

**Chinese-American Planning Council, Inc.
and Affiliates**

Consolidated Financial Statements
and Uniform Guidance Schedules
Together With Independent Auditors' Reports

June 30, 2018

Chinese-American Planning Council, Inc. and Affiliates

Consolidated Financial Statements and Uniform Guidance Schedules Together With Independent Auditors' Reports

June 30, 2018

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Independent Auditors' Report

Board of Directors Chinese-American Planning Council, Inc. and Affiliates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Chinese-American Planning Council, Inc. and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of operations and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement. The financial statements of CPC Home Attendant Program Holdings, Inc., Chinese-American Planning Council Home Attendant Program, Inc., CPC One, LLC, Chinatown Neighborhood Local Development Corporation, CPC Tenant and Building Services, Inc., CPC Tribeca Center, Inc., The Chinatown Planning Council Housing Development Fund Co., Inc., Nan Shan Local Development Corp. and 16 Dutch Housing Development Fund Corp. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 the significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Board of Directors
Chinese-American Planning Council, Inc. and
Affiliates
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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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Chinese-American Planning Council, Inc. and Affiliates as of June 30, 2018, and the consolidated changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Adjustments to Prior Period Financial Statements

The consolidated financial statements of Chinese-American Planning Council, Inc. and Affiliates as of June 30, 2017 were audited by other auditors whose report dated November 20, 2017, expressed an unmodified opinion on those financial statements. As part of our audit of the 2018 consolidated financial statements, we also audited the adjustments described in Note 20 that were applied to restate unrestricted net assets as of July 1, 2017. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2017 consolidated financial statements of Chinese-American Planning Council, Inc. and Affiliates other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2017 consolidated financial statements as a whole.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 28 to 32 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2018, on our consideration of Chinese-American Planning Council, Inc. and Affiliates' 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 the effectiveness of Chinese-American Planning Council, Inc. and Affiliates' 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 Chinese-American Planning Council, Inc. and Affiliates' internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

December 18, 2018

Chinese-American Planning Council, Inc. and Affiliates

Consolidated Statement of Financial Position June 30, 2018

ASSETS

Current Assets

Cash and cash equivalents - Note 3	\$ 32,771,367
Grants and contracts receivable - Note 5	13,935,123
Accounts receivable, net - Note 6	8,003,667
Other receivables	957,515
Prepaid expenses and deposits - Note 7	772,242
Investments - Note 8	1,150,112
Tenants' security deposits	59,711
Custodial funds - Note 9	<u>3,854,577</u>
Total Current Assets	<u>61,504,314</u>

Non-Current Assets

Restricted cash and cash equivalents - Note 4	12,015,216
Restricted deposits - Note 10	894,392
Property and equipment, net - Note 11	<u>55,007,527</u>
Total Non-Current Assets	<u>67,917,135</u>

\$ 129,421,449

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses - Note 12	\$ 16,553,932
Refundable advances	490,720
Other liabilities	4,788,794
Lines of credit - Note 14	3,000,000
Due to funding sources - Note 15	39,546
Tenants' security deposits payable	59,711
Mortgages payable - current portion - Note 16	4,035,558
Reserve for disallowance - Note 17	<u>7,687,398</u>
Total Current Liabilities	36,655,659

Non-Current Liabilities

Due to New York City Human Resources Administration ("HRA") - Note 15	18,261,390
Mortgages payable, non-current, net - Note 16	<u>17,578,297</u>

Total Liabilities 72,495,346

Net Assets

Unrestricted

Undesignated	52,561,988
Unrestricted board designated endowment - Note 18	<u>207,660</u>
Total Unrestricted Net Assets	52,769,648

Temporarily restricted - Note 18	3,716,032
Permanently restricted - Note 18	<u>440,423</u>
Total Net Assets	<u>56,926,103</u>

\$ 129,421,449

See notes to the consolidated financial statements

Chinese-American Planning Council, Inc. and Affiliates

Consolidated Statement of Operations and Change in Net Assets For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE				
Government grants and contracts	\$ 182,470,735	\$ -	\$ -	\$ 182,470,735
Contributions and private grants	2,613,706	91,431	-	2,705,137
Rental revenue	2,813,771	-	-	2,813,771
Contracted sources	1,929,364	-	-	1,929,364
Special events, net of \$95,910 of costs of direct benefits to donors	437,992	-	-	437,992
Interest and dividend income	155,711	12,535	-	168,246
Other public support	3,381,128	124,333	-	3,505,461
Released from restriction	307,337	(307,337)	-	-
Total Revenue	194,109,744	(79,038)	-	194,030,706
EXPENSES				
Program Services				
Home attendant program	144,744,427	-	-	144,744,427
Community services	5,892,475	-	-	5,892,475
Senior citizens' services	4,931,239	-	-	4,931,239
Housing and economic development	5,634,977	-	-	5,634,977
Early childcare services	4,349,490	-	-	4,349,490
Youth services	4,160,014	-	-	4,160,014
School-age services	3,083,154	-	-	3,083,154
Workforce services	491,470	-	-	491,470
Total Program Services	173,287,246	-	-	173,287,246
Supporting Services				
Management and general	15,486,135	-	-	15,486,135
Fundraising	367,837	-	-	367,837
Total Supporting Services	15,853,972	-	-	15,853,972
Total Expenses	189,141,218	-	-	189,141,218
Change in Net Assets Before HRA Adjustments	4,968,526	(79,038)	-	4,889,488
Equity surplus due to HRA	1,363	-	-	1,363
Change in Net Assets	4,969,889	(79,038)	-	4,890,851
NET ASSETS				
Beginning of year, as restated - Note 20	47,799,759	3,795,070	440,423	52,035,252
End of year	\$ 52,769,648	\$ 3,716,032	\$ 440,423	\$ 56,926,103

