

Chinese American Service League, Inc.

Financial Statements
and Independent Auditor's Report

June 30, 2023 and 2022



CHINESE AMERICAN SERVICE LEAGUE, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to the Financial Statements	8 - 15
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	16 - 17
Notes to the Schedule of Expenditures of Federal Awards	18
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	19
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	20 - 21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	22 - 23
INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION	24
Illinois Department on Aging Community Care Program Community Care/In-Home Service: Direct Service Worker Cost Certification	25 - 26
AUDIT CONSOLIDATED YEAR-END FINANCIAL REPORT	27

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Audit 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 Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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, 2023, 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 audits 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, 2023 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 16, 2023, 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 16, 2023

CHINESE AMERICAN SERVICE LEAGUE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

ASSETS		
	2023	2022
CURRENT ASSETS		
Cash	\$ 622,612	\$ 7,735,893
Contract receivables, net	2,562,895	2,756,676
Pledge receivables, net	10,591,609	829,156
Other current assets	127,647	202,861
	13,904,763	11,524,586
PROPERTY AND EQUIPMENT, NET	4,441,325	3,887,488
OTHER ASSETS		
Investments	4,011,997	423,225
	\$ 22,358,085	\$ 15,835,299
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of notes payable	\$ -	\$ 117,169
Accounts payable	350,111	414,675
Accrued payroll	1,013,357	1,240,413
Accrued liabilities	1,115,209	882,061
	2,478,677	2,654,318
LONG-TERM LIABILITIES		
Notes payable, net of current portion	-	2,091,419
Interest swap liability	-	117
Other liability	103,000	-
	103,000	2,091,536
	2,581,677	4,745,854
NET ASSETS		
Without donor restrictions		
Undesignated	10,507,733	9,387,741
Board designated	592,270	582,939
With donor restrictions	8,676,405	1,118,765
	19,776,408	11,089,445
	\$ 22,358,085	\$ 15,835,299

The accompanying notes are an integral part of these statements.

CHINESE AMERICAN SERVICE LEAGUE, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Governmental contracts	\$ 5,122,680	\$ -	\$ 5,122,680	\$ 4,880,413	\$ -	\$ 4,880,413
Governmental grants	3,313,889	-	3,313,889	3,087,185	-	3,087,185
Contributions:						
Individuals and corporate	138,224	228,081	366,305	549,434	870,739	1,420,173
Foundations	2,047,500	9,878,805	11,926,305	35,083	1,431,000	1,466,083
Special events	492,339	-	492,339	388,522	-	388,522
Long-term care service fees	9,371,746	-	9,371,746	8,416,711	-	8,416,711
Program service fees and other	893,449	2,615	896,064	674,987	-	674,987
Released from restrictions	2,551,861	(2,551,861)	-	1,818,923	(1,818,923)	-
	<u>23,931,688</u>	<u>7,557,640</u>	<u>31,489,328</u>	<u>19,851,258</u>	<u>482,816</u>	<u>20,334,074</u>
EXPENSES						
Program services	20,603,604	-	20,603,604	18,510,599	-	18,510,599
Management and general	605,244	-	605,244	549,297	-	549,297
Fundraising	1,593,517	-	1,593,517	948,093	-	948,093
	<u>22,802,365</u>	<u>-</u>	<u>22,802,365</u>	<u>20,007,989</u>	<u>-</u>	<u>20,007,989</u>
CHANGE IN NET ASSETS	1,129,323	7,557,640	8,686,963	(156,731)	482,816	326,085
NET ASSETS, BEGINNING OF YEAR	<u>9,970,680</u>	<u>1,118,765</u>	<u>11,089,445</u>	<u>10,127,411</u>	<u>635,949</u>	<u>10,763,360</u>
NET ASSETS, END OF YEAR	<u>\$ 11,100,003</u>	<u>\$ 8,676,405</u>	<u>\$ 19,776,408</u>	<u>\$ 9,970,680</u>	<u>\$ 1,118,765</u>	<u>\$ 11,089,445</u>

The accompanying notes are an integral part of these statements.

