
CHINESE-AMERICAN PLANNING COUNCIL, INC.

Financial Statements and Single Audit Reports

For the year ended June 30, 2016
(with comparative totals for 2015)

CHINESE-AMERICAN PLANNING COUNCIL, INC.

Financial Statements

June 30, 2016

Table of Contents	Page
Independent Auditors' Report.....	1-2
Statements of Financial Position.....	3
Statement of Activities with comparative totals for 2015	4
Statement of Functional Expenses with comparative totals for 2015.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements	7-16
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	17-19
Notes to Schedule of Expenditures of Federal Awards	20
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	21-22
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	23-25
Schedule of Findings and Questioned Costs.....	26-27
Summary Schedule of Prior Year Findings	28
Corrective Action Plan.....	29

Independent Auditors' Report

To the Board of Directors
Chinese-American Planning Council, Inc.

Report on the financial statements

We have audited the accompanying financial statements of Chinese-American Planning Council, Inc. ("CPC"), which comprise the statements of financial position as of June 30, 2016, and the related statement of activities, functional expense, and cash flows for the year then ended, and the related notes to financial statements.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chinese-American Planning Council, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on pages 18 to 20, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of CPC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CPC's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited CPC's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 24, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

NCheng LLP

New York, New York
November 18, 2016

CHINESE-AMERICAN PLANNING COUNCIL, INC**Statements of Financial Position**

As of June 30, 2016

(with comparative totals for 2015)

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash and cash equivalents – Note 3	\$ 1,928,599	\$ 1,774,811
Grants and contracts receivable – Note 4	2,666,648	2,975,903
Accounts receivable, net	326,258	1,556,729
Other receivable	332,650	
Prepaid expenses and deposits	356,773	289,899
Investments – Note 5	1,139,400	725,908
Due from affiliates and associated entities – Note 6	8,219,906	7,362,570
Custodial funds and other assets – Note 7	3,430,983	3,329,037
Property and equipment – net – Note 8	77,912	14,912
	<u> </u>	<u> </u>
Total assets	<u>\$ 18,479,129</u>	<u>\$ 18,029,769</u>
 <u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts and accrued expenses payable	\$ 575,476	\$ 889,258
Refundable advances and deferred revenues	385,538	421,836
Custodial funds liabilities – Note 7	3,430,983	3,329,037
Other liabilities – Note 9	1,437,689	870,589
Line of credit – Note 10	1,500,000	1,500,000
Due to funding sources	2,021	15,856
	<u> </u>	<u> </u>
Total liabilities	<u>7,331,707</u>	<u>7,026,576</u>
 <u>Net Assets – Note 11</u>		
Unrestricted		
Operating	10,459,100	10,332,193
Board designated	207,660	207,660
	<u> </u>	<u> </u>
Total unrestricted	10,666,760	10,539,853
Temporarily restricted	40,239	22,917
Permanently restricted	440,423	440,423
	<u> </u>	<u> </u>
Total net assets	<u>11,147,422</u>	<u>11,003,193</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 18,479,129</u>	<u>\$ 18,029,769</u>

The accompanying notes are an integral part of these financial statements.

CHINESE-AMERICAN PLANNING COUNCIL, INC.

Statement of Activities

For the year ended June 30, 2016

(with comparative totals for 2015)

