

Asian and Pacific Islander American Scholarship Fund

Financial Statements

June 30, 2024 and 2023

Asian and Pacific Islander American Scholarship Fund

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Independent Auditors' Report

To the Board of Directors of
Asian and Pacific Islander American Scholarship Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Asian and Pacific Islander American Scholarship Fund (APIASF), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of APIASF as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' 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.

Prior Period Financial Statements

The financial statements of APIASF as of June 30, 2023 were audited by other auditors whose report dated March 7, 2024 expressed an unmodified opinion on those financial statements.

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.

Auditors' 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 auditors' 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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.

Baker Tilly US, LLP

Southfield, Michigan
December 9, 2024

Asian and Pacific Islander American Scholarship Fund

Statements of Financial Position

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,608,211	\$ 8,024,665
Contributions and grants receivable, net of long-term portion and allowance	3,212,456	564,474
Prepaid expenses and other current assets	61,357	52,850
Total current assets	<u>5,882,024</u>	<u>8,641,989</u>
Fixed assets, net	<u>255,643</u>	<u>238,760</u>
Other Assets		
Deposits	39,195	39,195
Investments	30,824,253	27,697,909
Right-of-use asset operating lease	2,136,989	2,534,218
Right-of-use asset finance lease	-	9,702
Contributions and grants receivable, net of discount and allowance	1,572,516	694,541
Total other assets	<u>34,572,953</u>	<u>30,975,565</u>
Total assets	<u>\$ 40,710,620</u>	<u>\$ 39,856,314</u>
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 376,355	\$ 263,119
Scholarships payable	3,051,896	3,136,775
Deferred event income	175,000	215,759
Operating lease liability, current portion	309,613	275,443
Financing lease liability	-	9,702
Total current liabilities	<u>3,912,864</u>	<u>3,900,798</u>
Long-Term Liabilities		
Operating lease liability, net of current portion	<u>2,145,537</u>	<u>2,522,678</u>
Total Liabilities	<u>6,058,401</u>	<u>6,423,476</u>
Net Assets		
Without donor restrictions		
Undesignated	1,746,880	8,344,115
Board-designated endowment	24,787,332	17,177,373
Total without donor restrictions	<u>26,534,212</u>	<u>25,521,488</u>
With donor restrictions	<u>8,118,007</u>	<u>7,911,350</u>
Total net assets	<u>34,652,219</u>	<u>33,432,838</u>
Total net assets and liabilities	<u>\$ 40,710,620</u>	<u>\$ 39,856,314</u>

See notes to financial statements

Asian and Pacific Islander American Scholarship Fund

Statements of Activities

Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions and grants	\$ 2,646,761	\$ 8,557,001	\$ 11,203,762	\$ 1,769,383	\$ 11,038,169	\$ 12,807,552
Investment income, net	3,110,184	-	3,110,184	919,910	-	919,910
Contributed services and materials	40,325	-	40,325	91,713	-	91,713
Other	39,252	-	39,252	32,780	-	32,780
Net assets released from donor restrictions	8,350,344	(8,350,344)	-	9,576,965	(9,576,965)	-
Total support and revenue	14,186,866	206,657	14,393,523	12,390,751	1,461,204	13,851,955
Expenses						
Program services:						
Gates millennium scholarships	2,879,220	-	2,879,220	4,259,591	-	4,259,591
APIASF scholarships	3,936,863	-	3,936,863	3,580,297	-	3,580,297
Education and information	1,942,008	-	1,942,008	1,445,057	-	1,445,057
Research and policy	1,057,879	-	1,057,879	531,155	-	531,155
Total program services	9,815,970	-	9,815,970	9,816,100	-	9,816,100
Supporting services:						
Management and general	2,478,346	-	2,478,346	3,222,146	-	3,222,146
Fundraising	879,826	-	879,826	340,320	-	340,320
Total supporting services	3,358,172	-	3,358,172	3,562,466	-	3,562,466
Total expenses	13,174,142	-	13,174,142	13,378,566	-	13,378,566
Change in net assets	1,012,724	206,657	1,219,381	(987,815)	1,461,204	473,389
Net Assets, Beginning	25,521,488	7,911,350	33,432,838	26,509,303	6,450,146	32,959,449
Net Assets, Ending	\$ 26,534,212	\$ 8,118,007	\$ 34,652,219	\$ 25,521,488	\$ 7,911,350	\$ 33,432,838

