

The National Coalition for Asian Pacific American Community Development and Affiliate

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

December 31, 2023 and 2022

The National Coalition for Asian Pacific American Community Development and Affiliate

Consolidated Financial Statements December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The National Coalition for Asian Pacific American Community and Affiliate (collectively, "the Organization"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022; the related consolidated statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, 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 audit 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management for the Consolidated Financial Statements (continued)

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 September 24, 2024 on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rogers & Company PLLC". The signature is stylized, with the "R" being particularly large and the "&" symbol being integrated into the flow of the text.

Vienna, Virginia
September 24, 2024

The National Coalition for Asian Pacific American Community Development and Affiliate

Consolidated Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 12,507,394	\$ 4,905,468
Grants and contributions receivable, net	2,241,420	2,639,479
Prepaid expenses	120,179	30,760
Right-of-use assets – operating leases	729,230	122,372
Deposits	15,055	13,863
	<hr/>	<hr/>
Total assets	\$ 15,613,278	\$ 7,711,942
	<hr/>	<hr/>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 288,545	\$ 281,776
Subgrants payable	309,866	584,205
Lease liabilities – operating leases	775,971	124,123
	<hr/>	<hr/>
Total liabilities	1,374,382	990,104
	<hr/>	<hr/>
Net Assets		
Without donor restrictions:		
Undesignated	317,411	248,841
Board-designated fund – reserves	2,239,659	472,564
Board-designated fund – special projects fund	5,500,000	-
	<hr/>	<hr/>
Total without donor restrictions	8,057,070	721,405
With donor restrictions	6,181,826	6,000,433
	<hr/>	<hr/>
Total net assets	14,238,896	6,721,838
	<hr/>	<hr/>
Total liabilities and net assets	\$ 15,613,278	\$ 7,711,942
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See accompanying notes.

The National Coalition for Asian Pacific American Community Development and Affiliate

Consolidated Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 7,380,531	\$ 5,319,198	\$ 12,699,729
Government grants	906,518	-	906,518
Membership dues	80,650	-	80,650
In-kind contributions	152,076	-	152,076
Interest income	37,047	-	37,047
Other income	11,916	-	11,916
Released from restrictions	5,137,805	(5,137,805)	-
Total revenue and support	13,706,543	181,393	13,887,936
Expenses			
Program services:			
Core programs and policy	5,420,309	-	5,420,309
Total program services	5,420,309	-	5,420,309
Supporting services:			
General and administrative	583,197	-	583,197
Fundraising	367,372	-	367,372
Total supporting services	950,569	-	950,569
Total expenses	6,370,878	-	6,370,878
Change in Net Assets	7,335,665	181,393	7,517,058
Net Assets, beginning of year	721,405	6,000,433	6,721,838
Net Assets, end of year	<u>\$ 8,057,070</u>	<u>\$ 6,181,826</u>	<u>\$ 14,238,896</u>

See accompanying notes.

The National Coalition for Asian Pacific American Community Development and Affiliate

Consolidated Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 543,638	\$ 6,293,338	\$ 6,836,976
Government grants	709,123	-	709,123
Membership dues	83,750	-	83,750
Registration fees	31,725	-	31,725
In-kind contributions	47,061	-	47,061
Interest income	12,305	-	12,305
Other income	6,651	-	6,651
Released from restrictions	5,713,031	(5,713,031)	-
Total revenue and support	7,147,284	580,307	7,727,591
Expenses			
Program services:			
Core programs and policy	6,106,999	-	6,106,999
Total program services	6,106,999	-	6,106,999
Supporting services:			
General and administrative	434,006	-	434,006
Fundraising	351,956	-	351,956
Total supporting services	785,962	-	785,962
Total expenses	6,892,961	-	6,892,961
Change in Net Assets	254,323	580,307	834,630
Net Assets, beginning of year	467,082	5,420,126	5,887,208
Net Assets, end of year	<u>\$ 721,405</u>	<u>\$ 6,000,433</u>	<u>\$ 6,721,838</u>

See accompanying notes.

