December 31, 2020 and 2019, respectively.

Contract revenue is evaluated and recognized based on an underlying agreement, usually over the term of the agreement.

Membership dues are comprised of an exchange element based on the benefits received and include 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 which is on the calendar year. Membership dues received that are applicable to the following year are deferred. There were no deferred membership dues at both December 31, 2020 and 2019.

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
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2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions (continued)

CAPACD also receives 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*.

Subgrant Expenses

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. Subgrant expenses for the grants are recognized over time upon the successful submission of scheduled reports and performance milestones.

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 2019 financial statements have been reclassified to conform to the 2020 presentation. These reclassifications have no effect on the change in net assets previously reported.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued Accounting Standards Update 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 2022.

Subsequent Events

In preparing these financial statements, CAPACD has evaluated events and transactions for potential recognition or disclosure through July 12, 2021, the date the financial statements were available to be issued.

Subsequent to year end, on May 19, 2021, the full amount of the loan under the Paycheck Protection Program (PPP) was forgiven by the Small Business Administration (SBA). See Note 8 for details.

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 equivalents 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, 2020 and 2019.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2020 and 2019

3. Liquidity and Availability (continued)

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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,825,124	\$ 1,301,794
Contributions receivable	18,917	11,828
Grants receivable	<u>248,683</u>	<u>494,292</u>
Total financial assets	3,092,724	1,807,914
Less: restricted for Board-designated fund	(248,527)	(231,544)
Less: restricted by donors	<u>(2,129,991)</u>	<u>(1,287,690)</u>
Total available for general expenditures	<u>\$ 714,206</u>	<u>\$ 288,680</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.

4. Concentrations of Risks

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.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2020 and 2019

4. Concentrations of Risks (continued)

Revenue Risk

For the years ended December 31, 2020 and 2019, a substantial portion of CAPACD's revenue was generated from a small number of donors. For the year ended December 31, 2020, \$1,970,000 was received from three donors, and for the year ended December 31, 2019, \$1,460,000 was received from three donors. These contributions approximate 46% and 44% of CAPACD's total operating revenue and support for the years ended December 31, 2020 and 2019, respectively.

5. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 42,157	\$ 42,157
Less: accumulated depreciation	<u>(42,157)</u>	<u>(41,950)</u>
Property and equipment, net	<u>\$ -</u>	<u>\$ 207</u>

6. Net Assets With Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Small business and creative placemaking	\$ 652,812	\$ 385,251
Policy and civic engagement	409,976	51,770
Asset building	405,153	709,171
Community resilience fund	270,000	-
Capacity building	200,000	-
Housing counseling	<u>192,050</u>	<u>141,498</u>
Total net assets with donor restrictions	<u>\$ 2,129,991</u>	<u>\$ 1,287,690</u>

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2020 and 2019

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, 2020 and 2019.

8. Paycheck Protection Program Loan

CAPACD applied for a loan under the PPP pursuant to Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll through the COVID-19 pandemic, for which CAPACD qualified. After the loans are granted, the SBA will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses (which primarily consist of payroll costs, costs used to continue group healthcare benefits, rent, and utilities).

The Paycheck Protection Program Flexibility Act of 2020 was enacted on June 5, 2020, and amends the PPP to give borrowers more freedom in how and when loan funds are spent while retaining the possibility of full forgiveness.

The PPP loan was granted to CAPACD on April 15, 2020 in the amount of \$223,454. During the covered period, CAPACD incurred qualifying expenditures and applied for forgiveness of the full amount of the PPP loan. Management has determined the conditions have been substantially satisfied as of December 31, 2020, and the related amount was recognized as grants and contributions in the accompanying statement of activities for the year ended December 31, 2020.

Subsequent to year end, on May 19, 2021, the full amount of this loan was forgiven by the SBA.

9. Commitments and Contingencies

Operating Leases

CAPACD leases office space in Oakland, California under a noncancelable operating lease, which commenced on October 1, 2014 and was set to expire 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%.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
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9. Commitments and Contingencies (continued)

Operating Leases (continued)

CAPACD also leases office space in Washington, D.C. under a noncancelable operating lease, which commenced on August 1, 2008 and was set to expire on December 31, 2019. In December 2019, the lease was extended through December 31, 2020 at a monthly base rental fee of \$6,659. On August 1, 2020, the lease was extended through December 31, 2021, and the monthly base rental fee was reduced to \$5,855, as a result of CAPACD letting go of one of the offices.

CAPACD also leases office equipment under the terms of an operating lease through October 15, 2025.

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

2021	\$	130,990
2022		62,508
2023		64,345
2024		60,676
2025		1,075
		<hr/>
Total future minimum lease payments	\$	<u>319,594</u>

Rent expense for the years ended December 31, 2020 and 2019 totaled \$134,239 and \$125,912, respectively.

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.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2020 and 2019

9. Commitments and Contingencies (continued)

Hotel Agreements

CAPACD has entered into agreements with hotels for space for events to be held in the future. In the event that CAPACD cancels its agreements with the hotels, it can be held liable for certain cancellation fees and liquidated damages. Due to the COVID-19 pandemic, CAPACD cancelled hotel agreements for the 2020 events without incurring any cancellation fees. Deposits were applied to rebooking the hotels for future events. Management believes that the likelihood that CAPACD would pay any significant liquidated damages under the future hotel agreements is remote.

10. 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, 2020 and 2019 totaled \$31,225 and \$30,021, 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.

11. 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 employee time and effort.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2020 and 2019

12. 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, 2020 and 2019, 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.