	Unrestricted	Temporarily restricted	Permanently restricted	<u>2016</u>	<u>Total 2015</u>
<u>Revenue</u>					
Government grants and contracts	\$ 18,349,654			\$ 18,349,654	\$ 18,087,097
Contributions and private grants	2,730,821	\$ 10,600		2,741,421	2,520,712
Service fees	1,665,153			1,665,153	3,334,431
Other income and public support	190,272			190,272	245,702
Interest and dividend income	25,450	6,722		32,172	17,740
Special events, net of \$255,296 in 2016 and \$191,708 in 2015 for direct costs	<u>661,555</u>			<u>661,555</u>	<u>296,569</u>
Total revenue	<u>23,622,905</u>	<u>17,322</u>		<u>23,640,227</u>	<u>24,502,251</u>
<u>Expenses</u>					
Program services					
Child care	6,978,753			6,978,753	6,840,020
Community services	4,687,111			4,687,111	4,672,653
Senior citizens' services	4,380,582			4,380,582	3,622,982
Youth services	3,404,063			3,404,063	3,041,424
Workforce	599,779			599,779	623,213
Literacy	<u>47,845</u>			<u>47,845</u>	<u>94,804</u>
Total program services	<u>20,098,133</u>			<u>20,098,133</u>	<u>18,895,096</u>
Supporting services					
Management and general	3,239,929			3,239,929	2,930,328
Fund raising	<u>157,936</u>			<u>157,936</u>	<u>86,397</u>
Total supporting services	<u>3,397,865</u>			<u>3,397,865</u>	<u>3,016,725</u>
Total expenses	<u>23,495,998</u>			<u>23,495,998</u>	<u>21,911,821</u>
Change in net assets	126,907	17,322		144,229	2,590,430
Net assets at beginning of year	<u>10,539,853</u>	<u>22,917</u>	\$ 440,423	<u>11,003,193</u>	<u>8,412,763</u>
Net assets at end of year	<u>\$ 10,666,760</u>	<u>\$ 40,239</u>	<u>\$ 440,423</u>	<u>\$ 11,147,422</u>	<u>\$ 11,003,193</u>

The accompanying notes are an integral part of these financial statements.

CHINESE-AMERICAN PLANNING COUNCIL, INC.

Statement of Functional Expenses

For the year ended June 30, 2016

(with comparative totals for 2015)

	Program services							Supporting services			Total program and Supporting services	
	Child Care	Community services	Senior citizens services	Youth services	Work force	Literacy	Total	Management and general	Fund raising	Total	2016	2015
Personnel costs												
Salaries	\$ 4,263,915	\$ 2,599,363	\$ 2,474,894	\$ 2,131,387	\$ 344,990	\$ 32,763	\$ 11,847,312	\$ 1,440,025	\$ 112,397	\$ 1,552,422	\$ 13,399,734	\$ 12,503,842
Fringe benefits	1,170,838	997,966	620,016	636,552	152,172	14,332	3,591,876	464,944	20,539	485,483	4,077,359	3,411,802
Total personnel costs	5,434,753	3,597,329	3,094,910	2,767,939	497,162	47,095	15,439,188	1,904,969	132,936	2,037,905	17,477,093	15,915,644
Program activities												
Food and food related materials	367,251	11,567	732,559	14,724			1,126,101	3,849		3,849	1,129,950	1,193,441
Other program supplies	136,736	43,829	71,147	54,207	6,583	462	312,964				312,964	448,132
Participant expenses	3,347	13,629		15,923			32,899				32,899	60,815
Program services/fundraising	301,273	99,206	33,853	129,775	44,157	288	608,552	2,384		2,384	610,936	479,085
Professional services												
Audit fees								107,033		107,033	107,033	68,600
Legal fees								7,502		7,502	7,502	20,177
Consultant	12,200	2,880	250	21,571			36,901	206,171	25,000	231,171	268,072	164,071
Payroll/client billing preparation	14,202						14,202	104,661		104,661	118,863	77,286
Occupancy costs												
Rent and real estate taxes	445,260	623,333	222,148	267,355	22,166		1,580,262	297,339		297,339	1,877,601	1,875,712
Utilities	69,155	50,252	9,045	14,338			142,790	21,300		21,300	164,090	147,278
Building maintenance and repairs	50,845	32,876	57,110	299			141,130	12,742		12,742	153,872	149,141
Others												
Supplies	32,669	5,562	20,369	2,122			60,722	11,732		11,732	72,454	72,461
Telephone	25,952	52,272	18,035	14,193	280		110,732	38,184		38,184	148,916	147,993
Internet maintenance		552					552	1,617		1,617	2,169	9,709
Insurance								341,013		341,013	341,013	333,185
Transportation/travel related	38,885	14,113	31,688	53,957	69		138,712	4,762		4,762	143,474	141,347
Equipment purchase/rental	37,469	24,587	89,169	38,352	1,114		190,691	15,431		15,431	206,122	210,271
Printing/postage/subscriptions	99	26,558	299	2,000	16,630		45,586	9,763		9,763	55,349	59,053
Promotion/public relations/memberships	1,990	51,498		7,308	942		61,738	13,051		13,051	74,789	49,444
Contribution/ Donation								200		200	200	
Staff training/conferences/advertising	4,552	13,672			10,676		28,900	11,268		11,268	40,168	25,307
Memberships		18,801					18,801	17,615		17,615	36,416	20,753
Interest and loan fees								71,530		71,530	71,530	77,363
Depreciation and amortization	1,915						1,915	21,430		21,430	23,345	14,211
Bad debt expense								1,214		1,214	1,214	143,698
Miscellaneous	200	4,595					4,795	13,169		13,169	17,964	7,644
Total expenses	\$ 6,978,753	\$ 4,687,111	\$ 4,380,582	\$ 3,404,063	\$ 599,779	\$ 47,845	\$ 20,098,133	\$ 3,239,929	\$ 157,936	\$ 3,397,865	\$ 23,495,998	\$ 21,911,821