See notes to the consolidated financial statements

Chinese-American Planning Council, Inc. and Affiliates

Consolidated Statement of Functional Expenses For the Year Ended June 30, 2018

	Program Services								Supporting Services				
	Home Attendant Program	Community Services	Senior Citizens' Services	Housing and Economic Development	Early Childcare Services	Youth Services	School-Age Services	Workforce Services	Total	Management and General	Fundraising	Total	Total
PERSONNEL COSTS													
Salaries	\$ 108,731,595	\$ 3,407,071	\$ 2,851,259	\$ 344,904	\$ 2,690,301	\$ 2,656,980	\$ 2,525,070	\$ 311,676	\$ 123,518,856	\$ 4,948,645	\$ 252,926	\$ 5,201,571	\$ 128,720,427
Fringe benefits	24,581,420	687,622	316,176	9,685	412,616	332,182	46,356	109,361	26,495,418	1,045,587	41,962	1,087,549	27,582,967
Payroll taxes	9,711,122	303,725	253,391	46,959	243,687	237,573	230,471	26,549	11,053,477	417,817	23,011	440,828	11,494,305
Total Personnel Costs	<u>143,024,137</u>	<u>4,398,418</u>	<u>3,420,826</u>	<u>401,548</u>	<u>3,346,604</u>	<u>3,226,735</u>	<u>2,801,897</u>	<u>447,586</u>	<u>161,067,751</u>	<u>6,412,049</u>	<u>317,899</u>	<u>6,729,948</u>	<u>167,797,699</u>
PROGRAM ACTIVITIES													
Food and food related supplies	-	16,134	854,201	-	355,982	55,277	32,197	100	1,313,891	18,288	184	18,472	1,332,363
Other program supplies	-	48,563	98,644	-	84,727	133,182	59,551	6,557	431,224	-	-	-	431,224
Physical/medical exams	-	60,073	2,860	-	-	57,903	-	-	120,836	-	-	-	120,836
Participant expenses	533,960	88,657	139,237	-	59,312	106,578	116,681	16,508	1,060,933	1,739	-	1,739	1,062,672
Total Program Activities	<u>533,960</u>	<u>213,427</u>	<u>1,094,942</u>	<u>-</u>	<u>500,021</u>	<u>352,940</u>	<u>208,429</u>	<u>23,165</u>	<u>2,926,884</u>	<u>20,027</u>	<u>184</u>	<u>20,211</u>	<u>2,947,095</u>
PROFESSIONAL SERVICES													
Audit fees	51,348	-	-	38,700	-	-	-	-	90,048	80,303	-	80,303	170,351
Legal fees	76,010	-	-	28,906	-	-	-	-	104,916	91,982	-	91,982	196,898
Consultant fees	2,494	23,250	1,100	208,964	1,725	-	-	-	237,533	51,580	21,346	72,926	310,459
Management fees	-	-	-	39,055	-	-	-	-	39,055	362,707	-	362,707	401,762
Payroll/client billing preparation	643,855	-	-	18,000	18,875	-	-	-	680,730	348,332	-	348,332	1,029,062
Total Professional Services	<u>773,707</u>	<u>23,250</u>	<u>1,100</u>	<u>333,625</u>	<u>20,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,152,282</u>	<u>934,904</u>	<u>21,346</u>	<u>956,250</u>	<u>2,108,532</u>
OCCUPANCY COSTS													
Rent and real estate taxes	-	559,607	65,949	-	278,334	323,109	2,000	-	1,228,999	388,540	480	389,020	1,618,019
Utilities	88,905	59,704	27,943	581,537	54,494	41,014	9,956	-	863,553	21,073	-	21,073	884,626
Building maintenance and repairs	11,592	62,231	170,904	614,954	51,359	25,395	28,092	-	964,527	235,260	-	235,260	1,199,787
Property tax	-	-	-	445,436	-	-	-	-	445,436	114,475	-	114,475	559,911
Total Occupancy Costs	<u>100,497</u>	<u>681,542</u>	<u>264,796</u>	<u>1,641,927</u>	<u>384,187</u>	<u>389,518</u>	<u>40,048</u>	<u>-</u>	<u>3,502,515</u>	<u>759,348</u>	<u>480</u>	<u>759,828</u>	<u>4,262,343</u>
OTHER EXPENSES													
Supplies	51,881	17,384	27,911	29,594	49,899	334	271	-	177,274	48,836	4,273	53,109	230,383
Telephone	-	46,522	17,052	14,483	16,198	17,873	10,761	7,259	130,148	32,530	-	32,530	162,678
Internet maintenance	-	9,891	-	-	-	-	-	-	9,891	11,816	8,750	20,566	30,457
Insurance	-	-	-	164,602	-	-	-	-	164,602	892,954	-	892,954	1,057,556
Transportation/travel related	10,286	24,938	26,076	-	4,353	112,813	5,862	1,120	185,448	29,970	-	29,970	215,418
Equipment purchase/rental	25,858	238,706	57,479	3,112	17,737	30,541	9,100	8,000	390,533	31,375	11,025	42,400	432,933
Printing/postage/subscriptions	87,890	49,527	5,866	961	-	21,477	-	520	166,241	11,372	-	11,372	177,613
Promotion/public relations/advertising	57,517	133,909	15,191	445	1,150	6,726	-	2,120	217,058	25,649	-	25,649	242,707
Contribution/donation	-	-	-	201,000	-	-	-	-	201,000	-	-	-	201,000
Staff training/conferences	-	28,713	-	25	6,950	185	6,786	1,700	44,359	3,954	3,785	7,739	52,098
Memberships	-	15,872	-	-	-	-	-	-	15,872	30,642	95	30,737	46,609
Interest and loan fees	-	-	-	1,345,281	-	-	-	-	1,345,281	152,995	-	152,995	1,498,276
Interest - debt issuance costs	-	-	-	45,774	-	-	-	-	45,774	-	-	-	45,774
Depreciation and amortization	-	1,400	-	1,404,345	1,791	-	-	-	1,407,536	33,707	-	33,707	1,441,243
Bad debt expense	-	-	-	-	-	-	-	-	-	4,000,000	-	4,000,000	4,000,000
Provision for disallowance	-	-	-	-	-	-	-	-	-	2,000,000	-	2,000,000	2,000,000
Miscellaneous	78,694	8,976	-	48,255	-	872	-	-	136,797	54,007	-	54,007	190,804
Total Other Expenses	<u>312,126</u>	<u>575,838</u>	<u>149,575</u>	<u>3,257,877</u>	<u>98,078</u>	<u>190,821</u>	<u>32,780</u>	<u>20,719</u>	<u>4,637,814</u>	<u>7,359,807</u>	<u>27,928</u>	<u>7,387,735</u>	<u>12,025,549</u>
Total Expenses	<u>\$ 144,744,427</u>	<u>\$ 5,892,475</u>	<u>\$ 4,931,239</u>	<u>\$ 5,634,977</u>	<u>\$ 4,349,490</u>	<u>\$ 4,160,014</u>	<u>\$ 3,083,154</u>	<u>\$ 491,470</u>	<u>\$ 173,287,246</u>	<u>\$ 15,486,135</u>	<u>\$ 367,837</u>	<u>\$ 15,853,972</u>	<u>\$ 189,141,218</u>