The National Coalition for Asian Pacific American Community Development and Affiliate

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services	Supporting Services			Total Expenses
	Core Programs and Policy	General and Administrative	Fundraising	Total Supporting Services	
Salaries, benefits, and taxes	\$ 1,828,063	\$ 414,419	\$ 294,228	\$ 708,647	\$ 2,536,710
Subgrants	2,020,991	-	-	-	2,020,991
Professional fees	1,022,641	64,856	15,192	80,048	1,102,689
Rent	110,613	24,382	17,750	42,132	152,745
Advertisements and sponsorships	1,005	182	5,215	5,397	6,402
Bank and payroll charges	1,042	46,392	168	46,560	47,602
Communication materials	2,687	116	269	385	3,072
Convention and event costs	2,905	20	2,314	2,334	5,239
Dues and subscriptions	14,660	148	2,031	2,179	16,839
Equipment	10,322	1,003	708	1,711	12,033
Equipment rental	3,281	570	403	973	4,254
Insurance	7,836	1,783	1,259	3,042	10,878
Office supplies	12,013	2,521	1,821	4,342	16,355
Postage and delivery	331	32	23	55	386
Telephone and internet	27,238	5,769	4,080	9,849	37,087
Travel and member meetings	283,999	4,958	13,273	18,231	302,230
Board meetings and conferences	36,545	12,119	5,869	17,988	54,533
Website maintenance and IT	32,867	3,784	2,671	6,455	39,322
Miscellaneous	1,270	143	98	241	1,511
Total Expenses	\$ 5,420,309	\$ 583,197	\$ 367,372	\$ 950,569	\$ 6,370,878

See accompanying notes.

The National Coalition for Asian Pacific American Community Development and Affiliate

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services	Supporting Services			
	Core Programs and Policy	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
Salaries, benefits, and taxes	\$ 1,631,386	\$ 236,117	\$ 249,329	\$ 485,446	\$ 2,116,832
Subgrants	3,015,707	-	-	-	3,015,707
Professional fees	692,420	126,382	54,630	181,012	873,432
Rent	103,701	16,802	15,872	32,674	136,375
Advertisements and sponsorships	14,236	58	771	829	15,065
Bank and payroll charges	3,583	40,472	318	40,790	44,373
Communication materials	2,957	50	327	377	3,334
Convention and event costs	346,025	-	11,271	11,271	357,296
Dues and subscriptions	11,514	75	1,914	1,989	13,503
Equipment	2,065	34	831	865	2,930
Equipment rental	2,646	384	405	789	3,435
Insurance	5,707	828	873	1,701	7,408
Office supplies	9,853	437	937	1,374	11,227
Postage and delivery	1,404	21	73	94	1,498
Telephone and internet	23,230	3,250	3,428	6,678	29,908
Travel and member meetings	189,457	2,737	3,934	6,671	196,128
Board meetings and conferences	27,412	3,978	4,196	8,174	35,586
Website maintenance and IT	22,858	2,259	2,719	4,978	27,836
Miscellaneous	838	122	128	250	1,088
Total Expenses	\$ 6,106,999	\$ 434,006	\$ 351,956	\$ 785,962	\$ 6,892,961

See accompanying notes.

The National Coalition for Asian Pacific American Community Development and Affiliate

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 7,517,058	\$ 834,630
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in discount on grants and contributions receivable	65,658	(10,194)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants and contributions receivable	332,401	(683,852)
Prepaid expenses	(89,419)	3,719
Right-of-use assets – operating leases	(606,858)	(122,372)
Deposits	(1,192)	(4,594)
Increase (decrease) in:		
Accounts payable and accrued expenses	6,769	74,575
Subgrants payable	(274,339)	305,703
Refundable advances	-	(19,283)
Lease liabilities – operating leases	651,848	124,123
Net cash provided by operating activities	<u>7,601,926</u>	<u>502,455</u>
Net Increase in Cash and Cash Equivalents	7,601,926	502,455
Cash and Cash Equivalents, beginning of year	<u>4,905,468</u>	<u>4,403,013</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 12,507,394</u></u>	<u><u>\$ 4,905,468</u></u>

See accompanying notes.

The National Coalition for Asian Pacific American Community Development and Affiliate

Notes to Consolidated Financial Statements December 31, 2023 and 2022

1. Nature of Operations

The National Coalition for Asian Pacific American Community Development (“National CAPACD”) is a nonprofit organization incorporated in the District of Columbia with an office in Washington, D.C. and an office in Oakland, California. National CAPACD’s mission is to advance equity and create vibrant, healthy neighborhoods by mobilizing and strengthening a powerful coalition of Asian American, Native Hawaiian, and Pacific Islander community-based organizations working in low-income communities.

