

ASIAN PACIFIC FUND

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

June 30, 2017 and 2016



ASIAN PACIFIC FUND

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2000 University Avenue, Suite 201, East Palo Alto, CA 94303

Phone (650) 855-6800 **Fax** (650) 855-6899 **Email** bpm@bpmcpa.com **Web** bpmcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Asian Pacific Fund
San Francisco, California

We have audited the accompanying financial statements of the Asian Pacific Fund (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Asian Pacific Fund as of June 30, 2017 and 2016, 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.

Prior Period Adjustment - Correction of an Error

As part of our audit of the June 30, 2017 financial statements, we also audited the adjustments described in Note 15 that were applied to restate the June 30, 2016 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Functional Expenses on page 23 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.

BPM ZJP

E. Palo Alto, California
October 6, 2017

ASIAN PACIFIC FUND
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	2017	2016
		<i>(Restated)</i>
ASSETS		
Cash	\$ 381,471	\$ 258,944
Prepaid expenses and other assets	51,123	44,425
Pledges receivable, net	146,000	50,500
Investments, at fair value	13,132,925	12,682,234
Investments held in charitable remainder trusts, at fair value	671,834	645,201
Property and equipment, net	1,080	2,605
Total assets	\$ 14,384,433	\$ 13,683,909
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 29,788	\$ 26,797
Scholarships and grants payable, net	68,221	96,065
Liabilities to beneficiaries of charitable remainder trusts	243,826	245,125
Liabilities under split-interest agreements	30,322	29,133
Total liabilities	372,157	397,120
Net assets:		
Unrestricted:		
Undesignated net assets	1,538,670	1,262,907
Underwater endowments	(456,867)	(530,772)
Total unrestricted net assets	1,081,803	732,135
Temporarily restricted	2,135,986	1,772,617
Permanently restricted	10,794,487	10,782,037
Total net assets	14,012,276	13,286,789
Total liabilities and net assets	\$ 14,384,433	\$ 13,683,909

The accompanying notes are an integral
part of these financial statements.

ASIAN PACIFIC FUND

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the years ended June 30, 2017 and 2016

	2017				2016 <i>(Restated)</i>			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and support:								
Contributions	\$ 352,857	\$ 64,825	\$ 5,550	\$ 423,232	\$ 953,694	\$ 140,244	\$ 65,242	\$ 1,159,180
Foundation and corporate grants	204,360	190,900	6,900	402,160	636,935	591,881	7,500	1,236,316
Net realized and unrealized gains/(loss) on investments	153,411	976,308	-	1,129,719	(34,562)	(433,215)	-	(467,777)
Interest and dividend income	30,256	271,947	-	302,203	30,610	305,773	-	336,383
Fundraising and special event income	300,350	-	-	300,350	177,650	-	-	177,650
In-kind donations	-	-	-	-	4,250	-	-	4,250
Other income	30	-	-	30	-	-	-	-
Change in value of charitable remainder trusts	-	26,742	-	26,742	-	(24,646)	-	(24,646)
Release of permanently restricted net assets	-	-	-	-	-	237,413	(237,413)	-
Net assets released from restrictions	1,167,353	(1,167,353)	-	-	828,700	(828,700)	-	-
Total revenues and support	2,208,617	363,369	12,450	2,584,436	2,597,277	(11,250)	(164,671)	2,421,356
Expenses:								
Program services	1,368,067	-	-	1,368,067	1,243,761	-	-	1,243,761
Management and general	282,332	-	-	282,332	192,766	-	-	192,766
Fundraising and special event income	208,550	-	-	208,550	159,385	-	-	159,385
Total expenses	1,858,949	-	-	1,858,949	1,595,912	-	-	1,595,912
Change in net assets	349,668	363,369	12,450	725,487	1,001,365	(11,250)	(164,671)	825,444
Net assets, beginning of year	732,135	1,772,617	10,782,037	13,286,789	(269,230)	1,783,867	10,946,708	12,461,345
Net assets, end of year	\$ 1,081,803	\$ 2,135,986	\$ 10,794,487	\$ 14,012,276	\$ 732,135	\$ 1,772,617	\$ 10,782,037	\$ 13,286,789

The accompanying notes are an integral part of these financial statements.