The accompanying notes are an integral part of these financial statements.

CHINESE-AMERICAN PLANNING COUNCIL, INC.**Statements of Cash Flows**

For the year ended June 30, 2016

(with comparative totals for 2015)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Changes in net assets	\$ 144,229	\$ 2,590,430
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	23,346	14,209
Change in grants and contracts receivable	309,255	(763,235)
Change in accounts receivable	1,230,471	(1,362,205)
Change in other receivables	(332,650)	49,700
Change in prepaid expenses and deposits	(66,874)	12,572
Change in custodial funds & other assets	(101,946)	(120,031)
Change in accounts and accrued expenses payable	(680,449)	(295,460)
Change in refundable advances and deferred revenue	(36,298)	75,809
Change in custodial funds liabilities	101,946	120,031
Change in other liabilities	567,100	(93,820)
Change in due to funding sources	<u>(13,835)</u>	<u>15,856</u>
Net cash provided by operating activities	<u>1,144,295</u>	<u>243,856</u>
Cash flows from investing activities		
Net purchase of investments	(413,492)	(13,234)
Loans to related party	(490,669)	811,306
Purchase of fixed assets	<u>(86,346)</u>	<u>(3,409)</u>
Net cash (used in)/provided by investing activities	<u>(990,507)</u>	<u>794,663</u>
Cash flows from financing activities		
Repayments of line of credit	<u>-</u>	<u>(500,000)</u>
Net cash used in financing activities	<u>-</u>	<u>(500,000)</u>
Net increase in cash and cash equivalents	153,788	538,519
Cash and cash equivalents – beginning of year	<u>1,774,811</u>	<u>1,236,292</u>
Cash and cash equivalents – end of year	<u>\$ 1,928,599</u>	<u>\$ 1,774,811</u>

The accompanying notes are an integral part of these financial statements.

CHINESE-AMERICAN PLANNING COUNCIL, INC.

Notes to Financial Statements

June 30, 2016

Note 1 Organization

Chinese-American Planning Council, Inc. ("CPC") is a not-for-profit corporation organized under the New York State not-for-profit corporation law. CPC's mission is to serve the Chinese-American, immigrant and low-income communities in New York City by providing services, skills and resources towards economic self-sufficiency.

CPC is exempt from income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes has been recorded in these financial statements.

Note 2 Summary of significant accounting policies

Financial statement presentation. CPC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

CPC is required to present consolidated financial statements with its affiliates and associated entities to be in conformity with accounting principles generally accepted in the United States of America. CPC has consolidated its results with its subsidiaries and have issued a consolidated financial statements dated November 18, 2016. The accompanying standalone financial statements are requested by a grantor of the CPC, and therefore do not include the activities of the affiliates and associated entities.

Basis of accounting. The financial statements of CPC have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles in the United States of America.

Use of estimates. Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Cash and cash equivalents. Cash and cash equivalents include highly liquid investments including certificate of deposit and money market funds with original maturities of 90 days or less when purchased. The securities are carried at cost, which approximates fair market value.

Property and equipment. Property and equipment are recorded at cost. Gifts and bequests are carried at appraised or fair market value at the date of the gift. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets.

CHINESE-AMERICAN PLANNING COUNCIL, INC.

Notes to Financial Statements

June 30, 2016

Note 2 Summary of significant accounting policies – (continued)

Net assets. The classification of net assets and related support, revenue and expenses, is based on the existence or absence of donor-imposed restrictions. CPC report its net assets are classified into three separate categories. The three net asset categories as reflected in the accompanying financial statements are as follows:

Unrestricted – Net assets are reflective of revenue and expenses associated with the principal operating activities of CPC and are not subject to donor stipulation.

