Chinese American Service League, Inc.

Financial Statements
and Independent Auditor's Report

June 30, 2022 and 2021

CHINESE AMERICAN SERVICE LEAGUE, INC.

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Chinese American Service League, Inc. (the "Agency"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Agency'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 Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information for the year ended June 30, 2022, 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 schedule of expenditures of federal awards for the year ended June 30, 2022 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 November 17, 2022, on our consideration of the Agency'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 solely 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 considering the Agency's internal control over financial reporting and compliance.

FGMK, LLC

Bannockburn, Illinois
November 17, 2022

CHINESE AMERICAN SERVICE LEAGUE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash	$ 7,735,893	$ 7,507,270
Contract receivables, net	2,756,676	3,196,803
Pledge receivables, net	829,156	230,870
Other current assets	202,861	124,769
	11,524,586	11,059,712
PROPERTY AND EQUIPMENT, NET	3,887,488	3,804,872
OTHER ASSETS		
Investments	423,225	340,746
	$ 15,835,299	$ 15,205,330

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES		
Current portion of notes payable	$ 117,169	$ 117,169
Accounts payable	414,675	137,974
Accrued payroll	1,240,413	1,131,054
Accrued liabilities	882,061	785,585
	2,654,318	2,171,782
LONG-TERM LIABILITIES		
Notes payable, net of current portion	2,091,419	2,218,352
Interest swap liability	117	51,836
	2,091,536	2,270,188
	4,745,854	4,441,970
NET ASSETS		
Without donor restrictions		
Undesignated	9,387,741	9,547,399
Board designated	582,939	580,012
With donor restrictions	1,118,765	635,949
	11,089,445	10,763,360
	$ 15,835,299	$ 15,205,330

CHINESE AMERICAN SERVICE LEAGUE, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Governmental contracts	$ 4,880,413	$ -	$ 4,880,413	$ 4,880,859	$ -	$ 4,880,859
Governmental grants	3,087,185	-	3,087,185	2,592,669	-	2,592,669
Contributions:						
Individuals and corporate	549,434	870,429	1,419,863	333,917	322,731	656,648
Foundations	35,083	1,431,310	1,466,393	17,500	1,068,601	1,086,101
Special events	388,522	-	388,522	288,804	-	288,804
Long-term care service fees	8,416,711	-	8,416,711	7,286,656	-	7,286,656
Program service fees and other	674,987	-	674,987	889,853	6,606	896,459
Paycheck Protection Program loan and interest forgiveness	-	-	-	2,036,803	-	2,036,803
Released from restrictions	1,818,923	(1,818,923)	-	1,040,591	(1,040,591)	-
	19,851,258	482,816	20,334,074	19,367,652	357,347	19,724,999
EXPENSES						
Program services	18,510,599	-	18,510,599	15,151,493	-	15,151,493
Management and general	549,297	-	549,297	541,624	-	541,624
Fundraising	948,093	-	948,093	785,809	-	785,809
	20,007,989	-	20,007,989	16,478,926	-	16,478,926
CHANGE IN NET ASSETS	(156,731)	482,816	326,085	2,888,726	357,347	3,246,073
NET ASSETS, BEGINNING OF YEAR	10,127,411	635,949	10,763,360	7,238,685	278,602	7,517,287
NET ASSETS, END OF YEAR	$ 9,970,680	$ 1,118,765	$ 11,089,445	$ 10,127,411	$ 635,949	$ 10,763,360

The accompanying notes are an integral part of these statements.