CHINESE AMERICAN SERVICE LEAGUE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Program							Total Program Expenses	Management and General	Fundraising	Total
	Senior Wellness & Independence	Children & Youth Development	Employment & Financial Empowerment	Community & Family Well-Being	Community Impact	Health Services	Other Programs				
Salaries and related expenses	\$ 9,602,178	\$ 1,699,366	\$ 1,094,176	\$ 1,045,367	\$ 588,799	\$ 486,825	\$ 89,620	\$ 14,606,331	\$ 72,059	\$ 782,561	\$ 15,460,951
Health insurance and retirement	901,574	223,562	147,278	139,982	78,845	64,981	12,212	1,568,434	624	105,416	1,674,474
Payroll taxes and insurance	857,109	151,719	97,969	93,597	52,719	43,644	8,006	1,304,763	216	70,040	1,375,019
Total salaries and related benefits	11,360,861	2,074,647	1,339,423	1,278,946	720,363	595,450	109,838	17,479,528	72,899	958,017	18,510,444
Professional fees	170,572	145,192	101,308	71,617	146,269	51,955	4,882	691,795	203,070	289,490	1,184,355
Supplies	79,945	69,085	585,413	23,749	2,043	6,973	444	767,652	44,583	111,059	923,294
Software	11,013	15,958	10,967	12,762	149,648	33,235	1,089	234,672	16,102	73,692	324,466
Interest and fees	4,151	7,805	3,795	777	551	943	-	18,022	-	-	18,022
Telephone	120,072	22,452	11,951	11,510	4,725	3,660	806	175,176	2,801	5,186	183,163
Postage and shipping	211	227	128	122	54	73	8	823	400	999	2,222
Utilities	26,446	49,239	24,287	8,935	3,653	5,746	-	118,306	343	3,122	121,771
Repairs and maintenance	87,005	85,236	44,919	14,286	5,889	9,323	97	246,755	29,372	5,703	281,830
Property and liability insurance	26,961	35,802	18,729	17,826	7,790	5,258	1,192	113,558	1,013	9,341	123,912
Printing	11,799	8,871	2,408	13,955	2,625	3,427	250	43,335	16,630	14,348	74,313
Local transportation	38,723	5,841	5,631	183	641	616	119	51,754	7,204	750	59,708
Conferences, conventions, meetings and trav	11,079	3,864	7,523	13,101	20,294	8,245	254	64,360	98,753	34,092	197,205
Other	36,069	32,145	44,220	188,160	58,092	9,226	987	368,899	110,641	68,767	548,307
Recovery of bad debt	(169,385)	-	-	-	-	-	-	(169,385)	-	11,333	(158,052)
Depreciation and amortization	117,472	134,041	60,520	22,020	41,231	23,070	-	398,354	1,433	7,618	407,405
Total expenses	\$ 11,932,994	\$ 2,690,405	\$ 2,261,222	\$ 1,677,949	\$ 1,163,868	\$ 757,200	\$ 119,966	\$ 20,603,604	\$ 605,244	\$ 1,593,517	\$ 22,802,365

