

DIASPORIC VIETNAMESE ARTISTS NETWORK

**FINANCIAL STATEMENTS
AND
ACCOUNTANTS' REPORT**

JUNE 30, 2022

DIASPORIC VIETNAMESE ARTISTS NETWORK

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To: The Board of Directors of
Diasporic Vietnamese Artists Network

We have reviewed the accompanying statement of financial position of Diasporic Vietnamese Artists Network, a not-for-profit organization, as of June 30, 2022, and the related statements of activities, expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Diasporic Vietnamese Artists Network and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

New York, NY
March 15, 2023

Skody Scot & Company, CPAs, P.C.

DIASPORIC VIETNAMESE ARTISTS NETWORK
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

| | |
|--------------------------------------|-------------------|
| Cash | \$ 74,660 |
| Investments restricted for endowment | 238,145 |
| Total assets | <u>\$ 312,805</u> |

LIABILITIES AND NET ASSETS

| | |
|---------------------------------------|-------------------|
| Liabilities: | |
| Accounts payable and accrued expenses | \$ 29,379 |
| Total liabilities | <u>29,379</u> |
| Net Assets: | |
| Without donor restrictions | 45,281 |
| With donor restrictions | 238,145 |
| Total net assets | <u>283,426</u> |
| Total liabilities and net assets | <u>\$ 312,805</u> |

**See independent accountants' review report
and accompanying notes.**

**DIASPORIC VIETNAMESE ARTISTS NETWORK
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

Support and Revenues:

| | |
|----------------------------|-----------|
| Contributions | \$ 78,494 |
| Contributed services | 34,000 |
| Total support and revenues | 112,494 |

Expenses:

| | |
|------------------------|--------|
| Program services | 57,307 |
| Management and general | 4,437 |
| Fundraising | 5,469 |
| Total expenses | 67,213 |

| | |
|--|--------|
| Increase in net assets - operating | 45,281 |
| Net assets without donor restrictions, beginning of year | - |
| Net assets without donor restrictions, end of year | 45,281 |

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Support and Revenues:

| | |
|---------------------------|----------|
| Contributions - endowment | 250,000 |
| Investment loss | (11,855) |
| | 238,145 |

| | |
|---|------------|
| Increase in net assets - nonoperating | 238,145 |
| Net assets with donor restrictions, beginning of year | - |
| Net assets with donor restrictions, end of year | 238,145 |
| Net assets, end of year | \$ 283,426 |

**See independent accountants' review report
and accompanying notes.**

**DIASPORIC VIETNAMESE ARTISTS NETWORK
STATEMENT OF EXPENSES
YEAR ENDED JUNE 30, 2022**

| | <u>Program</u> | <u>Supporting Services</u> | | <u>Total Expenses</u> |
|----------------------------------|----------------------------|-----------------------------------|--------------------|---------------------------|
| | <u>General Program</u> | <u>Management and General</u> | <u>Fundraising</u> | |
| Consultants and outside services | \$ 53,527 | \$ 4,303 | \$ 5,469 | \$ 63,299 |
| Memberships and subscriptions | 3,780 | - | - | 3,780 |
| Office supplies and expenses | - | 134 | - | 134 |
| Total expenses | <u>\$ 57,307</u> | <u>\$ 4,437</u> | <u>\$ 5,469</u> | <u>\$ 67,213</u> |

**See independent accountants' review report
and accompanying notes.**

**DIASPORIC VIETNAMESE ARTISTS NETWORK
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

| | |
|---|------------------|
| Cash flows from operating activities: | |
| Increase in net assets | \$ 283,426 |
| Adjustments for non-cash items included in operating activities: | |
| (Gain)/loss on investments | 11,855 |
| Changes in assets and liabilities: | |
| Increase (decrease) in liabilities: | |
| Accounts payable and accrued expenses | 29,379 |
| Net cash provided by operating activities | <u>324,660</u> |
| Cash flows from investing activities: | |
| Proceeds from sale of investments | 200,000 |
| Purchases of investments | (450,000) |
| Net cash used in investing activities | <u>(250,000)</u> |
| Cash flows from financing activities | <u>-</u> |
| Net increase in cash | 74,660 |
| Cash at beginning of year | <u>-</u> |
| Cash at end of year | <u>\$ 74,660</u> |

**See independent accountants' review report
and accompanying notes.**

DIASPORIC VIETNAMESE ARTISTS NETWORK NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The Organization

Diasporic Vietnamese Artists Network (Organization), a not-for-profit organization, was incorporated in the State of California on February 19, 2021. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements contain any uncertain tax positions. The Organization primarily receives its support from contributions and grants from foundations and individuals.

The primary purpose of the Organization is to celebrate and foster diasporic Vietnamese literary voices. The Organization promotes nonfiction, fiction, and poetry to empower Vietnamese artists in the Vietnamese diaspora to inspire understanding and dialogue within the community.

Basis of Accounting

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates

Management uses estimates and assumptions in preparing the 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.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged to program and supporting services based upon direct charges for those items specifically identified with the respective functions or an allocation utilizing a reasonable method. Certain components of consultants and outside contractors as well as memberships and subscriptions were allocated evenly over the programs benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**DIASPORIC VIETNAMESE ARTISTS NETWORK
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments

All marketable debt and equity securities, mutual funds and exchange traded funds are measured at fair value on a recurring basis and are reported at their fair values as of June 30, 2022, in the statement of financial position. The Organization initially records the investments at the cost basis as of the date of purchase and thereafter carries such investments at current fair values.

