

The National Coalition for Asian Pacific American Community Development

Financial Statements
Including Uniform Guidance Reports
and Independent Auditor's Report

December 31, 2021 and 2020

The National Coalition for Asian Pacific American Community Development

Financial Statements
December 31, 2021 and 2020

Contents

Independent Auditor’s Report.....	1-3
<i>Financial Statements</i>	
Statements of Financial Position.....	4
Statements of Activities	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows.....	9
Notes to Financial Statements.....	10-18
<i>Supplementary Schedule and Reports Required by the Uniform Guidance</i>	
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 <i>Government Auditing Standards</i>	19-20
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	21-23
Schedule of Expenditures of Federal Awards.....	24
Notes to the Schedule of Expenditures of Federal Awards	25
Schedule of Findings and Questioned Costs.....	26-27
Corrective Action Plan.....	28
Schedule of Prior Audit Findings	29

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The National Coalition for Asian Pacific American Community Development

Opinion

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, 2021 and 2020; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CAPACD as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CAPACD and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CAPACD's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CAPACD's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CAPACD's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2022, on our consideration of CAPACD'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 solely 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 the effectiveness of CAPACD's 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 CAPACD's internal control over financial reporting and compliance.



Vienna, Virginia
July 27, 2022

The National Coalition for Asian Pacific American Community Development

Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 4,403,013	\$ 2,825,124
Contributions receivable	7,429	18,917
Grants receivable, net	1,938,004	248,683
Prepaid expenses	34,479	19,642
Deposits	9,269	9,269
	\$ 6,392,194	\$ 3,121,635
Total assets		
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 207,201	\$ 129,468
Subgrants payable	278,502	498,982
Refundable advances	19,283	50,000
	504,986	678,450
Total liabilities		
 Net Assets		
Without donor restrictions:		
Undesignated	153,887	64,667
Board-designated fund	313,195	248,527
	467,082	313,194
Total without donor restrictions		
With donor restrictions	5,420,126	2,129,991
	5,887,208	2,443,185
Total net assets		
 Total liabilities and net assets	\$ 6,392,194	\$ 3,121,635

See accompanying notes.

The National Coalition for Asian Pacific American Community Development

Statement of Activities For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 817,638	\$ 6,502,461	\$ 7,320,099
Government grants	953,304	-	953,304
Membership dues	81,200	-	81,200
In-kind contributions	5,904	-	5,904
Interest income	1,438	-	1,438
Other income	24,975	-	24,975
Released from restrictions	3,212,326	(3,212,326)	-
Total revenue and support	5,096,785	3,290,135	8,386,920
Expenses			
Program services:			
Core programs and policy	4,271,900	-	4,271,900
Total program services	4,271,900	-	4,271,900
Supporting services:			
General and administrative	474,375	-	474,375
Fundraising	196,622	-	196,622
Total supporting services	670,997	-	670,997
Total expenses	4,942,897	-	4,942,897
Change in Net Assets	153,888	3,290,135	3,444,023
Net Assets, beginning of year	313,194	2,129,991	2,443,185
Net Assets, end of year	\$ 467,082	\$ 5,420,126	\$ 5,887,208

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	<u>3,463,321</u>	<u>842,301</u>	<u>4,305,622</u>
Expenses			
Program services:			
Core programs and policy	2,925,906	-	2,925,906
Total program services	<u>2,925,906</u>	<u>-</u>	<u>2,925,906</u>
Supporting services:			
General and administrative	403,343	-	403,343
Fundraising	69,405	-	69,405
Total supporting services	<u>472,748</u>	<u>-</u>	<u>472,748</u>
Total expenses	<u>3,398,654</u>	<u>-</u>	<u>3,398,654</u>
Change in Net Assets	64,667	842,301	906,968
Net Assets, beginning of year	<u>248,527</u>	<u>1,287,690</u>	<u>1,536,217</u>
Net Assets, end of year	<u>\$ 313,194</u>	<u>\$ 2,129,991</u>	<u>\$ 2,443,185</u>

See accompanying notes.

The National Coalition for Asian Pacific American Community Development

Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	Supporting Services			Total Expenses
	Core Programs and Policy	General and Administrative	Fundraising	Total Supporting Services	
Salaries, benefits, and taxes	\$ 1,177,796	\$ 345,632	\$ 154,626	\$ 500,258	\$ 1,678,054
Subgrants	2,449,735	-	-	-	2,449,735
Professional fees	406,250	55,201	16,763	71,964	478,214
Rent	91,517	27,223	12,204	39,427	130,944
Advertisements and sponsorships	1,432	131	309	440	1,872
Bank and payroll charges	737	28,356	2,484	30,840	31,577
Communication materials	554	-	700	700	1,254
Convention and event costs	1,500	-	-	-	1,500
Dues and subscriptions	13,169	88	689	777	13,946
Equipment	13,115	2,273	1,019	3,292	16,407
Equipment rental	2,268	675	302	977	3,245
Insurance	5,206	1,549	694	2,243	7,449
Office supplies	5,743	1,634	894	2,528	8,271
Postage and delivery	979	142	532	674	1,653
Telephone and internet	20,532	6,078	2,725	8,803	29,335
Travel and member meetings	50,323	1,072	480	1,552	51,875
Website maintenance and IT	30,695	4,219	2,154	6,373	37,068
Miscellaneous	349	102	47	149	498
Total Expenses	\$ 4,271,900	\$ 474,375	\$ 196,622	\$ 670,997	\$ 4,942,897

