

Asian Pacific Fund

Financial Statements

December 31, 2023 and 2022

Asian Pacific Fund

Table of Contents
December 31, 2023 and 2022

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

Independent Auditors' Report

The Board of Directors of
Asian Pacific Fund

Opinion

We have audited the financial statements of Asian Pacific Fund (the Fund), which comprise the statements of financial position as of December 31, 2023, and 2022, 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 the Fund as of December 31, 2023, and 2022, 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 audits 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 the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Fund'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 the Fund'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 the Fund'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

San Francisco, California
August 19, 2024

Asian Pacific Fund

Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 745,369	\$ 805,342
Pledges receivable	52,900	202,519
Investments, at fair value	23,459,480	19,858,653
Prepaid expenses and other assets	11,714	22,571
Equipment, net	13,085	9,910
	<u>24,282,548</u>	<u>20,898,995</u>
Total assets	<u>\$ 24,282,548</u>	<u>\$ 20,898,995</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 88,468	\$ 84,686
Scholarships and grants payable	1,000	75,000
	<u>89,468</u>	<u>159,686</u>
Total liabilities	<u>89,468</u>	<u>159,686</u>
Net Assets		
Without donor restrictions		
Undesignated	6,312,063	8,229,133
Board-designated	2,739,090	-
	<u>9,051,153</u>	<u>8,229,133</u>
With donor restrictions	<u>15,141,927</u>	<u>12,510,176</u>
Total net assets	<u>24,193,080</u>	<u>20,739,309</u>
Total liabilities and net assets	<u>\$ 24,282,548</u>	<u>\$ 20,898,995</u>

See notes to financial statements

Asian Pacific Fund

Statements of Activities

Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support						
Contributions	\$ 694,574	\$ 1,912,422	\$ 2,606,996	\$ 617,196	\$ 399,826	\$ 1,017,022
Foundation and corporate grants	643,578	474,500	1,118,078	476,101	664,980	1,141,081
Investment return, net	685,087	1,854,090	2,539,177	(427,848)	(2,179,551)	(2,607,399)
Fundraising event income	487,831	-	487,831	292,900	-	292,900
Cost of direct benefits to donors	(170,935)	-	(170,935)	(132,736)	-	(132,736)
Other income	6,950	-	6,950	50	-	50
Release of net assets with donor restrictions	1,609,261	(1,609,261)	-	3,213,279	(3,213,279)	-
Total revenues and support	<u>3,956,346</u>	<u>2,631,751</u>	<u>6,588,097</u>	<u>4,038,942</u>	<u>(4,328,024)</u>	<u>(289,082)</u>
Expenses						
Program services	2,474,448	-	2,474,448	3,877,065	-	3,877,065
Management and general	367,145	-	367,145	521,759	-	521,759
Fundraising	292,733	-	292,733	190,189	-	190,189
Total expenses	<u>3,134,326</u>	<u>-</u>	<u>3,134,326</u>	<u>4,589,013</u>	<u>-</u>	<u>4,589,013</u>
Change in net assets	822,020	2,631,751	3,453,771	(550,071)	(4,328,024)	(4,878,095)
Net Assets, Beginning	<u>8,229,133</u>	<u>12,510,176</u>	<u>20,739,309</u>	<u>8,779,204</u>	<u>16,838,200</u>	<u>25,617,404</u>
Net Assets, Ending	<u>\$ 9,051,153</u>	<u>\$ 15,141,927</u>	<u>\$ 24,193,080</u>	<u>\$ 8,229,133</u>	<u>\$ 12,510,176</u>	<u>\$ 20,739,309</u>