See notes to the consolidated financial statements

Chinese-American Planning Council, Inc. and Affiliates

Consolidated Statement of Cash Flows Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 4,890,851
Adjustments to reconcile change in net assets to net cash from operating activities	
Bad debt expense	4,000,000
Depreciation and amortization	1,441,243
Amortization - debt issuance costs	45,774
Reserve for disallowance	2,000,000
Change in operating assets and liabilities	
Grants and contracts receivable	(6,834,038)
Accounts receivable	1,812,425
Other receivables	(123,692)
Prepaid expenses and deposits	(130,421)
Custodial funds	(100,132)
Accounts payable and accrued expenses	4,841,514
Refundable advances	(77,307)
Other liabilities	2,142,789
Due to funding sources	(161,784)
Due to HRA	(901,626)
Net Cash From Operating Activities	<u>12,845,596</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Withdrawal from restricted cash and cash equivalents	3,918,703
Additions to restricted deposits	(245,011)
Net purchase of investments	(11,082)
Purchase of property and equipment	(388,408)
Net Cash From Investing Activities	<u>3,274,202</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Mortgage borrowings	9,500,000
Repayment of loans	(8,961,990)
Borrowings on lines of credit, net	993,312
Net Cash From Financing Activities	<u>1,531,322</u>

Net Change in Cash 17,651,120

CASH AND CASH EQUIVALENTS

Beginning of year	<u>15,120,247</u>
End of year	<u>\$ 32,771,367</u>

SUPPLEMENTARY CASH FLOW INFORMATION

Cash paid for interest	<u>\$ 1,111,434</u>
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See notes to the consolidated financial statements

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

1. Organization and Tax Status

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 promote social and economic empowerment of Chinese American, immigrant and low-income communities.

In pursuit of its purpose, CPC, the Parent Organization, has organized and incorporated the following affiliates:

- **CPC Home Attendant Program Holdings, Inc. (“CPC HAP HLDGS”)**

CPC is the sole member of CPC HAP HLDGS, which is the sole member of Chinese-American Planning Council Home Attendant Program, Inc. and provides board oversight. CPC HAP HLDGS is a New York State (“NYS”) not-for-profit corporation.

- **Chinese-American Planning Council Home Attendant Program, Inc. (“CPC-HAP”)**

CPC-HAP is a not-for-profit NYS licensed home care service agency organized under the NYS not-for-profit corporation law. CPC-HAP provides comprehensive personal care services at the homes of individuals who are disabled and/or handicapped.

- **CPC One, LLC**

The primary purpose of CPC One, LLC is to own and operate a facility for central operations.

- **Chinatown Neighborhood Local Development Corporation (“LDC”)**

The primary purpose of LDC was to provide advanced services, skill upgrades, and employment related resources to individuals who are motivated to advance their careers. This entity is no longer active and is in the process of being dissolved.

- **CPC Tenant and Building Services, Inc. (“CPC TBS”)**

A NYS not-for-profit corporation. CPC TBS is the sole member of the following corporations that provide housing for CPC programs:

- **CPC Tribeca Center, Inc. (“CTCI”)**

The primary purpose of CTCI is to improve the quality of life of the needy and economically disadvantaged Asian-Americans in New York City by providing access to services and resources with the goal of economic self-sufficiency and integration in the American mainstream. CTCI operates a facility at One York Street that accommodates CPC childcare services and the CPC-HAP home health care services programs.

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

1. Organization and Tax Status *(continued)*

- **CPC Tenant and Building Services, Inc. (“CPC TBS”) *(continued)***

- **The Chinatown Planning Council Housing Development Fund Co., Inc. (“CPC-HDFC”)**

The primary purpose of CPC-HDFC is to own and operate a 156-unit apartment building located at 50 Norfolk Street, New York, New York. The units are rented to senior citizens that qualify under the U.S. Department of Housing and Urban Development (“HUD”). HUD has contracted with CPC-HDFC under Section 8 of the HUD Housing Assistance Program to make housing assistance payments on behalf of qualified tenants. In addition, CPC-HDFC receives a partial assistance payment on vacant units for a vacancy period not to exceed 60 days. Each prospective tenant is required to receive HUD approval before acceptance as a qualified tenant.

- **Nan Shan Local Development Corp. (“NSLDC”)**

The primary purpose of NSLDC is to own and operate a building (built by NSLDC) in Flushing, Queens to house CPC programs. CPC is the guarantor for the mortgage loan associated with this building.

- **16 Dutch Housing Development Fund Corp. (“16 Dutch”)**

The primary purpose of 16 Dutch is to own and operate a building in Manhattan that provides low-income housing for New York City residents.

All of the entities listed above are exempt from federal Income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been recorded in these consolidated financial statements.

The “Company” will be used to encompass all entities above.

2. Summary of Significant Accounting Policies

Principles of Consolidation

In preparing the accompanying consolidated financial statements, all material inter-company balances and transactions have been eliminated.

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

2. Summary of Significant Accounting Policies (*continued*)

Basis of Presentation and Use of Estimates

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Resources are classified for accounting and reporting purposes into net asset classes according to externally imposed restrictions. Unrestricted net assets are those whose use is not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met within the same year as received. Temporarily restricted net assets are those resulting from contributions and other inflows of assets whose use by the Company is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by action of the Company pursuant to these stipulations. Permanently restricted net assets have been restricted by donors to be maintained by the Company in perpetuity.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances held in bank accounts and other highly liquid debt instruments with maturities of three months or less at the time of purchase that can be used for operating purposes.

Accounts Receivable, Grants and Contracts Receivable, Allowance for Doubtful Accounts, Contracted Sources, Government Grants and Contracts

CPC-HAP recognizes revenue for personal care services under several fee-for-service agreements with the City of New York as well other Managed Care Organizations (“MCO”). CPC-HAP records revenue and receivables from contracting agencies based on claims for expense reimbursements and program utilization at contracted rates. Receivables are stated net of an allowance for doubtful accounts. Receivables are charged to the allowance when they are determined to be uncollectible based upon periodic review of the accounts by management. Interest is not accrued or recorded on outstanding accounts receivable. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments received subsequent to year end. At June 30, 2018, the allowance for doubtful accounts due from MCO amounted to \$8,113,096. All other receivables are deemed collectible by management.

