

Chinese American Service League, Inc.

Financial Statements
and Independent Auditor's Report

June 30, 2021 and 2020



CHINESE AMERICAN SERVICE LEAGUE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Chinese American Service League, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Chinese American Service League, Inc. which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial statement of Chinese American Service League, Inc. as of June 30, 2021 and 2020, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2021, on our consideration of Chinese American Service League, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Chinese American Service League, Inc.'s internal control over financial reporting and compliance.

FGMK, LLC

Bannockburn, Illinois
December 22, 2021

CHINESE AMERICAN SERVICE LEAGUE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash	\$ 7,507,270	\$ 7,611,791
Contract receivables, net	3,196,803	2,110,703
Pledge receivables, net	230,870	54,207
Other current assets	<u>124,769</u>	<u>208,979</u>
	11,059,712	9,985,680
PROPERTY AND EQUIPMENT, NET	3,804,872	3,833,380
OTHER ASSETS		
Investments	<u>340,746</u>	<u>322,414</u>
	<u>\$ 15,205,330</u>	<u>\$ 14,141,474</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Current portion of notes payable	\$ 117,169	\$ 900,512
Accounts payable	137,974	183,405
Accrued payroll	1,131,054	967,195
Accrued liabilities	<u>785,585</u>	<u>916,355</u>
	<u>2,171,782</u>	<u>2,967,467</u>
LONG-TERM LIABILITIES		
Notes payable, net of current portion	2,218,352	3,566,489
Interest swap liability	<u>51,836</u>	<u>90,231</u>
	<u>2,270,188</u>	<u>3,656,720</u>
	<u>4,441,970</u>	<u>6,624,187</u>
NET ASSETS		
Without donor restrictions		
Undesignated	9,547,399	6,661,399
Board designated	580,012	577,286
With donor restrictions	<u>635,949</u>	<u>278,602</u>
	<u>10,763,360</u>	<u>7,517,287</u>
	<u>\$ 15,205,330</u>	<u>\$ 14,141,474</u>

The accompanying notes are an integral part of these statements.

CHINESE AMERICAN SERVICE LEAGUE, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Governmental contracts	\$ 4,880,859	\$ -	\$ 4,880,859	\$ 4,296,325	\$ -	\$ 4,296,325
Governmental grants	2,592,669	-	2,592,669	2,586,317	-	2,586,317
Contributions:						
Individuals and corporate	333,917	322,731	656,648	200,701	6,400	207,101
Foundations	17,500	966,854	984,354	51,203	828,000	879,203
United Way of Chicago	-	101,747	101,747	76,060	-	76,060
Special events, net of (\$0 and \$41,776 for the years ended June 30, 2021 and 2020, respectively)	288,804	-	288,804	153,787	-	153,787
Long-term care service fees	7,286,656	-	7,286,656	6,145,525	-	6,145,525
Program service fees and other	889,853	6,606	896,459	383,465	2,240	385,705
Paycheck Protection Program loan and interest forgiveness	2,036,803	-	2,036,803	-	-	-
Release from restrictions	1,040,591	(1,040,591)	-	853,494	(853,494)	-
	<u>19,367,652</u>	<u>357,347</u>	<u>19,724,999</u>	<u>14,746,877</u>	<u>(16,854)</u>	<u>14,730,023</u>
EXPENSES						
Program services	15,151,493	-	15,151,493	13,308,029	-	13,308,029
Management and general	541,624	-	541,624	635,020	-	635,020
Fundraising	785,809	-	785,809	710,160	-	710,160
	<u>16,478,926</u>	<u>-</u>	<u>16,478,926</u>	<u>14,653,209</u>	<u>-</u>	<u>14,653,209</u>
CHANGE IN NET ASSETS	2,888,726	357,347	3,246,073	93,668	(16,854)	76,814
NET ASSETS, BEGINNING OF YEAR	<u>7,238,685</u>	<u>278,602</u>	<u>7,517,287</u>	<u>7,145,017</u>	<u>295,456</u>	<u>7,440,473</u>
NET ASSETS, END OF YEAR	<u>\$ 10,127,411</u>	<u>\$ 635,949</u>	<u>\$ 10,763,360</u>	<u>\$ 7,238,685</u>	<u>\$ 278,602</u>	<u>\$ 7,517,287</u>

The accompanying notes are an integral part of these statements.