CHINESE AMERICAN SERVICE LEAGUE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program									
	Senior Wellness & Independence	Children & Youth Development	Employment & Financial Empowerment	Community & Family Well-Being	Health Services	Other Programs	Total Program Expenses	Management and General	Fundraising	Total
Salaries and related expenses	$ 8,840,921	$ 1,518,140	$ 880,359	$ 911,071	$ 328,245	$ 456,915	$ 12,935,651	$ 136,594	$ 510,892	$ 13,583,137
Health insurance and retirement	635,503	267,295	155,160	152,852	55,106	71,648	1,337,564	17,987	85,782	1,441,333
Payroll taxes and insurance	808,685	139,326	80,754	83,576	30,101	41,818	1,184,260	8,946	46,857	1,240,063
Total salaries and related benefits	10,285,109	1,924,761	1,116,273	1,147,499	413,452	570,381	15,457,475	163,527	643,531	16,264,533
Professional fees	130,100	79,047	51,333	34,085	96,943	228,457	619,965	184,523	77,917	882,405
Supplies	97,553	85,801	411,724	19,204	10,893	9,593	634,768	22,007	30,548	687,323
Software	10,430	13,805	8,598	9,251	946	46,235	89,265	2,601	43,180	135,046
Interest and fees	17,616	30,295	13,154	10,641	1,849	1,522	75,077	4,365	3,780	83,222
Telephone	77,824	16,003	8,228	10,209	2,509	1,748	116,521	8,503	3,483	128,507
Postage and shipping	223	179	119	101	23	185	830	142	1,457	2,429
Utilities	23,599	54,022	21,908	14,323	1,454	1,982	117,288	8,687	5,497	131,472
Repairs and maintenance	30,891	48,762	35,960	11,416	2,438	2,408	131,875	26,286	6,856	165,017
Property and liability insurance	20,520	23,346	11,584	13,795	2,835	2,061	74,141	2,757	4,909	81,807
Printing	14,243	5,466	6,698	11,672	4,787	4,044	46,910	11,679	8,338	66,927
Local transportation	32,687	4,115	7,790	196	124	803	45,715	765	944	47,424
Conferences, conventions, meetings and trave	10,051	7,661	9,860	6,156	5,990	11,453	51,171	63,382	16,722	131,275
Other	42,173	39,695	61,776	12,557	4,016	21,175	181,392	31,464	60,191	273,047
Bad debt	544,148	-	-	-	-	-	544,148	-	29,500	573,648
Depreciation and amortization	83,406	123,303	47,166	30,200	3,569	36,414	324,058	18,609	11,240	353,907
Total expenses	$ 11,420,573	$ 2,456,261	$ 1,812,171	$ 1,331,305	$ 551,828	$ 938,461	$ 18,510,599	$ 549,297	$ 948,093	$ 20,007,989

CHINESE AMERICAN SERVICE LEAGUE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program								
	Senior Wellness & Independence	Children & Youth Development	Employment & Financial Empowerment	Community & Family Well-Being	Other Programs	Total Program Expenses	Management and General	Fundraising	Total
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 trave	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 CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 326,085	$ 3,246,073
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in allowances for doubtful accounts	(409,743)	(81,188)
Net realized and unrealized gain on investments	51,874	(18,332)
Change in fair value of interest rate swap	(51,719)	(38,395)
Depreciation and amortization	353,907	326,804
Gain from Paycheck Protection Program loan and interest forgiveness	-	(2,036,803)
Changes in operating assets and liabilities:		
Contract receivables	834,370	(1,018,912)
Pledge receivables	(582,786)	(162,663)
Other assets	(78,092)	84,210
Accounts payable	276,701	(45,431)
Other liabilities	205,835	55,582
Net Cash Provided By Operating Activities	926,432	310,945
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of investments	(444,746)	-
Proceeds from sales of investments	310,393	-
Purchases of property and equipment	(436,523)	(298,296)
Net Cash Used In Investing Activities	(570,876)	(298,296)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(126,933)	(117,170)
NET CHANGE IN CASH	228,623	(104,521)
CASH - BEGINNING OF YEAR	7,507,270	7,611,791
CASH - END OF YEAR	$ 7,735,893	$ 7,507,270
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$ 83,222	$ 109,502
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES		
Accrued interest forgiven	$ -	$ 22,493

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 with a mission of building on the wisdom of generations that catalyzes the transformation of individuals, families, and the community for an equitable future. 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 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 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.

Health Services: CASL's Behavioral Health and Clinical Services provides quality, person-centered, and culturally competent care to help families and individuals of all ages and backgrounds achieve healthy living.

Services within **Other Programs** are as follows:

Center for Social Impact: CASL promotes social impact in our communities by advancing data-driven solutions and equitable policy initiatives aimed at engaging and supporting CASL's departments and programs.

Community Equity Research Center: CASL's Community Equity Research Center ("CERC") promotes inclusion and community empowerment by using data to shape policy, advocacy, and education efforts. CERC is dedicated to increasing representation for Asian American and Native Hawaiian Pacific Islander (AANHPI) communities at the local and national policy level and provides strategic, data-informed recommendations to ensure equitable outcomes. CERC also works collaboratively with CASL's Center for Social Impact (CSI) to improve the well-being of our community and clients. We provide our departments and programs with the education, information, and support they need to successfully serve our diverse clients and communities.

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.

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. Revenue from contracts with customers are recognized over time and consisted of the following components for the year ended June 30, 2022:

Governmental contracts	$ 4,880,413
Long-term care service fees	8,416,711
Program service fees and other	674,987
	$ 13,972,111

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 satisfied 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, 2022, consisted of approximately 85% of revenue from In-home care for seniors, 13% from childcare, and 2% from others. 91% of long-term care fee was for in-house aids and the remainder for adult day services. 35% of program service fees and other was senior related programs and remainder was other services.