See notes to financial statements

Asian Pacific Fund

Statement of Functional Expenses

Year Ended December 31, 2023

	Educational Programs	Grants and Services to Agencies	Program Services Total	Management and General	Fundraising	Total
Expenses						
Salaries	\$ 260,174	\$ 259,344	\$ 519,518	\$ 159,355	\$ 195,875	\$ 874,748
Payroll taxes	19,367	19,370	38,737	12,902	13,838	65,477
Employee benefits	15,821	14,735	30,556	10,709	11,114	52,379
	<u>295,362</u>	<u>293,449</u>	<u>588,811</u>	<u>182,966</u>	<u>220,827</u>	<u>992,604</u>
Total salaries and related expenses						
Grants and scholarships	168,667	1,591,869	1,760,536	-	-	1,760,536
Travel and hospitality	84,258	204	84,462	15,142	202,763	302,367
Accounting fees	-	-	-	87,714	-	87,714
Professional fees	680	-	680	29,200	24,300	54,180
Supplies	6,057	5,605	11,662	3,913	5,722	21,297
Occupancy	5,709	5,317	11,026	3,712	4,010	18,748
Website development	4,188	3,900	8,088	2,723	2,942	13,753
Bank charges	-	-	-	12,099	-	12,099
Bad debt	-	-	-	8,507	-	8,507
Insurance	2,390	2,226	4,616	1,470	1,679	7,765
Dues, licenses, and fees	-	-	-	7,728	-	7,728
Depreciation	-	-	-	7,659	-	7,659
Equipment rental and maintenance	1,168	1,088	2,256	760	821	3,837
Telephone	860	801	1,661	559	604	2,824
Advertising and promotion	300	-	300	1,760	-	2,060
Legal fees	-	350	350	675	-	1,025
Other	-	-	-	558	-	558
	<u>569,639</u>	<u>1,904,809</u>	<u>2,474,448</u>	<u>367,145</u>	<u>463,668</u>	<u>3,305,261</u>
Total expenses						
Less cost of direct benefit to donors	-	-	-	-	(170,935)	(170,935)
	<u>\$ 569,639</u>	<u>\$ 1,904,809</u>	<u>\$ 2,474,448</u>	<u>\$ 367,145</u>	<u>\$ 292,733</u>	<u>\$ 3,134,326</u>

See notes to financial statements

Asian Pacific Fund

Statement of Functional Expenses

Year Ended December 31, 2022

	<u>Educational Programs</u>	<u>Grants and Services to Agencies</u>	<u>Program Services Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses						
Salaries	\$ 132,300	\$ 166,909	\$ 299,209	\$ 56,037	\$ 124,683	\$ 479,929
Payroll taxes	10,540	13,346	23,886	4,840	10,029	38,755
Employee benefits	11,693	13,859	25,552	6,496	11,260	43,308
	<u>154,533</u>	<u>194,114</u>	<u>348,647</u>	<u>67,373</u>	<u>145,972</u>	<u>561,992</u>
Total salaries and related expenses						
Grants and scholarships	164,585	3,200,973	3,365,558	-	-	3,365,558
Professional fees	-	43,719	43,719	290,225	1,850	335,794
Travel and hospitality	41,324	3,285	44,609	13,648	145,012	203,269
Accounting fees	-	-	-	91,306	-	91,306
Rent	22,197	26,308	48,505	12,332	21,375	82,212
Supplies	2,202	6,080	8,282	25,752	4,070	38,104
Bank charges	-	-	-	9,185	1,034	10,219
Insurance	1,876	2,824	4,700	644	1,807	7,151
Equipment and maintenance	905	3,535	4,440	503	872	5,815
Depreciation	-	-	-	5,954	-	5,954
Advertising and promotion	-	4,620	4,620	811	-	5,431
Telephone	931	1,104	2,035	517	897	3,449
Dues, licenses, and fees	-	-	-	2,311	-	2,311
Legal fees	405	1,170	1,575	540	-	2,115
Postage	-	-	-	72	36	108
Website development	-	-	-	-	-	-
Other	-	375	375	586	-	961
	<u>388,958</u>	<u>3,488,107</u>	<u>3,877,065</u>	<u>521,759</u>	<u>322,925</u>	<u>4,721,749</u>
Total expenses						
Less cost of direct benefit to donors	-	-	-	-	(132,736)	(132,736)
	<u>\$ 388,958</u>	<u>\$ 3,488,107</u>	<u>\$ 3,877,065</u>	<u>\$ 521,759</u>	<u>\$ 190,189</u>	<u>\$ 4,589,013</u>