ASIAN PACIFIC FUND
STATEMENTS OF CASH FLOWS

For the years ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 725,487	\$ 825,444
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	1,525	4,854
Bad debt expense	37,500	12,500
Net realized and unrealized (gain)/loss on investments	(1,129,719)	467,777
Investment income restricted for endowment	(177,560)	(283,393)
Change in value of charitable remainder trusts and split-interest agreement	17,189	70,967
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(6,698)	(3,286)
Pledges receivable	(133,000)	69,320
Accounts payable and accrued expenses	2,991	1,076
Scholarships and grants payable, net	(27,844)	(563,743)
Net cash (used in) provided by operating activities	(690,129)	601,516
Cash flows from investing activities:		
Proceeds from sales of investments	8,413,689	14,108,241
Purchases of investments	(7,734,662)	(14,792,645)
Net cash provided by (used in) investing activities	679,027	(684,404)
Cash flows from financing activities:		
Investment income restricted for endowment	177,560	283,393
Payments to beneficiaries of charitable trusts	(43,931)	(46,321)
Net cash provided by (used in) financing activities	133,629	237,072
Net increase in cash	122,527	154,184
Cash, beginning of year	258,944	104,760
Cash, end of year	\$ 381,471	\$ 258,944

The accompanying notes are an integral
part of these financial statements.

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

1. Organization

The Asian Pacific Fund (the “Fund”) is a California nonprofit public benefit corporation organized in 1993. The Fund’s mission is to strengthen the Asian and Pacific Islander (API) community in the Bay Area by increasing philanthropy and supporting the organizations that serve our most vulnerable community members. Its core areas of focus are as follows: 1) Philanthropy: Increasing and mobilizing resources from donors, corporations and institutions to support the Bay Area’s underserved APIs; 2) Community: Supporting a network of over 70 affiliate organizations who serve APIs across a wide range of needs including senior and youth services, health and well-being, counseling, legal services, advocacy, civic engagement, and arts and culture; 3) Leadership: Cultivating leadership by recognizing current and future API leaders who have achieved success and are role models for giving back and making a difference among our youth, in higher education and in philanthropy; and 4) Awareness: Shedding light on emerging issues as they impact APIs in the Bay Area.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

The Fund is required to report information regarding its financial position and activities in accordance with three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted

Those net assets and activities which represent the portion of expendable funds that has no use or time restrictions. The Board of Directors may designate a portion of these net assets for specified purposes.

Temporarily Restricted

Those net assets and activities which are donor-restricted for (a) support for specific operating activities; (b) investment for a specified term; (c) use in a future period; or (d) acquisition of long-lived assets.

Permanently Restricted

Net assets that are subject to donor-imposed restrictions requiring that they be retained permanently by the Fund as donor restricted endowments. Some or all of the income and appreciation from such endowments, once appropriated for distribution, is available for general operations or specific programs as specified by the donor.

Use of Estimates

Preparation of financial statements, in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses and to disclose any material contingent amounts. Accordingly, actual results could differ from such estimates.

Continued

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

Cash and cash equivalents include cash balances and highly liquid investments with original maturities of three months or less at acquisition which are not managed as part of long-term investment strategies and are not legally restricted.

Pledges Receivable

The Fund records pledges receivable at net realizable value, net of allowance for uncollectible pledges: the allowance is based on estimated losses recorded to specific accounts. Pledges receivable which are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of these discounts is included in contributions revenue in the accompanying statement of activities.

Investments

Investments are stated at fair value. The Fund has engaged professional investment advisors to manage its portfolio. The Board of Directors has provided the firms with guidelines consistent with a socially responsible prudent investment policy and the conservative nature of the Fund. Gains and losses that result from market fluctuations are recognized in the period in which such fluctuation occurs.

The Fund has several endowment funds and long-term donor advised funds that are pooled for investment purposes in one investment account. The value of donated securities is recorded at market price on the date of transfer. Donated securities are liquidated shortly after receipt.

Charitable Remainder Trusts

The Fund has been designated as the trustee for three irrevocable charitable remainder trusts. The trust agreements generally require the Fund to make annual payments to the trust beneficiaries based on stipulated payment rates ranging from 5% to 10%, applied to the fair value of the trust assets, as determined annually. Upon the death of the beneficiaries, or other termination of the trusts as may be defined in the individual agreements, the remaining trust assets will be distributed by the Fund to itself (and to other beneficiaries, as applicable), as stipulated in the trust agreements.

The fair value of the trust assets has been included in the Fund's statements of financial position. A corresponding liability, reported as liabilities under charitable remainder trusts in the accompanying statements of financial position, has been recorded to reflect the present value of required lifetime payments to the named income beneficiaries using discount rate provided in Internal Revenue Service guidelines and actuarial tables of approximately 56% - 71% for each of the years ended June 30, 2017 and 2016. Management calculates valuations annually by updating life expectancy of the income beneficiaries and investment values.