CHINESE AMERICAN SERVICE LEAGUE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	2021						Management and General	Fundraising	Total
	Program					Total Program Expenses			
	Senior Wellness & Independence	Children & Youth Development	Employment & Financial Empowerment	Community & Family Well-Being	Other Programs				
Salaries and related expenses	\$ 8,200,714	\$ 1,364,699	\$ 884,834	\$ 733,001	\$ 76,099	\$ 11,259,347	\$ 107,429	\$ 470,690	\$ 11,837,466
Health insurance and retirement	379,774	170,072	93,830	91,085	9,358	744,119	8,281	58,687	811,087
Payroll taxes and insurance	804,518	137,663	82,202	73,856	7,753	1,105,992	234	47,504	1,153,730
Total salaries and related benefits	9,385,006	1,672,434	1,060,866	897,942	93,210	13,109,458	115,944	576,881	13,802,283
Professional fees	213,463	79,327	44,430	25,155	2,039	364,414	126,636	74,742	565,792
Supplies	89,972	105,830	297,945	13,790	1,338	508,875	45,782	4,594	559,251
Software	8,256	9,339	8,202	5,976	363	32,136	77,494	34,023	143,653
Interest and fees	21,736	32,948	14,919	9,314	375	79,292	26,858	3,352	109,502
Telephone	53,141	22,552	11,304	10,002	1,520	98,519	5,665	6,428	110,612
Postage and shipping	1,535	1,853	842	713	85	5,028	873	671	6,572
Utilities	23,208	42,198	18,990	9,493	-	93,889	8,408	3,165	105,462
Repairs and maintenance	30,028	47,934	25,735	11,605	184	115,486	9,934	3,990	129,410
Property and liability insurance	18,636	22,492	11,080	8,354	641	61,203	642	3,213	65,058
Printing	15,990	4,919	9,291	12,968	653	43,821	6,850	2,939	53,610
Local transportation	33,291	213	21,797	130	-	55,431	740	21	56,192
Conferences, conventions, meetings and travel	20,376	3,784	16,455	3,352	8	43,975	12,432	38,313	94,720
Other	29,273	11,661	26,443	5,998	214	73,589	49,812	11,742	135,143
Bad debt	200,082	-	-	-	-	200,082	780	14,000	214,862
Depreciation and amortization	75,136	103,130	64,824	23,205	-	266,295	52,774	7,735	326,804
Total expenses	\$ 10,219,129	\$ 2,160,614	\$ 1,633,123	\$ 1,037,997	\$ 100,630	\$ 15,151,493	\$ 541,624	\$ 785,809	\$ 16,478,926

The accompanying notes are an integral part of these statements.

CHINESE AMERICAN SERVICE LEAGUE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	2020						Management and General	Fundraising	Total
	Program					Total Program Expenses			
	Senior Wellness & Independence	Children & Youth Development	Employment & Financial Empowerment	Community & Family Well-Being	Other Programs				
Salaries and related expenses	\$ 6,915,594	\$ 1,249,267	\$ 1,061,130	\$ 599,011	\$ -	\$ 9,825,002	\$ 113,682	\$ 523,565	\$ 10,462,249
Health insurance and retirement	400,107	177,502	94,700	85,113	-	757,422	1,909	74,391	833,722
Payroll taxes and insurance	618,008	110,218	92,911	52,987	-	874,124	2,804	46,192	923,120
Total salaries and related benefits	7,933,709	1,536,987	1,248,741	737,111	-	11,456,548	118,395	644,148	12,219,091
Professional fees	112,181	72,954	55,873	27,737	-	268,745	113,343	8,034	390,122
Supplies	72,042	100,211	104,768	12,062	-	289,083	56,122	9,450	354,655
Software	95	-	-	307	-	402	94,309	1,398	96,109
Interest and fees	21,641	38,444	17,444	8,718	-	86,247	7,753	2,907	96,907
Telephone	42,627	11,241	5,693	6,314	-	65,875	3,813	3,845	73,533
Postage and shipping	2,697	3,158	1,548	1,275	-	8,678	117	963	9,758
Utilities	24,655	43,761	19,862	9,933	-	98,211	8,827	3,310	110,348
Repairs and maintenance	24,197	80,179	19,191	9,014	-	132,581	9,928	3,009	145,518
Property and liability insurance	16,596	19,574	9,843	7,908	-	53,921	565	2,826	57,312
Printing	16,168	5,085	9,037	19,278	-	49,568	8,256	3,673	61,497
Local transportation	40,570	10,590	1,489	475	-	53,124	2,862	606	56,592
Conferences, conventions, meetings and travel	20,027	24,150	30,481	4,358	-	79,016	112,841	2,140	193,997
Other	17,133	12,554	10,375	5,435	-	45,497	46,380	14,553	106,430
Bad Debt	369,030	-	-	-	-	369,030	-	-	369,030
Depreciation and amortization	65,705	108,821	49,538	27,439	-	251,503	51,509	9,298	312,310
	8,779,073	2,067,709	1,583,883	877,364	-	13,308,029	635,020	710,160	14,653,209
Rent and facility costs	-	-	-	-	-	-	-	2,090	2,090
Food and beverages	-	-	-	-	-	-	-	24,883	24,883
Entertainment	-	-	-	-	-	-	-	6,204	6,204
Other direct costs	-	-	-	-	-	-	-	8,599	8,599
Total special event expenses	-	-	-	-	-	-	-	41,776	41,776
Total expenses	\$ 8,779,073	\$ 2,067,709	\$ 1,583,883	\$ 877,364	\$ -	\$ 13,308,029	\$ 635,020	\$ 751,936	\$ 14,694,985

The accompanying notes are an integral part of these statements.