Temporarily restricted - Net assets whose use by CPC is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled by actions of CPC pursuant to those stipulations.

Permanently restricted net assets - Net assets whose use by CPC is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of CPC. Permanently restricted net assets consist primarily of endowment, as described in Note 11.

Endowment net assets classification. ASC 958-205 Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to the New York Prudent Management of Institutional Funds Act (“NYMIFA”), and Enhanced Disclosures for all Endowment Funds provides guidance on classifying net assets of donor restricted and board-designated endowment funds held by organizations whether or not they are subject to NYMIFA, as described in Note 11.

Fair Value of Financial Instruments. The carrying amounts of cash and cash equivalents, accounts receivable, grants receivable, other receivables, accounts payables, custodial funds, other liabilities and line of credit approximate fair value because of the short-term maturity of these financial instruments. The fair value for investments and other financial instruments recorded at fair value on a recurring basis are included in Note 5.

Revenue recognition. Contributions are recorded as revenues when received, or when amounts and collectability are known, and considered to be available for unrestricted use unless specifically restricted by donors.

Grants reimbursing expenditures are recognized as support for the amount expended during the period. Amounts received prior to the time related expenses were incurred are reflected as a liability to the funding source.

Grants and contributions receivable are recorded once the commitment has been made as collectability is assured (contributions) or the service has been performed (grants). Allowance for uncollectible is determined based on management’s judgement including factors such as prior collections history, type of contributions and the nature of the contributions. No allowance for uncollectible contributions was recorded as of June 30, 2016 and 2015.

CHINESE-AMERICAN PLANNING COUNCIL, INC.

Notes to Financial Statements

June 30, 2016

Note 2 Summary of significant accounting policies – (continued)

Functional allocation of expenses. The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes. CPC had no uncertain tax positions as June 30, 2016 in accordance with Accounting Standards Codification (“ASC”) Topic 740, Income Taxes, which provides standards for establishing and classifying any tax provision for uncertain tax positions. CPC is no longer subject to federal or state and local income tax examinations by tax authorities for the year ended June 30, 2013 and prior years.

Comparative information. The financial statements include certain prior-year summarized comparative information in total but not by net assets class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the CPC’s financial statements for the year ended June 30, 2015, from which summarized information was derived.

Note 3 Cash and cash equivalents

Cash and cash equivalents consist of the following as of June 30,:

	<u>2016</u>	<u>2015</u>
Operating funds	\$ 1,542,509	\$ 1,254,410
Payroll funds	382,090	516,401
Petty cash funds	<u>4,000</u>	<u>4,000</u>
Total	<u>\$ 1,928,599</u>	<u>\$ 1,774,811</u>

Note 4 Grants and contracts receivable

Grants and contracts receivable consist of the following as of June 30,:

	<u>2016</u>	<u>2015</u>
Government grants	\$ 2,371,109	\$ 2,808,478
Private foundations	<u>295,539</u>	<u>167,425</u>
Total	<u>\$ 2,666,648</u>	<u>\$ 2,975,903</u>

CHINESE-AMERICAN PLANNING COUNCIL, INC.

Notes to Financial Statements

June 30, 2016

Note 5 Fair value measurements

ASC 820 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosure about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes how to measure fair value based on a three-level hierarchy of inputs, of which the first two are considered observable and the last unobservable.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liability.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

<u>Description</u>	<u>2016</u> <u>Level 1</u>	<u>2015</u> <u>Level 1</u>
CPC investment		
Money market placements	\$ 415,384	\$ 414,997
Fixed Income	243,354	214,237
Daily income fund	<u>480,662</u>	<u>96,674</u>
Total	<u>\$ 1,139,400</u>	<u>\$ 725,908</u>

Investment income for the years ended June 30, 2016 and 2015 was \$32,172 and \$17,740, respectively.