Liabilities under split-interest agreements represent the present value of the investments held in charitable remainder trusts owed to remainder beneficiaries other than the Fund, at the settlement of the trusts. These liabilities are calculated as a percentage of the present value of the investments held in charitable remainder trusts. Split-interest agreements are charitable remainder trust agreements that name the Fund and one or more other charities as remainder beneficiaries.

Continued

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

2. Summary of Significant Accounting Policies, continued

Charitable Remainder Trusts, continued

The difference between the fair value of the assets received and present value of the obligation to named beneficiaries under the agreements is recognized as contribution revenue in the year the agreement is signed. Realized and unrealized gains and losses, interest and dividend income from the investments and payments of the obligations are reflected as adjustments to obligations under split-interest agreements in the accompanying statements of financial position. Amortization of discounts and changes in actuarial assumptions are reflected in the statements of activities and changes in net assets as a change in value of charitable remainder trusts.

Property and Equipment

All acquisitions and major improvements of property and equipment in excess of \$1,000 are capitalized; maintenance and repairs which do not extend the useful life of the respective assets are expensed. 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 on the property and equipment. Estimated useful lives range from three to seven years.

Scholarships and Grants Payable

Grants and scholarships payable that are expected to be paid in future years are recorded at the present value of expected future payments.

Fair Value Measurements

The Fund carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement standards also require the Fund to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique. The Fund classifies its financial assets and liabilities according to three levels, and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 – quoted prices in active markets for identical investments.

Level 2 – other significant observable inputs (including quoted prices for similar instruments, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining fair value instruments).

Charitable Remainder Trust: Beneficial interest in charitable trust are valued using the income approach and market inputs. The net present value of these assets was determined using net present value factor of 56% - 71% and investment return rate of 5% - 10%, consistent with the composition of the asset portfolios, single or joint life expectations from the IRS Publication 1457 tables.

Continued

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

2. Summary of Significant Accounting Policies, continued

Endowment Funds

Interpretation of Relevant Law

The Board of Directors of the Fund has interpreted California's enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result, the Fund classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts donated to the permanent endowment, and (3) additions to the permanent endowment in accordance with donor directions. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Fund in a manner consistent with the standard of prudence prescribed by the enacted version of UPMIFA.

In accordance with the State of California's enacted version of UPMIFA, the Fund considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Fund and the endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Fund
- (7) The investment policies of the Fund

Return Objectives and Risk Parameters

The Fund has adopted investment and spending policies for endowment assets that attempt to achieve a growth in principal that will support a continuing rise in charitable distributions from its endowments, avoid a high degree of risk and ensure endowment funds will operate in perpetuity. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of at least 5%, while growing the funds if possible. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the Fund to unacceptable levels of risk.

Strategies Employed for Achieving Objectives

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

Continued

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies, continued

Endowment Funds, continued

Spending Policy

The spending rate is set each year as part of the annual budget process for the subsequent fiscal year and is calculated every quarter as a percentage of the average endowed fund balance over the previous 36 months. In accordance with donor instructions, this amount is expendable for either general or specific purposes. Appropriations made from the endowment for the years ended June 30, 2017 and 2016 were \$649,009 and \$561,167, respectively inclusive of investment management fees and administration fees.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original endowment corpus. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that are reported in unrestricted net assets were \$456,867 and \$530,772 as of June 30, 2017 and 2016, respectively. These deficiencies resulted from poor performance of historically held investments during periods of unfavorable market fluctuations and continued spending in line with the Fund's spending policy.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Temporarily restricted contributions are recorded to recognize donor-imposed or timing restrictions, including bequests and split-interest agreements. Permanently restricted contributions are recorded where the donor has permanently restricted the gift. In the event that the Fund receives donated securities, the securities are liquidated shortly after receipt. Investments received through gifts are recorded at fair value at the date of donation.

The majority of the contributions received by the Fund, including certain contributions received with donor recommendations for use of those contributions, are subject to the variance power acknowledged by the donor's signed agreement form or other forms of communications. This variance power provides the Fund the ability to modify the use of the contribution in a manner that differs from a donor's original recommendation. As a result of this variance power, such contributions are classified as unrestricted for financial statement reporting purposes.

Restricted Contributions

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Continued

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

2. Summary of Significant Accounting Policies, continued

Functional Expense

The costs of the Fund's various activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and functional expenses. Expenses are allocated to program and supporting services based on the purpose of each expenditure, services provided for each program, and the respective usage of the Fund's assets. Expenses relating to more than one function are allocated to program service, management and general and fundraising costs based on employee time and expense studies or other appropriate usage factors.

