

Asian and Pacific Islander American Scholarship Fund

Financial Statements

June 30, 2025 and 2024

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

Opinion

We have audited the financial statements of Asian and Pacific Islander American Scholarship Fund (APIASF), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of APIASF as of June 30, 2025 and 2024, 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). 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.

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
February 5, 2026

Asian and Pacific Islander American Scholarship Fund

Statements of Financial Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,882,657	\$ 2,608,211
Contributions and grants receivable, net of long-term portion and allowance	3,701,805	3,212,456
Prepaid expenses and other current assets	281,184	61,357
Total current assets	<u>7,865,646</u>	<u>5,882,024</u>
Fixed Assets, net	<u>203,588</u>	<u>255,643</u>
Other Assets		
Deposits	39,195	39,195
Investments	30,638,926	30,824,253
Right-of-use asset operating lease	1,846,037	2,136,989
Right-of-use asset finance lease	13,049	-
Contributions and grants receivable, net of discount	1,008,853	1,572,516
Total other assets	<u>33,546,060</u>	<u>34,572,953</u>
Total assets	<u>\$ 41,615,294</u>	<u>\$ 40,710,620</u>
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 403,695	\$ 376,355
Scholarships payable	3,692,065	3,051,896
Deferred event income	315,000	175,000
Operating lease liability, current portion	322,543	309,613
Financing lease liability, current portion	6,410	-
Total current liabilities	<u>4,739,713</u>	<u>3,912,864</u>
Long-Term Liabilities		
Operating lease liability, net of current portion	1,822,994	2,145,537
Finance lease liability, net of current portion	6,639	-
Total long-term liabilities	<u>1,829,633</u>	<u>2,145,537</u>
Total liabilities	<u>6,569,346</u>	<u>6,058,401</u>
Net Assets		
Without donor restrictions		
Undesignated (deficit)	(1,495,036)	1,746,880
Board-designated endowment	28,257,467	24,787,332
Total without donor restrictions	<u>26,762,431</u>	<u>26,534,212</u>
With donor restrictions	<u>8,283,517</u>	<u>8,118,007</u>
Total net assets	<u>35,045,948</u>	<u>34,652,219</u>
Total net assets and liabilities	<u>\$ 41,615,294</u>	<u>\$ 40,710,620</u>

See notes to financial statements

Asian and Pacific Islander American Scholarship Fund

Statements of Activities

Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions and grants	\$ 1,657,905	\$ 7,916,923	\$ 9,574,828	\$ 2,646,761	\$ 8,557,001	\$ 11,203,762
Investment income, net	3,714,153	-	3,714,153	3,110,184	-	3,110,184
Contributed services and materials	205,115	-	205,115	40,325	-	40,325
Other	74,560	-	74,560	39,252	-	39,252
Net assets released from donor restrictions	7,751,413	(7,751,413)	-	8,350,344	(8,350,344)	-
Total support and revenue	13,403,146	165,510	13,568,656	14,186,866	206,657	14,393,523
Expenses						
Program services:						
Gates Millennium scholarships	2,175,182	-	2,175,182	2,879,220	-	2,879,220
APIASF scholarships	5,695,291	-	5,695,291	3,936,863	-	3,936,863
Education and information	1,418,234	-	1,418,234	1,942,008	-	1,942,008
Research and policy	672,719	-	672,719	1,057,879	-	1,057,879
Total program services	9,961,426	-	9,961,426	9,815,970	-	9,815,970
Supporting services:						
Management and general	1,985,675	-	1,985,675	2,478,346	-	2,478,346
Fundraising	1,227,826	-	1,227,826	879,826	-	879,826
Total supporting services	3,213,501	-	3,213,501	3,358,172	-	3,358,172
Total expenses	13,174,927	-	13,174,927	13,174,142	-	13,174,142
Change in net assets	228,219	165,510	393,729	1,012,724	206,657	1,219,381
Net Assets, Beginning	26,534,212	8,118,007	34,652,219	25,521,488	7,911,350	33,432,838
Net Assets, Ending	\$ 26,762,431	\$ 8,283,517	\$ 35,045,948	\$ 26,534,212	\$ 8,118,007	\$ 34,652,219