See notes to financial statements

Asian and Pacific Islander American Scholarship Fund

Statement of Functional Expenses

Year ended June 30, 2024

	Program Services				Supporting Services			Total	
	Gates Millennium Scholarships	APIASF Scholarships	Education and Information	Research and Policy	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries, taxes and benefits	\$ 100,005	\$ 571,289	\$ 667,236	\$ 345,353	\$ 1,683,883	\$ 1,717,957	\$ 610,329	\$ 2,328,286	\$ 4,012,169
Scholarships	2,762,230	3,122,879	-	-	5,885,109	-	-	-	5,885,109
Outside services	3,285	122,362	298,762	631,883	1,056,292	116,798	130,011	246,809	1,303,101
Professional fees	-	38,844	5,573	2,927	47,344	104,587	41,747	146,334	193,678
Leases	12,000	50,230	54,883	30,357	147,470	155,246	53,369	208,615	356,085
Travel	-	24,439	110,690	37,300	172,429	67,698	33,580	101,278	273,707
Office	700	5,855	83,649	9,871	100,075	117,120	10,762	127,882	227,957
In-kind services and materials	-	-	-	-	-	40,325	-	40,325	40,325
Board meetings and travel	-	-	146	-	146	32,683	-	32,683	32,829
Depreciation and amortization	-	-	-	-	-	38,029	-	38,029	38,029
Insurance	-	-	15,000	-	15,000	19,708	-	19,708	34,708
Donations/sponsorships	-	-	3,400	-	3,400	28,600	-	28,600	32,000
Events	-	-	690,511	125	690,636	1,670	-	1,670	692,306
Equipment and maintenance	1,000	-	7,000	-	8,000	21,315	-	21,315	29,315
Postage and delivery	-	318	5,158	63	5,539	1,891	28	1,919	7,458
Bad debt	-	-	-	-	-	13,969	-	13,969	13,969
Other	-	647	-	-	647	750	-	750	1,397
Total	\$ 2,879,220	\$ 3,936,863	\$ 1,942,008	\$ 1,057,879	\$ 9,815,970	\$ 2,478,346	\$ 879,826	\$ 3,358,172	\$ 13,174,142

See notes to financial statements

Asian and Pacific Islander American Scholarship Fund

Statement of Functional Expenses

Year ended June 30, 2023

	Program Services				Supporting Services			Total	
	Gates Millennium Scholarships	APIASF Scholarships	Education and Information	Research and Policy	Total Program Services	Management and General	Fundraising		Total Supporting Services
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
Scholarships	4,152,458	3,265,190	-	-	7,417,648	-	-	-	7,417,648
Outside services	-	-	118,195	434,082	552,277	688,106	-	688,106	1,240,383
Professional fees	3,285	-	110,347	8,386	122,018	215,999	1,450	217,449	339,467
Leases	12,000	-	-	-	12,000	270,499	-	270,499	282,499
Travel	-	9,405	57,211	36,187	102,803	109,354	30,512	139,866	242,669
Office	-	4,137	42,955	5,330	52,422	104,981	12,347	117,328	169,750
In-kind services and materials	-	-	-	-	-	91,713	-	91,713	91,713
Printing and reproduction	-	383	7,314	40,688	48,385	16,037	1,646	17,683	66,068
Board meetings and travel	-	-	-	-	-	52,727	-	52,727	52,727
Depreciation and amortization	-	-	-	-	-	44,675	-	44,675	44,675
Insurance	-	-	-	-	-	35,268	-	35,268	35,268
Donations/sponsorships	-	-	10,000	5,000	15,000	10,500	-	10,500	25,500
Events	-	-	21,182	963	22,145	-	-	-	22,145
Equipment and maintenance	1,000	-	-	-	1,000	12,754	-	12,754	13,754
Telecommunications	700	-	-	-	700	8,496	-	8,496	9,196
Honorarium	-	-	8,000	-	8,000	150	-	150	8,150
Postage and delivery	-	108	25	519	652	1,364	-	1,364	2,016
Other	-	-	-	-	-	297	-	297	297
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