The Our Neighborhoods Capital Fund (ONCF) is a nonprofit organization incorporated in the District of Columbia. National CAPACD established ONCF as an affiliate organization in September 2023 to operate as an emerging Community Development Financial Institution (CDFI), providing long-term, affordable loan products in Asian Americans and Pacific Islander communities across the country, with a particular focus on community commercial real estate and mixed-use development. ONCF will additionally provide development services through the provision of technical assistance aimed at helping prospective borrowers to plan and prepare project plans and financial obligations, negotiate with partners, and submit applications focusing on bringing projects to a close. ONCF did not have any activities during the year ended December 31, 2023.

2. Summary of Significant Accounting Policies

Principles of Consolidation

Consolidated financial statements are presented due to National CAPACD’s controlling financial interest in ONCF. All intercompany balances and significant transactions have been eliminated in consolidation. Except when referred to separately, both entities are collectively referred to as “the Organization” throughout the accompanying consolidated financial statements and related notes.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

The National Coalition for Asian Pacific American Community Development and Affiliate

Notes to Consolidated Financial Statements December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation

The Organization's consolidated 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. Board-designated funds include a one-time unrestricted contribution of \$7,000,000 received during the year ended December 31, 2023. This contribution was allocated to the Board-designated funds in the amount of \$1,500,000 to reserves and \$5,500,000 to the special projects fund.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. The Organization 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 consolidated statements of activities as net assets released from restrictions.

Cash Equivalents

The Organization 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 and Affiliate

Notes to Consolidated Financial Statements December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Grants and Contributions Receivable

Grants receivable consist of amounts due to be reimbursed to the Organization for expenses incurred under various grant agreements from both government and private sources. Contributions receivable represent unconditional amounts committed to the Organization. Grants and contributions 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 and contributions receivable are fully collectible at both December 31, 2023 and 2022.

Property and Equipment

Property and equipment with a cost in excess of \$3,000 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. All property and equipment were fully depreciated at both December 31, 2023 and 2022.

Operating Leases

The Organization determines if an arrangement is a lease at inception. Operating lease is included in right-of-use (ROU) assets, which represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating ROU lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit rate, the Organization used a risk-free rate based on the information available at the commencement date in determining the present value of lease payments.

The ROU assets also include any lease payments made and exclude lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The National Coalition for Asian Pacific American Community Development and Affiliate

Notes to Consolidated Financial Statements December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Subgrants Payable

Subgrant expenses that have been incurred but not reimbursed at December 31, 2023 and 2022 are recorded as subgrants payable in the accompanying consolidated statements of financial position.

Refundable Advances

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

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

The Organization 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 the Organization'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 the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the accompanying consolidated statements of financial position.

The National Coalition for Asian Pacific American Community Development and Affiliate

Notes to Consolidated Financial Statements December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for as Contracts with Customers

Revenue is recognized when the Organization satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Organization expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Organization combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the consolidated statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Specifically, for the various types of contracts, the Organization recognizes revenue as follows:

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. The Organization 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, 2023 and 2022.

Revenue from conference registrations is recognized at the time of the event, which is when the performance obligations are met.

The National Coalition for Asian Pacific American Community Development and Affiliate

Notes to Consolidated Financial Statements December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

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 consolidated statements of activities as in-kind contributions. In-kind contributions are recognized as revenue and expense in the accompanying consolidated statements of activities at their estimated fair value, as provided by the donor, at the date of receipt. National CAPACD also receives services donated by volunteers in carrying out its program services. These donated services are not reflected in the accompanying consolidated financial statements since they do not meet the criteria for recognition.

Subgrant Expenses

The Organization provides funding to various organizations under subgrant agreements. Subgrantees are selected based on a pre-award risk assessment conducted by the Organization 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 the Organization. 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 consolidated statements of activities. The consolidated 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.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 24, 2024, the date the consolidated financial statements were available to be issued.