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								Management and General	Fundraising	Total
	Senior Wellness & Independence	Children & Youth Development	Employment & Financial Empowerment	Community & Family Well-Being	Community Impact	Health Service	Other Programs	Total Program Expenses			
Salaries and related expenses	\$ 8,840,921	\$ 1,518,140	\$ 880,359	\$ 911,071	\$ 377,704	\$ 328,245	\$ 79,211	\$ 12,935,651	\$ 136,594	\$ 510,892	\$ 13,583,137
Health insurance and retirement	635,503	267,295	155,160	152,852	57,412	55,106	14,236	1,337,564	17,987	85,782	1,441,333
Payroll taxes and insurance	808,685	139,326	80,754	83,576	34,559	30,101	7,259	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	469,675	413,452	100,706	15,457,475	163,527	643,531	16,264,533
Professional fees	130,100	79,047	51,333	34,085	225,136	96,943	3,321	619,965	184,523	77,917	882,405
Supplies	97,553	85,801	411,724	19,204	8,581	10,893	1,012	634,768	22,007	30,548	687,323
Software	10,430	13,805	8,598	9,251	45,165	946	1,070	89,265	2,601	43,180	135,046
Interest and fees	17,616	30,295	13,154	10,641	748	1,849	774	75,077	4,365	3,780	83,222
Telephone	77,824	16,003	8,228	10,209	821	2,509	927	116,521	8,503	3,483	128,507
Postage and shipping	223	179	119	101	62	23	123	830	142	1,457	2,429
Utilities	23,599	54,022	21,908	14,323	872	1,454	1,110	117,288	8,687	5,497	131,472
Repairs and maintenance	30,891	48,762	35,960	11,416	1,493	2,438	916	131,876	26,286	6,856	165,018
Property and liability insurance	20,520	23,346	11,584	13,795	1,046	2,835	1,015	74,141	2,757	4,909	81,807
Printing	14,243	5,466	6,698	11,672	2,149	4,787	1,895	46,910	11,679	8,338	66,927
Local transportation	32,687	4,115	7,790	196	730	124	73	45,715	765	944	47,424
Conferences, conventions, meetings and travel	10,051	7,661	9,860	6,156	11,063	5,990	390	51,171	63,382	16,722	131,275
Other	42,173	39,695	61,776	12,557	19,729	4,016	1,445	181,391	31,464	60,191	273,046
Bad Debt	544,148	-	-	-	-	-	-	544,148	-	29,500	573,648
Depreciation and amortization	83,406	123,303	47,166	30,200	34,289	3,569	2,125	324,058	18,609	11,240	353,907
Total expenses	\$ 11,420,573	\$ 2,456,261	\$ 1,812,171	\$ 1,331,305	\$ 821,559	\$ 551,828	\$ 116,902	\$ 18,510,599	\$ 549,297	\$ 948,093	\$ 20,007,989

The accompanying notes are an integral part of these statements.

CHINESE AMERICAN SERVICE LEAGUE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 8,686,963	\$ 326,085
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Change in allowances for doubtful accounts	502,436	(409,743)
Net realized and unrealized (gain) loss on investments	(33,568)	51,874
Change in fair value of interest rate swap	(117)	(51,719)
Depreciation and amortization	407,405	353,907
Changes in operating assets and liabilities:		
Contract receivables	(318,155)	834,370
Pledge receivables	(9,752,953)	(582,786)
Other assets	75,214	(78,092)
Accounts payable	(64,564)	276,701
Other liabilities	109,092	205,835
Net Cash Provided By (Used In) Operating Activities	<u>(388,247)</u>	<u>926,432</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of investments	(3,558,132)	(444,746)
Proceeds from sales of investments	2,928	310,393
Purchases of property and equipment	<u>(961,242)</u>	<u>(436,523)</u>
Net Cash Used In Investing Activities	<u>(4,516,446)</u>	<u>(570,876)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	<u>(2,208,588)</u>	<u>(126,933)</u>
NET CHANGE IN CASH	(7,113,281)	228,623
CASH - BEGINNING OF YEAR	<u>7,735,893</u>	<u>7,507,270</u>
CASH - END OF YEAR	<u>\$ 622,612</u>	<u>\$ 7,735,893</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 18,022</u>	<u>\$ 83,222</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 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 & 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 & 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 & 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 & 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 included within **Community Impact** 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.

CHINESE AMERICAN SERVICE LEAGUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

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, 2023:

Governmental contracts	\$ 5,122,680
Long-term care service fees	9,371,746
Program service fees and other	896,064
	<hr/>
	\$ 15,390,490
	<hr/>

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, 2023, consisted of approximately 74% of revenue from In-home care for seniors, 22% from childcare, and 4% from others. 94% of long-term care fee was for in-house aids and the remainder for adult day services. 37% of program service fees was senior related programs, 31% was general operation, and remainder was other services.

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 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 \$3,313,889 and \$3,087,185 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022.

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 \$39,500 and \$551,500 as of June 30, 2023 and 2022, respectively. Gross contract receivables and the allowance for doubtful accounts were \$3,354,014 and \$157,211 as of July 1, 2021.

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 (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, 2023, CASL had approximately \$8,648,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures which was computed as follows:

	<u>Amount</u>
Total assets at year end	<u>\$ 22,358,085</u>
Less: Assets unavailable for general expenditures within one year:	
Non-financial assets	4,441,325
Assets with donor limitations	8,676,405
Assets with board imposed limitations	<u>592,270</u>
	<u>13,710,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 8,648,085</u></u>

Recent Accounting Pronouncements. 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.