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 was for in-house aids and the remainder for adult day services. 53% of program service fees was senior related programs and remainder was other services.

(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 is 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 $3,087,185 and $2,592,669 for the years ended June 30, 2022 and 2021, 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 were due to grantors as of June 30, 2022 and 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. Contact 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 $551,500 and $157,200 as of June 30, 2022 and 2021, respectively. Gross contract receivables and the allowance for doubtful accounts were $2,200,726 and $90,000 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)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

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, 2022, CASL had approximately $10,246,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures which was computed as follows:

	June 30, 2022
Total assets at year end	$ 15,835,299
Less unavailable for general expenditures within one year:	
Non-financial assets	3,887,488
Assets with donor limitations	1,118,765
Assets with board imposed limitations	582,939
Financial assets available to meet cash needs for general expenditures within one year	$ 10,246,107

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.

In June 2016, FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, to revise the criteria for the measurement, recognition, and reporting of credit losses on financial instruments to be recognized when expected. This update is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. Management is currently evaluating this standard.

NOTE 3 – PROPERTY AND EQUIPMENT

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

	2022	2021
Land	$ 449,403	$ 449,403
Building	6,732,065	6,732,065
Building improvements	788,475	131,987
Vehicles	289,736	236,842
Furniture and equipment	161,967	161,967
Assets not placed in service	25,436	298,294
Other	160,740	160,740
	8,607,822	8,171,298
Less: Accumulated depreciation and amortization	4,720,334	4,366,426
	$ 3,887,488	$ 3,804,872

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, 2022 and 2021.

(Continued)

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, 2022 and 2021.

	Assets at Fair Value as of June 30, 2022				
	Level 1	Level 2	Level 3	NAV	Total
ASSETS:					
Alternative Investments:					
Investment in PEP	$ -	$ -	$ -	$ 423,225	$ 423,225
LIABILITIES:					
Interest rate swap agreement	$ -	$ 117	$ -	$ -	$ 117

(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, 2021				
	Level 1	Level 2	Level 3	NAV	Total
ASSETS:					
Alternative Investments:					
Investment in PEP	$ -	$ -	$ -	$ 33,281	$ 33,281
Prudential annuity	-	-	-	307,465	307,465
	$ -	$ -	$ -	$ 340,746	$ 340,746
LIABILITIES:					
Interest rate swap agreement	$ -	$ 51,386	$ -	$ -	$ 51,386

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 3.66% and 3.56% for the years ended June 30, 2022 and 2021, respectively. The outstanding Note balance was $2,208,588 and $2,335,521 as of June 30, 2022 and 2021, respectively. CASL paid off the note in October 2022.

Interest paid on the Note amounted to $83,222 and $109,502 for the years ended June 30, 2022 and 2021, 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 had an interest rate swap agreement, which is considered a derivative financial instrument. CASL did not utilize interest rate swap or other similar financial instruments for trading or other speculative purposes. The counterparty for these swap agreements was 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 was to minimize the risks associated with financing activities by reducing the impact of changes in interest rates on floating rate debt. This swap agreement was 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 limited the interest rate exposure to 1.650% on a notional amount of $3,368,689 and was to expire on December 1, 2022. CASL was exposed to credit loss in the event of nonperformance with the interest rate swap agreements; however, CASL does not have any nonperformance. CASL terminated the swap agreement in October 2022 in conjunction with the payoff of the underlying note payable.

NOTE 7 – LINE OF CREDIT

The Agency has a $2,000,000 line of credit agreement with US Bank maturing on December 31, 2023. Borrowing under the line bears interest at 30 day SOFR plus 1.50% (3.00% at June 30, 2022). There was no outstanding balance on this line of credit as of June 30, 2022 and 2021.

NOTE 8 – PLEDGE RECEIVABLES

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

	2022	2021
Unrestricted promises	$ 875,684	$ 247,635
Less: Unamortized discount	(17,028)	(2,765)
Less: Allowance for doubtful accounts	(29,500)	(14,000)
	$ 829,156	$ 230,870
Amount due in		
Less than one year	$ 464,517	$ 83,370
One to four years	364,639	147,500
	$ 829,156	$ 230,870

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 0.85%, 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 $519,000 and $580,000 of potential overpayments from State agencies and managed care organizations was included in accrued liabilities as of June 30, 2022 and 2021, respectively.

NOTE 10 – RETIREMENT PLANS

Defined Contribution 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 $258,270 and $208,608 for the years ended June 30, 2022 and 2021, respectively.