The National Coalition for Asian Pacific American Community Development and Affiliate

Notes to Consolidated Financial Statements December 31, 2023 and 2022

3. Liquidity and Availability

The Organization strives to maintain liquid financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management periodically reviews the Organization's liquid asset needs and adjusts the cash and cash equivalents balances as necessary.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following at December 31:

	2023	2022
Cash and cash equivalents	\$ 12,507,394	\$ 4,905,468
Grants and contributions receivable, net	2,241,420	2,493,848
Total financial assets	14,748,814	7,399,316
Less: restricted for Board-designated funds	(7,739,659)	(472,564)
Less: restricted by donors	(6,181,826)	(6,000,433)
Total available for general expenditures	<u>\$ 827,329</u>	<u>\$ 926,319</u>

As described in Note 7 to the consolidated financial statements, National 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, 2023 and 2022.

The Board-designated funds are subject to an annual spending rate. Although National CAPACD does not intend to spend from these Board-designated funds, other than amounts appropriate for general expenditures as part of National 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 and Affiliate

Notes to Consolidated Financial Statements December 31, 2023 and 2022

4. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and cash equivalents. The Organization 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). The Organization 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, 2023 and 2022, a substantial portion of National CAPACD's revenue was generated from a small number of donors. For the year ended December 31, 2023, \$9,015,000 was received from three donors, and for the year ended December 31, 2022, \$2,200,000 was received from two donors. These contributions approximate 65% and 28% of National CAPACD's total operating revenue and support for the years ended December 31, 2023 and 2022, respectively.

5. Grants and Contributions Receivable

Grants and contributions receivable consist of the following at December 31:

	2023	2022
Due in less than one year	\$ 967,392	\$ 2,493,848
Due in one to five years	1,344,055	150,000
Total grants and contributions receivable	2,311,447	2,643,848
Less: present value discount at 3%	(70,027)	(4,369)
Grants and contributions receivable, net	<u>\$ 2,241,420</u>	<u>\$ 2,639,479</u>

The National Coalition for Asian Pacific American Community Development and Affiliate

Notes to Consolidated Financial Statements December 31, 2023 and 2022

6. Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Program restricted:		
Place-based and neighborhood strategies	\$ 1,239,250	\$ 579,292
Housing counseling	924,150	1,483,636
Asset building	497,134	802,103
Policy and leadership development	347,834	611,455
Membership	219,182	250,000
Community resilience fund	15,340	276,321
Time restricted for future periods	<u>2,938,936</u>	<u>1,997,626</u>
Total net assets with donor restrictions	<u><u>\$ 6,181,826</u></u>	<u><u>\$ 6,000,433</u></u>

7. Line of Credit

National 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. Borrowings under this facility are payable on demand, with a maturity date of July 26, 2025. This line of credit bears interest at a variable rate equal to *Wall Street Journal Prime Rate* plus 2.75%, which totaled 11.25% and 10.25% at December 31, 2023 and 2022, respectively. There was no outstanding balance on this line of credit at both December 31, 2023 and 2022.

8. Commitments and Contingencies

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 and Affiliate

Notes to Consolidated Financial Statements December 31, 2023 and 2022

8. Commitments and Contingencies (continued)

Operating Leases

Office Lease – Oakland, California

National CAPACD leases office space in Oakland, California under a noncancelable operating lease through November 30, 2028. The terms of the lease call for base monthly payments of \$3,414 and annual rental increases of 3%.

Supplemental qualitative information related to this lease is as follows as of, and for the years ended December 31:

	2023	2022
Operating lease costs	\$ 56,439	\$ 62,969
Cash paid for amounts included in the measurement of lease liabilities – operating cash flows	\$ 55,588	\$ 61,218
ROU assets obtained in exchange for lease obligations	\$ 203,046	\$ 191,431
Weighted-average remaining lease term (in years)	4.9	1.9
Weighted-average discount rate	4.29%	1.55%

Maturities of the lease liabilities under this lease are as follows for the years ending December 31:

2024	\$ 41,070
2025	42,303
2026	43,572
2027	44,879
2028	42,267
	<hr/>
Total minimum lease payments	214,091
Less: discount to present value	(21,856)
	<hr/>
Present value of operating lease liabilities	<u>\$ 192,235</u>

The National Coalition for Asian Pacific American Community Development and Affiliate

Notes to Consolidated Financial Statements December 31, 2023 and 2022

8. Commitments and Contingencies (continued)

Operating Leases (continued)

Office Leases – Washington, D.C.

