

FINANCIAL STATEMENTS



**ASIAN AND PACIFIC ISLANDER AMERICAN
SCHOLARSHIP FUND**

**FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of June 30, 2023, with Summarized Financial Information for 2022	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended June 30, 2023, with Summarized Financial Information for 2022	5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended June 30, 2023, with Summarized Financial Information for 2022	6
EXHIBIT D - Statement of Cash Flows, for the Year Ended June 30, 2023, with Summarized Financial Information for 2022	7
NOTES TO FINANCIAL STATEMENTS	8 - 17



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Asian and Pacific Islander American Scholarship Fund
Washington, D.C.

Opinion

We have audited the accompanying financial statements of the Asian and Pacific Islander American Scholarship Fund (APIASF), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the year 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 APIASF as of June 30, 2023, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 APIASF 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.

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 APIASF'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 generally accepted auditing standards will always detect a material misstatement when it exists.

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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, including omissions, 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 generally accepted 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 APIASF'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 APIASF's ability to continue as a going concern for a reasonable period of time.

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.

Report on Summarized Comparative Information

We have previously audited APIASF's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 1, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Gelman Roseberg & Freedman".

March 7, 2024

ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,024,665	\$ 4,992,133
Investments	27,697,909	26,775,330
Contributions and grants receivable, net of allowance for doubtful accounts	564,474	2,982,400
Prepaid expenses	<u>52,850</u>	<u>122,346</u>
Total current assets	<u>36,339,898</u>	<u>34,872,209</u>
FIXED ASSETS, NET	<u>410,694</u>	<u>242,031</u>
OTHER ASSETS		
Deposits	39,195	39,195
Right-of-use asset - Operating lease	2,362,284	1,986,526
Right-of-use asset - Finance lease	9,702	20,127
Contributions and grants receivable, net of current portion and discount	<u>694,541</u>	<u>526,738</u>
Total other assets	<u>3,105,722</u>	<u>2,572,586</u>
TOTAL ASSETS	<u>\$ 39,856,314</u>	<u>\$ 37,686,826</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 263,119	\$ 240,762
Scholarships payable	3,136,775	1,983,086
Deferred event income	215,759	122,500
Operating lease liability	275,443	231,570
Financing lease liability	<u>9,702</u>	<u>10,425</u>
Total current liabilities	<u>3,900,798</u>	<u>2,588,343</u>
LONG-TERM LIABILITIES		
Operating lease liability, net of current portion	2,522,678	2,129,332
Finance lease liability, net of current portion	<u>-</u>	<u>9,702</u>
Total long-term liabilities	<u>2,522,678</u>	<u>2,139,034</u>
Total liabilities	<u>6,423,476</u>	<u>4,727,377</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	8,344,115	26,509,303
Board-designated endowment	<u>17,177,373</u>	<u>-</u>
Total without donor restrictions	25,521,488	26,509,303
With donor restrictions	<u>7,911,350</u>	<u>6,450,146</u>
Total net assets	<u>33,432,838</u>	<u>32,959,449</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 39,856,314</u>	<u>\$ 37,686,826</u>

See accompanying notes to financial statements.

ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Contributions and grants	\$ 1,769,383	\$ 11,038,169	\$ 12,807,552	\$ 13,336,246
Investment income, net	919,910	-	919,910	19,318
Contributed services and materials	91,713	-	91,713	98,000
Other revenue	32,780	-	32,780	-
Net assets released from donor restrictions	9,576,965	(9,576,965)	-	-
Total revenue and support	12,390,751	1,461,204	13,851,955	13,453,564
EXPENSES				
Program Services:				
Gates Millennium Scholarships	4,259,591	-	4,259,591	5,762,587
APIASF Scholarships	3,580,297	-	3,580,297	2,598,840
APIASF Education and Information Programs	1,445,057	-	1,445,057	1,236,518
APIASF Research and Policy	531,155	-	531,155	551,864
Total program services	9,816,100	-	9,816,100	10,149,809
Supporting Services:				
Management and General	3,222,146	-	3,222,146	1,895,437
Fundraising	340,320	-	340,320	567,202
Total supporting services	3,562,466	-	3,562,466	2,462,639
Total expenses	13,378,566	-	13,378,566	12,612,448
Change in net assets before other item	(987,815)	1,461,204	473,389	841,116
OTHER ITEM				
Extinguishment of debt	-	-	-	261,153
Change in net assets	(987,815)	1,461,204	473,389	1,102,269
Net assets at beginning of year	26,509,303	6,450,146	32,959,449	31,857,180
NET ASSETS AT END OF YEAR	\$ 25,521,488	\$ 7,911,350	\$ 33,432,838	\$ 32,959,449

ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023					2022				
	Program Services				Supporting Services					
	Gates Millennium Scholarships	APIASF Scholarships	APIASF Education and Information Programs	APIASF Research and Policy	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries, taxes and benefits	\$ 90,148	\$ 301,074	\$ 1,069,828	\$ -	\$ 1,461,050	\$ 1,559,226	\$ 294,365	\$ 1,853,591	\$ 3,314,641	\$ 2,569,520
Scholarships	4,152,458	3,265,190	-	-	7,417,648	-	-	-	7,417,648	7,875,740
Outside services	-	-	118,195	434,082	552,277	688,106	-	688,106	1,240,383	831,651
Professional fees	3,285	-	110,347	8,386	122,018	215,999	1,450	217,449	339,467	283,100
Lease expense	12,000	-	-	-	12,000	270,499	-	270,499	282,499	235,752
Travel	-	9,405	57,211	36,187	102,803	109,354	30,512	139,866	242,669	112,408
Office expense	-	4,137	42,955	5,330	52,422	104,981	12,347	117,328	169,750	241,276
Contributed services and materials	-	-	-	-	-	91,713	-	91,713	91,713	98,000
Printing and reproduction	-	383	7,314	40,688	48,385	16,037	1,646	17,683	66,068	20,053
Board meetings and travel	-	-	-	-	-	52,727	-	52,727	52,727	59,987
Depreciation and amortization	-	-	-	-	-	44,675	-	44,675	44,675	33,859
Insurance	-	-	-	-	-	35,268	-	35,268	35,268	12,611
Donations/sponsorships	-	-	10,000	5,000	15,000	10,500	-	10,500	25,500	17,500
Event costs	-	-	21,182	963	22,145	-	-	-	22,145	38,655
Equipment rental and maintenance	1,000	-	-	-	1,000	12,754	-	12,754	13,754	13,093
Telecommunications	700	-	-	-	700	8,496	-	8,496	9,196	12,025
Honorarium	-	-	8,000	-	8,000	150	-	150	8,150	127,400
Postage and delivery	-	108	25	519	652	1,364	-	1,364	2,016	3,022
Other	-	-	-	-	-	297	-	297	297	26,796
TOTAL	\$ 4,259,591	\$ 3,580,297	\$ 1,445,057	\$ 531,155	\$ 9,816,100	\$ 3,222,146	\$ 340,320	\$ 3,562,466	\$ 13,378,566	\$ 12,612,448

See accompanying notes to financial statements.

ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 473,389	\$ 1,102,269
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	44,675	33,859
Unrealized gain on investments	(87,307)	-
Change in allowance for doubtful accounts	(25,000)	25,000
Change in discount on long-term receivables	43,447	19,514
Extinguishment of debt	-	(261,153)
Amortization of operating lease right-of-use asset	223,398	214,028
Amortization of finance lease right-of-use asset	10,425	10,262
Decrease (increase) in:		
Contributions and grants receivable	2,231,676	(253,519)
Prepaid expenses	69,496	7,786
Increase (decrease) in:		
Accounts payable and accrued expenses	22,357	157,304
Scholarships payable	1,153,689	416,973
Deferred event income	93,259	(97,500)
Operating lease liability	(161,937)	(222,940)
Finance lease liability	(10,425)	(10,262)
Net cash provided by operating activities	<u>4,081,142</u>	<u>1,141,621</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(213,338)	-
Net purchase of investments	<u>(835,272)</u>	<u>(18,756)</u>
Net cash used by investing activities	<u>(1,048,610)</u>	<u>(18,756)</u>
Net increase in cash and cash equivalents	3,032,532	1,122,865
Cash and cash equivalents at beginning of year	<u>4,992,133</u>	<u>3,869,268</u>
CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH IN THE AMOUNT OF \$392,903 AT JUNE 30, 2023	<u>\$ 8,024,665</u>	<u>\$ 4,992,133</u>
SCHEDULE OF NONCASH TRANSACTIONS:		
Right-of-Use Asset - Operating Lease	<u>\$ 599,156</u>	<u>\$ -</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ 646,379</u>	<u>\$ -</u>

ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Based in Washington, D.C. and founded in 2003, APIA Scholars (legal name Asian Pacific Islander American Scholarship Fund or APIASF) is the nation's leading non-profit organization devoted to the academic, personal and professional success of Asian American Native Hawaiian Pacific Islander (AANHPI) students. APIA Scholars celebrates its Scholars whose unique stories, rich cultures, and diverse perspectives equip them to be the leaders of tomorrow. Through holistic college-to-career programs, scholarships, higher education research and policy, and partnerships, APIA Scholars carries out its mission to educate, elevate, and empower a diverse community of 25 million strong and growing.

APIA Scholar's revenue is primarily from donations by corporations, foundations, and individuals. APIA Scholar's activities fall under three major categories-Scholarships, Programs, and Research & Policy.

Scholarships - APIA Scholars administers scholarships funded by donations from corporations, foundations, and individuals.

Education and Information Programs - APIA Scholars provides holistic college to career support and programs to promote student success, leadership, and development of our Scholars.

Research and Policy - APIA Scholars is building an infrastructure of knowledge to develop a policy agenda that brings systemic change for Asian American Native Hawaiian Pacific Islander (AANHPI) student success and informs broader research and policy conversations about postsecondary equity when it comes to AANHPI student demographics.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions." Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Contributions restricted by donors are reported 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 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 Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Basis of presentation (continued) -

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with APIASF's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Cash and cash equivalents -

APIASF considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, and excluding money market funds held by investment managers in the amount of \$8,647,768 for the year ended June 30, 2023. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, APIASF maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Restricted cash -

Restricted cash is limited in use to payment of the Gates Millennium Scholarships. Restricted cash at June 30, 2023 was \$392,903 and is included with cash and cash equivalents.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends and unrealized gains are included in investment income, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statement of Activities and Change in Net Assets.

Contributions and grants receivable -

Contributions and grants receivable are recorded at their net realizable value, which approximates fair value. Receivables that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Management considers all amounts to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five to seven years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended June 30, 2023 totaled \$44,675.

Income taxes -

APIASF is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. APIASF is not a private foundation.

ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue and support -

APIASF receives contributions and grants, including unconditional promises to give, from many sources. Contributions and grants are recognized in the appropriate category of net assets in the period received. APIASF performs an analysis of the individual contribution or grant to determine if the revenue streams follow the contribution rules, or if they should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions and grants qualifying as conditional contributions contain a right of return and a barrier. Funds received in advance of the incurrence of qualifying expenditures are recorded as a refundable advance. APIASF did not have any unrecognized conditional awards as of June 30, 2023.

Revenue classified as exchange transactions follows ASU 2014-09, *Revenue from Contracts With Customers*, and is recorded as revenue when performance obligations are met. APIASF has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue.

Contributed services and materials -

Contributed services and materials consist of airline vouchers, shipping costs and clothing. Materials donated for distribution for APIASF's programs are recorded at their fair market value as of the date of the gift. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by APIASF. In addition, volunteers have donated significant amounts of their time to APIASF; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Scholarships payable -

APIASF awards scholarships to eligible persons. Scholarships are recorded in the year in which they are awarded.

Use of estimates -

The preparation of the 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 reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Use of estimates (continued) -

Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of APIASF are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of actual time and effort.