CPC-HAP directly bills third party payers for the personal care services performed by its employees. In some instances, the recipients of personal care services pay a portion of the cost for such services.

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

2. Summary of Significant Accounting Policies (*continued*)

Accounts Receivable, Grants and Contracts Receivable, Allowance for Doubtful Accounts, Contracted Sources, Government Grants and Contracts (continued)

MCO/Medicaid Long-Term Care (“MLTC”) Plans

Effective August 1, 2011, some patients of personal care services became the responsibility of MCOs. Accordingly, CPC-HAP executed a contract with the MCOs for the provision of such services. Revenues generated from these contracted services totaled \$89,821,806 for the year ended June 30, 2018.

New York City Human Resources Administration Contracts

CPC-HAP entered into contracts with New York City Human Resources Administration (“HRA”) to provide personal care services to Medicaid-eligible disabled individuals, including those who are frail and elderly. Program revenue from such services rendered amounted to \$71,274,924 for the year ended June 30, 2018. Some recipients of personal care services are required, pursuant to CPC HAP’s contract with HRA, to pay part of the cost of such services. Revenue generated (referred to as “client surplus income”) from such services rendered was \$164,374 for the year ended June 30, 2018.

Government Grants

Government grants and contracts are recognized in amounts equal to expenses incurred in administering the related program. Upon termination, the unexpended cash funds received under the terms of the grant provisions revert to the grantor.

Receipts under certain government-funded fee-for-service contract programs, which have not been spent due to budget modifications, are available for application to future years’ renewal contracts and are therefore classified as deferred revenue.

Fair Value Measurement

The Company follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or other inputs which can corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks of liquidity, or degree of difficulty in estimating the fair value of each investment’s underlying assets and liabilities.

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

2. Summary of Significant Accounting Policies (*continued*)

Investment Valuation

Investments are carried at fair value.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the assets by the straight-line method for financial reporting as follows:

Building	19 - 40	years
Furniture, fixtures, equipment and vehicles	5	years
Leasehold improvements	40	years

The Company follows the policy of capitalizing all acquisitions in excess of \$5,000 and a useful life of 5 years or more. Maintenance and repairs are charged to operations when incurred.

Items of furniture and equipment, where title is held by the granting agency, are expensed when purchased.

Impairment of Long-Lived Assets

Long-lived assets such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company records impairment losses on long lived assets used in operations when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. No impairment charges were recognized during the year ended June 30, 2018.

Debt Issuance Costs

Debt issuance costs are reported on the consolidated statement of financial position as a direct deduction from the face amount of the debt. The debt issuance costs are being amortized over the term of the debt on a method that approximates the effective interest rate method. The Company reflects amortization of debt issuance costs within interest expense.

Conditional Asset Retirement Obligations

The Company accounts for Conditional Asset Retirement Obligations ("CARO") in accordance with U.S. GAAP, which defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Uncertainty with respect to the timing and/or method of settlement of the asset retirement obligation does not defer recognition of a liability. The fair value of the CARO is recorded on a discounted basis and accreted over time for the change in fair value. Management has determined that there are no CARO liabilities that are required to be recorded.

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

2. Summary of Significant Accounting Policies (*continued*)

Professional and Similar Liabilities

CPC-HAP discloses insurance claims and related recoveries on a gross basis and any estimated insurance recovery is reflected as a receivable on the same basis as the liabilities, subject to the need for a valuation allowance for uncollectible accounts. Professional and workers' compensation liability claims are covered through commercial insurance. At June 30, 2018, the liability and related asset of \$686,005 related to these claims are not presented in these consolidated financial statements.

Equity Concept – Due to HRA

In accordance with HRA contracts, amounts received for all personal care services in excess of the total expenses incurred by CPC-HAP are to be remitted to HRA. Therefore, CPC-HAP does not maintain any equity from its contract with HRA. Cumulative excess advances over expenses are recorded as due to HRA and include any adjustments made after HRA has completed its annual audit. In April 2017, CPC-HAP entered into an agreement with HRA, wherein CPC-HAP will retain all future surplus income and will be responsible for all costs incurred for recipients served under the HRA contracts.

Operating Leases

Operating leases are classified in accordance with the terms of the underlying agreements. Operating lease payments are charged to rental expense. Deferred rent is recorded when there are material differences between the fixed payment and the rent expense as reported on the straight-line method based on the entire lease term. There was no deferred rent as of June 30, 2018.

Contributions and Private Grants

Unconditional contributions and private grants, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are recorded as either temporarily or permanently restricted support if they are received with donor restrictions that limit the use of the donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations and change in net assets as net assets released from restrictions.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

2. Summary of Significant Accounting Policies (*continued*)

Rental Revenue

Rental revenue is recognized as rent becomes due. Rental payments received in advance are deferred until earned. All leases between CPC-HDFC and tenants of the property are operating leases of one to two years.

Vacation and Sick Time

In accordance with the rules set forth in the Company's personnel manual and other union regulations that supplant the rules of the personnel manual, as of June 30, 2018, the Company has accrued \$541,684 of vacation expense in the Company's consolidated financial statements as part of accounts payable and accrued expenses. There was no sick time to be accrued as of June 30, 2018.

Functional Allocation of Expenses

The costs of providing the various programs of the Company have been summarized on a functional basis in the consolidated statement operations and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Accounting for Uncertainty in Income Taxes

The Company recognizes the effect of tax positions only when they are more likely than not to be sustained. Management has determined that the Company had no uncertain tax positions that would require financial statement recognition or disclosure. The Company is no longer subject to examinations by taxing jurisdictions for periods prior to June 30, 2015.

Advertising Costs

Advertising costs are expensed when incurred. Advertising expense for the year ended June 30, 2018 was \$242,707.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the consolidated financial statements were available to be issued, which date is December 18, 2018.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following at June 30, 2018:

Operating funds	\$ 30,477,816
Payroll accounts	284,751
Short-term certificates of deposit	2,000,000
Petty cash funds	8,800
	<u>\$ 32,771,367</u>

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

4. Restricted Cash and Cash Equivalents

Restricted cash consists of the following at June 30, 2018:

Checking accounts	\$ 8,979,235
Short-term certificates of deposit	<u>3,035,981</u>
	<u>\$ 12,015,216</u>

For the year ended June 30, 2018, CPC-HAP Home Aides and Housekeeping has restricted cash of \$3,715,655 and CPC-HAP Consumer Directed Personal Assistance Program has restricted cash of \$8,299,561.