Grants and Scholarships Expense

Grant and scholarship expenditures are recognized in the period the grant or scholarship is approved provided the grant or scholarship is not subject to significant future conditions. Conditional grants and scholarships are recognized as grants and scholarships expense and as grants and scholarships payable in the period in which the grantee or student meets the terms of the conditions. Grants and scholarships are returned to the Fund if certain conditions are not met. Returned grants and scholarships are included as a reduction of grants and scholarship expense in the accompanying statements of activities and changes in net assets.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2017 and 2016 was \$394 and \$198, respectively.

Income Taxes

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from California franchise taxes under Section 23701d of the Revenue and Taxation Code. In addition, the Fund qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a). However, income from activities not related to the Fund's tax-exempt purpose may be subject to taxation as unrelated business income.

Reclassification

Certain prior year balances have been reclassified to conform to the basis of presentation used as of June 30, 2017.

Continued

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

3. Pledges Receivable, Net

Pledges receivable, net as of June 30, 2017 and 2016, consist of the following:

	2017	2016
Unconditional promise to give, due in one year	\$ 146,000	\$ 63,000
	146,000	63,000
Less allowance for uncollectible pledges	-	(12,500)
	\$ 146,000	\$ 50,500

4. Investments and Fair Value Measurements

The Fund's investment portfolio and investments by the fair value hierarchy levels at June 30, 2017, consisted of the following:

	Fair Value (Level 1)	Cost	Cumulative Unrealized Gains/(Loss)
Money market	\$ 525,332	\$ 525,332	\$ -
Equity securities - Mutual Funds and ETFs:			
US Large Cap Equity	3,419,217	2,866,606	552,611
US Mid Cap Equity	238,151	201,957	36,194
EAFE Equity	2,048,649	1,863,579	185,070
Japanese Large Cap Equity	120,176	113,279	6,897
Global Equity	782,221	705,000	77,221
Fixed income - Mutual Funds and ETFs:			
Short Term	234,486	235,128	(642)
US Fixed Income	2,548,202	2,505,573	42,629
Non-US Fixed Income	1,045,243	1,049,582	(4,339)
Global Fixed Income	234,925	230,468	4,457
Balanced Mutual funds	742,403	738,380	4,023
Hedge ETF funds:			
Long Short Equity	235,522	226,000	9,522
European Equity	120,391	113,000	7,391
Managed Futures	236,741	251,000	(14,259)
Balanced	231,981	221,514	10,467
Nontraditional Bond Funds	369,285	354,629	14,656
	\$ 13,132,925	\$ 12,201,027	\$ 931,898

Continued

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

4. Investments and Fair Value Measurements, continued

The Fund's investment portfolio and investments by the fair value hierarchy levels at June 30, 2016, consisted of the following:

	Fair Value (Level 1)	Cost	Cumulative Unrealized Gains/(Loss)
Money market	\$ 352,589	\$ 352,589	\$ -
Equity securities - Mutual Funds and ETFs:			
US Large Cap Equity	3,402,815	3,348,306	54,509
US Mid Cap Equity	413,651	405,808	7,843
EAFE Equity	1,967,891	2,148,394	(180,503)
European Large Cap Equity	125,049	138,524	(13,475)
Japanese Large Cap Equity	209,544	274,725	(65,181)
Global Equity	761,052	775,369	(14,317)
Fixed income - Mutual Funds and ETFs:			
Short Term	527,534	523,601	3,933
US Fixed Income	3,023,374	2,916,462	106,912
Global Fixed Income	290,297	282,728	7,569
Hedge ETF funds:			
Large Blend Funds	1,056,071	1,021,374	34,697
Large Value Funds	131,218	127,466	3,752
Nontraditional Bond Funds	421,149	440,250	(19,101)
	\$ 12,682,234	\$ 12,755,596	\$ (73,362)

5. Property and Equipment

Property and equipment as of June 30, 2017 and 2016, consists of the following:

	2017	2016
Furniture	\$ 7,625	\$ 7,625
Equipment	25,666	25,666
	33,291	33,291
Accumulated depreciation	(32,211)	(30,686)
	\$ 1,080	\$ 2,605

Depreciation expense for the years ended June 30, 2017 and 2016 was \$1,525 and \$4,854, respectively.