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 maintenance and IT	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

Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 3,444,023	\$ 906,968
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	207
Change in discount on grants receivable	(14,563)	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	11,488	(7,089)
Grants receivable	(1,674,758)	245,609
Prepaid expenses	(14,837)	6,461
Deposits	-	804
Increase (decrease) in:		
Accounts payable and accrued expenses	77,733	8,220
Subgrants payable	(220,480)	317,150
Refundable advances	(30,717)	45,000
	<u>1,577,889</u>	<u>1,523,330</u>
Net cash provided by operating activities		
	<u>1,577,889</u>	<u>1,523,330</u>
Net Increase in Cash and Cash Equivalents		
	<u>1,577,889</u>	<u>1,523,330</u>
Cash and Cash Equivalents, beginning of year	<u>2,825,124</u>	<u>1,301,794</u>
	<u>\$ 4,403,013</u>	<u>\$ 2,825,124</u>
Cash and Cash Equivalents, end of year		

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2021 and 2020

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

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, 2021 and 2020

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, 2021 and 2020.

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. Grants receivable are reflected at either net realizable value, or at net present value based on management's estimate of the risk adjusted rate of return. There was no allowance recognized as management believes all grants receivable are fully collectible at both December 31, 2021 and 2020.

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. CAPACD did not have any property and equipment at both December 31, 2021 and 2020.

Subgrants Payable

Subgrant expenses that have been incurred but not reimbursed at December 31, 2021 and 2020 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, 2021 and 2020

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 \$19,283 and \$50,000 at December 31, 2021 and 2020, 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 a calendar year basis. Membership dues received that are applicable to the following year are deferred. There were no deferred membership dues at both December 31, 2021 and 2020.

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, 2021 and 2020

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.

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.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 in 2022. Management continues to evaluate the potential impact of this update on CAPACD's financial statements.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements (continued)

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statements of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective in 2022 and is not expected to have a significant impact on CAPACD's financial statements.

Subsequent Events

In preparing these financial statements, CAPACD has evaluated events and transactions for potential recognition or disclosure through July 27, 2022, the date the financial statements were available to be issued.

3. Liquidity and Availability

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,403,013	\$ 2,825,124
Contributions receivable	7,429	18,917
Grants receivable, net	<u>1,938,004</u>	<u>248,683</u>
Total financial assets	6,348,446	3,092,724
Less: restricted for Board-designated fund	(313,195)	(248,527)
Less: restricted by donors	<u>(5,420,126)</u>	<u>(2,129,991)</u>
Total available for general expenditures	<u>\$ 615,125</u>	<u>\$ 714,206</u>

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2021 and 2020

3. Liquidity and Availability (continued)

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 6 to the financial statements, CAPACD also has a committed line of credit in the amount of \$300,000, 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, 2021 and 2020.

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 Risk

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.

Revenue Risk

For the years ended December 31, 2021 and 2020, a substantial portion of CAPACD's revenue was generated from a small number of donors. For the year ended December 31, 2021, \$3,300,000 was received from two donors, and for the year ended December 31, 2020, \$1,970,000 was received from three donors. These contributions approximate 39% and 46% of CAPACD's total operating revenue and support for the years ended December 31, 2021 and 2020, respectively.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2021 and 2020

5. Net Assets With Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Small business and creative placemaking	\$ 1,910,742	\$ 652,812
Housing counseling	1,752,923	192,050
Capacity building	611,663	200,000
Policy and civic engagement	526,286	409,976
Community resilience fund	425,000	270,000
Asset building	<u>193,512</u>	<u>405,153</u>
Total net assets with donor restrictions	<u>\$ 5,420,126</u>	<u>\$ 2,129,991</u>

6. Line of Credit

CAPACD maintains a \$300,000 revolving line of credit 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 6.05% per year. There was no outstanding balance on this line of credit at both December 31, 2021 and 2020.

7. Paycheck Protection Program Loan

CAPACD applied for a loan under the Paycheck Protection Program (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 Small Business Administration (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 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 had determined the conditions had 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. On May 19, 2021, the full amount of this loan was forgiven by the SBA.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2021 and 2020

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 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%.

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. The lease was further extended through June 30, 2022, 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:

2022	\$	97,640
2023		64,345
2024		60,676
2025		<u>1,075</u>
Total future minimum lease payments	\$	<u>223,736</u>

Rent expense for the years ended December 31, 2021 and 2020 totaled \$130,944 and \$134,239, respectively.