Reclassification. Certain 2022 amounts have been reclassified to conform to the 2023 presentation. These reclassifications did not result in any changes to net activities or net assets.

CHINESE AMERICAN SERVICE LEAGUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – PLEDGE RECEIVABLES

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

	2023	2022
Unconditional promises	\$ 10,635,433	\$ 875,684
Less: Unamortized discount	(4,824)	(17,028)
Less: Allowance for doubtful accounts	(39,000)	(29,500)
	<u>\$ 10,591,609</u>	<u>\$ 829,156</u>
Amount due in		
Less than one year	\$ 10,546,433	\$ 464,517
One to four years	45,176	364,639
	<u>\$ 10,591,609</u>	<u>\$ 829,156</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 0.85%, when the donor makes an unconditional promise to give to the Agency.

NOTE 4 – PROPERTY AND EQUIPMENT

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

	2023	2022
Land	\$ 449,403	\$ 449,403
Building	6,732,065	6,732,065
Building improvements	1,068,947	788,475
Vehicles	398,654	289,736
Furniture and equipment	273,386	161,967
Assets not placed in service	442,096	25,436
Other	204,510	160,740
	<u>9,569,061</u>	<u>8,607,822</u>
Less: Accumulated depreciation and amortization	<u>5,127,736</u>	<u>4,720,334</u>
	<u>\$ 4,441,325</u>	<u>\$ 3,887,488</u>

In August 2023, CASL purchased land located in Chicago, Illinois, for \$8,000,000. The purchase was funded by a donor and the same amount was recorded as foundation contribution and corresponding pledge receivable as of June 30, 2023. The pledge receivable was collected in August 2023.

CHINESE AMERICAN SERVICE LEAGUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – 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, 2023 and 2022.

Certificates of Deposits. 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.

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.

(Continued)

CHINESE AMERICAN SERVICE LEAGUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – FAIR VALUE MEASUREMENTS (Concluded)

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, 2023 and 2022.

	Assets at Fair Value as of June 30, 2023				
	Level 1	Level 2	Level 3	NAV	Total
ASSETS:					
Certificates of Deposit	\$ -	\$ 1,011,280	\$ -	\$ -	\$ 1,011,280
U.S. Treasury Bills	2,438,309	-	-	-	2,438,309
Alternative Investments:					
Investment in PEP	-	-	-	459,408	459,408
Retirement Fund Investment	-	-	-	103,000	103,000
	<u>\$ 2,438,309</u>	<u>\$ 1,011,280</u>	<u>\$ -</u>	<u>\$ 562,408</u>	<u>\$ 4,011,997</u>
	Assets at Fair Value as of June 30, 2022				
	Level 1	Level 2	Level 3	NAV	Total
ASSETS:					
Alternative Investments:					
Investment in PEP	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423,225</u>	<u>\$ 423,225</u>
LIABILITIES:					
Interest rate swap agreement	<u>\$ -</u>	<u>\$ 117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117</u>

NOTE 6 – NOTES PAYABLE AND INTEREST RATE SWAP

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 in conjunction with 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 (“US Bank”) 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. The weighted average interest rate was 3.91% and 3.66% for the years ended June 30, 2023 and 2022, respectively. CASL paid off the note in October 2022. The outstanding Note balance was \$2,208,588 as of June 30, 2022. Interest paid on the Note amounted to \$21,471 and \$83,222 for the years ended June 30, 2023 and 2022, respectively. CASL terminated the swap agreement in October 2022 in conjunction with the payoff of the underlying note payable.

CHINESE AMERICAN SERVICE LEAGUE, INC.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – LINE OF CREDIT

The Agency has a \$4,000,000 line of credit agreement with US Bank maturing on December 31, 2023. Borrowing under the line bears interest at 30 day SOFR plus 1.75% (6.93% at June 30, 2023). There was no outstanding balance on this line of credit as of June 30, 2023 and 2022.