Continued

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

6. Charitable Remainder Trusts and Fair Value Disclosures

Investments held in charitable remainder trusts as of June 30, 2017, consist of the following:

	2017
Equities:	
US Large Cap Equity	\$ 204,494
EAFE Equity	141,961
Japanese Large Cap Equity	6,867
Global Equity	36,305
Fixed income securities:	
US Fixed Income	174,601
Global Fixed Income	93,003
Cash and cash equivalents:	
Cash and cash equivalents	14,603
	\$ 671,834

Investments held in charitable remainder trusts as of June 30, 2016, consist of the following:

	2016
Equities:	
US Large Cap Equity	\$ 158,785
US Mid Cap Equity	17,926
US Small Cap Equity	13,453
EAFE Equity	94,595
European Large Cap Equity	5,833
Japanese Large Cap Equity	10,281
Global Equity	30,679
Fixed income securities:	
US Fixed Income	225,005
Global Fixed Income	12,997
Cash and cash equivalents:	
Cash and cash equivalents	75,647
	\$ 645,201

Continued

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

6. Charitable Remainder Trusts and Fair Value Disclosures, continued

The following tables present the fair value of charitable remainder trust's assets and liabilities on the accompanying statements of financial position, as of June 30, by fair value hierarchy. There have been no changes in valuation techniques and related inputs during the years ended June 30, 2017 and 2016.

	2017		
	Level 1	Level 3	Total
Investments held in charitable remainder trusts	\$ 671,834	\$ -	\$ 671,834
Liabilities under charitable remainder trusts	-	(243,826)	(243,826)
Liabilities under split-interest agreements	-	(30,322)	(30,322)
	2016		
	Level 1	Level 3	Total
Investments held in charitable remainder trusts	\$ 645,201	\$ -	\$ 645,201
Liabilities under charitable remainder trusts	-	(245,125)	(245,125)
Liabilities under split-interest agreements	-	(29,133)	(29,133)

The following tables provide a roll forward of the liabilities listed above measured at fair value using significant unobservable inputs (Level 3) during the years ended June 30, 2017 and 2016.

	2017	2016
Liabilities under charitable remainder trusts:		
Beginning balance	\$ 245,125	\$ 281,487
Payments to beneficiaries of charitable trusts	(43,931)	(46,321)
Decrease in value due to change in actuarial life expectancy	42,632	9,959
Ending balance	\$ 243,826	\$ 245,125
	2017	
	2017	2016
Liabilities under split-interest remainder trusts:		
Beginning balance	\$ 29,133	\$ 31,903
Increase (decrease) in liabilities due to change in value of liabilities under charitable remainder trusts	1,189	(2,770)
Ending balance	\$ 30,322	\$ 29,133

Continued

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

7. Scholarships and Grants Payable

The Fund has commitments to various scholars to fund their education. Grant awards require the fulfillment of certain conditions as set forth in the grant agreements.

As of June 30, 2017, the Fund is liable for awarded scholarships and grants as follows:

	2017		
	Scholarships	Grants	Total
Due in less than one year	\$ 68,221	\$ -	\$ 68,221

As of June 30, 2016, the Fund is liable for awarded scholarships and grants as follows:

	2016		
	Scholarships	Grants	Total
Due in less than one year	\$ 93,572	\$ 2,493	\$ 96,065

8. Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2017 and 2016, consists of the following purpose:

	2017	2016 <i>(Restated)</i>
Charitable remainder trusts	\$ 397,686	\$ 370,943
Health education and community programs	747,193	941,934
Endowment earnings	614,100	112,111
Scholarships, internships, and education programs	377,007	347,629
	\$ 2,135,986	\$ 1,772,617

Net assets released from donor restrictions by incurring expenses satisfying the restrictions specified by donors for the years ended June 30, 2017 and 2016, were as follows:

	2017	2016 <i>(Restated)</i>
Health education and community programs	\$ 472,797	\$ 356,120
Endowment earnings	649,009	568,233
Scholarships, internships, and education programs	45,547	(95,653)
	\$ 1,167,353	\$ 828,700

Continued

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

8. Temporarily Restricted Net Assets, continued

During the years ended June 30, 2017 and 2016, the fund reversed prior year recorded liabilities for grants and scholarship payables in the amount of \$28,768 and \$161,333, respectively, which failed to meet qualifications. These amounts were included as a reduction of grants and scholarship expense in the accompanying statements of activities and changes in net assets and were transferred back to temporarily restricted net assets.

During the year ended June 30, 2016, a donor reassigned amounts from endowed general operations to temporarily restricted funds for health education and community programs of \$237,413.

9. Endowment Funds

The Fund's endowment consists of several individual funds established for a variety of purposes. The Fund's endowment includes only donor-restricted endowments.

During the year ended June 30, 2016, a donor reassigned endowed permanently restricted funds for health education and community programs to endowed general operations of \$2,000,000 and related accumulated earnings reported in temporarily restricted net assets.