Investment risks and uncertainties -

APIASF invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

APIASF adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. APIASF accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

New accounting pronouncement not yet adopted -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for APIASF for the year ending June 30, 2024. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

APIASF plans to adopt the new ASU at the required implementation date, and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

2. INVESTMENTS

Investments consisted of the following at June 30, 2023:

	Fair Value
Money Market Funds	\$ 8,647,768
Mutual Funds	13,889,836
Exchange Traded Funds	5,160,305
TOTAL INVESTMENTS	<u>\$ 27,697,909</u>

Included in investment income, net, are the following:

Interest and dividends	\$ 897,603
Unrealized gain	87,307
Management fees	(65,000)
TOTAL INVESTMENT INCOME, NET OF INVESTMENT EXPENSES	<u>\$ 919,910</u>

3. CONTRIBUTIONS AND GRANTS RECEIVABLE

As of June 30, 2023, contributors to APIASF had made unconditional written promises to give, of which \$1,340,474 remained due and outstanding. Amounts due beyond one year of the Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate of 8.25%.

Following is a schedule of amounts due, by year, as of June 30, 2023:

Less than one year	\$ 564,474
One to five years	776,000
Total	1,340,474
Less: Allowance to discount balance to present value	(81,459)
NET RECEIVABLES	<u>\$ 1,259,015</u>

4. FIXED ASSETS

Fixed assets consisted of the following at June 30, 2023:

Furniture	\$ 127,699
Leasehold improvements	397,506
Total fixed assets	525,205
Less: Accumulated depreciation and amortization	(114,511)
NET FIXED ASSETS	<u>\$ 410,694</u>

ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

5. CONTRIBUTED SERVICES AND MATERIALS

During the year ended June 30, 2023, APIASF was the beneficiary of contributed services and materials which allowed APIASF to provide greater resources toward various programs. There were no donor-imposed restrictions associated with the contributed goods and services during the year ended June 30, 2023. Contributed goods and services are recorded at their fair market value as of the date of the gift.

To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended June 30, 2023.

Donated airline vouchers	\$ 80,000
Donated shipping services	10,000
Donated clothing	<u>1,713</u>
TOTAL	\$ <u>91,713</u>

The following supporting services have benefited from these donated services:

Management and General	\$ <u>91,713</u>
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6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2023:

Subject to expenditure for specified purpose:	
Gates Millennium Scholarships	\$ 465,901
APIASF Scholarships	3,787,005
APIASF AANAPISI (Community College Scholarships)	555,000
APIASF Education and Information Programs	2,158,490
Technology and Communications Initiative	551,741
Marcomm	250,886
Subject to passage of time	<u>142,327</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ <u>7,911,350</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished:	
Gates Millennium Scholarships	\$ 4,152,458
APIASF Scholarships	2,765,190
APIASF AANAPISI (Community College Scholarships)	500,000
APIASF Education and Information Programs	1,929,574
Technology and Communications Initiative	106,593
Marcomm	7,447
Passage of time	<u>115,703</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ <u>9,576,965</u>

ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

7. LEASES

During August 2019, APIASF entered into a lease for office space that commenced June 16, 2020 and expires June 16, 2031. An amendment was signed in May 2022 to commence in fiscal year 2023 which added additional space and included a 12 month rent abatement.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. APIASF elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. APIASF adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. During the year ended June 30, 2021, APIASF early adopted the ASU and recorded a right-of-use asset in the amount of \$2,464,365 net of the landlord allowance of \$152,425, and recorded an operating lease liability in the amount of \$2,616,790. As a result of the lease amendment in May 2022, APIASF recorded a right-of-use asset in the amount of \$599,156, net of the landlord allowance of \$47,223, and recorded an operating lease liability in the amount of \$646,379 by calculating the present value using the discount rate of 0.71%. The following is a schedule of the future minimum operating lease payments:

<u>Year Ending June 30.</u>		
2024	\$	294,313
2025		342,771
2026		351,342
2027		360,094
2028		369,121
Thereafter		<u>1,163,599</u>
		2,881,240
Less: Imputed interest		<u>(83,119)</u>
		2,798,121
Less: Current portion		<u>(275,443)</u>
LONG-TERM PORTION	\$	<u>2,522,678</u>

Lease expense, including real estate taxes and operating expenses, for the year ended June 30, 2023 totaled \$282,499.

