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# **East Bay Asian Youth Center**

## **FINANCIAL STATEMENTS**

**June 30, 2008 and June 30, 2007**

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**CROSBY & KANEDA**  
Certified Public Accountants

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Dedicated to Nonprofit Organizations

EAST BAY ASIAN YOUTH CENTER

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
East Bay Asian Youth Center  
Oakland, California

We have audited the accompanying statement of financial position of East Bay Asian Youth Center as of June 30, 2008 and 2007 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of East Bay Asian Youth Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Bay Asian Youth Center as of June 30, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2008 on our consideration of East Bay Asian Youth Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Crosby & Kaneda*

Certified Public Accountants  
Oakland, California  
September 22, 2008

**EAST BAY ASIAN YOUTH CENTER**

**Statement of Financial Position  
June 30, 2008 and 2007**

	2008	2007
<b>Assets</b>		
Current Assets		
Cash	\$ 130,706	\$ 1,102
Contracts/grants receivable	548,319	809,744
Prepaid expenses	10,024	2,337
Total Current Assets	689,049	813,183
Property and equipment, net (Note 3)	27,959	31,332
Deposits	2,500	2,500
Total Assets	\$ 719,508	\$ 847,015
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 176,580	\$ 372,584
Line of credit	75,385	75,599
Deferred revenue	215,239	14,209
Total Current Liabilities	467,204	462,392
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted	93,141	(202,756)
Temporarily restricted (Note 6)	159,163	587,379
Total Net Assets	252,304	384,623
Total Liabilities and Net Assets	\$ 719,508	\$ 847,015

See Notes to the Financial Statements

**EAST BAY ASIAN YOUTH CENTER**

**Statement of Activities  
Year Ended June 30, 2008**

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Support			
Government contracts	\$ 3,532,777	\$	\$ 3,532,777
Foundation and corporate support	85,008	302,700	387,708
Donations	40,902		40,902
Total Support	3,658,687	302,700	3,961,387
Revenue			
Fee for service	288,920		288,920
Full Circle sales	40,233		40,233
Other income	6,963		6,963
Total Revenue	336,116	-	336,116
Net assets released from donor restrictions (Note 6)	730,916	(730,916)	-
Total Support and Revenue	4,725,719	(428,216)	4,297,503
<b>Expenses</b>			
Program	3,916,152		3,916,152
Management and general	446,796		446,796
Fundraising	66,874		66,874
Total Expenses	4,429,822	-	4,429,822
Change in Net Assets	295,897	(428,216)	(132,319)
Net Assets, beginning of year	(202,756)	587,379	384,623
Net Assets, end of year	\$ 93,141	\$ 159,163	\$ 252,304

See Notes to the Financial Statements

**EAST BAY ASIAN YOUTH CENTER**

**Statement of Activities  
Year Ended June 30, 2007**

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Support			
Government contracts	\$ 2,607,767	\$	\$ 2,607,767
Foundation and corporate support	42,638	217,000	259,638
Donations	29,055	400	29,455
Total Support	2,679,460	217,400	2,896,860
Revenue			
Fee for service	130,358		130,358
Other income	17,228		17,228
Total Revenue	147,586	-	147,586
Net assets released from donor restrictions (Note 6)	405,632	(405,632)	-
Total Support and Revenue	3,232,678	(188,232)	3,044,446
<b>Expenses</b>			
Program	3,093,402		3,093,402
Management and general	452,828		452,828
Fundraising	100,492		100,492
Total Expenses	3,646,722	-	3,646,722
Change in Net Assets	(414,044)	(188,232)	(602,276)
Net Assets, beginning of year	211,288	775,611	986,899
Net Assets, end of year	\$ (202,756)	\$ 587,379	\$ 384,623

See Notes to the Financial Statements

**EAST BAY ASIAN YOUTH CENTER**

**Statement of Cash Flows  
For the Years Ended June 30, 2008 and 2007**

	2008	2007
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (132,319)	\$ (602,276)
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Depreciation	16,515	13,592
Change in assets and liabilities:		
Contracts/grants receivable	261,425	15,256
Prepaid expenses	(7,687)	9,204
Accounts payable and accrued expenses	(196,004)	285,549
Deferred revenue	201,030	1,167
Net cash provided (used) by operating activities	142,960	(277,508)
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(13,142)	(14,900)
Net cash used by investing activities	(13,142)	(14,900)
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	50,000	150,599
Repayments of loan	(50,214)	(75,000)
Net cash provided by financing activities	(214)	75,599
 Net change in cash	 129,604	 (216,809)
Cash, beginning of year	1,102	217,911
Cash, end of year	\$ 130,706	\$ 1,102
 Supplemental Disclosure:		
Interest paid during the year	\$ 6,170	\$ 3,008