National CAPACD maintains an agreement to lease office space under a noncancelable operating lease in Washington, D.C., which commenced on January 17, 2023 and is set to expire on August 31, 2030. The terms of the lease call for base monthly payments of \$7,047 and annual rental increases of 4%, which does not include pro rata share of the building operating expenses and real estate taxes. The lease also includes a five-month rental abatement as an incentive to lease the space. In addition, the terms provide for a leasehold improvement allowance of \$14,096 to remodel and renovate the office space.

Supplemental qualitative information related to this lease is as follows as of, and for the year ended December 31, 2023:

Operating lease costs	\$	91,744
Cash paid for amounts included in the measurement of lease liabilities – operating cash flows	\$	45,808
ROU assets obtained in exchange for lease obligations	\$	535,469
Weighted-average remaining lease term (in years)		6.7
Weighted-average discount rate		3.57%

Maturities of the lease liabilities under this lease are as follows for the years ending December 31:

2024	\$	87,951
2025		91,469
2026		95,127
2027		98,933
2028		284,087
		<hr/>
Total minimum lease payments		657,567
Less: discount to present value		(76,161)
		<hr/>
Present value of operating lease liabilities	\$	<u>581,406</u>

The National Coalition for Asian Pacific American Community Development and Affiliate

Notes to Consolidated Financial Statements December 31, 2023 and 2022

8. Commitments and Contingencies (continued)

Operating Leases (continued)

Equipment Lease

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

Supplemental qualitative information related to this lease is as follows as of, and for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Operating lease costs	\$ 1,290	\$ 1,290
Cash paid for amounts included in the measurement of lease liabilities – operating cash flows	\$ 1,290	\$ 1,290
ROU assets obtained in exchange for lease obligations	\$ -	\$ 3,573
Weighted-average remaining lease term (in years)	1.8	2.8
Weighted-average discount rate	1.55%	1.55%

Maturities of the lease liabilities under this lease are as follows for the years ending December 31:

2024	\$ 1,290
2025	<u>1,075</u>
Total minimum lease payments	2,365
Less: discount to present value	<u>(35)</u>
Present value of operating lease liabilities	<u><u>\$ 2,330</u></u>

Rent expense for all leases for the years ended December 31, 2023 and 2022 totaled \$152,745 and \$136,375, respectively.

The National Coalition for Asian Pacific American Community Development and Affiliate

Notes to Consolidated Financial Statements December 31, 2023 and 2022

8. Commitments and Contingencies (continued)

Hotel Agreements

National CAPACD has entered into agreements with hotels for space for events to be held in the future. In the event that National CAPACD cancels its agreements with the hotels, it can be held liable for certain cancellation fees and liquidated damages. Management believes that the likelihood that National CAPACD would pay any significant liquidated damages under the future hotel agreements is remote.

9. Retirement Plans

National CAPACD maintains a tax-deferred, 403(b) contribution plan (“the Plan”), which allows employees to contribute to the Plan through payroll deduction. National CAPACD provides a matching contribution of up to 4% of gross wages. Contributions to the Plan during the years ended December 31, 2023 and 2022 totaled \$63,550 and \$63,501, respectively.

In addition, National 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 National CAPACD simplified employee pension plan on behalf of National 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. In-Kind Contributions

In-kind contributions that benefit both program and supporting services consist of the following at December 31:

	2023	2022
Donated legal services	\$ 148,272	\$ 44,389
Donated meeting expenses	3,804	2,672
Total in-kind contributions	<u>\$ 152,076</u>	<u>\$ 47,061</u>

The National Coalition for Asian Pacific American Community Development and Affiliate

Notes to Consolidated Financial Statements December 31, 2023 and 2022

11. Allocation of Expenses from Management and General Activities

The consolidated 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.