NOTE 8 – 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, CASL at times is inadvertently overpaid for its programs. CASL recognizes these overpayments as liabilities and works with the respective organizations to resolve the discrepancies. Approximately \$549,000 and \$519,000 of potential overpayments from State agencies and managed care organizations was included in accrued liabilities as of June 30, 2023 and 2022, respectively.

NOTE 9 – 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 \$336,340 and \$258,270 for the years ended June 30, 2023 and 2022, respectively.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes or periods as of June 30:

	2023	2022
Subject to expenditure for specified purpose	\$ 8,319,750	\$ 357,460
Subject to the passage of time and specified purpose	178,672	352,149
Not subject to spending policy and appropriation	177,983	409,156
	<u>\$ 8,676,405</u>	<u>\$ 1,118,765</u>

NOTE 11 – CONCENTRATIONS

For the year ended June 30, 2023, approximately 12% of revenue and 15% of contract receivables were related to the Illinois Department of Aging and approximately 30% of revenue and 55% of contract receivables were related to Managed Care Organizations.

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

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated all known subsequent events from June 30, 2023 through November 16, 2023, 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, 2023

Federal Grantor	Annual Contribution Contract #	Program or Award CFDA#	Federal Awards Expended
U.S. Department of Homeland Security			
Citizenship Instruction and Naturalization Services Grant	2020CICET00137-01-00	97.010	\$ 42,068
Total U.S. Department of Homeland Security			42,068
U.S. Department of Agriculture			
Pass through programs from			
Illinois Department of Human Services to			
Illinois Coalition for Immigrant and Refugee Rights		10.561	35,000
SNAP Initiative (SNAP Cluster)		10.557	9,906
WIC Collaborative			
National Able Network, Inc		10.561	7,050
SNAP to Success			
Illinois State Board of Education			
Child and Adult Care Food Program	15016575P00	10.558	69,862
Illinois Department on Aging			
Child and Adult Care Food Program	SDA 1212011	10.558	56,872
Total U.S. Department of Agriculture			178,690
U.S. Department of Education			
Pass through programs from			
Illinois Community College Board			
Chinese Mutual Aid Association			
Direct Instruction & Literacy Services		84.002	99,808
U.S. Department of Health and Human Services			
Direct Program			
CASL's Alzheimer's Disease Program Initiative for Chicago's Chinese American Older Adults	90ADPI0044-01-00	93.470	222,636
Community Funded Project- Administration on Aging	90CFPA0008-01-00	93.493	430,274
Pass through programs from			
Chicago Department of Family and Support Services			
Child Care Assistance Program	199855 / 203324	93.596	435,941
Illinois Action for Children			
Child Care Assistance Program		93.596	53,452
Total of U.S. Department of Health and Human Services			1,142,303
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-HUDHC	14.169	13,418
HUD Comprehensive Housing Counseling Assistance Program	300-HUDHC	14.169	30,234
			43,652
CDBG - Entitlement Grants Cluster			
Chicago Department of Family & Support Services			
Employment Preparation and Placement Services	177382 / 183784	14.218	86,400
Employment Preparation and Placement Services	177382 / 220529	14.218	27,776
Employment Preparation and Placement Services - CARES Act	154298 / 162067	14.218	8,602
Industry-Specific Training and Placement Program	177234 / 189104	14.218	39,986
Industry-Specific Training and Placement Program	177234 / 220585	14.218	33,958
Transitional Job Training	177424 / 184994	14.218	54,181
Transitional Job Training	177424 / 221562	14.218	24,932
Chicago Department of Planning & Development			
Small Accessible Repairs for Seniors	178822 / 183770	14.218	56,225
Small Accessible Repairs for Seniors	178822 / 224518	14.218	22,280
Housing Counseling Center (HCC)	178845 / 183802	14.218	26,353
Housing Counseling Center (HCC)	178845 / 221987	14.218	25,716
Subtotal CDBG - Entitlement Grants Cluster			406,409
Total U.S. Department of Housing and Urban Development			450,061

See Independent Auditor's Report.

