

ALLIANCE FOR AFRICAN ASSISTANCE, INC.

Audited Financial Statements

JUNE 30, 2023

FINANCIAL STATEMENTS

ALLIANCE FOR AFRICAN ASSISTANCE, INC.

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FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Alliance for African Assistance, Inc.
San Diego, California

Opinion

I have audited the financial statements of Alliance for African Assistance, Inc. (AAA), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, changes in net assets, and cash-flow for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AAA as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of AAA and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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.

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 AAA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 AAA'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about AAA's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 26, 2024, on my consideration of AAA's internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AAA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with government auditing standards in considering AAA's internal control over financial reporting and compliance.



Carson, California
January 26, 2024

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Statement of Financial Position
June 30, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTED	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents (Notes 5)	\$ 2,213,728		\$ 2,213,728
Grants and Contracts Receivable, Net	1,556,713	\$ 230,390	1,787,103
Prepaid Expenses	190,001		190,001
Other Receivables	125,887		125,887
Due From Affiliate	79,116		79,116
Property, Furniture, and Equipment (Notes 2 and 4)	4,180,839		4,180,839
Notes Receivable	274,211		274,211
Deposits	8,226		8,226
Interfund Transfers	(250,964)	250,964	-
Total Assets	<u>\$ 8,377,757</u>	<u>\$ 481,354</u>	<u>\$ 8,859,111</u>
<u>LIABILITIES</u>			
Accounts Payable and Other Accrued Expenses	\$ 313,676		\$ 313,676
Unearned Revenue	78,585		78,585
Accrued Vacation Pay (Note 12)	47,601		47,601
Tenant Security Deposits	1,800		1,800
Lease Payable	6,461		6,461
Mortgages and Loans Payable (Note 10)	1,255,932		1,255,932
Total Liabilities	<u>1,704,055</u>	<u>-</u>	<u>1,704,055</u>
<u>NET ASSETS</u>			
Without donor restrictions	6,673,702		6,673,702
With donor restrictions		\$ 481,354	481,354
Total Net Assets	<u>6,673,702</u>	<u>481,354</u>	<u>7,155,056</u>
Total Liabilities and Net Assets	<u>\$ 8,377,757</u>	<u>\$ 481,354</u>	<u>\$ 8,859,111</u>

See Accompanying Notes and Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Statement of Activity
For the Year Ended June 30, 2023

	<u>TOTAL</u>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTED</u>
REVENUE AND SUPPORT			
Contract Services	\$ 6,141,659	\$ 5,772,471	\$ 369,188
Client Fees	2,759,397	2,759,397	
Sales	332,420	332,420	
Rental Income	88,100	88,100	
Contributions	186,545	136,236	50,309
Interest Income	13,497	13,497	
Fundraising Income	3,595	3,595	
Other Support	113,398	113,398	
	<u>9,638,611</u>	<u>9,219,114</u>	<u>419,497</u>
SUB-TOTAL REVENUES AND SUPPORT	9,638,611	9,219,114	419,497
Net Assets Released From Restrictions	<u>-</u>	<u>50,309</u>	<u>(50,309)</u>
TOTAL REVENUE AND OTHER SUPPORT	9,638,611	9,269,423	369,188
EXPENSES			
General Services	2,024,868	2,024,868	
Sub-Contract Services	4,291,894	4,291,894	
Direct Contract Services	1,068,039	1,068,039	
Management and General	746,895	746,895	
	<u>8,131,696</u>	<u>8,131,696</u>	<u>-</u>
TOTAL EXPENSES	8,131,696	8,131,696	-
INCREASE IN NET ASSETS	<u>\$ 1,506,915</u>	<u>\$ 1,137,727</u>	<u>\$ 369,188</u>

See Accompanying Notes And Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Schedule of Functional Expenses
For the Year Ended June 30, 2023