See notes to financial statements

Asian Pacific Fund

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 3,453,771	\$ (4,878,095)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	7,659	5,954
Amortization of operating lease right-of-use asset	-	75,536
Net realized and unrealized losses (gains) on investments	(1,779,549)	3,079,074
Proceeds from contributions restricted for endowments	(10,104)	(9,310)
Prepaid expenses and other assets	10,857	22,448
Pledges receivable	149,619	(202,519)
Accounts payable and accrued expenses	3,782	(67,156)
Scholarships and grants payable, net	(74,000)	75,000
Operating lease liability	-	(75,536)
	<u>1,762,035</u>	<u>(1,974,604)</u>
Cash flows from operating activities		
Cash Flows From Investing Activities		
Proceeds from sales of investments	14,307,600	12,763,643
Purchases of investments	(16,128,878)	(13,995,249)
Purchase of equipment	(10,834)	-
	<u>(1,832,112)</u>	<u>(1,231,606)</u>
Cash flows from investing activities		
Cash Flows From Financing Activities		
Proceeds from contributions restricted for endowments	10,104	9,310
	<u>10,104</u>	<u>9,310</u>
Cash flows from financing activities		
Net change in cash	(59,973)	(3,196,900)
Cash, Beginning	<u>805,342</u>	<u>4,002,242</u>
Cash, Ending	<u>\$ 745,369</u>	<u>\$ 805,342</u>

See notes to financial statements

Asian Pacific Fund

Notes to Financial Statements
December 31, 2023 and 2022

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 80 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. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Those net assets and activities which represent the portion of expendable funds that have no use or time restrictions. The Board of Directors may designate a portion of these net assets for specified purposes. During the year ended December 31, 2023 the Fund transferred \$2,500,000 to a board designated endowment fund. There were no net assets designated by the Board of Directors at December 31, 2022.

Also classified as net assets without donor restrictions are donor-advised funds which may have been established to enable donors to make recommendations from time to time about the distributions from the funds. The donors' advice in the grant-making process is considered by the Board of Directors in making grants from these resources.

Net Assets With Donor Restrictions - Those net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when specified criteria are met.

Use of Estimates

Preparation of financial statements, in accordance with GAAP 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. Significant estimates include the fair value of investments and the functional allocation of expenses.

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.

Asian Pacific Fund

Notes to Financial Statements
December 31, 2023 and 2022

Pledges Receivable

The Fund records pledges receivable at net realizable value, net of allowance for uncollectible pledges. The allowance is based on estimated losses related to specific pledges receivable. Unconditional pledges receivable which are expected to be collected after one year are recorded at the net present value of their estimated future cash flows. Amortization of these discounts is included in contribution revenue in the accompanying statements of activities. At December 31, 2023 and 2022, all pledges receivable were expected to be collected in full within one year.

Investments

Investments are stated at fair value based on quoted market prices. 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 balanced nature of the Fund. Gains and losses that result from market fluctuations are recognized in the period in which such fluctuation occurs. Cash equivalents held within the Fund's investment accounts are classified as investments. Investment return is reported net of investment management fees on the statements of activities.

The Fund has several endowment funds and long-term donor advised funds that are pooled for investment purposes.

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.

Lease Right-of-Use Assets and Lease Liabilities

At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the non-cancelable lease term.

The Fund has made the following accounting policy elections with regard to its lease accounting:

- When the rate implicit in the lease is not determinable, rather than use the Fund's incremental borrowing rate, the Fund uses a risk-free discount rate for the initial and subsequent measurement of lease liabilities for lease.
- The Fund does not apply the lease recognition requirements to all leases with an original term of 12 months or less, for which the Fund is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short term leases will continue to be recorded on a straight-line basis over the lease term.
- The Fund does not apply the lease recognition requirements for all leases with an initial right-of-use asset in alignment with the Fund's capitalization policy.