See notes to financial statements

Asian and Pacific Islander American Scholarship Fund

Statement of Functional Expenses

Year ended June 30, 2025

	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	\$ 80,770	\$ 1,081,029	\$ 701,250	\$ 251,057	\$ 2,114,106	\$ 1,314,126	\$ 990,918	\$ 2,305,044	\$ 4,419,150
Scholarships	2,074,133	3,898,323	-	-	5,972,456	-	-	-	5,972,456
Outside services	6,579	377,458	207,904	395,429	987,370	268,349	86,849	355,198	1,342,568
Professional fees	-	30,008	-	-	30,008	43,122	-	43,122	73,130
Leases	12,000	75,069	48,356	3,886	139,311	133,951	66,046	199,997	339,308
Travel	-	31,827	99,400	14,745	145,972	82,836	41,827	124,663	270,635
Office	1,000	27,157	55,983	1,407	85,547	79,198	13,431	92,629	178,176
In-kind services and materials	-	145,115	60,000	-	205,115	-	-	-	205,115
Printing and reproduction	-	-	90	-	90	1,724	264	1,988	2,078
Board meetings and travel	-	5	-	-	5	12,225	-	12,225	12,230
Depreciation and amortization	-	14,823	9,548	3,137	27,508	19,395	13,041	32,436	59,944
Insurance	-	7,980	5,099	1,692	14,771	16,045	6,997	23,042	37,813
Donations/sponsorships	-	1	28,550	-	28,551	-	-	-	28,551
Events	-	-	192,730	-	192,730	1,200	-	1,200	193,930
Telecommunications	700	1,946	1,254	412	4,312	2,547	1,712	4,259	8,571
Postage and delivery	-	211	988	-	1,199	2,042	207	2,249	3,448
Other	-	4,339	7,082	954	12,375	8,915	6,534	15,449	27,824
Total	\$ 2,175,182	\$ 5,695,291	\$ 1,418,234	\$ 672,719	\$ 9,961,426	\$ 1,985,675	\$ 1,227,826	\$ 3,213,501	\$ 13,174,927

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	155,245	53,369	208,614	356,084
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	751	-	751	1,398
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

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 393,729	\$ 1,219,381
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	59,944	38,029
Unrealized and realized gain on investments	(2,737,871)	(2,285,204)
(Recovery)/Provision for bad debt	(7,640)	13,969
Operating lease costs	(18,661)	54,258
Changes in assets and liabilities:		
Contributions and grants receivable	81,954	(3,539,926)
Prepaid expenses	(219,827)	(8,507)
Accounts payable and accrued liabilities	27,340	113,236
Scholarships payable	640,169	(84,879)
Deferred event income	140,000	(40,759)
	<u>(1,640,863)</u>	<u>(4,520,402)</u>
Net cash flows from operating activities		
Cash Flows from Investing Activities		
Purchase of fixed assets	(1,700)	(54,912)
Proceeds from sales of investments	3,907,967	5,000,000
Purchases of investments	(984,769)	(5,841,140)
	<u>2,921,498</u>	<u>(896,052)</u>
Net cash flows from investing activities		
Cash Flows from Financing Activities		
Payments on finance leases	(6,189)	-
	<u>1,274,446</u>	<u>(5,416,454)</u>
Net change in cash and cash equivalents		
Cash and Cash Equivalents, Beginning	<u>2,608,211</u>	<u>8,024,665</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,882,657</u>	<u>\$ 2,608,211</u>
Noncash Investing Activities		
Finance lease right-of-use asset financed with operating lease liability	<u>\$ 19,238</u>	<u>\$ -</u>

See notes to financial statements

Asian and Pacific Islander American Scholarship Fund

Notes to Financial Statements
June 30, 2025 and 2024

1. Summary of Significant Accounting Policies

Nature of Activities

Based in Washington, D.C. and founded in 2003, Asian 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 our Scholars, with a focus on those who are most in need. Through Scholarships, Student Success Programs, Research and Applied Partnerships, APIA Scholars carries out its mission to educate, elevate, and empower our Scholars and the next generation of students.