CHINESE AMERICAN SERVICE LEAGUE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,246,073	\$ 76,814
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in allowance for doubtful accounts	(81,188)	-
Net realized and unrealized gain on investments	(18,332)	(26,295)
Change in fair value of interest rate swap	(38,395)	90,231
Depreciation and amortization	326,804	312,310
Gain from Paycheck Protection Program loan and interest forgiveness	(2,036,803)	-
Changes in operating assets and liabilities:		
Contract receivables	(1,018,912)	(130,795)
Pledge receivables	(162,663)	69,895
Other assets	84,210	2,236
Accounts payable	(45,431)	76,524
Other liabilities	55,582	138,447
	<u>310,945</u>	<u>609,367</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	-	1,029,087
Purchases of property and equipment	(298,296)	(200,240)
	<u>(298,296)</u>	<u>828,847</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	-	2,014,311
Principal payments on notes payable	(117,170)	(117,170)
	<u>(117,170)</u>	<u>1,897,141</u>
NET CHANGE IN CASH	(104,521)	3,335,355
CASH - BEGINNING OF YEAR	<u>7,611,791</u>	<u>4,276,436</u>
CASH - END OF YEAR	<u>\$ 7,507,270</u>	<u>\$ 7,611,791</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 109,502</u>	<u>\$ 96,907</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES		
Accrued interest forgiven	<u>\$ 22,493</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

CHINESE AMERICAN SERVICE LEAGUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION

Chinese American Service League, Inc. (“CASL” or “Agency”), an Illinois corporation, was incorporated in 1978 as a not-for-profit community-based social service agency for the purpose of strengthening the physical, economic, and mental health of people of all ages and backgrounds of the Chinese community in the greater Chicago area. This is achieved through comprehensive program activities that:

- Lead to family economic self-sufficiency
- Strengthen families
- Ease the cultural transitions of individuals and families as they integrate into American society
- Engage in advocacy to achieve positive social systemic change

CASL is a critical anchor for the greater Chicago Chinese community delivering impactful programs and services that preserve and nurture the connection that current and future generations have to their Chinese culture and heritage. Supported by CASL, our community members will live prosperous and empowered lives integrating the best of Chinese and American cultures.

The Agency provides services through the following major departments and programs:

Senior Wellness and Independence: CASL impacts the mental and physical health of community seniors, engaging them to live healthy, happy, independent and engaged lives through Adult Day Services, Senior Homecare Services and the Pine Tree Senior Council.

Children and Youth Development: CASL impacts children through an enriching multilingual environment that provides them with the skills to succeed at school while supporting families and their efforts to transition into American culture. Programming includes children 0 to 18 years old.

Employment and Financial Empowerment: CASL strengthens the community as a whole by enriching the economic power of its clients who contribute to it. When their financial needs are met, they are able to become highly productive members of society and are able to thrive. Programming includes Adult Employment, Culinary Training, Senior Employment and Housing and Financial Education.

Community and Family Well-being: CASL impacts the stability of the community by offering foundational services that safeguard individual and family needs such as Legal Clinic, Citizenship and Immigration, Wellness and Social Services and Basic Needs and Public Services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other assets and liabilities.

Financial Statement Presentation. CASL is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without Donor Restrictions - Amounts that are currently available for use in CASL’s operations and for acquisition of property and equipment.

With Donor Restrictions - Amounts that are stipulated by donors for specific operating purposes, for use in future periods or to be maintained permanently by CASL.

(Continued)

CHINESE AMERICAN SERVICE LEAGUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from Contracts with Customers. Effective July 1, 2020, CASL adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*. Revenue is recognized when performance obligations under the terms of the contracts with customers, including government agencies on behalf of eligible individuals, are satisfied. CASL adopted FASB ASC 606 using the modified retrospective method. CASL has applied this standard to all open contracts at the effective date and all contracts entered into thereafter, while prior period amounts and disclosures are not adjusted and continue to be reported under the accounting standards in effect for the prior period. CASL did not record a cumulative-effect adjustment to net assets for adopting FASB ASC 606 as the adjustment was immaterial to the financial statements as a whole. There was no material impact on the change in net assets in the accompanying statement of activities for the year ended June 30, 2021 from the adoption of FASB ASC 606. Revenue from contracts with customers are recognized over time and consisted of the following components for the year ended June 30, 2021:

Governmental contracts	\$ 4,880,859
Long-term care service fees	7,286,656
Program service fees and other	896,459
	<hr/>
	\$ 13,063,974

Governmental Contracts - Revenue recorded as governmental contracts are considered exchange transactions. CASL’s governmental contracts are comprised of contracts with various governmental agencies providing childcare, adult day services and in-home care for seniors. Revenues are recognized when CASL satisfies the performance obligation by transferring the promised services to the customer in an amount that reflects the consideration that CASL is entitled to receive per contracts terms with the governmental agencies.

Long-term Care Service and Program Service Fees - Fee revenues are comprised of contracts with various private and governmental agencies to provide various services such as in-home aids, child-care and counseling services. Revenues are recognized when CASL has satisfies the terms of the contract by transferring the promised services to the customer in an amount that reflects the consideration that CASL is entitled to receive per contract terms with the customer.

Practical Expedients - CASL has adopted certain practical expedients with significant items disclosed herein. CASL has elected to apply the portfolio approach practical expedient allowed to evaluate contracts with customers that share the same revenue recognition patterns as the result of evaluating them as a group will have substantially the same result as evaluating them individually.

Disaggregation of Revenue – CASL’s revenue under governmental contracts for the year ended June 30, 2021, consisted of approximately 73% of revenue from In-home care for seniors, 13% from childcare, and 14% from others. 100% of long-term care fee is for in-house aids and approximately 53% of program service fees is senior related programs and remainder is other services.