See notes to financial statements

Asian and Pacific Islander American Scholarship Fund

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 1,219,381	\$ 473,389
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	38,029	44,675
Unrealized and realized gain on investments	(2,285,204)	(87,307)
Provision for bad debt	13,969	(25,000)
Operating lease costs	54,258	75,319
Changes in assets and liabilities:		
Contributions and grants receivable	(3,539,926)	2,275,123
Prepaid expenses	(8,507)	55,638
Accounts payable and accrued liabilities	113,236	22,357
Scholarships payable	(84,879)	1,153,689
Deferred event income	(40,759)	93,259
Net cash flows from operating activities	<u>(4,520,402)</u>	<u>4,081,142</u>
Cash Flows from Investing Activities		
Purchase of fixed assets	(54,912)	(213,338)
Proceeds from sales of investments	5,000,000	-
Purchases of investments	<u>(5,841,140)</u>	<u>(835,272)</u>
Net cash flows from investing activities	<u>(896,052)</u>	<u>(1,048,610)</u>
Net change in cash and cash equivalents	(5,416,454)	3,032,532
Cash and Cash Equivalents, Beginning	<u>8,024,665</u>	<u>4,992,133</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,608,211</u>	<u>\$ 8,024,665</u>
Noncash Investing Activities		
Operating lease right-of-use asset financed with operating lease liability	<u>\$ -</u>	<u>\$ 646,379</u>

See notes to financial statements

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1. Summary of Significant Accounting Policies

Nature of Activities

Based in Washington, D.C. and founded in 2003, Asian and Pacific Islander American Scholarship Fund (APIA Scholars 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: APIA Scholars administers scholarships funded by donations from corporations, foundations, and individuals.

Education and Information: APIA Scholars provides holistic college 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 AANHPI student success and informs broader research and policy conversations about post-secondary equity when it comes to AANHPI student demographics.

Basis of Presentation

The financial statements of APIASF have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP), which includes the accrual basis of accounting.

Cash and Cash Equivalents

Cash equivalents consist of short-term highly liquid investments purchased with initial maturities of three months or less. 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.

Management holds cash for Gates millennium scholarships within a separate bank account. Cash held for Gates millennium scholarships at June 30, 2024 and 2023 is \$13,720 and \$392,903, respectively. Since funding scholarships are the primary purpose of APIASF, the funds are included in cash and cash equivalents instead of separately classified on the statements of financial position.

Investments

Investments are recorded at their readily determinable fair value. Interest, dividends, and realized and unrealized gains and losses are included in investment income, which is presented net of investment expenses paid to external investment advisors, in the statements of activities. Donated securities are recorded at their fair value on the date received. APIASF considers money market funds held for investment purposes to be investments on the statements of financial position.

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Contributions and Grants Receivable

Unconditional promises to give (contributions and grants receivable) are recognized as revenue in the period the promise is received and recorded at the expected amount to be collected. Receivables that are expected to be collected in future years are also measured at the present value of their expected future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Contributions and grants receivable are reduced by an allowance for doubtful promises to give that reflects management's best estimate of amounts that will not be collected. The allowance is based on management's assessment of the historical collectability of contributions and grants receivable. Receivables deemed to be uncollectible are written off against the allowance. The allowance for doubtful promises to give at June 30, 2024 and 2023 is \$13,969 and \$0, respectively.