Asian Pacific Fund

Notes to Financial Statements
December 31, 2023 and 2022

Impairment of Long-Lived Assets

The Fund reviews long-lived assets, including property and equipment, 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.

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).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Endowment Funds

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As such, donor restricted endowment funds are classified as net assets with donor restrictions and board designated endowments are reported as net assets without donor restrictions.

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, for those endowment funds which do not have explicit donor stipulations to the contrary the Fund retain in perpetuity (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts donated to the endowment, and (3) additions to the endowment in accordance with donor directions. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

Asian Pacific Fund

Notes to Financial Statements
December 31, 2023 and 2022

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 endowment 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 are 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.

Spending Policy

The spending rate for donor-restricted endowments 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. For the years ended December 31, 2023 and 2022, appropriations made from the endowments were \$569,993 and \$552,922, respectively, inclusive of administration fees.

Asian Pacific Fund

Notes to Financial Statements
December 31, 2023 and 2022

For the board designated endowment fund 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 ending fund balance. The spending rate amount is expendable for general purposes. For the year ended December 31, 2023 appropriations made from the board designated endowment fund was \$31,165.

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 or amounts required to be maintained by donors or by law (or become "underwater"). Management has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2023, one fund with an original gift value totaling \$873,424, fair value totaling \$598,855, and a deficiency totaling \$274,569 was reported in net assets with donor restrictions. At December 31, 2022, four funds with an original gift value totaling \$1,651,630, fair value totaling \$1,267,919, and a deficiency totaling \$383,711 was reported in net assets with donor restrictions. 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 are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Unconditional contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Conditional contributions are recognized as revenue in the period in which the Fund meets the terms of the conditions. Restricted contributions are recorded to recognize donor-imposed or timing restrictions, including bequests and split-interest agreements. 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.

Certain contributions received by the Fund include donor recommendations for use of those contributions and are subject to a variance power agreement approved by the donor. 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 without donor restrictions for financial statements reporting purposes.

Functional Expenses

The costs of the Fund's various activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Expenses are allocated to program and supporting services based on the purpose of each expense, services provided for each function, 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 estimates or other appropriate usage factors.

Grants and Scholarships

Grant and scholarship expenses are recognized in the period the grant or scholarship is approved provided the grant or scholarship is not subject to significant future conditions. Grants and scholarships payable that are expected to be paid after one year are recorded at the present value of expected future payments. 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. At December 31, 2023, and 2022, the Fund was liable for awarded and unconditional scholarships and grants, which were all due in less than one year, in the amount of \$1,000 and \$75,000, respectively.

Asian Pacific Fund

Notes to Financial Statements
December 31, 2023 and 2022

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.

Each year, management considers whether the Fund has any uncertain tax positions that require recognition in the financial statements, including whether the Fund has engaged in any activities that could affect the Fund's income tax status or result in taxable income. Management believes that any positions the Fund has taken are supported by substantial authority and would more likely than not be sustained upon examination by the applicable taxing authority. Management has determined that the Fund does not have any material uncertain tax positions that require recognition or disclosure in the financial statements.

Subsequent Events

The Fund has evaluated subsequent events for potential recognition and/or disclosure through August 19, 2024, the date which the financial statements were available to be issued.

3. Liquidity and Availability of Financial Resources

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash	\$ 745,369	\$ 805,342
Pledges receivable	52,900	202,519
Investments, at fair value	<u>23,459,480</u>	<u>19,858,653</u>
Total financial assets	<u>24,257,749</u>	<u>20,866,514</u>
Add estimated endowment spending rate distributions	338,206	270,251
Less:		
Net assets with donor restrictions	(15,141,927)	(12,510,176)
Board-designated net assets	(2,500,000)	-
Investments held for donor advised funds	<u>(1,774,087)</u>	<u>(1,662,543)</u>
	<u>(19,077,808)</u>	<u>(13,902,468)</u>
Financial assets available for general expenditures within one year	<u>\$ 5,179,941</u>	<u>\$ 6,964,046</u>

The Fund's endowment funds consist of donor-restricted endowments and a board designated endowment fund. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. Income from the board designated endowment fund is intended for general purposes. The board designated endowment fund is not available for general expenditures.