Impact on Financial Statements - Prior to the adoption of FASB ASC 606, the Organization recognized revenue from contracts with customers when persuasive evidence of an arrangement existed, delivery of services had occurred, the contract price charged was fixed or determinable, and collectability was reasonably assured.

(Continued)

CHINESE AMERICAN SERVICE LEAGUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions. Contributions are recorded as increases in net assets with donor restrictions or increases in net assets without donor restrictions, depending on the existence or nature of any donor restrictions. Contributions received with donor-imposed restrictions limiting the use of the donated assets are reported as revenue with donor restrictions. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

Governmental Grants. Revenue from governmental grants are considered contributions. CASL recognizes revenue when the conditions are met. CASL's governmental grants are comprised of grants awarded by multiple federal and state agencies totaling to \$2,592,669 and \$2,586,317 for the years ended June 30, 2021 and 2020, respectively. Any of the funders may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by CASL with the terms of the grants. Management believes that CASL is in compliance with all grants and that no amounts are due to grantors as of June 30, 2021.

Management Estimates and Assumptions. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. Future events and their effects cannot be predicted with certainty; accordingly, accounting estimates require the exercise of judgment. Accounting estimates used in the preparation of these financial statements change as new events occur, as more experience is acquired, as additional information is obtained, and the operating environment changes.

Functional Allocation of Expenses. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services on the basis of management estimates.

Cash. CASL maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. CASL has not experienced any losses in such accounts. Management believes that CASL is not exposed to any significant credit risk on cash. Cash and cash equivalents with an original maturity of ninety days or more that are considered a portion of investments are classified and reported as investments.

Contract Receivables. Contract receivables represent amounts due for various program services provided to funding agencies and others. The allowance for doubtful accounts is determined based on historical experience and analysis of specific accounts. Uncollectible amounts are charged to bad debt expense when that determination is made. The allowance for doubtful accounts was approximately \$157,200 and \$90,000 as of June 30, 2021 and 2020, respectively. Gross contract receivables were \$2,200,703 as of July 1, 2020.

Promises to Give. Contributions are recognized when a donor makes a promise to give to the Agency that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets releases from restriction. The Agency uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Investments. Investments are presented in the financial statements at fair value. Investment income, realized gains (losses), and change in unrealized gains (losses) are reflected in the statements of activities. Investments received as contributions are recorded at fair value at the date of receipt.

(Continued)

CHINESE AMERICAN SERVICE LEAGUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Concluded). CASL’s investment portfolio is subject to various risks, such as interest rate, credit and overall market volatility. Because of these risks, it is possible that changes in the fair value of investments may occur and that such changes could materially affect CASL’s financial statements.

Property and Equipment. Property and equipment are stated at cost, except for donated assets, which are recorded at fair value at the time of receipt. Additions and improvements to existing property and equipment over \$10,000 during the year are capitalized, while general maintenance and repairs are charged to expense. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets. For building and improvements, lives range from 5 to 40 years, vehicles and other, lives for 5 years, and for equipment, lives range from 3 to 10 years.

Interest Rate Swap. CASL’s interest rate swap is recognized as a liability and measured at fair value. Any change in fair value is recognized immediately in earnings. In order to present the interest expense at the fixed amount paid, the periodic settlement payments are recorded as interest expense and are included as operating expenses in the statements of activities. See Note 6 for further disclosures.

Income Taxes. CASL is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes excluding any income not related to its tax-exempt purpose. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Liquidity and Availability. The following reflects CASL’s financial assets as of the balance sheet date, reduced by amounts not available for general expenditures because of contractual and donor-imposed restrictions. As of June 30, 2021, CASL had approximately \$10,184,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures.

	<u>2021</u>
Total assets at year end	\$ 15,205,330
Less unavailable for general expenditures within one year:	
Non-financial assets	3,804,872
Assets with donor limitations	635,949
Assets with board imposed limitations	<u>580,012</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,184,497</u>

Recent Accounting Pronouncements. In February 2016, FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*. FASB issued ASU 2016-02 to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Certain qualitative and quantitative disclosures are required, as well as a retrospective recognition and measurement of impacted leases. In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Deferral of the Effective Dates for Certain Entities*, which deferred the effective date of ASU 2016-02 to annual reporting periods beginning after December 15, 2021, with early adoption permitted. Management is currently evaluating this standard.

Economic Conditions. In March 2020, government agencies announced warnings related to the Coronavirus (“COVID-19”). Any potential decline in economic activity in the U.S. and other regions of the world as a result of the virus may have an adverse impact on the Agency.

CHINESE AMERICAN SERVICE LEAGUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2021	2020
Land	\$ 449,403	\$ 449,403
Building	6,732,065	6,732,065
Building improvements	131,987	131,986
Vehicles	236,842	236,842
Furniture and equipment	161,967	208,594
Assets not placed in service	298,294	-
Other	160,740	160,740
	8,171,298	7,919,630
Less: Accumulated depreciation and amortization	4,366,426	4,086,250
	<u>\$ 3,804,872</u>	<u>\$ 3,833,380</u>

NOTE 4 – FAIR VALUE MEASUREMENTS

FASB *Accounting Standard Codification* (“ASC”) 820, *Fair Value Measurements and Disclosure*, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1.** Inputs to the valuation methodology are unadjusted quoted prices for identical assets and liabilities in active markets that CASL has the ability to access.
- Level 2.** Inputs to the valuation methodology include the following:
- Quoted prices for similar assets or liabilities in active market;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3.** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2021 and 2020.