Deferred Compensation Plan. 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. The NQDC benefits were paid in full and the plan terminated during the year ended June 30, 2022.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Subject to expenditure for specified purpose	$ 357,460	$ 379,657
Subject to the passage of time and specified purpose	352,149	965
Not subject to spending policy and appropriation	409,156	255,327
	$ 1,118,765	$ 635,949

NOTE 12 – CONCENTRATIONS

For the year ended June 30, 2022, approximately 21% of revenue and 18% of contract receivables were related to the Illinois Department of Aging and approximately 41% of revenue and 64% of contract receivables were related to Managed Care Organizations.

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

NOTE 13 – SUBSEQUENT EVENTS

As stated in Note 5 and Note 6, CASL paid off the note and terminated the swap agreement in October 2022. Management has evaluated all known subsequent events from June 30, 2022 through November 17, 2022, 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, 2022

Federal Grantor	Annual Contribution Contract #	Program or Award CFDA#	Federal Awards Expended
U.S. Department of Homeland Security			
Citizenship and Integration Direct Services Grant	20CICET00137-01-00	97.010	$ 115,313
Total U.S. Department of Homeland Security			**115,313**
U.S. Department of Agriculture			
Pass through programs from			
Illinois Department of Human Services to			
Illinois Coalition for Immigrant and Refugee Rights			
SNAP Initiative (SNAP Cluster)		10.561	32,615
WIC Collaborative		10.557	10,000
Illinois State Board of Education			
Child and Adult Care Food Program	15016575P00	10.558	59,219
Illinois Department on Aging			
Child and Adult Care Food Program	SDA 1212011	10.558	71,233
Total U.S. Department of Agriculture			**173,067**
U.S. Department of Education			
Pass through programs from			
Illinois Community College Board			
Chinese Mutual Aid Association			
Direct Instruction & Literacy Services		84.002	**92,420**
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	332,031
Pass through programs from			
Chicago Department of Family and Support Services			
Head Start and Early Head Start Program (Head Start Cluster)		93.600	38,880
CCDF Cluster			
Chicago Department of Family and Support Services			
Child Care Assistance Program		93.596	335,778
Illinois Action for Children			
Child Care Assistance Program		93.596	13,052
Subtotal CCDF Cluster			348,830
Northwestern University			
Patient Navigation 2.0: Addressing the Challenge of Scaling Navigation through Checklist-based Implementation	60056069 CAS	93.393	5,199
Total of U.S. Department of Health and Human Services			**724,940**
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	8,000
HUD Comprehensive Housing Counseling Assistance Program	300-HUDHC20	14.169	32,582
			40,582
CDBG - Entitlement Grants Cluster			
Chicago Department of Family & Support Services			
Employment Preparation and Placement Services	85779	14.218	44,314
Employment Preparation and Placement Services	85779	14.218	41,398
Industry-Specific Training and Placement Program	85675	14.218	30,027
Industry-Specific Training and Placement Program	85675	14.218	29,894
Transitional Job Training	85675	14.218	35,741
Chicago Department of Planning & Development			
Small Accessible Repairs for Seniors	94206	14.218	34,813
Small Accessible Repairs for Seniors	94206	14.218	14,546
Housing Counseling Center (HCC)	94174	14.218	24,540
Housing Counseling Center (HCC)	94174	14.218	23,492
Subtotal CDBG - Entitlement Grants Cluster			278,765
Total U.S. Department of Housing and Urban Development			**319,347**

See Independent Auditor's Report.

CHINESE AMERICAN SERVICE LEAGUE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

Federal Grantor	Annual Contribution Contract #	Program or Award CFDA#	Federal Awards Expended
U.S. Department of Labor, Employment & Training Administration			
WIA Cluster			
Ed Link			
Chef Training Program		17.258	5,530
Chicago Cook Workforce Partnership			
WIOA Adult Program	2019-253	17.258	41,981
WIOA Adult Program	2020-253	17.258	150,210
Subtotal WIA Cluster			197,721
Total of U.S. Department of Labor, Employment & Training Administration			**197,721**
U.S. Department of Treasury			
Pass through programs from			
Illinois Housing Development Authority			
Homeowner Assistance Fund Program		21.027	36,530
Illinois Rental Payment Program		21.027	34,799
Illinois Department of Human Services			
IL Welcoming Center Program		21.027	18,409
Total of U.S. Department of Treasury			**89,738**
Total Federal Program Expenditures			**$ 1,712,546**

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, 2022.

NOTE 4 – SUB-RECIPIENTS

The Agency provided no awards to sub-recipients during the year ended June 30, 2022 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, 2022 or any federal loans or federal loan guarantees outstanding as of June 30, 2022.