Permanently restricted net assets are available as of June 30, 2017 and 2016 for the following purposes:

	2017	2016 <i>(Restated)</i>
General operations	\$ 6,152,076	\$ 6,152,077
Scholarships, internships, and education programs	4,642,411	4,629,960
	\$ 10,794,487	\$ 10,782,037

Endowment net asset composition by type of fund as of June 30 2017 and 2016, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, June 30, 2017	\$ (456,867)	\$ 614,100	\$ 10,794,487	\$ 10,951,720
Endowment net assets, June 30, 2016 <i>(Restated)</i>	\$ (530,772)	\$ 112,111	\$ 10,782,037	\$ 10,363,376

Continued

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

9. Endowment Funds, continued

Endowment funds consist of both donor-restricted and donor-advised endowment funds as of June 30, 2017 and 2016. During the year ended June 30, 2017, endowment net asset activity was as follows:

	2017			Total Net Endowment Assets
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ (530,772)	\$ 112,111	\$ 10,782,037	\$ 10,363,376
Contributions	-	-	5,550	5,550
Foundation and corporate grants	-	-	6,900	6,900
Investment income	73,905	177,560	-	251,465
Net realized and unrealized gains	-	973,438	-	973,438
Appropriated for spending	-	(546,655)	-	(546,655)
Investment management fees	-	(58,591)	-	(58,591)
Administration fees	-	(43,763)	-	(43,763)
Endowment net assets, end of year	\$ (456,867)	\$ 614,100	\$ 10,794,487	\$ 10,951,720

During the year ended June 30, 2016, endowment net asset activity was as follows:

	2016			Total Net Endowment Assets
	Unrestricted	Temporarily Restricted	Permanently Restricted	
	<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>
Endowment net assets, beginning of year	\$ (538,261)	\$ 827,985	\$ 10,946,708	\$ 11,236,432
Contributions	-	-	65,242	65,242
Foundation and corporate grants	-	-	7,500	7,500
Investment income	7,489	283,393	-	290,882
Net realized and unrealized gains	-	(438,100)	-	(438,100)
Appropriated for spending	-	(457,900)	-	(457,900)
Investment management fees	-	(60,091)	-	(60,091)
Administration fees	-	(43,176)	-	(43,176)
Release from restriction	-	-	(237,413)	(237,413)
Endowment net assets, end of year	\$ (530,772)	\$ 112,111	\$ 10,782,037	\$ 10,363,376

Continued

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

10. Lease Commitment

The Fund occupies its office facilities in San Francisco under an operating lease which expires in December 2017. Rent payments are payable monthly and annually increase in January. Future obligations to pay under the lease agreement for the year ending June 30, 2018 is \$29,715. Rent expense for the years ended June 30, 2017 and 2016 was \$64,404 and \$58,863, respectively.

11. Conditional Promise to Give

In October 2010, a foundation donor agreed to match contributions and firm commitments made to the Fund on a one-for-one basis up to \$5,000,000, received from July 1, 2009 through December 31, 2014. At least 50% of matched contributions had to be raised directly by board members or come directly from them. The maximum amount of matching was \$1,000,000 per calendar year, paid in \$250,000 increments. Total funds collected and matched will add to existing endowed funds or create one or more new endowment funds. In September 2015, the foundation donor amended the original matching contribution deadline by extending the term to September 30, 2015. In addition, the amended matching contribution agreement reassigned previously contributed funds to the Fund's operating endowment. Furthermore, all additional matching contributions will be added to a new donor advised fund. Funds matched under this agreement and recorded as foundation and corporate grant revenue during the years ended June 30, 2017 and 2016 totaled \$0 and \$452,331, respectively.

12. Concentrations of Credit Risk

Financial instruments that potentially subject the Fund to credit risk consist primarily of cash, cash equivalents, accounts receivable, and investments. The Fund maintains cash and cash equivalents with commercial banks and other major financial institutions, however the Fund's balance may generally exceed federal deposit insurance limits.

Investments in general are exposed to various risks, such as interest rate, credit and overall market volatility. To address the risk of investments, the Fund maintains a diversified portfolio subject to an investment policy that sets out performance criteria, investment guidelines, asset allocation guidelines, and requires review of the investment manager's performance. Investments are managed by multiple investment managers, who have responsibility for investing the funds in various investment classes. An investment advisor is also utilized. This entire process is actively overseen by the Board of Directors. Investments are secured up to the limit set by the Securities Investor Protection Corporation ("SIPC"). As of June 30, 2017 and 2016, the Fund held investments in excess of the SIPC insurance limits.

As of June 30, 2017, two donors comprised approximately 62% of the net pledge receivable balance. As of June 30, 2016, three donors comprised approximately 94% of the net pledge receivable balance.

For the year ended June 30, 2017, one donor contributed amounts representing 13% of total contributions. For the year ended June 30, 2016, three donors contributed amounts representing 62% of total contributions.