Certificates of Deposit. Investments in certificates of deposit are estimated to approximate deposit account balances, as no discounts for credit quality or liquidity were determined to be applicable.

(Continued)

CHINESE AMERICAN SERVICE LEAGUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

Alternative Investments. Investments in hedge funds and real estate funds are reported at fair value based on net asset values (“NAV”) provided by the external investment manager as of the date of their most recent audited financial statements, adjusted for cash receipts, cash disbursements and other anticipated income or loss through CASL’s fiscal year end. The NAVs of the investment funds are determined on the accrual basis of accounting in conformity with GAAP and used as a practical expedient. The managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The fair value of CASL’s investments in investment limited partnerships generally represents the amount CASL would expect to receive if it were to liquidate its investment in the investment limited partnerships excluding any redemption charges that may apply.

Interest Rate Swap Agreement. The agreement is not traded on an exchange and is recorded at fair value based on a variety of observable inputs, including contractual terms, interest rate curves, yield curves, credit curves, measure of volatility, and correlations of such inputs. Valuation adjustments may be made in the determination of fair value, which was obtained by an independent third-party advisor. These adjustments include amounts to reflect counterparty credit quality and liquidity risk. A schedule of potential counterparty risk was also provided by an independent third-party advisor. Management’s assessment of the maximum exposure assumed the counterparty had no claims-paying ability and had not posted collateral with a third party.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although CASL believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in those instruments.

The following table summarizes investments according to the fair value hierarchy as of June 30, 2021 and 2020.

	Assets at Fair Value as of June 30, 2021				Total
	Level 1	Level 2	Level 3	NAV	
ASSETS:					
Alternative Investments:					
Investment in PEP	\$ -	\$ -	\$ -	\$ 33,281	\$ 33,281
Prudential annuity	-	-	-	307,465	307,465
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,746</u>	<u>\$ 340,746</u>
LIABILITIES:					
Interest rate swap agreement	<u>\$ -</u>	<u>\$ 51,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,836</u>

(Continued)

CHINESE AMERICAN SERVICE LEAGUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENTS (Concluded)

	Assets at Fair Value as of June 30, 2020				Total
	Level 1	Level 2	Level 3	NAV	
ASSETS:					
Alternative Investments:					
Investment in PEP	\$ -	\$ -	\$ -	\$ 26,674	\$ 26,674
Prudential annuity	-	-	-	295,740	295,740
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322,414</u>	<u>\$ 322,414</u>
LIABILITIES:					
Interest rate swap agreement	<u>\$ -</u>	<u>\$ 90,231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,231</u>

NOTE 5 – NOTES PAYABLE

Bank Note Payable. In August 2002, the Agency issued through the Illinois Development Finance Authority its secured note (“Note”) in the principal amount of \$5,000,000. The Agency obtained the Note proceeds through the issuance and sale of its Variable Rate Demand Revenue Bonds (Chinese American Service League Project) series 2002 (“Bond”). The Note proceeds were used by the Agency to finance the costs of the acquisition, construction and equipping of the Agency’s community service center.

On May 1, 2016, US Bank National Association and the Agency renewed and extended the outstanding principal balance of the Bond in the amount of \$2,929,232 to December 1, 2022. Shortly thereafter, the Agency entered into an interest rate swap agreement with US Bank through December 1, 2022, at the end of which the Bond may be remarketed. The weighted average interest rate was 3.56% and 3.87% for the years ended June 30, 2021 and 2020, respectively. The outstanding Note balance was \$2,335,521 and \$2,452,691 as of June 30, 2021 and 2020, respectively.

Interest paid on the Note amounted to \$109,502 and \$96,907 for the years ended June 30, 2021 and 2020, respectively. The Agency may not incur any indebtedness other than as specifically permitted in the Agreement. The Note is secured by the Agency’s land and building, improvements, equipment and fixtures, and certain rights, interests, and judgement as defined in a Mortgage and Security Agreement between the Agency and US Bank.

PPP Loan. On May 4, 2020, the Agency received loan proceeds in the amount of \$2,014,310 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The PPP loan was forgiven in 2021 and has been recorded as a gain from forgiveness in the statement of activities for the year ended June 30, 2021.

NOTE 6 – INTEREST RATE SWAP

CASL entered into an interest rate swap agreement, which is considered a derivative financial instrument. CASL does not utilize interest rate swap or other similar financial instruments for trading or other speculative purposes. The counterparty for these swap agreements is US Bank, a major financial institution with which CASL also has other financial relationships.

(Continued)

CHINESE AMERICAN SERVICE LEAGUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – INTEREST RATE SWAP (Concluded)

The principal objective of the swap agreement is to minimize the risks associated with financing activities by reducing the impact of changes in interest rates on floating rate debt. The swap agreement is a contract to exchange fixed interest payments for the floating rate interest received over the life of the swap agreement without the exchange of the underlying notional amounts.

The agreement limits the interest rate exposure to 1.650% on a notional amount of \$3,368,689 and expires on December 1, 2022. CASL is exposed to credit loss in the event of nonperformance with the interest rate swap agreements; however, CASL does not anticipate any nonperformance.