CHINESE-AMERICAN PLANNING COUNCIL, INC.**Notes to Financial Statements**

June 30, 2016

Note 6 Due from affiliates and associated entities

CPC engaged in transactions with affiliated and associated entities, such as management fees charged by CPC's for its involvement in the affiliates and associated entities' operations as well as loans made to some of those affiliates and associated entities. As of June 30, the due from affiliates and associated entities account balances were as follows:

	<u>2016</u>	<u>2015</u>
Nan Shan Local Development Corporation	\$ 9,623,906	\$ 6,890,570
Chinese-American Planning Council Home Attendant Program, Inc.	(1,500,000)	400,000
CPC Tribeca Center, Inc.	<u>96,000</u>	<u>72,000</u>
Total	<u>\$ 8,219,906</u>	<u>\$ 7,362,570</u>

Note 7 Custodial funds

Certain senior citizen programs of CPC formed Advisory Committees to raise funds for senior center [related and specific] purposes. The Advisory Committees raise funds and recommend disbursements from those funds.

As of June 30, the balances related to the custodial funds' activities, which are included in the accompanying financial statements, are as follows:

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 1,138,564	\$ 1,105,574
Investments	2,214,112	2,207,183
Due from affiliates and associated entities	58,457	530
Memorial plots	<u>19,850</u>	<u>15,750</u>
Total custodial funds	<u>\$ 3,430,983</u>	<u>\$ 3,329,037</u>

CPC remains in the process of reviewing and assessing the above referenced custodial funds and property and related assets and possible debits for one program location. This review and assessment may result in adjustments to the above custodial funds report. Any such adjustments would not be expected to significantly impact the organization's financial statements.

CHINESE-AMERICAN PLANNING COUNCIL, INC.**Notes to Financial Statements**

June 30, 2016

Note 8 Property and equipment

Property and equipment are stated at cost or fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

	Estimated life	2016	2015
Leasehold improvements	5 years	\$ 212,943	\$ 206,148
Equipment	5 years	158,445	78,894
Furniture and fixtures	5 years	30,487	30,487
Vehicle	5 years	50,344	50,344
Total fixed assets		452,219	365,873
Less: accumulated depreciation and amortization		(374,307)	(350,961)
Net fixed assets		<u>\$ 77,912</u>	<u>\$ 14,912</u>

Note 9 Other liabilities

Other liabilities consist of the following:

	2016	2015
Grants for Karen Liu Child Care Staff Development Fund		
Contribution from Ong Family Foundation	\$ 113,750	\$ 113,750
Contribution from Lin and Susie Chen Foundation	63,000	63,000
Contribution from Allen B. Cohen's donation	970	970
Subtotal	177,720	177,720
Other	504,842	618,136
Note payable	74,733	74,733
Insurance reserve	680,394	
Total other liabilities	<u>\$ 1,437,689</u>	<u>\$ 870,589</u>

CPC maintains group health claims subject to an annual deductible of \$100,000 (reinsurance coverage). CPC makes monthly deposits into an insurance reserve bank account based on funding levels which are determined annually by third party administrator. Insurance reserve represents an estimate of claims incurred but not reported and the difference between outstanding claims and the balance of the insurance reserve deposit account.

CHINESE-AMERICAN PLANNING COUNCIL, INC.

Notes to Financial Statements

June 30, 2016

Note 10 Line of credit

CPC has a line of credit of \$2,000,000 with a bank. The line of credit is renewable on annual basis bearing interest at prime of (3.25%) plus 1.00% as of June 30, 2016. All borrowings are collateralized by substantially all assets of CPC.

The line of credit has financial covenants that require, among other things, maintenance of minimum tangible net worth of \$3,500,000; full repayment to the Bank of all amounts outstanding respecting the facility for a period of 60 consecutive days in each year; and unencumbered deposits of \$8,000,000 by CPC and its affiliates and associated entities at all times. As of June 30, 2016, CPC is in compliance with required financial covenants.

The outstanding balance on the line of credit was \$1,500,000 at June 30, 2016 and 2015, respectively. Interest expense for the years ended June 30, 2016 and 2015 was \$66,865 and \$80,076, respectively.

Note 11 Net assets

Board Designated Net Assets. In 2007, the Board of Directors designated \$600,000 received for early termination of a lease related to the Community Service program, for the costs to be incurred in leasing and renovating a new property for the Community Service program and also to cover for incremental rent expenses, in the event that the new location is to be leased at a higher rate. As of June 30, 2016 and 2015, the balance of this designated net asset was \$207,660, respectively.

Temporarily Restricted and Permanently Restricted Net Assets. Temporarily and Permanently restricted net assets consist of endowment funds.