5. Grants and Contracts Receivable

Grants and contracts receivable are as follows at June 30, 2018:

Government grants	\$ 13,475,443
Private foundations	<u>459,680</u>
	<u>\$ 13,935,123</u>

6. Accounts Receivable

Accounts receivable are as follows at June 30, 2018:

Receivables for patient care and tenants	\$ 13,541,958
Other accounts receivable	2,574,805
Allowance for doubtful accounts	<u>(8,113,096)</u>
	<u>\$ 8,003,667</u>

7. Prepaid Expenses and Deposits

The balance consists of the following at June 30, 2018:

Prepaid expenses	\$ 541,561
Deposits	<u>230,681</u>
	<u>\$ 772,242</u>

8. Investments

The following are major categories of investments measured at fair value categorized by the fair value hierarchy as of June 30, 2018.

Money market	\$ 509,029
Bonds (Level 2)	<u>641,083</u>
	<u>\$ 1,150,112</u>

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

9. Custodian Funds

Certain programs of the Company formed advisory committees to fundraise, and disbursements from these funds must be authorized by their respective advisory committee. The Company's role is to oversee that the disbursements are in accordance with the by-laws.

The balances related to the custodian funds' activities, which are included in the accompanying consolidated financial statements, as of June 30, 2018 are as follows:

Cash and cash equivalents	\$ 3,822,327
Memorial plots	<u>32,250</u>
	<u>\$ 3,854,577</u>

10. Restricted Deposits

Restricted deposits consist of the following at June 30, 2018:

Replacement reserve (a)	\$ 389,494
Reserve for residual receipts (b)	88,798
Other reserves (c)	<u>416,100</u>
	<u>\$ 894,392</u>

(a) Under the regulatory agreement, CPC-HDFC is required to set aside amounts for the replacement of property and other project expenditures approved by HUD. HUD-restricted deposits are held in a separate account and generally are not available for operating purposes. As of June 30, 2018, the balance in the replacement reserve was \$389,494.

(b) CPC-HDFC is required by HUD to fund a residual receipts reserve to be used for capital improvements. The use of these funds require prior approval from HUD. Deposits are made into the reserve when the entity has surplus cash at the end of the fiscal year. As of June 30, 2018, the balance in the residual receipts reserve was \$88,798.

(c) Other reserves as of June 30, 2018 were \$416,100.

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

11. Property and Equipment

Property and equipment, net consist of the following at June 30, 2018:

Non-Depreciable Assets	
Land	\$ 3,655,683
Construction in progress	99,815
Total Non-Depreciable Assets	<u>3,755,498</u>
Depreciable Assets	
Building	65,732,819
Leasehold improvements	221,200
Equipment	562,912
Furniture and fixtures	772,147
Vehicle	50,344
Total Depreciable Assets	67,339,422
Accumulated depreciation and amortization	<u>(16,087,393)</u>
Net Depreciable Assets	<u>51,252,029</u>
	<u>\$ 55,007,527</u>

12. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are as follows at June 30, 2018:

Vendor payables	\$ 1,928,422
Payroll and related taxes	14,625,510
	<u>\$ 16,553,932</u>

13. Pension Plans

Defined Contribution Plan

CPC-HAP has a defined contribution pension plan ("Plan") for its non-union personal assistants working under the Consumer Directed Personal-Assistance Program ("CDPAP"). Employees become eligible to contribute to the Plan upon completion of the first year of employment. Each year, the CPC-HAP decides whether or not it will make a contribution to the Plan. The amount of the contribution is also determined by CPC-HAP. CPC-HAP has no obligation or requirement to make any contributions to the Plan. The employer contribution under the Plan is fully vested on July 1, 2017. Total pension expense amounted to \$625,865 for the year ended June 30, 2018.

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

13. Pension Plans (*continued*)

401 (a) Profit Sharing Plan

CPC-HAP has 401 (a) profit sharing plan for its eligible administrative staff. Employees are eligible to contribute to the plan upon completion of the first year of employment. Eligible employees are not required by HAP to contribute to the plan. The Board of Directors determines the amount of contribution (if any) that will be made for all eligible participants each plan year.

During the year ended June 30, 2018, CPC-HAP contributed 6% of eligible employees' salary to the plan. For the year ended June 30, 2018, CPC-HAP contributed \$163,808.

401(a) Thrift Plan

CPC-HAP also has a 401(a) Thrift Plan and employees become eligible to contribute to the plan upon employment. CPC-HAP does not contribute to the plan. Participating employees may contribute any amount up to the maximum IRS annual contribution limits. Total amounts held in the accounts is fully and immediately vested.

Union Plan

All home attendant employees of CPC-HAP that are union members are covered by an employer contributory pension plan administered by the union. CPC-HAP contributes to the 1199 SEIU Home Care Employees Union Pension Fund multiemployer defined benefit pension plan ("Union Plan"). Union pension expense for the year ended June 30, 2018 was \$826,490 and did not represent more than 5% of total contributions to the Union Plan.

The risks of participating in a multiemployer plan are different from a single-employer plan in the following aspects:

- a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c. If an employer contributes to stop participating in some of its multiemployer plans, the employer may be required to contribute to those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

As of the date the financial statements were available to be issued, Form 5500 was available for the plan year ended December 31, 2017 and did not include 2018 plan information. However, the plan's actuaries have certified that the plan is not endangered, seriously endangered or critical, as those terms are defined in the Pension Protection Act of 2006 for the plan years beginning January 1, 2018. As of January 1, 2018, the Plan PPA Zone status is Green.

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

13. Pension Plans (continued)

Union Plan (continued)

CPC-HAP's participation in the Plan for the year ended June 30, 2018 is outlined in the table below.

<u>Pension Fund</u>	<u>Employer Identification Number</u>	<u>Plan Number</u>	<u>Pension Protection Act Zone Status</u>
1199 SEIU Home Care Employees Pension Fund	<u>13-3943904</u>	<u>001</u>	Green as of <u>1/1/2018</u>
Funding Improvement Plan/Rehabilitation Plan	<u>Contributions</u>	<u>Surcharge Imposed</u>	<u>Expiration Date of Collective Bargaining Agreement</u>
Not in endangered or critical status	<u>\$ 826,490</u>	<u>No</u>	<u>3/31/2017</u>

As of June 30, 2018, CPC-HAP is in the process of negotiating the extension of the collective bargaining agreement with union members.