Fixed Assets

Fixed assets in excess of \$5,000 are capitalized and stated at cost if purchased or fair value if donated. 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.

Impairment of Long-Lived Assets

APIASF reviews long-lived assets, including fixed assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Scholarships Payable

APIASF awards scholarships to students upon students meeting certain eligibility criteria. Unconditional scholarships, that is, scholarships without measurable performance barriers and a right of return or release, awarded but not disbursed at June 30 are recorded as scholarships payable on the statements of financial position.

Net Assets

Net assets are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of APIASF. The Board of Directors has the ability to designate net assets without donor restrictions. These designations can be modified or removed by the Board of Directors at any time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the APIASF or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

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Contributions and grants with donor imposed restrictions are presented as support with donor restrictions on the statements of activities in the period recognized. When a donor restriction is met or expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Earnings, gains and losses on donor restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Leases

Lease right-of-use assets represent APIASF's right to use an underlying asset for the lease term, while lease liabilities represent APIASF's obligation to make lease payments arising from the leases. Lease right-of-use assets and liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

APIASF made significant assumptions and judgments in applying the requirements of Accounting Standards Codification (ASC) Topic 842, *Leases*. In determining the discount rate used to measure the right-of-use assets and lease liabilities, APIASF uses the rate implicit in the lease, or if not readily available, APIASF uses a risk-free rate based on U.S. Treasury notes or bonds rates for a similar term. APIASF has also elected not to separate lease and non-lease components by class of underlying asset and not to apply the recognition requirements to all leases with an original term of 12 months or less.

Revenue and Support

Contributions and Grants

Unconditional contributions and grants, including unconditional promises to give (contributions and grants receivable), are recognized as support in the period received. Conditional contributions and grants, that is those with a measurable performance barrier and a right of return or release, are not recognized until the conditions on which they depend are met. There were no conditional contributions or grants at June 30, 2024 or 2023.

Contributed Services and Materials

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 typically need to be purchased if not provided by donation. Contributed materials are recorded at their fair value as of the date of the gift.

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.

Tax-Exempt Status

APIASF is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been determined to be a public charity described in Section 509(a)(1) of the IRC. Accordingly, no provision for income taxes has been made in the financial statements.

Estimates

The preparation of the financial statements in conformity with GAAP 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 revenues, support and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area are reported as direct expenses within the specified area. Those expenses that benefit more than one function are allocated on a basis of actual time and effort.

Concentrations

APIASF recognized approximately 54% and 60% of contributions from four donors during the years ended June 30, 2024 and 2023, respectively. Greater than 80% of contributions and grants receivable are from five donors at June 30, 2024 and 2023.

Reclassification

For comparability, certain 2023 amounts have been reclassified to conform with classifications adopted in 2024. The reclassifications have no effect on reported amounts of net assets or change in net assets.

Subsequent Events

APIASF has evaluated events through December 9, 2024, which is the date the financial statements were approved and available to be issued.

2. Investments

APIASF invests in money market funds, mutual funds, and exchange traded funds which are reported at their aggregate fair value.

APIASF follows current accounting guidance, which clarifies how organizations are required to use a fair value measure for recognition and disclosure by establishing a common definition of fair value, creating a framework for measuring fair value and expanding disclosures about fair value measurements. Current accounting guidance establishes a three-tier fair value hierarchy, which prioritizes inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of June 30, 2024 and 2023, all investments, except for money market funds, are classified as Level 1 investments, for which fair value is measured based on quoted prices in active markets for identical assets. The valuation of money market funds are determined using cost which approximates fair value and are therefore excluded from the fair value hierarchy. The fair value of investment securities by major security type and class of security as of June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 170,350	\$ 8,647,768
Equity and fixed income mutual funds	24,981,679	13,889,836
Equity and fixed income exchange traded funds	<u>5,672,224</u>	<u>5,160,305</u>
Total investments	<u>\$ 30,824,253</u>	<u>\$ 27,697,909</u>

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Investments 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 investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

3. Contributions and Grants Receivable

Contributions and grants receivable are expected to be collected in the following periods:

	<u>2024</u>	<u>2023</u>
Within one year	\$ 3,226,425	\$ 564,474
Within one to five years	<u>1,634,000</u>	<u>776,000</u>
Total	4,860,425	1,340,474
Less: discount for present value	(61,484)	(81,459)
Less: Allowance for bad debt	<u>(13,969)</u>	<u>-</u>
Net contributions and grants receivable	<u>\$ 4,784,972</u>	<u>\$ 1,259,015</u>

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 discount rates between 4.09% and 4.79%.