12. Income Taxes

Both National CAPACD and ONCF are exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. For the years ended December 31, 2023 and 2022, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Management has evaluated the Organization's tax positions and concluded that the consolidated 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 and Affiliate

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 consolidated financial statements of The National Coalition for Asian Pacific American Community Development and Affiliate (collectively, “the Organization”), which comprise the consolidated statement of financial position as of December 31, 2023; the related consolidated statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the consolidated financial statements, and have issued our report thereon dated September 24, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization’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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s consolidated 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 the Organization's consolidated 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 consolidated 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.

A handwritten signature in black ink that reads "Rogers & Company PLLC". The signature is stylized, with the "R" being particularly large and the "&" symbol being clearly visible.

Vienna, Virginia
September 24, 2024

**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 and Affiliate

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 and Affiliate's (collectively, "the Organization") 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 the Organization's major federal programs for the year ended December 31, 2023. The Organization'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, the Organization 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, 2023.

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.

Basis for Opinion on Each Major Federal Program (continued)

We are required to be independent of the Organization 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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

Auditor's Responsibilities for the Audit of Compliance (continued)

- Obtain an understanding of the Organization'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 the Organization'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.

Report on Internal Control over Compliance (continued)

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.

Handwritten signature of Rogers + Company PLLC in black ink.

Vienna, Virginia
September 24, 2024

The National Coalition for Asian Pacific American Community Development and Affiliate

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Agency or Pass- Through Grant Number	Amount Paid to Subrecipients	Total Federal Expenditures
<u>Department of Housing and Urban Development</u>				
<u>Direct Awards:</u>				
Housing Counseling Assistance Program	14.169	HC220011003	\$ 284,578	\$ 380,114
Housing Counseling Assistance Program	14.169	HC230011029	75,795	85,391
Total ALN 14.169			360,373	465,505
Total Department of Housing and Urban Development Awards			360,373	465,505
<u>Neighborworks America</u>				
<u>Direct Awards:</u>				
Housing Stability Counseling Program	99.U19	N/A	378,893	391,013
General Operating/Community Development Programming, FY2023	99.U01	N/A	-	50,000
Total Neighborworks America Awards			378,893	441,013
Total Expenditures of Federal Awards			\$ 739,266	\$ 906,518

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

The National Coalition for Asian Pacific American Community Development and Affiliate

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Organization under the programs of the federal government for the year ended December 31, 2023. 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 the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on 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 Rate

The Organization records its 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, the Organization 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, the Organization must meet the conditions set by the Uniform Guidance for each of the preceding two audit periods.

The Organization did not require the Uniform Guidance audit for the year ended December 31, 2022 since the total expenditures of federal awards were below the Uniform Guidance threshold of \$750,000 for the year then ended. Therefore, the Organization did not qualify as a low-risk auditee for the year ended December 31, 2023 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 and Affiliate

Notes to the Schedule of Expenditures of Federal Awards (continued)
For the Year Ended December 31, 2023

5. Housing Stability Counseling Program

Housing Stability Counseling Program funds were made available through the American Rescue Plan Act of 2021 (Public Law 117-2) and are administered by NeighborWorks America. NeighborWorks America is a public, Congressionally-chartered nonprofit organization that receives a direct federal appropriation. NeighborWorks America is not a federal agency and at present does not have an Assistance Listing Number (formerly known as the CFDA Number) assigned by the Office of Management & Budget. Consistent with guidance provided to NeighborWorks America by the Federal Audit Clearinghouse, Grantees and sub-recipients of the Housing Stability Counseling Program subject to the Single Audit Act were instructed to use *99.U19* for their Housing Stability Counseling Program grant funds.

The National Coalition for Asian Pacific American Community Development and Affiliate

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023**

Section I – Summary of Auditor’s Results

Consolidated 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 consolidated 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	Housing Counseling Assistance 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 and Affiliate

**Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2023**

Section II – Findings – Consolidated Financial Statement Audit

There were no consolidated financial statement findings reported during the 2023 audit.

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

There were no findings or questioned costs over major federal awards reported during the 2023 audit.

The National Coalition for Asian Pacific American Community Development and Affiliate

**Corrective Action Plan
For the Year Ended December 31, 2023**

There were no findings for the year ended December 31, 2023, and therefore, a corrective action plan was not needed.

The National Coalition for Asian Pacific American Community Development and Affiliate

**Schedule of Prior Audit Findings
For the Year Ended December 31, 2023**

The Organization did not qualify for the Uniform Guidance audit in 2022.