14. Lines of Credit

Lines of credit are as follows as of June 30, 2018:

CPC has a line of credit of \$3,000,000 which bears interest at a rate of 5.5% per annum. The line of credit expires annually and is renewable on a yearly basis. CPC's credit agreement contains various restrictive covenants including minimum tangible/net worth. CPC's line of credit balance as of June 30, 2018 was \$3,000,000. CPC-HAP has four separate notes which were prepared in the amounts of \$8,900,000, \$2,000,000, \$350,000 and \$250,000, for a total line of credit of \$11,500,000. CPC-HAP's line of credit bears interest at prime (3.5%) plus 1%. CPC-HAP's line of credit has no balance as of June 30, 2018. All borrowings under the lines of credit for CPC and CPC-HAP are collateralized by substantially all assets of CPC and CPC-HAP. Interest expense for CPC's line of credit for the year ended June 30, 2018 was \$158,661.

15. Due to Funding Sources

Due to New York City Human Resources Administration ("HRA") (a)	\$ 18,261,390
Due to other funding sources	<u>39,546</u>
	<u>\$ 18,300,936</u>

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

16. Mortgages Payable

	<u>Terms</u>	<u>Annual Rate</u>	<u>Monthly Payment</u>	<u>Cash Interest Expense</u>	<u>Balance</u>	
One York Street	10 yrs.	3.83%	\$ 16,038	\$ 146,869	\$ 3,705,466	(a)
50 Norfolk Street	10 yrs.	4.11%	73,413	366,372	8,683,038	(b)
133-12 41st Avenue	10 yrs.	4.88%	50,668	-	9,500,000	(c)
					<u>21,888,504</u>	
					<u>(274,649)</u>	
					<u>\$ 21,613,855</u>	

- (a) CTCI obtained a mortgage loan from a bank in the amount of \$5,025,000 to finance the purchase of the property located at One York Street. The loan is collateralized by the land and building. The loan matures in February 2019.
- (b) On August 26, 2014, CPC-HDFC refinanced its outstanding mortgage with a \$9,300,000 Freddie Mac Loan from a financial institution. The loan requires monthly principal and interest payments of \$44,991. Proceeds of the loan were used to pay off the existing HUD mortgage and other outstanding obligations as well as to fund building improvements. The loan matures in September 2024.
- (c) In April 2018, NSLDC obtained a mortgage during June 2018 in the amount of \$9,500,000. The term of the loan is 10 years and is amortized over 30 years. Principal and interest are due monthly with a balloon payment at maturity. Interest is 4.875% for the first five years and Wall Street Journal Daily Prime Rate plus 0.25% thereafter. The loan is collateralized by the land and the building.

The future scheduled maturities of loans payable are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2019	\$ 4,035,558
2020	344,956
2021	362,073
2022	378,719
2023	392,264
Thereafter	<u>16,374,934</u>
Total	21,888,504
Less current portion	<u>4,035,558</u>
	<u>\$ 17,852,946</u>

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

16. Mortgages Payable *(continued)*

Mortgage payable - current portion	\$ 4,035,558
Mortgage payable - long term portion	17,852,946
Total	\$ 21,888,504

Debt issuance costs incurred to obtain financing by CPC-HDFC have been capitalized and are being amortized as of June 30, 2018, as follows:

	<u>Amortization Period</u>		
Application fees	10 years	\$	16,516
Legal fees	10 years		32,500
Origination fees	10 years		46,500
Refinancing cost	10 years		20,000
Consulting fees	10 years		150,000
Pre-development cost	10 years		155,722
Miscellaneous	10 years		36,508
Accumulated amortization			(183,097)
Unamortized debt issuance costs		\$	274,649

Amortization expense charged to operations was \$45,774.

Amortization of debt issuance costs in the next six years are as follows:

2019	\$	45,774
2020		45,774
2021		45,774
2022		45,774
2023		45,774
2024		45,779
		\$ 274,649

17. Commitment and Contingencies

Leases

CPC leases office space at 150 Elizabeth Street, New York, New York under a verbal month-to-month agreement. It was agreed that the lessor and lessee will give a three-month advance notice regarding any anticipated changes to the agreement. Rent expense for the year ended June 30, 2018 amounted to \$328,500.

CPC operates day care centers in different locations in New York City and entered into multiple operating lease agreements that expire between June 2019 and June 2023. Rent expense for the year ended June 30, 2018 amounted to \$1,289,508.

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

17. Commitment and Contingencies (*continued*)

As of June 30, 2018, minimum annual rental commitments for the remaining terms of CPC's operating leases were as follows:

2019	\$ 1,602,283
2020	1,507,230
2021	1,269,372
2022	724,950
2023	<u>302,063</u>
	<u>\$ 5,405,898</u>

Contingent Liabilities

The Company is a party to legal proceedings incidental to their activities. Certain claims, lawsuits and complaints arising in the ordinary course of business have been filed or are pending against the Company. In the opinion of management and corporate legal counsel, based upon current facts and circumstances, the resolution of these matters should not have material adverse effects on the consolidated financial statements. Therefore, no provision has been made in these consolidated financial statements.

Grants and revenues from services rendered are subject to audit by the government agencies. In the past, the Company has been audited by the New York City Department of Youth and Community Development ("NYC DYCD") as well as the New York City Administration for Children's Services ("NYC-ACS"). Until such audits are completed and final settlements reached, there exists a contingency to refund any amount in excess of allowable or unallowable costs. Management is of the opinion that no material liability would result from such audits.

Self-Insurance Reserves

CPC provides coverage for medical insurance benefits for its employees. CPC is self-insured regarding its medical insurance coverage, (with reinsurance for each eligible claim). To assist with administering the self-insured medical plan, CPC uses a third party.

CPC is fully liable for all financial and legal aspects of its self-insured employee medical plan. To protect itself against this 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, 2018, self-insurance reserves amount to \$132,804 and are included in accounts payable and accrued expenses.

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

17. Commitment and Contingencies (*continued*)

HRA Audits

HRA revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by HRA as a result of such an audit, any claim for reimbursement by the grantor agencies would become a liability of CPC-HAP.