4. Fixed assets

As of June 30, fixed assets consisted of the following:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 127,699	\$ 127,699
Website	54,912	-
Leasehold improvements	197,858	197,858
Less: Accumulated depreciation and amortization	<u>(124,825)</u>	<u>(86,797)</u>
Net fixed assets	<u>\$ 255,643</u>	<u>\$ 238,760</u>

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5. Net Assets With Donor Restrictions

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

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose and/or time		
Gates millennium scholarships	\$ 86,429	\$ 465,901
APIASF scholarships	5,184,755	3,787,005
APIASF Asian American and Native American Pacific Islander-Serving Institution community college scholarships	468,750	555,000
APIASF education and information programs	1,518,210	2,158,490
Technology and communications initiative	493,542	551,741
Marketing and communications	248,346	250,886
Subject to the passage of time	<u>117,974</u>	<u>142,327</u>
Total	<u>\$ 8,118,007</u>	<u>\$ 7,911,350</u>

6. Endowment

APIASF's endowment consists of funds designated by the Board of Directors 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, 2024 and 2023.

The Board of Directors understands that the Uniform Prudent Management of Institutional Funds Act (UPMIFA) is the applicable state law governing their endowment funds. UPMIFA laws have been interpreted by the Board of Directors as allowing the appropriation for expenditure for the purposes for which an endowment is established as the net appreciation, realized and unrealized, in the fair value of an endowment fund over the historic dollar value of the fund as is prudent under ordinary business care considering the facts and circumstances prevailing at the time the action is taken.

The investment policy has been established by APIASF for endowment assets that attempts to provide a predictable stream of funding to the programs supported by its endowment while seeking to preserve 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, complementing annual fundraising, and providing 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.

There were no funds appropriated for expenditure for the years ended June 30, 2024 and 2023. APIASF's Board of Directors determines the amount to be used for distribution based on the endowment's fund balance and, 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

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Endowment net asset composition by type of fund consists of the following at June 30:

	2024		
	Original Board Designations	Accumulated Earnings	Total
Without donor restrictions	\$ 22,000,000	\$ 2,787,332	\$ 24,787,332

	2023		
	Original Board Designations	Accumulated Earnings	Total
Without donor restrictions	\$ 17,000,000	\$ 177,373	\$ 17,177,373

Changes in endowment net assets for the years ended June 30, are as follows:

	Original Board Designations	Accumulated Earnings	Total
Endowment net assets, at July 1, 2023	\$ 17,000,000	\$ 177,373	\$ 17,177,373
Investment return, net	-	2,609,959	2,609,959
Board designations	5,000,000	-	5,000,000
Endowment net assets, June 30, 2024	\$ 22,000,000	\$ 2,787,332	\$ 24,787,332

	Original Board Designations	Accumulated Earnings	Total
Endowment net assets, at July 1, 2022	\$ -	\$ -	\$ -
Investment return, net	-	177,373	177,373
Board designations	17,000,000	-	17,000,000
Endowment net assets, June 30, 2023	\$ 17,000,000	\$ 177,373	\$ 17,177,373

7. Contributed Services and Materials

During the years ended June 30, 2024 and 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 services and materials during the years ended June 30, 2024 and 2023. Contributed services and materials are recorded at fair value as of the date of the gift.