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.

The National Coalition for Asian Pacific American Community Development

Notes to Financial Statements
December 31, 2021 and 2020

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.

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, 2021 and 2020 totaled \$43,400 and \$31,225, 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 rent and depreciation, which are allocated on a square footage basis, as well as salaries, benefits, and taxes, professional fees, office expenses, and other overhead expenses, which are allocated on the basis of estimates of employee time and effort.

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, 2021 and 2020, 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.

**SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED
BY 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***

To the Board of Directors of
The National Coalition for Asian Pacific American Community Development

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The National Coalition for Asian Pacific American Community Development (CAPACD), which comprise the statement of financial position as of December 31, 2021; 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 July 27, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CAPACD’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CAPACD’s internal control. Accordingly, we do not express an opinion on the effectiveness of CAPACD’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Report on Internal Control over Financial Reporting (continued)

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CAPACD's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Vienna, Virginia
July 27, 2022

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

To the Board of Directors of
The National Coalition for Asian Pacific American Community Development

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The National Coalition for Asian Pacific American Community Development’s (CAPACD) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of CAPACD’s major federal programs for the year ended December 31, 2021. CAPACD’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, CAPACD 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 December 31, 2021.

Basis for Opinion on Each Major Federal Program

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”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CAPACD and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of CAPACD’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to CAPACD's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CAPACD's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CAPACD's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CAPACD's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CAPACD's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 CAPACD's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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

Vienna, Virginia
July 27, 2022

The National Coalition for Asian Pacific American Community Development

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Agency or Pass-Through Grant Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Housing and Urban Development				
<i>Direct Awards:</i>				
Comprehensive Housing Counseling Grant Program	14.169	HC200011011	\$ 274,725	\$ 343,932
Comprehensive Housing Counseling Grant Program	14.169	HC210011014	77,502	100,258
Total ALN 14.169			<u>352,227</u>	<u>444,190</u>
Fair Housing Initiative Program – Education and Outreach Initiative	14.416	FEOI20001	42,500	126,174
<i>Pass-Through Awards from Neighborworks America:</i>				
Housing Stability Counseling Program	99.U19	N/A	307,508	311,678
General Operating/Community Development Programming	14.U01	R-NONEXT-2021-65139	<u>15,000</u>	<u>65,000</u>
Total Department of Housing and Urban Development			<u>717,235</u>	<u>947,042</u>
National Endowment for the Arts				
<i>Direct Award:</i>				
Promotion of the Arts Grants to Organizations and Individuals	45.024	1855725-42-19	<u>-</u>	<u>6,262</u>
Total National Endowment for the Arts			<u>-</u>	<u>6,262</u>
Total Expenditures of Federal Awards			<u>\$ 717,235</u>	<u>\$ 953,304</u>

See accompanying notes to the schedule of expenditures of federal awards.

The National Coalition for Asian Pacific American Community Development

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of CAPACD under the programs of the federal government for the year ended December 31, 2021. The information in the SEFA 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 SEFA presents only a selected portion of the operations of CAPACD, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of CAPACD.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFA 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.

3. Indirect Cost Rates

CAPACD records expenditures of federal awards using the indirect cost and fringe benefit rates per the nonprofit rate agreement with the federal government, which was approved in accordance with the authority in the Uniform Guidance. In this manner, CAPACD has elected not to use the 10% *de minimis* indirect cost rate, which is allowed in accordance with the Uniform Guidance.

4. Non-Low Risk Auditee

In order to qualify as a low-risk auditee, CAPACD must meet the conditions set by the Uniform Guidance for each of the preceding two audit periods.

CAPACD did not require the Uniform Guidance audit for the year ended December 31, 2020 since the total expenditures of federal awards were below the Uniform Guidance threshold of \$750,000 for the year then ended. Therefore, CAPACD did not qualify as a low-risk auditee for the year ended December 31, 2021 since the Uniform Guidance audit was not performed for each of the preceding two audit periods.

The National Coalition for Asian Pacific American Community Development

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

Section I – Summary of Independent Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over the major program:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor’s report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ Yes X No

Identification of the major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster Title</u>
14.169	Comprehensive Housing Counseling Grant Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

The National Coalition for Asian Pacific American Community Development

Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2021

Section II – Findings – Financial Statement Audit

There were no financial statement findings reported during the fiscal year 2021 audit.

Section III – Findings and Questioned Costs – Major Federal Award Program Audit

There were no federal award findings or questioned costs reported during the fiscal year 2021 audit.

The National Coalition for Asian Pacific American Community Development

Corrective Action Plan
For the Year Ended December 31, 2021

There were no findings for the year ended December 31, 2021, and therefore, a corrective action plan was not needed.

The National Coalition for Asian Pacific American Community Development

Schedule of Prior Audit Findings
For the Year Ended December 31, 2021

CAPACD did not qualify for the Uniform Guidance audit in 2020.