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, 2022, 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 November 17, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Report on 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

Government Auditing Standards require the auditor to perform limited procedures on the Agency's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
November 17, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND 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

Opinion on 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program
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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Chinese American Service League, Inc. (the "Agency") and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's federal programs.

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Agency's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
November 17, 2022

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? ___ Yes _X_ 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
93.596	Child Care Assistance 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

None noted

Section III – Federal Award Findings and Questioned Costs

None noted

Section IV – Summary of Prior Year Audit Findings

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

Original Finding Description: 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.

Status/Corrective Action: Management modified the procedures and has established controls to perform timely reconciliations.

Identifying opportunities.
Delivering solutions.

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, 2022, and our report thereon dated November 17, 2022 which expressed an unmodified opinion appears on pages 1 and 2. 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 $418,246 higher than the total amount per the Statement of Functional Expenses on page 5. The difference is due to the capitalized cost of $418,246 that was not included in the Statement of Functional Expenses.

FGMK, LLC
Bannockburn, Illinois
November 17, 2022

FGMK, LLC
333 W. Wacker Drive, 6th Floor | Chicago, IL 60606
2801 Lakeside Drive, 3rd Floor | Bannockburn, IL 60015
17W110 22nd Street, 3rd Floor | Oakbrook Terrace, IL 60181

Bannockburn | Chicago | Cleveland
Dubuque | Indianapolis | Oakbrook Terrace
Orange County | Santa Fe | Sarasota

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, 2021 Thru June 30, 2022

Contract Number(s) Covered: INH1612013 / INH2212013

			IDOA
A.		Accrued Direct Service Worker Costs	
	1)	Wages	2,484,539
	2)	Earnfare Wages	0
	3)	Health Insurance Costs (in excess of enhanced rate) **	61,045
	4)	Life Insurance	35
	5)	Retirement Coverage	68,546
	6)	F.I.C.A.	190,335
	7)	Uniform	0
	8)	Worker's Compensation	28,150
	9)	F.U.T.A.	0
	10)	Direct Service Worker Travel	2,781
	11)	Unemployment Insurance	11,243
	12)	Other Direct Service Worker Costs (approved in advance by the Illinois Department on Aging)	7,608
	13)	Total Direct Service Worker Costs	2,854,282
B.		Administrative Costs	
	1)	Salaries and wages	59,050
	2)	Benefits	23,582
	3)	Other Personnel Costs	0
	4)	Consultants	9,106
	5)	Supplies	34,024
	6)	Office Equipment (less than $1,000)	0
	7)	Depreciation	0
	8)	Telephone	23,206
	9)	Postage	38
	10)	Occupancy Costs	3,344
	11)	Other Administrative Costs	20,737
	12)	Total Administrative Costs	173,087

C.		Program Support Costs	
	1)	DSWs' Supervisors' Wages and Salaries	162,240
	2)	DSWs' Supervisors' Benefits	40,973
	3)	DSWs' Supervisors' Other Personnel Costs	0
	4)	Training Expenses	0
	5)	Malpractice Insurance	0
	6)	Other Program Support Costs	0
	7)	Total Program Support Costs	203,213
D.		Total Costs (A.13 + B.12 + C.7)	3,230,582
E.		Total Revenue Accrued	
	1)	IDOA Payments	3,705,312
	2)	Earnfare Payment	0
	3)	Total Revenue	3,705,312
F.		Percentage D.S. Worker Cost to Accrued Revenue (A/E X 100)	77.03%
G.		Profit or Loss (E minus D)	474,730

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

IL-402-0647 (rev. 7/08)

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	68,556	0	68,556
View	402-03-0021	10.558 Child and Adult Care Food Program	0	2,677	0	2,677
View	402-04-1452	Community Care Program	3,113,375	0	0	3,113,375
View	402-04-2470	ADS Reinvention Grant	318,330	0	0	318,330
View	420-00-1771	Construction and/or Renovation to Buildings, Additions, or Structures	418,247	0	0	418,247
View	444-80-1493	Welcoming Center	108,905	18,409	0	127,314
View	444-84-2884	Child Care Resource and Referral Program - Child Care Assistance Program	0	13,052	0	13,052
View	586-18-0409	Child and Adult Care Food Program	0	59,219	0	59,219
View		Other grant programs and activities		1,550,633	0	1,550,633
View		All other costs not allocated			14,754,832	14,754,832
		Totals:	3,958,857	1,712,546	14,754,832	20,426,235

Please note the following:

- The CYEFR may be pre-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 related to grants 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.