NOTE 7 – LINE OF CREDIT

The Agency has a \$1,000,000 line of credit agreement with US Bank maturing on December 29, 2021. Borrowing under the line bears interest at 30 day LIBOR plus 2% (2.09% at June 30, 2021). There was no outstanding balance on this line of credit as of June 30, 2021 and 2020.

NOTE 8 – PLEDGE RECEIVABLES

Unconditional promises to give consisted of the following as of June 30:

	2021	2020
Unrestricted promises	\$ 247,635	\$ 54,207
Less: Unamortized discount	(2,765)	-
Less: Allowance for doubtful accounts	(14,000)	-
	<u>\$ 230,870</u>	<u>\$ 54,207</u>
Amount due in		
Less than one year	\$ 83,370	\$ 54,207
One to four years	147,500	-
	<u>\$ 230,870</u>	<u>\$ 54,207</u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of daily treasury yield plus one percent, averaging approximately 3%, when the donor makes an unconditional promise to give to the Agency.

NOTE 9 – EXCESS PAYMENT LIABILITIES

In the course of providing services to its clients and being paid for those services by the respective State agencies and managed care organizations, at times CASL is inadvertently overpaid for its programs. CASL recognizes these overpayments as liabilities and works with the respective organizations to resolve the discrepancies. Approximately \$580,000 and \$758,000 of potential overpayments from State agencies and managed care organizations was included in accrued liabilities as of June 30, 2021 and 2020, respectively.

CHINESE AMERICAN SERVICE LEAGUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – RETIREMENT PLAN

The Agency has a defined-contribution retirement plan which covers all eligible employees. Employer contributes a 3% Safe Harbor Non-Elective contribution. In addition, the Agency can make discretionary matching and also non-matching contributions for eligible employees with the rates to be determined by the Board of Directors each year. Contributions to this plan were \$208,608 and \$196,815 for the years ended June 30, 2021 and 2020, respectively.

In December 2016, the Agency established a Non-Qualified Deferred Compensation Plan (“NQDC”) for the benefit of the retiring President who had served the Agency since inception. The benefit became vested on the day the NQDC was established. Under the NQDC, the Agency would make quarterly payments of \$12,500 each beginning on April 1, 2017 with a final payment on January 1, 2022 totaling \$250,000. In addition, the Agency purchased an annuity in the amount of \$250,000 for the benefit of the retiring President with annuity payments scheduled to begin April 1, 2022. The Agency set up a reserve against its net asset for the benefit under the NQDC with expenses recognized as payments are made and the reserve reduced accordingly. \$50,000 of contributions were made to this plan for the years ended June 30, 2021 and 2020, respectively.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Subject to expenditure for specified purpose	\$ 379,657	\$ 241,150
Subject to the passage of time and specified purpose	965	10,965
Not subject to spending policy and appropriation	255,327	26,487
	\$ 635,949	\$ 278,602

NOTE 12 – CONCENTRATIONS

For the year ended June 30, 2021, approximately 20% of revenue and 25% of contracts receivables were for the Illinois Department on Aging and approximately 38% of revenue and 50% of contracts receivables were from Managed Care Organizations.

For the year ended June 30, 2020, approximately 24% of revenue and 23% of contracts receivable were related to the Illinois Department of Aging and approximately 42% of revenue and 50% of contracts receivable were related to Managed Care Organizations.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated all known subsequent events from June 30, 2021 through December 22, 2021, the date the accompanying financial statements were available to be issued, and is not aware of any material subsequent events occurring during this period that have not been disclosed in the notes to the financial statements.

SUPPLEMENTARY INFORMATION

CHINESE AMERICAN SERVICE LEAGUE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

Federal Grantor	Annual Contribution Contract #	Program or Award CFDA#	Federal Awards Expended
U.S. Department of Homeland Security			
Citizenship and Integration Direct Services Grant	18CICET00060-01-00	97.010	\$ 23,945
Citizenship and Integration Direct Services Grant	20CICET00137-01-00	97.010	76,098
			100,043
Total U.S. Department of Homeland Security			
U.S. Department of Agriculture			
Pass through programs from			
Illinois Department of Human Services to			
Illinois Coalition for Immigrant and Refugee Rights			
SNAP Initiative		10.561	35,000
WIC Collaborative		10.557	10,000
Illinois State Board of Education			
Child and Adult Care Food Program	15016575P00	10.558	25,875
Illinois Department on Aging			
Child and Adult Care Food Program	SDA 1212011	10.558	73,389
			144,264
Total U.S. Department of Agriculture			
U.S. Department of Education			
Pass through programs from			
Illinois Community College Board			
Chinese Mutual Aid Association			
Direct Instruction & Literacy Services		84.002	84,420
U.S. Department of Health and Human Services			
CASL's Alzheimer's Disease Program Initiative for Chicago's Chinese American Older	90ADPI0044-01-00	93.470	343,064
Pass through programs from			
Chicago Department of Family and Support Services			
Head Start and Early Head Start Program		93.600	175,584
Head Start and Early Head Start Program		93.600	248,237
			423,821
Northwestern University			
Patient Navigation 2.0: Addressing the Challenge of Scaling			
Navigation through Checklist-based Implementation	60056069 CAS	93.393	40,671
			807,556
Total of U.S. Department of Health and Human Services			
U.S. Department of Housing and Urban Development			
Pass through programs from			
National Coalition for Asian Pacific American Community Development			
HUD Comprehensive Housing Counseling Assistance Program	300-HUDHC19	14.169	2,926
HUD Comprehensive Housing Counseling Assistance Program	300-HUDHC20	14.169	33,000
			35,926
CDBG - Entitlement Grants Cluster			
Chicago Department of Family & Support Services			
Employment Preparation and Placement Services	85779	14.218	62,237
Employment Preparation and Placement Services	85779	14.218	41,613
Industry-Specific Training and Placement Program	85675	14.218	38,292
Industry-Specific Training and Placement Program	85675	14.218	33,522
Chicago Department of Planning & Development			
Small Accessible Repairs for Seniors	94206	14.218	19,887
Small Accessible Repairs for Seniors	94206	14.218	17,716
Housing Counseling Center (HCC)	94174	14.218	23,508
Housing Counseling Center (HCC)	94174	14.218	22,715
			259,490
			295,416
Total U.S. Department of Housing and Urban Development			
See Independent Auditor's Report.			