	Program Services				Supporting Services Management and General	Total
	General Services	Sub-contract Services	Direct Contracted Federal	Services Other		
PERSONNEL EXPENSES:						
Salaries	\$ 356,392	\$ 1,327,756	\$ 309,748	\$ 518,469	\$ 25,031	\$ 2,537,396
Payroll Taxes	18,104	119,242	27,286	50,425	7,099	222,156
Other Employee's Benefits	12,500	365,012	15,236	10,022	(2,239)	400,531
Total Personnel Expenses	386,996	1,812,010	352,270	578,916	29,891	3,160,083
OPERATING EXPENSES:						
Bad Debt Expenses	1,315					1,315
Bank Charges	9,907	5,165			537	15,609
Communications	1,740	31,083	1,832	3,026	9,990	47,671
Conferences and Workshops		2,568	1,302		33,004	36,874
Depreciation	8,076	15,343			55,559	78,978
Direct Client Assistance	1,375	1,949,585			5,000	1,955,960
Donations					517,057	517,057
Dues and Subscription	249	839			4,560	5,648
Insurance	12,246	25,986	3,489	3,057	25,522	70,300
Interest Expense					33,137	33,137
Interpretation Services	1,502,361	103,175	13,991	608		1,620,135
Mileage	259	53,802	2,277	6,495		62,833
Other Expenses	5,603	29,294	1,512	3,864	4,035	44,308
Postage	5,413	2,011		125		7,549
Printing		2,855	265	43	415	3,578
Professional Fees - Legal					3,000	3,000
Professional Fees - Other		15,276	494	2,093	20,101	37,964
Rental Expenses					22,895	22,895
Repairs & Maintenance	1,130	8,573		4,889		14,592
Space Costs	76,486	42,339	3,369	6,996	(40,626)	88,564
Supplies	(668)	99,477	15,689	42,566	11,907	168,971
Taxes, Licenses and Permits	20	180			5,789	5,989
Taxes, Real Property					7,544	7,544
Transportation Expense	654	64,832	8,370	3,000		76,856
Utilities	11,706	27,501	4,256	3,245	(2,422)	44,286
Total Operating Expenses	1,637,872	2,479,884	56,846	80,007	717,004	4,971,613
TOTAL PROGRAM EXPENSES	\$ 2,024,868	\$ 4,291,894	\$ 409,116	\$ 658,923	\$ 746,895	\$ 8,131,696

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Statement of Change in Net Assets
June 30, 2023

	<u>TOTAL</u>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTED</u>
NET ASSETS, June 30, 2022	\$ 5,648,141	\$5,535,975	\$112,166
Plus:			
Increase in Net Assets	<u>1,506,915</u>	<u>1,137,727</u>	<u>369,188</u>
NET ASSETS, June 30, 2023	<u>\$ 7,155,056</u>	<u>\$ 6,673,702</u>	<u>\$ 481,354</u>

See Accompanying Notes and Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
Statement of Cash Flows
June 30, 2023

Cash Flow From Operating Activities:

Increase in Net Assets	\$ 1,506,915
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	78,978
Amortization of loan costs	4,071
Decrease in grants and contracts receivable	260,625
Increase in other receivables	(111,217)
Increase in prepaid expenses	(151,864)
Increase in deposits	(1,695)
Decrease in accounts payable and accrued expenses	(44,484)
Increase in accrued vacation	10,469
Total adjustments	<u>44,883</u>
Net cash flow provided by operating activities	<u>1,551,798</u>
Cash Flow From Financing Activities	
Principal payments on Lease payable	(5,595)
Principal payments on loans payable	<u>(31,094)</u>
Net cash consumed by financing activities	<u>(36,689)</u>
Cash Flow From Investing Activities	
Advances to AHC	(79,116)
Repayments to AHC	(31,026)
Promissory notes granted (Net)	(274,211)
Investment in property and equipment	(81,851)
Investment in construction in process	<u>(411,689)</u>
Net cash consumed by investing activities	<u>(877,893)</u>
Net increase in cash	637,216
Cash and cash equivalents at June 30, 2022	<u>1,576,512</u>
Cash and cash equivalents at June 30, 2023	<u><u>\$ 2,213,728</u></u>

SUPPLEMENTAL DISCLOSURE:

1. During the year, the agency paid a total of \$29,169 in interest.

See Accompanying Notes and Auditor's Report

**ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1: NATURE OF BUSINESS

Alliance for African Assistance, Inc. (AAA) is a private non-profit corporation. The corporation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and similar California State law. AAA's primary mission is to provide aid to refugees and welfare recipients in the San Diego, California, area. The organizations services encompass daily living assistance, education support, job training and placement, and community outreach services. AAA is supported primarily by various governmental grants, subcontracting with other nonprofits, and interpretation/translation services.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Depreciation