CHINESE AMERICAN SERVICE LEAGUE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

Federal Grantor	Annual Contribution Contract #	Program or Award CFDA#	Federal Awards Expended
U.S. Department of Labor, Employment & Training Administration			
Pass through programs from			
Chicago Cook Workforce Partnership			
WIOA Adult Program	2020-253	17.258	49,790
WIOA Adult Program	2022-2137	17.258	<u>153,948</u>
Total of U.S. Department of Labor, Employment & Training Administration			<u>203,738</u>
U.S. Department of Treasury			
Pass through programs from			
Illinois Housing Development Authority			
Homeowner Assistance Fund Program		21.027	95,505
Illinois Rental Payment Program		21.027	68,187
Illinois Department of Human Services			
IL Welcoming Center Program		21.027	180
IL Welcoming Center Program		21.027	23,004
Chicago Department of Public Health			
Building a Network of Trauma-Informed Centers of Care	192910 / 204556	21.027	239,458
Building a Network of Trauma-Informed Centers of Care	192910 / 220064	21.027	<u>46,764</u>
Total of U.S. Department of Treasury			<u>473,098</u>
Total Federal Program Expenditures			<u>\$ 2,589,766</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, 2023.

NOTE 4 – SUB-RECIPIENTS

The Agency provided no awards to sub-recipients during the year ended June 30, 2023 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, 2023 or any federal loans or federal loan guarantees outstanding as of June 30, 2023.

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, 2023, 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 16, 2023.

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*.

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 16, 2023



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, 2023. 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, 2023.

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 16, 2023

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
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.493	Community Funded Project – Administration of Aging

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

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, 2023, and our report thereon dated November 16, 2023 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 25 through 27, 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.

FGMK, LLC

Bannockburn, Illinois
November 16, 2023

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, 2022 Thru June 30, 2023

Contract Number(s) Covered: INH2212013

A.	<u>Accrued Direct Service Worker Costs</u>	<u>IDO A</u>
	1) Wages	2,400,404
	2) Earnfare Wages	0
	3) Health Insurance Costs (in excess of enhanced rate) **	53,842
	4) Life Insurance	31
	5) Retirement Coverage	82,595
	6) F.I.C.A.	178,320
	7) Uniform	0
	8) Worker's Compensation	26,395
	9) F.U.T.A.	0
	10) Direct Service Worker Travel	2,961
	11) Unemployment Insurance	10,543
	12) Other Direct Service Worker Costs (approved in advance by the Illinois Department on Aging)	7,341
	13) Total Direct Service Worker Costs	2,762,432
B.	<u>Administrative Costs</u>	
	1) Salaries and wages	45,613
	2) Benefits	83,724
	3) Other Personnel Costs	0
	4) Consultants	12,547
	5) Supplies	25,905
	6) Office Equipment (less than \$1,000)	0
	7) Depreciation	0
	8) Telephone	0
	9) Postage	0
	10) Occupancy Costs	1,424
	11) Other Administrative Costs	2,283
	12) Total Administrative Costs	171,496

C.	<u>Program Support Costs</u>	
	1) DSWs' Supervisors' Wages and Salaries	171,395
	2) DSWs' Supervisors' Benefits	38,236
	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	209,631
D.	<u>Total Costs</u> (A.13 + B.12 + C.7)	3,143,559
E.	<u>Total Revenue Accrued</u>	
	1) IDOA Payments	3,587,961
	2) Earnfare Payment	0
	3) Total Revenue	3,587,961
F.	<u>Percentage D.S. Worker Cost to</u> <u>Accrued Revenue</u> (A/E X 100)	77%
G.	<u>Profit or Loss</u> (E minus D)	444,402

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	54,656	0	54,656
View	402-03-0021	10.558 Child and Adult Care Food Program	0	2,216	0	2,216
View	402-04-1452	Community Care Program	3,325,867	0	0	3,325,867
View	444-80-1493	Welcoming Center	300,000	23,004	0	323,004
View	444-84-2884	Child Care Resource and Referral Program - Child Care Assistance Program	0	53,452	0	53,452
View	586-18-0409	Child and Adult Care Food Program	0	69,862	0	69,862
View	586-84-2069	State Programs: After School Programs - Non-school Districts	64,000	0	0	64,000
View		Other grant programs and activities		2,386,576	0	2,386,576
View		All other costs not allocated			16,522,732	16,522,732
Totals:			3,689,867	2,589,766	16,522,732	22,802,365

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".