CHINESE AMERICAN SERVICE LEAGUE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

<u>Federal Grantor</u>	<u>Annual Contribution Contract #</u>	<u>Program or Award CFDA#</u>	<u>Federal Awards Expended</u>
U.S. Department of Labor, Employment & Training Administration			
Pass through programs from			
National Asian Pacific Center on Aging			
Senior Community Service Employment Program	SSP18-0080	17.235	<u>169,273</u>
WIA Cluster			
Ed Link			
Chef Training Program		17.258	66,360
Chicago Cook Workforce Partnership			
WIOA Adult Program	2019-253	17.258	40,482
WIOA Adult Program	2020-253	17.258	<u>141,848</u>
Subtotal WIA Cluster			<u>248,690</u>
Total of U.S. Department of Labor, Employment & Training Administration			<u>417,963</u>
Total Federal Program Expenditures			<u>\$ 1,849,662</u>

See Independent Auditor's Report.

CHINESE AMERICAN SERVICE LEAGUE, INC.**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") of Chinese American Service League, Inc. (the "Agency") is presented on the same basis of accounting as the Agency's financial statements. The Agency uses the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements. Therefore, some amounts presented in the Schedule may differ from the amounts presented in, or used in, the preparation of the basic financial statements.

NOTE 2 – PROGRAM COSTS

Expenditures represent only the federally funded portions of the Agency programs. Entire program costs, including the portions funded by Agency, may be more than shown.

NOTE 3 – NON-CASH AWARDS

The Agency did not receive non-cash awards during the year ended June 30, 2021.

NOTE 4 – SUB-RECIPIENTS

The Agency provided no awards to sub-recipients during the year ended June 30, 2021 with respect to the federal awards reported on the Schedule.

NOTE 5 – NON-CASH ASSISTANCE FROM FEDERAL LOANS AND INSURANCE

The Agency had no insurance provided under federal awards during the year ended June 30, 2021 or any federal loans or federal loan guarantees outstanding as of June 30, 2021.

NOTE 6 – INDIRECT COST RATE

The Agency has elected to use the de minimis 10% rate for allocating indirect costs.



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

To the Board of Directors of
Chinese American Service League, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Chinese American Service League, Inc. (the "Agency"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Agency's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of finding and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Agency's Response to Findings

Agency's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FGMK, LLC

Bannockburn, Illinois
December 22, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Chinese American Service League, Inc.

Report on Compliance for Each Major Federal Program

We have audited Chinese American Service League, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Chinese American Service League, Inc.'s major federal program for the year ended June 30, 2021. Chinese American Service League, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Chinese American Service League, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Chinese American Service League, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the federal program. However, our audit does not provide a legal determination of Chinese American Service League, Inc.'s compliance.

Opinion on Major Federal Program

In our opinion, Chinese American Service League, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Chinese American Service League, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Chinese American Service League, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Chinese American Service League, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

FGMK, LLC

Bannockburn, Illinois
December 22, 2021

CHINESE AMERICAN SERVICE LEAGUE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditors’ Results

Financial Statements

The type of report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ Yes X No

Significant deficiencies identified? X Yes ___ None reported

Noncompliance material to financial statements noted?
___ Yes X None reported

Federal Awards

Internal control over major programs:

Material weakness (es) identified? ___ Yes X No

Significant deficiencies identified? ___ Yes X No

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Code of Federal Regulations Section 200.516?

___ Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program
93.470	Alzheimer’s Disease Program Initiatives
93.600	Head Start and Early Head Start Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes ___ No

CHINESE AMERICAN SERVICE LEAGUE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section II – Financial Statement Findings

Finding 2021-001: Timeliness of accounts reconciliations and year-end closing procedures

Criteria: General ledger accounts should be closed and properly reconciled on a timely basis.

Condition and Context: For the year ended June 30, 2021, it was noted the multiple reconciliations of various major accounts were not completed at the beginning of the audit due to staff turnovers.

Cause: It resulted in multiple post-closing journal entries recorded throughout the audit.

Effect or Potential Effect: Lack of timely reconciliations can result potential risk of misstatements or misappropriation.

Recommendation: Management should design and implement controls to reconcile accounts reconciliations on a timely basis.

Responsible Official's Response: Management concurs with finding and has established controls to perform timely reconciliations.