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The following are presented within contributed services and materials support on the statements of activities and in-kind services and materials on the statements of functional expenses for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Airline vouchers	\$ 30,000	\$ 80,000
Shipping services	10,000	10,000
Supplies	325	-
Clothing	-	1,713
	<u> </u>	<u> </u>
Contributed services and materials	<u>\$ 40,325</u>	<u>\$ 91,713</u>

8. 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. Variable lease payments include real estate taxes and operating expenses for the office space.

In May 2021, APIASF entered into a 36 month finance lease for office equipment. The lease ended during 2024. In July 2024, management entered into a new 36 month lease for office equipment with total future minimum payments of approximately \$19,600.

The following table summarizes the operating and finance lease right-of-use assets and operating and finance lease liabilities at June 30:

	<u>2024</u>	<u>2023</u>
Right-of-use assets:		
Operating leases	\$ 2,136,989	\$ 2,534,218
Finance leases	-	9,702
Total right-of-use assets	<u>\$ 2,136,989</u>	<u>\$ 2,543,920</u>
Lease liabilities:		
Current operating lease liabilities	\$ 309,613	\$ 275,443
Current finance lease liabilities	-	9,702
Long-term operating lease liabilities	2,145,537	2,522,678
Total lease liabilities	<u>\$ 2,455,150</u>	<u>\$ 2,807,823</u>

Below is a summary of expenses incurred pertaining to leases during the years ended June 30:

	<u>2024</u>	<u>2023</u>
Finance lease expense:		
Amortization of right-of-use assets	\$ 9,702	\$ 10,425
Interest on lease liabilities	77	243
Operating lease expense	324,109	223,389
Variable lease expense	22,196	48,442
	<u> </u>	<u> </u>
Total lease expense	<u>\$ 356,084</u>	<u>\$ 282,499</u>

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The following table presents supplemental information related to leases:

	2024	2023
Weighted average remaining lease term (in years):		
Operating leases	7.00	8.00
Finance leases	N/A	1.00
Weighted average discount rate:		
Operating leases	2.27 %	2.27 %
Finance leases	N/A %	0.79 %

The table below summarizes the Company's scheduled future minimum lease payments:

	<u>Operating Leases</u>
Year ending June 30:	
2025	\$ 342,771
2026	351,342
2027	360,094
2028	369,121
2029	378,328
Thereafter	<u>785,271</u>
Total lease payments	2,586,928
Less present value discount	<u>(131,778)</u>
Total lease liabilities	2,455,150
Less current portion	<u>(309,613)</u>
Long-term lease liabilities	<u>\$ 2,145,537</u>

9. Retirement plan

APIASF has established a 401(k) tax-deferred retirement plan (the 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 \$53,501 and \$41,080 as contributions to the Plan for the years ended June 30, 2024 and 2023, respectively.

10. Related-Party Transactions

Board members may also be employees of organizations that APIASF has charitable relationships with. APIASF has a policy for its Board of Directors and staff members that requires disclosure of any conflicts of interest that may exist. Contributions received from Board members and recognized as support in the statements of activities are \$2,153,000 and \$2,455,000 for the years ended June 30, 2024 and 2023, respectively.

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11. Liquidity and Availability

The following reflects APIASF's financial assets at June 30, reduced by amounts not available within one year for general use because of donor-imposed restrictions or amounts set aside for long-term investing in the endowment.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,608,211	\$ 8,024,665
Investments	30,824,253	27,697,909
Contributions and grants receivable	4,784,972	1,259,015
Less: net assets with donor restrictions	(8,118,007)	(7,911,350)
Less: Board designated endowment	<u>(24,787,332)</u>	<u>(17,177,373)</u>
Financial assets available for general expenditures within one year	<u>\$ 5,312,097</u>	<u>\$ 11,892,866</u>

APIASF has a policy to structure its financial assets to be available as scholarships are approved and as its general expenditures and liabilities become due. Although APIASF does not intend to spend from its Board designated endowment, other than amounts appropriated for general expenditure in future years, amounts from the Board designated endowment could be made available if necessary.