Land, buildings and equipment are reported in the statement of financial position at cost, if purchased, and at estimated fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of \$1,000 or more and a useful life, when acquired, of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows (See note 4):

Buildings and improvements	10-40 years
Leasehold improvements	15 years, or remaining lease Term, if shorter
Furniture and Equipment	3-10 years
Equipment used under capital Leases	5-7 years
Vehicles	5-10 years

B. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

C. Contributed Services

AAA receives a substantial number of donated services in carrying out its objectives. No amounts have been reflected in the financial statements for those services because the criteria for recognition were not met.

See Accompanying Auditor's Report

**ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. Accounting Method

The accompanying financial statements have been prepared using the accrual method of accounting, which reflects revenues and expenditures in the accounts in the period in which they are considered earned and incurred. Donations and pledges are recognized when the donor or grantor makes an unconditional promise to give to the organization. The significant accounting and reporting policies followed are described below to enhance the usefulness of the financial statements to the reader:

Functional Allocation of Expenses – the costs of providing program services and the general administrative activities of AAA have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fund Accounting – AAA receives a significant portion of its revenue in the form of restricted contracts and grants for program operations. To ensure observance of limitations and restrictions placed on the use of resources available to AAA, accounts are maintained in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund.

General and Management Fund – this fund is used to account for all resources over which the governing board has discretionary control to use in carrying on the general operations of the organization. Contributions and activities for general purposes are all accounted for in this fund.

E. Display of Net Assets by Class

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Without Donor Restrictions (General and Administrative Fund) – This fund is used to account for all resources over which the governing board has discretionary control to use in carrying on the general operations of the organization. Contributions and activities for general purposes are all accounted for in this fund.

With Donor Restrictions – This fund represents resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use.

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions.

NOTE 3: RENTAL INCOME

AAA owns a 12,050 square-foot commercial building and an accompanying 1,278 square-foot house. The commercial building houses the administrative offices of the agency as well as the office of many of the programs it administers. The house is rented to an unrelated party to supplement the income of the agency. Rental income for the house amounted to \$30,500, during the current period.

Additionally, the agency rents out space for weekly meetings to an unrelated party. Meeting space rental income totaled \$9,600.

AAA also charged unrelated parties \$48,000 to store equipment on the premises during the year ended June 30, 2023.

NOTE 4: PROPERTY AND EQUIPMENT

Following is a summary of property and equipment at June 30, 2023:

Land	\$ 662,956
Building and Improvement	3,838,556
Construction in Process	22,240
Furniture and Equipment	165,780
Automobiles	<u>468,905</u>
 Total Property and Equipment	 5,158,437
Accumulated Depreciation	<u>(977,598)</u>
 Net Property and Equipment	 <u>\$4,180,839</u>

See Accompanying Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking accounts, demand deposits, interest-bearing time deposits, money market accounts and certificates of deposits with maturity dates up to 180 days. Cash and cash equivalents at June 30, 2023, includes \$253,820 in money market accounts.

NOTE 6: RECEIVABLES

Grants and contracts receivable (before the \$2,000 allowance for doubtful accounts) consist of the following:

San Diego Hunger Coalition	\$ 34,117
State of California	280,269
VITA Program	19,570
Haines Solar Cooker, LLC	24,224
Oceanside Unified	7,044
SDCOE	22,487
Community Health Group	98,667
ECDC	677,225
Self Help for the Elderly	41,599
St. Paul's – PACE	119,515
Cajon Valley Union	16,725
UPAC	38,757
San Diego Unified School District	234,715
CDBG – Micro Enterprise	37,854
The Preuss School	7,349
Jewish Family Services	30,225
UCSD Medical Center	16,371
Other	<u>82,390</u>
Total	<u>\$1,789,103</u>

NOTE 7: LINES-OF-CREDIT

At June 30, 2023, the agency had available the following lines-of-credit:

Wells Fargo Bank has granted the agency a \$150,000 operating line-of-credit. The agreement is a variable rate monthly interest payment plan at prime plus 1.75% with a current annual interest rate of 5.00%. The account is renewable annually. At June 30, 2023, the credit-line was not being utilized.

**ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8: RELATED PARTY TRANSCATIONS

AAA provides space for medical facilities to Alliance Health Clinic, Inc., a related organization. The estimated value of the space is \$36,000, annually. AAA has elected to waive charging for the space costs until the financial condition of the clinic improves.

NOTE 9: CONTINGENCIES

Financial awards from governmental entities in the form of grants are subject to audit. Such audits could result in claims against AAA for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such an audit since the amount, if any, cannot be determined at this date.

NOTE 10: MORTGAGE PAYABLE

At June 30, 2023, AAA had the following mortgage outstanding:

Note payable – First Republic Bank, Starting June 2, 2022, secured by deed of trust, with monthly Principal and interest payments of \$3,232, including interest at 3.75% per year. The loan has a maturity date of June 2, 2032. A final Balloon payment of approximately \$436,563 is due at Maturity. \$606,558

Note payable – First Republic Bank, Starting June 2, 2022, secured by deed of trust, due June 2, 2032, with monthly principal and interest payments of \$3,620, with interest at 3.75% per year. A final balloon payment of approximately \$491,803 is due at maturity. 682,878

Total mortgage payable 1,289,436

Less: unamortized debt issuance costs (33,504)

Total mortgage payable, net of unamortized debt issuance costs \$1,255,932

Following is a summary of mandatory long-term debt payments for each of the next five years:

2024	\$ 34,546
2025	35,864
2026	37,232
2027	38,653
2028	40,128
Thereafter	<u>1,103,013</u>

Total \$ 1,289,436

See Accompanying Auditor's Report

**ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11: ADVERTISING

General advertising costs are expensed when incurred. Event advertising is expensed as of the date of the event.

NOTE 12: ACCRUED VACATION

AAA accrues vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation days. Employees are not reimbursed for unused sick leave.

The cost of accumulated vacation pays, which is to be paid from currently available resources, is recorded as an expenditure of the current period.

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 26, 2024, the date on which the financial statements were available to be issued.

NOTE 14: FACILITY LEASE

During the year, the agency leased three facilities, on a month-to-month basis. The agency has a month-to-month lease on the facility housing its thrift store. Under the agreement the company will pay \$5,800 - \$6,365 per month, including common area costs. Lease expenses on this facility totaled \$66,060 during the current period. The second location (131 Avocado Ave., El Cajon) is an office suite used for client meetings. The company currently pays \$199 per month, plus common area charges. Lease expenses on this location totaled \$2,391. The third location is an office suite (5875 El Cajon Blvd., San Diego) used to house the employees of new and temporary programs. Under the twelve-month (month-to-month) agreement, the agency pays \$1,695 per month plus a prorated portion of the cost of utilities. Lease expenses on this location totaled \$20,114.

NOTE 15: TAX UNCERTAINTIES

The agency's policy is to record interest expense and penalties in operating expenses. For the year ended June 30, 2023, \$1,081 in interest and penalties expense was recorded.

The agency's federal and state tax returns are open for examination for the years 2020, 2021, and 2022.

AAA is receiving rent from two properties. The rentals generate unrelated business income which is subject to income taxes. During the period, the agency paid \$11,643 (federal) and \$5,214 (state) in unrelated business income taxes related to the 2021 tax period.

See Accompanying Auditor's Report

ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 16: RESTRICTED NET ASSETS

Net assets with donor restrictions at June 30, 2023, Consist of the following funding sources' restrictions:

Purpose restrictions, available for spending:	
CDBG – Microenterprise Technical Assistance	\$ 42,584
ECDC – Preferred Communities	11,518
State of California – AIRS	76,085
State of California – RHPP	132,039
San Diego Hunger Coalition	14,960
County of San Diego – FRS	51,358
California State Immigration Contract	<u>152,810</u>
Total Restricted Net Assets	<u>\$481,354</u>

NOTE 17: LEASES PAYABLE

The agency is leasing two new copiers under a capital lease expiring June 2024. The assets and liabilities under capital leases were recorded at the fair market value of the copiers, at the start of the lease. The copiers are being depreciated over their estimated useful life. Depreciation of the copiers is included in depreciation expense at June 30, 2023. Total depreciation for the copiers charged to expense during the fiscal year ended June 30, 2023 was \$4,158.