Section III – Federal Award Findings and Questioned Costs

None noted

Section IV – Summary of Prior Year Audit Findings

None noted

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

To the Board of Directors of
Chinese American Service League, Inc.

We have audited the financial statements of Chinese American Service League, Inc. as of and for the year ended June 30, 2021, and our report thereon dated December 22, 2021 which expressed an unmodified opinion appears on page 1. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information presented on pages 27 through 29, which is the responsibility of management, is presented for purposes of additional analysis, as well as to comply with certain reporting requirements under Illinois Grant Accountability and Transparency Act (GATA), and is not a required part of the basic financial statements. Such information was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Reconciliation to the Statement of Functional Expenses

On page 29, the total expenditure amount is \$5,753 lower than the total amount per the Statement of Functional Expenses on page 5. The difference is due to the capitalized cost of \$5,753 that was not included in the Statement of Functional Expenses.

FGMK, LLC

Bannockburn, Illinois
December 22, 2021

DIRECT SERVICE WORKER COST CERTIFICATION
ILLINOIS DEPARTMENT ON AGING

Community Care Program
In-Home Services

Provider Name: Chinese American Service League

Reporting Period July 1, 2020 Thru June 30, 2021

Contract Number(s) Covered: INH1612013

A.	<u>Accrued Direct Service Worker Costs</u>	<u>IDO A</u>
1)	Wages	2,421,214
2)	Earnfare Wages	0
3)	Health Insurance Costs (in excess of enhanced rate) **	75,218
4)	Life Insurance	21
5)	Retirement Coverage	96
6)	F.I.C.A.	179,819
7)	Uniform	0
8)	Worker's Compensation	30,172
9)	F.U.T.A.	0
10)	Direct Service Worker Travel	3,373
11)	Unemployment Insurance	10
12)	Other Direct Service Worker Costs (approved in advance by the Illinois Department on Aging)	5,562
13)	Total Direct Service Worker Costs	2,715,485
B.	<u>Administrative Costs</u>	
1)	Salaries and wages	64,138
2)	Benefits	14,805
3)	Other Personnel Costs	2,289
4)	Consultants	36,798
5)	Supplies	5,369
6)	Office Equipment (less than \$1,000)	0
7)	Depreciation	5,456
8)	Telephone	15,150
9)	Postage	291
10)	Occupancy Costs	5,742
11)	Other Administrative Costs	14,234
12)	Total Administrative Costs	164,272

C.	<u>Program Support Costs</u>	
	1) DSWs' Supervisors' Wages and Salaries	147,098
	2) DSWs' Supervisors' Benefits	53,645
	3) DSEs' Supervisors' Other Personnel Costs	0
	4) Training Expenses	0
	5) Malpractice Insurance	0
	6) Other Program Support Costs	0
	7) Total Program Support Costs	200,743
D.	<u>Total Costs</u> (A.13 + B.12 + C.7)	3,080,500
E.	<u>Total Revenue Accrued</u>	
	1) IDOA Payments	3,526,574
	2) Earnfare Payment	0
	3) Total Revenue	3,526,574
F.	<u>Percentage D.S. Worker Cost to</u> <u>Accrued Revenue</u> (A/E X 100)	77.00%
G.	<u>Profit or Loss</u> (E minus D)	446,074

I hereby certify that I have examined the above Direct Service Worker Cost Certification for the reporting period indicated and that to the best of my knowledge and belief, it is a true, correct and complete report prepared from the books and records of this agency in accordance with applicable instructions.



Signature of Authorized Agent

Jered Pruitt
Typed Name

Chief Operating Officer
Title of Authorized Agent

Chinese American Service League

2141 S. Tan Court

Chicago, IL 60616
Provider's Name and Address

Illinois Grant Accountability and Transparency Act Grantee Portal - Audit Consolidated Year-End Financial Report

[Grantee Portal](#) / [Audit Reviews](#) / [Audit](#) / CYEFR

[Add a Program](#) [Certify & Submit](#)

	CSFA #	Program Name	\$ State	\$ Federal	\$ Other	\$ Total
View	402-03-0020	10.555 National School Lunch Program	0	70,826	0	70,826
View	402-03-0021	10.558 Child and Adult Care Food Program	0	2,563	0	2,563
View	402-04-1452	Community Care Program	3,194,856	0	0	3,194,856
View	402-04-2390	ADS Preservation Access Capacity	81,941	0	0	81,941
View	402-04-2470	ADS Reinvention Grant	412,080	0	0	412,080
View	420-00-1771	Construction and/or Renovation to Buildings, Additions, or Structures	5,753	0	0	5,753
View	586-18-0409	Child and Adult Care Food Program	0	25,875	0	25,875
View		Other grant programs and activities		1,750,398	0	1,750,398
View		All other costs not allocated			10,940,387	10,940,387
Totals:			3,694,630	1,849,662	10,940,387	16,484,679

Please note the following:

- The CYEFR may be per-populated with programs based on existing awards in the GATA system. These programs cannot be removed. If no spending occurred in a program leave the amounts at zero.
- Any grant expenditures not associated with funding received through the State of Illinois are to be entered in "Other grant programs and activities". The expenditures must be identified as federal (direct or pass-through) or other funding.
- All other expenditures not associated with state or federal dollars are to be entered in "All other costs not allocated".
- The grand total must account for all expenditures for the fiscal year and must tie to the audited financials.