As part of the Fund's liquidity management plan, the Fund may invest cash in excess of daily requirements in short term investments, money market funds or mutual funds.

Asian Pacific Fund

Notes to Financial Statements
December 31, 2023 and 2022

4. Investments and Fair Value Measurements

At December 31, 2023 and 2022, the Fund's investment portfolio and investments by the fair value hierarchy levels consists of the following:

	Fair Value (Level 1)	
	2023	2022
Cash and cash equivalents	\$ 1,495,775	\$ 384,072
Equity securities:		
US large cap equity	6,279,318	4,674,680
EAFE equity	1,611,850	1,150,815
European large cap equity	247,808	-
Japanese large cap equity	473,161	359,413
Asia ex-Japan equity	242,922	229,825
Fixed income:		
US fixed income	8,014,588	9,206,380
Non-US fixed income	1,503,707	1,271,883
Global fixed income	2,469,232	1,641,345
Balanced mutual funds	389,011	374,544
Hedge funds:		
Multi-strategy	289,449	226,159
Non-traditional bond	223,156	116,710
Long short equity	151,121	116,268
Managed Futures	68,382	-
Event driven	-	106,559
Total	<u>\$ 23,459,480</u>	<u>\$ 19,858,653</u>

There have been no changes in valuation techniques and related inputs during the years ended December 31, 2023, and 2022.

5. Equipment, Net

At December 31, 2023 and 2022, equipment, net consists of the following:

	2023	2022
Equipment	\$ 55,289	\$ 44,455
	55,289	44,455
Less accumulated depreciation	<u>(42,204)</u>	<u>(34,545)</u>
Total	<u>\$ 13,085</u>	<u>\$ 9,910</u>

Asian Pacific Fund

Notes to Financial Statements
December 31, 2023 and 2022

6. Net Assets with Donor Restrictions

At December 31, 2023 and 2022, net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Financial aid	\$ 128,682	\$ 110,941
Educational programs	302,047	292,809
Grant making	2,103,178	736,445
	<u>2,533,907</u>	<u>1,140,195</u>
Endowments:		
Subject to spending policy and appropriation:		
Financial aid	823,714	647,891
Educational programs	3,882,923	3,882,923
General purpose	6,517,162	6,682,881
Underwater endowments	(274,569)	(383,711)
	<u>10,949,230</u>	<u>10,829,984</u>
Subject to appropriation and expenditure when specified event occurs:		
Restricted by donors for:		
Financial aid	24,900	702
Educational programs	635,356	300,188
General purpose	998,534	239,107
	<u>1,658,790</u>	<u>539,997</u>
Total endowments	<u>12,608,020</u>	<u>11,369,981</u>
Total net assets with donor restrictions	<u>\$ 15,141,927</u>	<u>\$ 12,510,176</u>

7. Endowments

The Fund's endowments consist of several individual funds established for a variety of purposes. Prior to 2023, the Fund's endowments only included donor-restricted endowments.

During the year ended December 31, 2023, the Fund transferred \$2,500,000 from net assets without donor restrictions to a board designated endowment fund.