In May of 2021, APIASF entered into a 36 month finance lease for office equipment. ASU 2019-01, *Leases* (Topic 842), also changes the accounting treatment for financing leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements.

The following is a schedule of the future minimum finance lease payments:

Year Ending June 30, 2024	\$	9,779
Less: Imputed interest		<u>(77)</u>
FINANCE LEASE LIABILITY	\$	<u>9,702</u>

Finance lease expense for the year ended June 30, 2023 was \$10,668, and is included in equipment and rental and maintenance in the accompanying Statement of Functional Expenses.

ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

8. RETIREMENT PLAN

APIASF has established a 401(k) tax-deferred retirement plan for the benefit of its employees. The Plan covers all eligible employees, as defined. Plan participants may make voluntary salary reduction contributions up to the maximum amount allowed. APIASF may pay up to 2% of eligible compensation to the Plan. APIASF paid \$41,080 as a contribution to the Plan for the year ended June 30, 2023.

9. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 8,024,665
Investments	27,697,909
Contributions and grants receivable to be received within one year	<u>564,474</u>
Subtotal financial assets available within one year	36,287,048
Less: Donor restricted funds	(7,769,023)
Less: Restricted cash	(392,903)
Less: Board designated endowment	<u>(17,177,373)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 10,947,749</u>

APIASF has a policy to structure its financial assets to be available and liquid as its obligations become due.

10. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, APIASF has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market APIASF has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

10. FAIR VALUE MEASUREMENT (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2023. There were no transfers between levels in the fair value hierarchy during the year ended June 30, 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end mutual funds that are registered with the Securities and Exchange Commission and are deemed to be actively traded.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by APIASF are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by APIASF are deemed to be actively traded.
- *Exchange Traded Funds* - Valued at the closing price reported on the active market in which the individual funds are traded.

The table below sets forth by level, within the fair value hierarchy, APIASF's investments at fair value for the year ended June 30, 2023:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Money Market Funds	\$ 8,647,768	\$ -	\$ -	\$ 8,647,768
Mutual Funds	13,889,836	-	-	13,889,836
Exchange Traded Funds	5,160,305	-	-	5,160,305
TOTAL	\$ 27,697,909	\$ -	\$ -	\$ 27,697,909

11. ENDOWMENT

APIASF's endowment consists of funds designated by the governing Board to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

APIASF did not have any donor-restricted endowment funds as of June 30, 2023.

Endowment net asset composition by type of fund as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Endowment Fund	\$ 17,177,373	\$ -	\$ 17,177,373

Changes in endowment net assets for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ -	\$ -
Investment return, net	177,373	-	177,373
Contributions	17,000,000	-	17,000,000
ENDOWMENT NET ASSETS, END OF YEAR	\$ 17,177,373	\$ -	\$ 17,177,373

ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

11. ENDOWMENT (Continued)

Return Objectives and Risk Parameters -

APIASF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is structured for long-term growth to support the programs and initiatives of APIASF, specifically underwriting the long-term operating costs of APIASF's annual program, complement annual fundraising, and provide assurance and stability to APIASF's programs and finances, especially during inevitable periods of economic and financial difficulty. The objective over a full market cycle (usually a seven-to-ten-year period) is to achieve a rate of return, net of investment expenses, that exceeds the assumed expected earnings rate at prudent levels of risk.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, APIASF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). APIASF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

In making a determination to harvest or accumulate, APIASF shall consider, if relevant, the following factors:

- the duration and preservation of the endowment fund
- the purposes of the endowment
- general economic conditions
- the possible effect of inflation or deflation
- the expected total return from income and the appreciation of investments
- the availability of other APIASF resources

12. SUBSEQUENT EVENTS

In preparing these financial statements, APIASF has evaluated events and transactions for potential recognition or disclosure through March 7, 2024, the date the financial statements were issued.