Continued

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

13. Liquidity

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplates a composition of assets to satisfy donor restrictions. However, as of June 30, 2017 and 2016, unrestricted net assets have a deficit from underwater endowment balances of \$456,867 and \$530,772, respectively, which reduces the net assets available for funding amounts and potentially encumbers permanently restricted net assets.

Additionally, included in unrestricted net assets are those net assets related to advised funds which are intended to be used by the Fund, as advised by the donor, for organizations in line with the mission of the Fund, and not intended to be used for the Fund's operations. As of June 30, 2017 and 2016, advised funds net assets were \$1,446,534 and \$1,375,158, respectively. As of June 30, 2017 and 2016, unrestricted undesignated net assets less advised funds were \$92,136 and \$(112,251), respectively.

14. Special Event

The Fund sponsors an annual fundraising event. During the year ended June 30, revenue and direct expense relating to this event is as follows:

		2017			
		Revenue	Cost of Direct Expenses	In-Kind Donated Items	Net
Special event:					
	Annual Gala	\$ 300,350	\$ (208,550)	\$ (65,650)	\$ 26,150
		\$ 300,350	\$ (208,550)	\$ (65,650)	\$ 26,150
		2016			
		Revenue	Cost of Direct Expenses	In-Kind Donated Items	Net
Special event:					
	Annual Gala	\$ 177,650	\$ (159,385)	\$ (61,175)	\$ (42,910)
		\$ 177,650	\$ (159,385)	\$ (61,175)	\$ (42,910)

Continued

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

15. Prior Period Adjustments - Correction of an Error

Temporarily restricted net assets, permanently restricted net assets, and unrestricted net assets as of June 30, 2016 have been adjusted for an improper classification of temporarily restricted net assets and permanently restricted net assets during 2016 related to the net assets of donor advised funds. The correction has no effect on the results of 2017 activities; however, the effect decreases temporarily restricted net assets and permanently restricted net assets while increasing unrestricted net assets at the end of 2016 by \$1,456,204. Accordingly, the Fund restated its net assets and restated 2016 donor advised fund activity as of June 30, 2016.

	For the Year Ended June 30, 2016								
	Unrestricted	Temporarily Restricted	Permanently Restricted	Correction of Error Unrestricted	Correction of Error Temporarily	Correction of Error Permanently	Unrestricted <i>(Restated)</i>	Temporarily Restricted <i>(Restated)</i>	Permanently Restricted <i>(Restated)</i>
Revenues and support:									
Contributions	\$ 129,067	\$ 964,871	\$ -	\$ 824,627	\$ (824,627)	\$ -	\$ 953,694	\$ 140,244	\$ -
Foundation and corporate grants	96,035	1,132,781	-	540,900	(540,900)	-	636,935	591,881	-
Net realized and unrealized gains/ (loss) on investments	2,400	(470,177)	-	(36,962)	36,962	-	(34,562)	(433,215)	-
Interest and dividend income	72	336,311	-	30,538	(30,538)	-	30,610	305,773	-
Change in value of charitable Net assets released from restrictions	1,490,484	(1,490,484)	-	(661,784)	661,784	-	828,700	(828,700)	-
Total revenues and support	1,899,958	686,069	-	697,319	(697,319)	-	2,597,277	(11,250)	-
Change in net assets	304,046	686,069	-	697,319	(697,319)	-	1,001,365	(11,250)	-
Net assets, beginning of year	(1,028,115)	2,294,027	11,195,433	758,885	(510,160)	(248,725)	(269,230)	1,783,867	10,946,708
Net assets, end of year	\$ (724,069)	\$ 2,980,096	\$ 11,030,762	\$ 1,456,204	\$ (1,207,479)	\$ (248,725)	\$ 732,135	\$ 1,772,617	\$ 10,782,037

Continued

ASIAN PACIFIC FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

15. Prior Period Adjustments - Correction of an Error, continued

	For the Year Ended June 30, 2016								
	Unrestricted	Temporarily Restricted	Permanently Restricted	Correction of Error Unrestricted	Correction of Error Temporarily	Correction of Error Permanently	Unrestricted <i>(Restated)</i>	Temporarily Restricted <i>(Restated)</i>	Permanently Restricted <i>(Restated)</i>
Endowment net assets, beginning of year	\$ (604,169)	\$ 827,561	\$ 11,195,433	\$ 65,908	\$ 424	\$ (248,725)	\$ (538,261)	\$ 827,985	\$ 10,946,708
Investment income	-	295,819	-	7,489	(12,426)	-	7,489	283,393	-
Net realized and unrealized gains	-	(445,296)	-	-	7,196	-	-	(438,100)	-
Appropriated for spending, including investment management fees	-	(624,450)	-	-	106,458	-	-	(517,992)	-
Administration fees	-	44,969	-	-	(88,145)	-	-	(43,176)	-
Release from restriction	-	237,413	(237,413)	-	(237,413)	-	-	-	(237,413)
Reclassification of deficient endowment fund activity	(11,249)	11,249	-	11,249	(11,249)	-	-	-	-
Endowment net assets, end of year	\$ (615,418)	\$ 347,265	\$ 11,030,762	\$ 84,646	\$ (235,154)	\$ (248,725)	\$ (530,772)	\$ 112,111	\$ 10,782,037