APIA Scholars' revenue is primarily from donations by corporations, foundations, and individuals. APIA Scholars' activities fall under three major categories:

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

Student Success Programs: APIA Scholars provides intentional college-to-career programs that help our Scholars to succeed not only in classrooms but also build career readiness and successfully transition to careers

Research and Applied Partnerships: APIA Scholars is building an infrastructure of knowledge that guides our work with our Scholars.

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, 2025 and 2024 is \$16,363 and \$13,430, 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.

Asian and Pacific Islander American Scholarship Fund

Notes to Financial Statements
June 30, 2025 and 2024

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 as 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, 2025 and 2024 is \$6,329 and \$13,969, respectively.

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.

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. Conditional scholarships payable at June 30, 2025 for the years ended June 30 are:

2026	\$	4,890,448
2027		3,395,653
2028		1,758,290
2029		452,000
Total	\$	<u>10,496,391</u>

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 the Organization. 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.

Asian and Pacific Islander American Scholarship Fund

Notes to Financial Statements

June 30, 2025 and 2024

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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

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, 2025 or 2024.

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 market 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.

Asian and Pacific Islander American Scholarship Fund

Notes to Financial Statements
June 30, 2025 and 2024

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.

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 56% and 54% of contributions from four donors during the years ended June 30, 2025 and 2024, respectively. Greater than 80% of contributions and grants receivable are from four donors at June 30, 2025 and five donors at June 30, 2024.

Subsequent Events

APIASF has evaluated events through February 5, 2026, which is the date the financial statements were approved and available to be issued. Subsequent to year end a \$50,000,000 unrestricted contribution was received.

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.

Asian and Pacific Islander American Scholarship Fund

Notes to Financial Statements
June 30, 2025 and 2024

As of June 30, 2025 and 2024, all investments are classified as Level 1 investments, for which fair value is measured based on quoted prices in active markets for identical assets. The fair value of investment securities by major security type and class of security as of June 30 is as follows:

	<u>2025</u>	<u>2024</u>
Money market funds	\$ 145,137	\$ 170,350
Mutual funds	24,201,905	24,981,679
Exchange traded funds	<u>6,291,884</u>	<u>5,672,224</u>
Total investments	<u>\$ 30,638,926</u>	<u>\$ 30,824,253</u>

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>2025</u>	<u>2024</u>
Within one year	\$ 3,708,134	\$ 3,226,425
Within one to five years	<u>1,072,000</u>	<u>1,634,000</u>
Total	4,780,134	4,860,425
Less: allowance to discount balance to present value	(63,147)	(61,484)
Less: allowance for bad debt	<u>(6,329)</u>	<u>(13,969)</u>
Net contributions and grants receivable	<u>\$ 4,710,658</u>	<u>\$ 4,784,972</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 3.89% and 4.79%.

4. Fixed Assets

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

	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 127,698	\$ 127,698
Website	56,612	54,912
Leasehold improvements	197,858	197,858
Less: accumulated depreciation and amortization	<u>(178,580)</u>	<u>(124,825)</u>
Net fixed assets	<u>\$ 203,588</u>	<u>\$ 255,643</u>

Asian and Pacific Islander American Scholarship Fund

Notes to Financial Statements

June 30, 2025 and 2024

5. Net Assets With Donor Restrictions

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

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specific purpose		
Gates Millenium Scholarships	\$ 89,362	\$ 86,429
APIASF Scholarships	5,783,270	5,184,756
APIASF Community College Scholarships	528,750	468,750
APIASF Education and Information Programs	1,322,514	1,518,210
Technology and Communications Initiative	289,020	493,542
Marketing and Communications	152,626	248,346
Subject to the passage of time	<u>117,975</u>	<u>117,974</u>
Total	<u>\$ 8,283,517</u>	<u>\$ 8,118,007</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, 2025 and 2024.

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, 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.