Reserve for Disallowance

Management established a reserve for potential disallowances as a result of audits conducted by HRA. As of June 30, 2018, HRA completed fiscal audits through fiscal year ended June 30, 2013. The reserve for disallowance is \$7,687,398 as of June 30, 2018.

HUD Commitment

CPC-HDFC's primary asset is the 156-unit apartment building. Its operations are concentrated in the multi-family real estate market. In addition, it operates in a heavily regulated environment. The operation of CPC-HDFC is subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with a change.

18. Net Assets

Board Designated Net Assets

In 2007, the CPC Board 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 as well as to provide for incremental rent expenses. As of June 30, 2018, the balance of this board designated net asset was \$207,660.

Temporarily Restricted and Permanently Restricted Net Assets

Temporarily and permanently restricted net assets consist of endowment funds.

The Company's endowment funds consist of three individual funds established for a variety of purposes and are reported as permanently restricted net assets. As required by U.S. GAAP accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

18. Net Assets (*continued*)

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, the Company 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 the Company in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Company 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 the Company and (7) the Company's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

The Company has adopted an 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

The Company expends 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, the Company 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. The Company expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 5% annually. This is consistent with the Company's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

18. Net Assets (continued)

Temporarily Restricted and Permanently Restricted Net Assets (continued)

The composition of and changes in donor-restricted endowment net assets as of June 30, 2018 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 3,795,070	\$ 440,423	\$ 4,235,493
Contributions and private grants	91,431	-	91,431
Interest and dividends	12,535	-	12,535
Other public support	124,333	-	124,333
Released from restriction	(307,337)	-	(307,337)
Endowment net assets, end of year	<u>\$ 3,716,032</u>	<u>\$ 440,423</u>	<u>\$ 4,156,455</u>

Temporarily restricted net asset activity consisted of the following:

	Balance July 1, 2017	Additions	Releases	Balance June 30, 2018
Open Door Senior Center	\$ 2,960,624	\$ 113,265	\$ (79,503)	\$ 2,994,386
Nan Shan Senior Center	745,423	103,391	(192,715)	656,099
China Town Senior Center	89,023	11,643	(35,119)	65,547
	<u>\$ 3,795,070</u>	<u>\$ 228,299</u>	<u>\$ (307,337)</u>	<u>\$ 3,716,032</u>

19. Housing Assistance Payments

CPC-HDFC entered into an agreement with HUD whereby HUD agreed to subsidize the tenant's rents on all units, such that the tenant's portion of the rent does not exceed 30% of their income.

HUD has regulations that govern the continuance of project-based subsidies. Under the new regulations, the owner with housing assistance payments contracts expiring after September 30, 1998 may elect to (1) renew the contract without restructuring for one year; (2) opt out of the contract; or (3) enter into the mark-up-to-market program, which includes a potential restructuring of the mortgage and renewal of the contract.

By mutual agreement, CPC-HDFC and the contract administrator have terminated the renewal contract in effect from December 3, 2012 to December 2, 2017. A new 20-year contract, effective August 26, 2014 to August 25, 2034, has been signed and automatically renews for an additional 2 year periods beginning on August 26, 2034 subject to all applicable laws and regulations in effect upon expiration.

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Notes to Consolidated Financial Statements
June 30, 2018

20. Restatement of Prior Year Unrestricted Net Assets

Changes to the July 1, 2017 unrestricted net assets, consists of:

Unrestricted net assets at July 1, 2017, as previously reported	\$ 23,016,939
Adjustment to Net Assets	
Restatement of equity surplus to HRA (a)	2,631,072

- (a) In April 2017, HRA issued new contracts to CPC-HAP referred to as HRA Program 727 ("HRA 727") and HRA Program 927 ("HRA 927") and terminated prior contracts including Home Attendant and Housekeeping ("HA & HK"). From April 2017 to June 2017, HRA 727 and HRA 927 generated revenue of \$13,140,735 and expenses of \$10,509,663. The surplus income of \$2,631,072 was previously recorded as an increase to the amount due to HRA and a reduction to unrestricted net assets for the year ended June 30, 2017. Effective April 1, 2017 a new contract with HRA allows that excess of revenue over expenses from home care contracts can be retained by CPC HAP. Therefore, the transaction above has been reversed as part of the restatement. As a result, unrestricted net assets at June 30, 2017 were restated and increased \$2,631,072 related to the surplus income from HRA 727 and HRA 927 for the period April 2017 to June 2017.
- (b) This restatement was done to include 16 Dutch, a subsidiary of CPC, in the consolidated financial statements as it was not previously included.

21. Concentrations

Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, investments and receivables. At times, the Company has cash balances at major financial institutions in excess of Federal Deposit Insurance Corporation's insurance limits. At June 30, 2018, the uninsured portions of these balances were \$43,864,718. Receivables are expected to be collected in the normal course of operations. The investment portfolio consists of bonds and money market funds.

CPC-HAP provides program services that are covered by agreements with HRA and MCO's. Gross receivables from these organizations totaled \$25,874,562 as of June 30, 2018. The percentages of these gross receivables are as follows as of June 30, 2018:

HRA	40%
Client surplus from HRA	8%
MCO	<u>52%</u>
	<u>100%</u>

Chinese-American Planning Council, Inc. and Affiliates

Notes to Consolidated Financial Statements
June 30, 2018

21. Concentrations (*continued*)

Revenue Concentration

CPC-HAP derives nearly all of its revenue from contractual arrangements with HRA and MCO's. HRA revenue is subject to audit and possible adjustments. Management has established a reserve for disallowances to satisfy potential recoveries by HRA as a result of future audits.

CPC receives a substantial portion of its revenue from the U.S. Department of Health and Human Services passed through the New York City Administration for Children's Services, the New York City Department for the Aging, as well as from the U.S. Department of Labor, passed through New York City DYCD. If, for any reason these grantors discontinue funding, there is a risk that the Company will not be able to continue operations and provide the services that it currently does.