See Notes to the Financial Statements

EAST BAY ASIAN YOUTH CENTER

Statement of Functional Expenses  
For the Years Ended June 30, 2008 and 2007

	2008			2007				
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries	\$ 2,610,424	\$ 142,067	\$ 54,000	\$ 2,806,491	\$ 2,069,750	\$ 226,025	\$ 81,098	\$ 2,376,873
Benefits	208,566	28,498	4,571	241,635	174,284	22,784	5,324	202,392
Pension	15,241	6,288	788	22,317	9,013	4,162	788	13,963
Payroll Taxes	248,949	11,154	4,325	264,428	212,849	15,344	6,675	234,868
	<u>3,083,180</u>	<u>188,007</u>	<u>63,684</u>	<u>3,334,871</u>	<u>2,465,896</u>	<u>268,315</u>	<u>93,885</u>	<u>2,828,096</u>
Accounting fees		21,275		21,275		20,575		20,575
Supplies	356,861	10,005	1,657	368,523	251,062	9,840	1,310	262,212
Telephone	2,993	15,718		18,711	1,863	16,820		18,683
Occupancy		73,581		73,581		71,822		71,822
Printing and publications		13,792	1,533	15,325	3,000	14,533	1,615	19,148
Travel	15,410			15,410	1,359			1,359
Interest		6,170		6,170		3,008		3,008
Depreciation		16,515		16,515		13,592		13,592
Donation		300		300		1,220		1,220
Insurance		14,167		14,167		12,383		12,383
Mini Grant	22,375			22,375	44,625			44,625
Other professional services	435,333	87,266		522,599	325,597	20,720	3,682	349,999
	<u>\$ 3,916,152</u>	<u>\$ 446,796</u>	<u>\$ 66,874</u>	<u>\$ 4,429,822</u>	<u>\$ 3,093,402</u>	<u>\$ 452,828</u>	<u>\$ 100,492</u>	<u>\$ 3,646,722</u>

See Notes to the Financial Statement

EAST BAY ASIAN YOUTH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2008 AND JUNE 30, 2007

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**NOTE 1: NATURE OF ACTIVITIES**

East Bay Asian Youth Center (the Organization) is a California nonprofit public benefit corporation dedicated to inspiring young people to be life-long builders of a just and compassionate multi-cultural society. Our goals are to help young people be successful in school, be physically and emotionally healthy and engaged in services to their community.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no permanently restricted net assets.

**Revenue Recognition**

Contributions are recognized as revenue when received or unconditionally promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Income Taxes**

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d).

**Donated Services**

Donated 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 the Organization.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

EAST BAY ASIAN YOUTH CENTER  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED JUNE 30, 2008 AND JUNE 30, 2007

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**Property and Equipment**

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment.

**Deferred Revenue**

Deferred revenue consists of prepayments of conditional grants.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30:

	<u>2008</u>	<u>2007</u>
Leasehold improvements	\$ 57,728	\$ 57,728
Furniture and equipment	126,017	112,877
Less accumulated depreciation	<u>(155,787)</u>	<u>(139,273)</u>
Total	<u>\$ 27,958</u>	<u>\$ 31,332</u>

**NOTE 4: COMMITMENTS**

**Operating Leases**

The Organization is party to a lease for office space in Oakland, California which expires in September, 2009.

Future minimum operating lease payments are as follows as of June 30:

2009	\$ 41,229
2010	<u>10,383</u>
Total	<u>\$ 51,612</u>

Rent for the years ended June 30, 2008 and 2007 was \$40,026 and \$38,859, respectively.

**NOTE 5: CONTINGENCIES**

The Organization receives a portion of its support from federal, state, and local governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities.