CPC's endowment funds consist of three individual funds established for a variety of purposes and is reported in the permanently restricted net assets. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds in the absence of explicit donor stipulations to the contrary. As a result of this interpretation, CPC classifies as permanently restricted net assets (a) the original value of gift donated to the permanent endowment, (b) the original value of subsequent gift to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by CPC in a manner consistent with the standard of prudence prescribed by NYPMIFA.

CHINESE-AMERICAN PLANNING COUNCIL, INC.

Notes to Financial Statements

June 30, 2016

Note 11 Net assets – (continued)

In accordance with NYPMIFA, CPC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of CPC, and (7) CPC's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. CPC had adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions that satisfy the intent of the donor while growing the funds if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. CPC shall expend income and appreciation on the fund on a total return basis in accordance with standards applicable under the New York State Not-for-Profit Corporation Law and NYPMIFA at a percentage of total return deemed prudent by the board while meeting the intent of the donor. In establishing this policy, CPC considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. CPC expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 5% annually. This is consistent with CPC's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

The composition of and changes in donor-restricted endowment net assets as of June 30, 2016 and 2015 are as follows:

	Temporarily restricted	Permanently restricted	Total net endowment assets
Endowment net assets, beginning of year	\$ 22,917	\$ 440,423	\$ 463,340
Contributions	10,600	-	10,600
Interest and dividends	3,247	-	3,247
Net gain	3,475	-	3,475
Endowment net assets, end of year	<u>\$ 40,239</u>	<u>\$ 440,423</u>	<u>\$ 480,662</u>

CHINESE-AMERICAN PLANNING COUNCIL, INC.**Notes to Financial Statements**

June 30, 2016

Note 11 Net assets – (continued)

	Temporarily restricted	Permanently restricted	Total net endowment assets
Endowment net assets, beginning of year	\$ 20,909	\$ 440,423	\$ 461,332
Interest and dividends	3,705	-	3,705
Net loss	(1,697)	-	(1,697)
Endowment net assets, end of year	<u>\$ 22,917</u>	<u>\$ 440,423</u>	<u>\$ 463,340</u>

Note 12 Commitment and contingencies

Leases

CPC leases various facilities under non-cancelable operating leases with terms ranging from one to ten years, ending June 30, 2021. The following is a schedule by years of future minimum rentals under the leases at June 30, 2016:

Year ending June 30,	<u>Amount</u>
2017	\$ 1,066,281
2018	937,757
2019	877,333
2020	782,280
2021	<u>544,422</u>
	<u>\$ 4,208,073</u>

In addition to the above commitments, CPC has agreed to a month to month billings for its central office space as well as certain programs amounting to \$66,217 for the fiscal year 2016.

Litigation

CPC is involved in litigation on a number of matters, which arise in the normal course of business, none of which, in the opinion of the administration, are expected to have a material adverse effect on the financial statements.

CHINESE-AMERICAN PLANNING COUNCIL, INC.

Notes to Financial Statements

June 30, 2016

Note 12 Commitment and contingencies – (continued)

Self-Insurance Reserves

CPC provides coverage for medical insurance benefits for its employees. CPC is self-insured medical insurance coverage (with reinsurance for each eligible claim). To assist with administering the self-insured medical plan, CPC uses a Third Party Administrator (TPA) under an Administrative Services Only (ASO).

CPC is fully liable for all financial and legal aspects of its self-insured employee medical plan. To protect itself against unfunded financial liability, stop-loss insurance is purchased, under which the excess portion of claims that are above the agreed limit (stop-loss) would become the responsibility of the reinsurer.

Self-insurance reserves are based on estimates of historical experience, and while management believes that the reserves are adequate, the ultimate liabilities may be more or less than the amounts provided. As of June 30, 2016, self-insurance reserves amount to \$680,394.

Grant Revenues

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of CPC. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements, and applicable federal and state laws and regulations.

Note 13 Concentrations

Concentration of Credit Risk

Financial instruments which potentially subject CPC to a concentration of credit risk are cash and cash equivalents accounts with major financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal. As of June 30, 2016 and 2015, CPC had a credit risk exposure of \$4,623,647 and \$4,046,027, respectively, which is comprised of cash included in cash and cash equivalents as well as custodial funds.