Asian Pacific Fund

Notes to Financial Statements
December 31, 2023 and 2022

At December 31, 2023 and 2022, endowment net assets were comprised of the following:

	2023			2022
	With Donor Restrictions	Without Donor Restrictions	Total	With Donor Restrictions
Original donor gift amount and amounts required to be maintained in perpetuity by donor	\$ 11,223,799	\$ -	\$ 11,223,799	\$ 11,213,695
Designated by the Board	-	2,500,000	2,500,000	-
Accumulated investment gains	1,384,221	239,090	1,623,311	156,286
Endowment net assets, end of year	<u>\$ 12,608,020</u>	<u>\$ 2,739,090</u>	<u>\$ 15,347,110</u>	<u>\$ 11,369,981</u>

At December 31, 2023, and 2022, changes in endowment net assets are as follows:

	2023			2022
	With Donor Restrictions	Without Donor Restrictions	Total	With Donor Restrictions
Endowment net assets, beginning of year	\$ \$11,369,981	\$ -	\$ \$11,369,981	\$ \$14,076,967
Contributions	10,104	-	10,104	9,310
Board designated to endowments	-	2,500,000	2,500,000	-
Investment return, net	1,797,928	239,090	2,037,018	(2,163,374)
Appropriations pursuant to spending policy	(569,993)	-	(569,993)	(552,922)
Endowment net assets, end of year	<u>\$ 12,608,020</u>	<u>\$ 2,739,090</u>	<u>\$ 15,347,110</u>	<u>\$ 11,369,981</u>

8. Leases

On September 31, 2022, the Fund entered into a short-term lease agreement to rent desk space within a different office in San Francisco, California which expired in November 2023.

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

The exercise of lease renewal or early termination options is at the Fund's sole discretion. The Fund regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Fund includes such options in the lease term.

In determining the discount rate used to measure right-of-use assets and lease liabilities, the Fund uses the rate implicit in the lease, or if not readily available, the Fund uses a risk-free rate based on U.S. Treasury note or bond rates for a similar term.

Asian Pacific Fund

Notes to Financial Statements
December 31, 2023 and 2022

The Fund made significant assumptions and judgments in evaluating its leases. In particular, the Fund:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Fund obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;
- Determined whether contracts contain embedded leases;
- Evaluated leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases;
- Evaluated leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments; and
- Allocated consideration in the contract between lease and non-lease components.

The Fund does not have any leasing transactions with related parties.

At December 31, 2023 and 2022, the Fund did not have any long-term leases which were still in effect and therefore there were no right-of-use assets or lease liabilities recorded on the accompanying statements of financial position.

Lease expense consisted of the following during the year ended December 31:

	<u>2023</u>	<u>2022</u>
Operating lease expense	\$ -	\$ 75,696
Short-term lease expense	18,748	4,259
Total	<u>\$ 18,748</u>	<u>\$ 79,955</u>

The following table includes supplemental cash flow and noncash information related to the leases for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ -	75,696

9. Retirement Plan

The Fund provides a deferred salary plan (the Plan) under Section 403(b) of the Internal Revenue Code for the benefit of its employees. Employees may contribute a portion of their annual salaries, tax free, to the Plan not to exceed the federally regulated maximum amount. For the years ended December 31, 2023, and 2022, the Fund's contributions to the Plan totaled \$19,419 and \$24,362, respectively.

Asian Pacific Fund

Notes to Financial Statements
December 31, 2023 and 2022

10. Concentrations

Credit Risk

Financial instruments that potentially subject the Fund to credit risk consist primarily of cash, cash equivalents, and investments.

Cash and cash equivalents balances with any one institution may, at times, be in excess of federally insured amounts (currently \$250,000 per depositor) set by the Federal Deposit Insurance Corporation (FDIC). The Fund has not experienced any losses in such accounts.

Investments are managed by an investment advisor and, 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 advisor's performance. 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 December 31, 2023 and 2022, the Fund held investments in excess of the SIPC insurance limits (currently \$500,000 per depositor).

Major Donors

For the years ended December 31, 2023 and 2022, 44% and 17% of contribution and grants revenue was received from one donor, respectively.

Major Grants and Scholarships Award Recipients

For the year ended December 31, 2023 no one recipient received more than 3.3% of grants and scholarships paid. For the year ended December 31, 2022 42% of grants and scholarships paid were awarded to one recipient.

11. Related-Party Transactions

During the years ended December 31, 2023 and 2022, the Fund received contributions of \$185,930 and \$212,472, respectively, from board members.