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the

**EAST BAY ASIAN YOUTH CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2008 AND JUNE 30, 2007**

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grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

**NOTE 6: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available as follows as of June 30:

	<u>2008</u>	<u>2007</u>
Social Marketing	\$ -	\$ 19,065
Banteay Srei	2,333	13,627
Healthy Eating	103,330	376,540
Flexible leadership	13,845	74,000
Garfield School	18,155	-
Garden Project	20,000	-
Bella Vista	1,500	-
Active Living/Sport Program	-	29,590
Future periods	-	<u>74,557</u>
Total	<u>\$ 159,163</u>	<u>\$ 587,379</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows :

	<u>2008</u>	<u>2007</u>
Banteay Srei	\$ 11,294	\$ 16,768
Healthy Eating	368,410	199,714
Lower San Antonio	100,000	25,000
Garfield School	47,845	-
Active Living/Sport Program	29,590	65,398
Social marketing	19,065	7,695
Flexible leadership	80,155	32,000
Passage of time	<u>74,557</u>	<u>59,057</u>
Total	<u>\$ 730,916</u>	<u>\$ 405,632</u>

**NOTE 7: PENSION**

The Organization has a defined contribution plan as established under Internal Revenue Code Section 403(b) (the Plan). All full time employees are eligible for participation in the Plan and become 20% vested after two full years of employment, 50% vested after three years, 75% vested after four years, and 100% vested after five years. For each Plan year, the Organization will contribute 50% of any amounts contributed by participating employees. The maximum the Organization will contribute is an amount equal to 5% of the participating employees' total annual salary. Total contributions made by the Organization for the years ended June 30, 2008 and 2007 were \$22,317 and \$13,963 respectively.

**EAST BAY ASIAN YOUTH CENTER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2008 AND JUNE 30, 2007**

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**NOTE 8: RELATED PARTY TRANSACTIONS**

The Executive Director of the Organization serves on the Board of the Oakland Unified School District (OUSD). The Organization received funding from and through the OUSD in excess of \$1,248,190 and \$360,239 during the years ended June 30, 2008 and 2007, respectively. The Organization continues to be funded by the OUSD and occupies program facilities owned by the OUSD. The Executive Director has informed the Board of Directors and the other members of the OUSD Board of this relationship and recuses himself from all discussions regarding funding to the Organization.

**NOTE 9: LINES OF CREDIT**

The Organization has a \$50,000 and a \$25,000 unsecured line of credit with two local banks to be drawn down as needed, with interest at prime plus 2.5%. As of June 30, 2008 and 2007, \$75,385 and \$75,599 were outstanding in principal and accrued interest.

**NOTE 10: ALAMEDA COUNTY PROGRAMS**

The County of Alameda requires contractors who receive funding through the County to identify all County programs in accordance with County audit requirements. The following is a list of programs in which funding was received through the County for the fiscal year ended June 30, 2008:

<u>Program Name</u>	<u>Contract Number</u>	<u>Exhibit Number</u>	<u>Contract Period</u>	<u>Contract Amount</u>
Behavioral Health Program	C900031		July 1, 2007 – June 30, 2008	\$ 75,611
Community Probation	C900131	PE 08-03A	Oct. 1, 2007-June 30, 2008	\$ 146,972
Community Probation	C900131	PE 07-03A	July 1, 2006 – June 30, 2008	\$ 192,868
Juvenile Probation CF	C900031	PE 08-07	July 1, 2007 – June 30, 2008	\$ 44,246
Coordinated School Health Program	HCSVC4854		April 1, 2006-June 30, 2008	\$ 180,000
School Based Health Center	C900031	HE 08-218A	July 1, 2007 – June 30, 2008	\$ 101,950
School Based Health Center	C2727		May 1, 2008-June 30, 2008	\$ 10,000

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
East Bay Asian Youth Center  
Oakland, California

We have audited the financial statements of East Bay Asian Youth Center as of and for the year ended June 30, 2008, and have issued our report thereon dated September 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered East Bay Asian Youth Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting. A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether East Bay Asian Youth Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However,

providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of East Bay Asian Youth Center in a separate letter dated September 29, 2008.

This report is intended solely for the information and use of management, the board of directors, others within the entity, and the California Department of Education, United States Department of Agriculture, Oakland Unified School District, Oakland Fund for Children and Youth, the California Department of Health Services, the Cities of Berkeley and Oakland, and the following Alameda County Departments: Community Probation, CSHP, School Based Health Center, and Behavioral Health Care. This report is not intended to be and should not be used by anyone other than these specified parties.

*Craskey & Kawada*

Certified Public Accountants  
Oakland, California  
September 22, 2008