Note 14 Subsequent events

CPC has evaluated its financial statements for potential recognition and disclosure, events and transactions that occurred subsequent to the date of the statement of financial position through November 18, 2016, the date the financial statements were available to be issued. CPC has determined that there are no subsequent events that require additional recognition or disclosure in the financial statements.

CHINESE-AMERICAN PLANNING COUNCIL, INC.**Schedule of Expenditures of Federal Awards**

For the year ended June 30, 2016

Federal grantor/pass-through grantor/ program or cluster title	Federal CFDA number	Pass-through entity identifying number	Federal expenditures
<u>U.S Department of Health and Human Services</u>			
<u>Passed through the City of New York</u>			
<u>Administration for Children's Services</u>			
Child Care and Development Block Grant			
Day Care Programs	93.575	00309	\$ 2,805,414
<u>Passed through New York State Office of Children and Family Services</u>			
Child Care and Development Block Grant			
Infant Toddler	93.575	C026636	52,518
CCC & R	93.575	C025197	1,180,718
			<u>\$ 4,038,650</u>
<u>Passed through the City of New York</u>			
<u>Department for the Aging</u>			
Social Services Block Grant			
NY Chinatown Senior Center	93.667	20131408801	\$ 182,901
Project Open Door	93.667	20131409441	186,619
Queens Senior Citizens Center	93.667	20131408800	116,725
Brooklyn Senior Services	93.667	20161415932	1,117
			<u>\$ 487,362</u>
<u>Passed through the City of New York</u>			
<u>Department for the Aging</u>			
Centers for Medicare and Medicaid Services (CMS) Research			
Demonstrations and Evaluations			
Medicare Outreach Program			
9/30/15-9/29/16	93.071	20161405833	\$ 10,000
			<u>\$ 10,000</u>
<u>Passed through New York State Office of Children and Family Services</u>			
Community Services Block Grant			
Office for New Americans (Manhattan)	93.569	C1000121	\$ 49,844
Office for New Americans (Queens)	93.569	C1000126	13,424
			<u>\$ 63,268</u>
<u>Passed through the City of New York</u>			
<u>Department of Youth and Community Development</u>			
Community Services Block Grant			
NDA Queens	93.569	840703	\$ 64,942
NDA New Utrecht HS	93.569	821001	19,290
NDA Brooklyn	93.569	820707	54,991
NDA Brooklyn	93.569	820709	7,491
NDA 165 Eldridge	93.569	830314	6,500
			<u>153,214</u>
			<u>\$ 216,482</u>

The accompanying notes are an integral part of this schedule.

CHINESE-AMERICAN PLANNING COUNCIL, INC.
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2016

Federal grantor/pass-through grantor/ program or cluster title	Federal CFDA number	Pass-through entity identifying number	Federal expenditures
<u>U.S Department of Health and Human Services</u>			
<u>Passed through the City of New York</u>			
<u>Department for the Aging</u>			
Aging Cluster			
Special Programs for the Aging, Title III, Part B - Grants for Supportive Services and Senior Centers			
Queens Senior Citizens Center	93.044	20131408800	\$ 10,215
NY Chinatown Senior Center	93.044	20131408801	13,435
Project Open Door	93.044	20131409441	17,557
Special programs for the Aging - Title III, Part C			
Nutrition Services			
NY Chinatown Senior Center	93.045	20131408801	67,171
Project Open Door	93.045	20131409441	42,688
Queens Senior Center	93.045	20131408800	63,210
Nutrition Services Incentive Program			
NY Chinatown Senior Center	93.053	20131408801	52,104
Project Open Door	93.053	20131409441	68,031
Queens Senior Citizens Center	93.053	20131408800	27,403
Total Aging Cluster			<u>\$ 361,814</u>
<u>Passed through Structured Employment Economic Development Corp.</u>			
State Planning and Establishment Grants			
New York IPA/Navigator Program	93.525	C028906	<u>\$ 105,198</u>
Total for US Department of Health and Human Services			<u>\$ 5,219,506</u>
U.S. Department of Agriculture (USDA)			
<u>Passed through the Hunger Solutions New York</u>			
<u>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</u>			
Nutrition Outreach and Education Program	10.561	C021045	<u>\$ 33,901</u>
<u>Passed through United Way of New York City</u>			
<u>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</u>			
Food Stamp Program	10.561	N/A	<u>\$ 200,296</u>
<u>Passed through the State of New York Department of Health</u>			
<u>Child and Adult Care Food Program</u>			
10/01/13-06/30/14	10.558	03111	<u>\$ 416,260</u>
Total for US Department of Agriculture			<u>\$ 650,457</u>

The accompanying notes are an integral part of this schedule.