Asian and Pacific Islander American Scholarship Fund

Notes to Financial Statements

June 30, 2025 and 2024

The endowment assets are governed by a spending policy. There were no funds appropriated for expenditures for the years ended June 30, 2025 and 2024. 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

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

	2025		
	Original Board Designations	Accumulated Earnings	Total
Without donor restrictions	\$ 22,000,000	\$ 6,257,467	\$ 28,257,467

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

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, 2024	\$ 22,000,000	\$ 2,787,332	\$ 24,787,332
Investment return, net	-	3,470,135	3,470,135
Endowment net assets June 30, 2025	\$ 22,000,000	\$ 6,257,467	\$ 28,257,467

	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

Asian and Pacific Islander American Scholarship Fund

Notes to Financial Statements

June 30, 2025 and 2024

7. Contributed Services and Materials

During the years ended June 30, 2025 and 2024, 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, 2025 and 2024. Contributed services and materials are recorded at fair value as of the date of the gift.

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

	<u>2025</u>	<u>2024</u>
Television advertising	\$ 145,115	\$ -
Donated airline vouchers	50,000	30,000
Donated shipping services	10,000	10,000
Donated supplies	-	325
	<u> </u>	<u> </u>
Contributed services and materials	<u>\$ 205,115</u>	<u>\$ 40,325</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 monthly payments of \$564.

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

	<u>2025</u>	<u>2024</u>
Right-of-use assets:		
Operating leases	\$ 1,846,037	\$ 2,136,989
Finance leases	13,049	-
	<u> </u>	<u> </u>
Total right-of-use assets	<u>\$ 1,859,086</u>	<u>\$ 2,136,989</u>
Lease liabilities:		
Current operating lease liabilities	\$ 322,543	\$ 309,613
Current finance lease liabilities	6,410	-
Long-term operating lease liabilities	1,822,994	2,145,537
Long-term finance lease liabilities	6,639	-
	<u> </u>	<u> </u>
Total lease liabilities	<u>\$ 2,158,586</u>	<u>\$ 2,455,150</u>

Asian and Pacific Islander American Scholarship Fund

Notes to Financial Statements

June 30, 2025 and 2024

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

	<u>2025</u>	<u>2024</u>
Finance lease expense:		
Amortization of right-of-use assets	\$ 6,188	\$ 9,702
Interest on lease liabilities	578	77
Operating lease expense	324,109	324,109
Variable lease expense	<u>23,387</u>	<u>22,196</u>
 Total lease expense	 <u>\$ 354,262</u>	 <u>\$ 356,084</u>

The following table presents supplemental information related to leases:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term (in years)		
Operating leases	6.00	7.00
Finance leases	2.00	NA
 Weighted average discount rate:		
Operating leases	2.27%	2.27%
Finance leasees	3.52%	NA

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

	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total Leases</u>
Year ending June 30,			
2026	\$ 351,342	\$ 6,766	\$ 358,108
2027	360,094	6,766	366,860
2028	369,121	-	369,121
2029	378,328	-	378,328
2030	387,806	-	387,806
Thereafter	<u>397,467</u>	<u>-</u>	<u>397,467</u>
 Total future lease payments	 2,244,157	 13,532	 2,257,689
 Less: Present value discount	 <u>(98,620)</u>	 <u>(483)</u>	 <u>(99,103)</u>
 Total lease liabilities	 <u>\$ 2,145,537</u>	 <u>\$ 13,049</u>	 <u>\$ 2,158,586</u>

Asian and Pacific Islander American Scholarship Fund

Notes to Financial Statements

June 30, 2025 and 2024

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 \$80,513 and \$53,501 as a contribution to the Plan for the years ended June 30, 2025 and 2024, 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 related parties and recognized as support in the statements of activities are \$2,160,000 and \$2,153,000 in 2025 and 2024, respectively.

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>2025</u>	<u>2024</u>
Cash & cash equivalents	\$ 3,882,657	\$ 2,608,211
Investments	30,638,926	30,824,253
Contributions and grants receivable	4,710,658	4,784,972
Less: donor restricted net assets	(8,283,517)	(8,118,007)
Less: board designated endowment	<u>(28,257,467)</u>	<u>(24,787,332)</u>
Financial assets available for general expenditures within one year	<u>\$ 2,691,257</u>	<u>\$ 5,312,097</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.