Following is a summary of the book value of the copiers:

Copier Costs	\$20,791
Less: Accumulated Depreciation	<u>(17,672)</u>
Net Book Value	<u>\$ 3,119</u>

Minimum future lease payments under this capital lease as of June 30, 2023, through the remainder of the leases:

2024	<u>\$ 6,695</u>
Total minimum lease payments	6,695
Less: Amount representing interest	<u>(234)</u>
Present value of net minimum lease payments	<u>\$ 6,461</u>

Residual purchase price at the end of the lease will be the fair market value of the machines at the end of the lease.

See Accompanying Auditor's Report

**ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 18: RETIREMENT PLANS

AAA sponsors a defined contribution plan. Participation in the plan is available to substantially all employees. The defined contribution plan is a 403(b) plan to which employees may contribute up to 16% of their pay fully matched by AAA. Employee contributions are invested, at the employees' direction, among a variety of investments. AAA has discretion to vary the rate of employer matching contributions. AAA contributions to the plan during the year ended June 30, 2023, were \$173,300.

AAA also has a Supplemental Executive Retirement Plan. These 401(a) plans provide select employees who satisfy certain eligibility requirements with certain benefits upon retirement. During the year ended June 30, 2023, AAA contributed \$45,912 to the plan.

AAA has an Executive Deferred Compensation plan. These 457(b) plans are an employer sponsored nonqualified plan that augments the agency's tax qualified retirement plans. Participation in this plan is limited to selected members of management. During the year, AAA expensed \$28,500 for this plan.

NOTE 19: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects AAA's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within in one year of the balance sheet date.

Cash	\$ 2,213,728
Accounts Receivable	1,787,103
Other Receivable	<u>116,937</u>
Financial assets at year-end	4,117,768
Less those unavailable for general expenditures within one year, due to:	
Contractual restrictions	<u>(566,063)</u>
Financial assets available to meet cash needs for General expenditure within one year.	<u>3,551,705</u>

AAA's working capital and cash flows are constant and it usually pays for expenses on a regular basis. AAA maintains a line of credit of \$150,000 with Wells Fargo Bank which is available at all times. AAA's sister organization, Alliance Health Clinic (AHC) which is housed in the same building is another source of liquidity. Both organizations borrow from each other as need arises.

See Accompanying Auditor's Report

**ALLIANCE FOR AFRICAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 20: CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject AAA to a concentration of credit risk consist principally of cash and cash equivalents.

AAA maintains cash balances with multiple financial institutions. Cash accounts are federally insured by the Federal Deposit Insurance Corporation, currently, up to \$250,000. At June 30, 2023, the agency had \$1,079,923 in excess of the insured limits.

NOTE 21: CONTRIBUTED NONFINANCIAL ASSETS

For the year ending June 30, 2023, contributed nonfinancial assets recognized within the statement of activities consisted totally of clothing and household items. AAA recognized contributed nonfinancial assets within revenue (Thrift Store Sales). Contributed nonfinancial assets did not have any donor-imposed restrictions. A majority of the contributed nonfinancial assets were utilized by the agency's various resettlement programs. AAA arrived at the fair value of the clothing and household items on the basis of estimated sale prices of similar items at other local San Diego resale stores.

NOTE 22: ADOPTION OF ASC 842 LEASE ACCOUNTING

While AAA has elected to adopt the accounting standards of ASC 842, they currently have no leases that are required to comply with the new standards. At the commencement date, the thrift store building was on a twelve-month (month-to-month) lease. At the conclusion of the lease, AAA plans to move the thrift store to their newly renovated building. The lease office suite is also on a twelve-month (month-to-month) lease. At the commencement date, AAA was not reasonably certain that it would extend the lease. The extension of the lease is based on the life of their temporary programs. These two leases are viewed as operating leases.

AAA believes the non-adoption of ASC 842 relative to the leases of their small equipment is not material. The copiers will continue to be reflected under the old capital lease standards for the remainder of the leases. In the future, small equipment with a present lease value of \$20,000 or more, at their commencement date, will be recorded under the new standards.