Investment securities are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in value of investments, it is at least possible that changes in risks in the near term could materially affect investment balances reported on the statement of financial position.

Net Assets

Net assets, revenue, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This classification includes net assets designated by the board or management for a specified purpose.

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

**DIASPORIC VIETNAMESE ARTISTS NETWORK
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Organization recognizes contributions when cash, noncash assets or unconditional promises to give are received. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to meeting these conditions are recorded as refundable advances. At June 30, 2022 the Organization did not have any conditional pledges that were not recognized.

Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for a purpose are reported as support with donor restrictions and increases in net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as support without restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Investment income (interest and dividends) is recognized as revenue in the period earned, and gains and losses (realized and unrealized) are recognized in the period they occur.

Note 2 - Concentrations

The Organization maintains its checking account with a major financial institution. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. At times, the balance of the account may have exceeded the insurance limits during the year ended June 30, 2022.

Note 3 - Investments

Investments and investment loss consisted of the following at June 30, 2022:

| | <u>Fair Value</u> | <u>Cost</u> | <u>Gain/(Loss)</u> |
|---------------------------------|-------------------|-------------------|--------------------|
| Government Money Market Funds | \$ 51,563 | \$ 50,000 | \$ 1,563 |
| Equity Exchange Traded Products | 186,582 | 200,000 | (13,418) |
| Total investments | <u>\$ 238,145</u> | <u>\$ 250,000</u> | <u>\$ (11,855)</u> |

DIASPORIC VIETNAMESE ARTISTS NETWORK
NOTES TO FINANCIAL STATEMENTS

Note 4 - Fair Value Measurement of Investments

The Financial Accounting Standards Board (FASB) requires enhanced disclosures about investments that are measured and reported at fair value. FASB establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1: Investments falling within Level 1 of the fair value hierarchy are valued using inputs based upon quoted prices in active markets for identical investments. Investments that are typically included in Level 1 are listed equity securities, publicly traded mutual funds, and exchange traded funds.

Level 2: Investments falling within Level 2 of the fair value hierarchy are valued using significant observable inputs other than prices quoted in active markets or unobservable inputs that are corroborated by market data. Examples of Level 2 inputs are model-driven prices, quoted prices for similar investments in active markets, and quoted prices for identical or similar investments in inactive markets. Investments that are typically included in Level 2 are municipal bonds, corporate bonds, and government debt securities.

Level 3: Investments falling within Level 3 of the fair value hierarchy are valued using methodology that is unobservable and significant to the fair value measurement. Level 3 inputs require significant management judgment or estimation. Investments that are typically included in this category are investments in limited partnerships, and investments in private companies or unregistered securities.

The investment'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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization's investments, using the above fair value hierarchy levels, are all classified as Level 1 as of June 30, 2022.

DIASPORIC VIETNAMESE ARTISTS NETWORK
NOTES TO FINANCIAL STATEMENTS

Note 5 - Endowment

The Organization's endowment is comprised of one donor-restricted fund (Fund) which was established in furtherance of the Organization's mission. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization uses the California Prudent Management of Institutional Funds Act (CAPMIFA) in managing the Organization's endowment. As such, the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds is required, absent explicit donor stipulations to the contrary. The Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. When amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by CAPMIFA, the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions. In accordance with CAPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted 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 the investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets with the objective of preserving the long-term real purchasing power of assets while providing a stream of annual distributions to the Organization.

Endowment assets are invested in money market funds and equity exchange traded products. This asset mix is intended to accomplish the investment goal of conservative principal protection with long term growth while achieving income results that provide revenue useful to furthering the Organization's mission and the purpose of the Fund. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed in order to not expose the Fund to unacceptable levels of risk.

Spending Policy. The Organization shall use a total-return-based spending policy, meaning that it will fund distributions for program purposes from net investment income, net realized capital gains and proceeds from sale of investments. The authorized spending rate should average approximately 5% of the applicable market value of the endowment.

**DIASPORIC VIETNAMESE ARTISTS NETWORK
NOTES TO FINANCIAL STATEMENTS**

Note 5 - Endowment (Continued)

Endowment net assets are classified as with restriction as of June 30, 2022. Changes in endowment net assets for the year ended June 30, 2022, are as follows:

| | |
|---|-------------------|
| Endowment net assets, beginning of the year | \$ - |
| Contributions | 250,000 |
| Investment loss | <u>(11,855)</u> |
| Endowment net assets, beginning of the year | <u>\$ 238,145</u> |

Note 6 - Contributed Services

Significant services were donated to the Organization which meet the criteria for being recognized as contributions in accordance with US GAAP. Amounts are recorded at their estimated fair market values at the date of donation using published rates and prices.

Total contributions in-kind reported on the accompanying statement of activities for the year ended June 30, 2022 amounted to \$34,000 and consisted of support services for management in the areas of program development, program execution and program budgets. The Organization valued the services at a rate similar to those that the Organization would have been required to pay if they had purchased the services.

Note 7 - Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers most expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets, as of June 30, 2022, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

| | |
|--|------------------|
| Financial assets: | |
| Cash | \$ 74,660 |
| Investments restricted for endowment | <u>238,145</u> |
| Total financial assets | 312,805 |
| Less those unavailable for general expenditures within one year: | |
| Investment restricted for endowments | <u>(238,145)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 74,660</u> |

**DIASPORIC VIETNAMESE ARTISTS NETWORK
NOTES TO FINANCIAL STATEMENTS**

Note 8 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through March 15, 2023 which is the date the financial statements were available to be issued.