16. Subsequent Events

The Fund has evaluated subsequent events for potential recognition and/or disclosure through October 6, 2017, the date which the financial statements were available to be issued. The Fund has signed a lease extension with its landlord in September 2017, extending the term of the lease to December 31, 2022. The Fund determined that other than the before there mentioned, there were no material subsequent events that required recognition and/or disclosure.

SUPPLEMENTARY INFORMATION

ASIAN PACIFIC FUND
SCHEDULES OF FUNCTIONAL EXPENSES
For the years ended June 30, 2017 and 2016

	2017						2016					
	Program Services			Supporting Services			Program Services			Supporting Services		
	Educational Programs	Grants and Services to Agencies	Program Services Total	Management and General	Fundraising	Total	Educational Programs	Grants and Services to Agencies	Program Services Total	Management and General	Fundraising	Total
Expenses:												
Salaries	\$ 89,373	\$ 191,468	\$ 280,841	\$ 43,815	\$ 83,916	\$ 408,572	\$ 71,267	\$ 212,965	\$ 284,232	\$ 11,350	\$ 43,969	\$ 339,551
Payroll taxes	6,476	12,820	19,296	3,381	5,946	28,623	5,655	15,847	21,502	982	3,416	25,900
Employee benefits	8,644	14,758	23,402	11,884	-	35,286	7,862	17,090	24,952	4,506	-	29,458
Total salaries and related expenses	104,493	219,046	323,539	59,080	89,862	472,481	84,784	245,902	330,686	16,838	47,385	394,909
Grants and scholarships	175,783	734,274	910,057	-	-	910,057	50,627	731,811	782,438	-	-	782,438
Travel and hospitality	30,686	3,907	34,593	19,683	94,221	148,497	30,319	4,524	34,843	8,205	85,327	128,375
Investment expenses	-	6,704	6,704	64,510	-	71,214	-	-	-	67,062	-	67,062
Occupancy	15,843	27,050	42,893	21,511	-	64,404	15,800	34,353	50,153	8,710	-	58,863
Accounting fees	-	-	-	43,731	-	43,731	-	-	-	36,579	-	36,579
Bad debt	-	-	-	37,500	-	37,500	-	-	-	12,500	-	12,500
Professional fees	4,250	6,598	10,848	8,668	6,400	25,916	4,450	780	5,230	12,527	10,530	28,287
Supplies	3,579	1,527	5,106	1,143	14,949	21,198	3,244	2,342	5,586	473	12,611	18,670
Printing and production	13,643	644	14,287	1,290	2,131	17,708	11,549	870	12,419	968	2,774	16,161
Dues, licenses, and fees	229	70	299	9,939	-	10,238	400	4,749	5,149	5,262	-	10,411
Legal fees	-	6,480	6,480	1,680	-	8,160	-	-	-	6,600	-	6,600
Equipment rental and maintenance	1,884	3,216	5,100	2,558	-	7,658	2,346	5,100	7,446	1,302	-	8,748
Postage	1,926	1,698	3,624	1,318	471	5,413	1,627	2,202	3,829	554	758	5,141
Other	-	-	-	4,840	516	5,356	-	-	-	4,932	-	4,932
Telephone	958	1,635	2,593	1,301	-	3,894	978	2,125	3,103	542	-	3,645
Insurance	718	1,226	1,944	975	-	2,919	907	1,972	2,879	503	-	3,382
Depreciation	-	-	-	1,525	-	1,525	-	-	-	4,854	-	4,854
Website development	-	-	-	1,080	-	1,080	-	-	-	4,355	-	4,355
Total expenses	<u>\$ 353,992</u>	<u>\$ 1,014,075</u>	<u>\$ 1,368,067</u>	<u>\$ 282,332</u>	<u>\$ 208,550</u>	<u>\$ 1,858,949</u>	<u>\$ 207,031</u>	<u>\$ 1,036,730</u>	<u>\$ 1,243,761</u>	<u>\$ 192,766</u>	<u>\$ 159,385</u>	<u>\$ 1,595,912</u>