CHINESE-AMERICAN PLANNING COUNCIL, INC.
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2016

Federal grantor/pass-through grantor/ program or cluster title	Federal CFDA number	Pass-through entity identifying number	Federal expenditures
U.S. Department of Labor			
<u>Passed through the City of New York</u>			
<u>Department of Youth and Community Development</u>			
WIA Cluster			
WIA Youth Activities			
OST High School Queens			
09/1/15-06/30/16	17.259	20131407060	\$ 101,091
09/1/14-8/31/15 Extended (07/01/15-06/30/16)	17.259	20131407060	13,158
09/1/14-6/30/15 Extended (07/01/15-08/31/15)	17.259	20131407060	896
<u>Passed through the City of New York</u>			
<u>Department of Youth and Community Development</u>			
WIA Cluster			
OST High School Queens			
09/01/15-06/30/16	17.259	20131407147	163,685
09/01/14-08/31/15 Extended (07/01/15-06/30/16)	17.259	20131407147	20,652
09/01/14-06/30/15 Extended (07/01/15-08/31/15)	17.259	20131407147	1,754
Total WIA Cluster			<u>\$ 301,236</u>
<u>Passed through the Senior Service America, Inc.</u>			
Senior Community Service Employment Program	17.235	139	<u>\$ 1,673,186</u>
Total for US Department of Labor			<u>\$ 1,974,422</u>
Total Federal Expenditures			<u><u>\$ 7,844,385</u></u>

The accompanying notes are an integral part of this schedule.

CHINESE-AMERICAN PLANNING COUNCIL, INC.
Notes to Schedule of Expenditures of Federal Awards
June 30, 2016

Note 1 Basis of presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Chinese-American Planning Council, Inc. (“CPC”) under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of CPC, it is not intended to and does not present the financial position, changes in net assets or cash flows of CPC.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-122, *Cost principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 Indirect Cost Rate

CPC receives its Federal Funding has pass-through from several states and local governments. As a result, CPC has not negotiated an indirect cost rate with the Federal Government. CPC did not elect to use the 10 percent de minimis indirect cost rate.

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
Chinese-American Planning Council, Inc.
New York, New York

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 Planning Council, Inc. (“CPC”), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2016.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered CPC'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 CPC's internal control. Accordingly, we do not express an opinion on the effectiveness of CPC'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether CPC'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 CPC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CPC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

NChang LLP

New York, New York
November 18, 2016

Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Chinese-American Planning Council, Inc.
New York, New York

Report on compliance for each major federal program

We have audited Chinese-American Planning Council, Inc.'s ("CPC") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CPC's major federal programs for the year ended June 30, 2016. CPC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

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

Auditor's responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CPC's compliance.

Opinion on each major federal program

In our opinion, CPC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on internal control over compliance

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

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

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

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

NChing LLP

New York, New York
November 18, 2016

CHINESE-AMERICAN PLANNING COUNCIL, INC.

Schedule of Findings and Questioned Costs

For the year ended June 30, 2016

Section I – Summary of auditor’s results

Financial Statements

Type of auditors’ report issued Unmodified
• Material weakness(es) identified? yes no
• Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:
• Material weakness(es) identified? yes no
• Significant deficiency(ies) identified? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of federal program or cluster</u>
17.235	Senior Community Service Employment Program

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

Auditee qualified as low-risk auditee? yes no

CHINESE-AMERICAN PLANNING COUNCIL, INC.

Schedule of Findings and Questioned Costs

For the year ended June 30, 2016

Section II – Financial Statements Findings

None

Section III - Federal Awards Findings and Questioned Costs

None

CHINESE-AMERICAN PLANNING COUNCIL, INC.
Summary Schedule of Prior Year Audit Findings and Questioned Costs
For the year ended June 30, 2016

Financial statements findings

None

Federal award findings and questioned costs

None

CHINESE-AMERICAN PLANNING COUNCIL, INC.

Corrective Action Plan

For the year ended June 30, 2016

None