* * * * *

**Chinese-American Planning Council, Inc.
and Affiliates**

Supplementary Information

Year Ended June 30, 2018

Chinese-American Planning Council, Inc. and Affiliates

**Consolidating Schedule of Financial Position
June 30, 2018**

	CPC	CPC-HAP	NSLDC	CPC-HDFC	CTCI	16 Dutch	LDC	Total	Eliminations	Consolidated
ASSETS										
Current Assets										
Cash and cash equivalents	\$ 1,771,652	\$ 29,607,227	\$ 490,080	\$ 401,668	\$ 422,714	\$ 27,702	\$ 50,324	\$ 32,771,367	\$ -	\$ 32,771,367
Grants and contracts receivable	3,760,759	10,166,407	-	6,357	-	1,600	-	13,935,123	-	13,935,123
Accounts receivable, net	190,274	7,595,059	160,614	4,291	12,478	40,951	-	8,003,667	-	8,003,667
Other receivables	401,570	336,310	-	9,917	-	209,718	-	957,515	-	957,515
Prepaid expenses and deposits	331,559	20,286	21,671	210,282	80,174	101,247	7,023	772,242	-	772,242
Investments	1,150,112	-	-	-	-	-	-	1,150,112	-	1,150,112
Tenants' security deposits	-	-	-	40,954	-	18,757	-	59,711	-	59,711
Custodial funds	3,854,577	-	-	-	-	-	-	3,854,577	-	3,854,577
Total Current Assets	<u>11,460,503</u>	<u>47,725,289</u>	<u>672,365</u>	<u>673,469</u>	<u>515,366</u>	<u>399,975</u>	<u>57,347</u>	<u>61,504,314</u>	<u>-</u>	<u>61,504,314</u>
Non-Current Assets										
Restricted cash and cash equivalents	-	12,015,216	-	-	-	-	-	12,015,216	-	12,015,216
Restricted deposits	-	-	-	676,948	-	217,444	-	894,392	-	894,392
Due from related parties	11,247,720	1,578,012	-	-	452,107	-	-	13,277,839	(13,277,839)	-
Property and equipment, net	123,718	-	24,095,176	4,033,407	5,455,779	22,939,711	-	56,647,791	(1,640,264)	55,007,527
Total Non-Current Assets	<u>11,371,438</u>	<u>13,593,228</u>	<u>24,095,176</u>	<u>4,710,355</u>	<u>5,907,886</u>	<u>23,157,155</u>	<u>-</u>	<u>82,835,238</u>	<u>(14,918,103)</u>	<u>67,917,135</u>
	<u>\$ 22,831,941</u>	<u>\$ 61,318,517</u>	<u>\$ 24,767,541</u>	<u>\$ 5,383,824</u>	<u>\$ 6,423,252</u>	<u>\$ 23,557,130</u>	<u>\$ 57,347</u>	<u>\$ 144,339,552</u>	<u>\$ (14,918,103)</u>	<u>\$ 129,421,449</u>
LIABILITIES AND NET ASSETS										
Current Liabilities										
Accounts payable and accrued expenses	\$ 1,317,193	\$ 14,717,202	\$ 24,949	\$ 191,767	\$ 26,580	\$ 276,241	\$ -	\$ 16,553,932	\$ -	\$ 16,553,932
Refundable advances	392,355	-	-	155	-	98,210	-	490,720	-	490,720
Other liabilities	819,060	2,987,877	-	502	-	981,355	-	4,788,794	-	4,788,794
Lines of credit	3,000,000	-	-	-	-	-	-	3,000,000	-	3,000,000
Due to funding sources	39,546	-	-	-	-	-	-	39,546	-	39,546
Tenants' security deposits payable	-	-	-	40,954	-	18,757	-	59,711	-	59,711
Mortgage payable - current portion	-	-	141,859	188,233	3,705,466	-	-	4,035,558	-	4,035,558
Due to related party	-	1,767,865	-	-	-	-	-	1,767,865	(1,767,865)	-
Reserve for disallowance	-	7,687,398	-	-	-	-	-	7,687,398	-	7,687,398
Total Current Liabilities	<u>5,568,154</u>	<u>27,160,342</u>	<u>166,808</u>	<u>421,611</u>	<u>3,732,046</u>	<u>1,374,563</u>	<u>-</u>	<u>38,423,524</u>	<u>(1,767,865)</u>	<u>36,655,659</u>
Non-Current Liabilities										
Due to New York City Human Resources Administration ("HRA")	-	18,261,390	-	-	-	-	-	18,261,390	-	18,261,390
Due to related parties	-	-	11,347,302	-	-	162,672	-	11,509,974	(11,509,974)	-
Mortgages payable, non-current, net	-	-	9,358,141	8,220,156	-	-	-	17,578,297	-	17,578,297
Total Liabilities	<u>5,568,154</u>	<u>45,421,732</u>	<u>20,872,251</u>	<u>8,641,767</u>	<u>3,732,046</u>	<u>1,537,235</u>	<u>-</u>	<u>85,773,185</u>	<u>(13,277,839)</u>	<u>72,495,346</u>
Net Assets										
Unrestricted										
Undesignated	12,899,672	15,896,785	3,895,290	(3,257,943)	2,691,206	22,019,895	57,347	54,202,252	(1,640,264)	52,561,988
Unrestricted board designated endowment	207,660	-	-	-	-	-	-	207,660	-	207,660
	<u>13,107,332</u>	<u>15,896,785</u>	<u>3,895,290</u>	<u>(3,257,943)</u>	<u>2,691,206</u>	<u>22,019,895</u>	<u>57,347</u>	<u>54,409,912</u>	<u>(1,640,264)</u>	<u>52,769,648</u>
Temporarily restricted	3,716,032	-	-	-	-	-	-	3,716,032	-	3,716,032
Permanently restricted	440,423	-	-	-	-	-	-	440,423	-	440,423
Total Net Assets	<u>17,263,787</u>	<u>15,896,785</u>	<u>3,895,290</u>	<u>(3,257,943)</u>	<u>2,691,206</u>	<u>22,019,895</u>	<u>57,347</u>	<u>58,566,367</u>	<u>(1,640,264)</u>	<u>56,926,103</u>
	<u>\$ 22,831,941</u>	<u>\$ 61,318,517</u>	<u>\$ 24,767,541</u>	<u>\$ 5,383,824</u>	<u>\$ 6,423,252</u>	<u>\$ 23,557,130</u>	<u>\$ 57,347</u>	<u>\$ 144,339,552</u>	<u>\$ (14,918,103)</u>	<u>\$ 129,421,449</u>

See independent auditors' report

Chinese-American Planning Council, Inc. and Affiliates

**Consolidating Schedule of Operations and Change in Net Assets
For the Year Ended June 30, 2018**

	Unrestricted								Temporarily Restricted	Permanently Restricted	Consolidated	
	CPC	CPC-HAP	NSLDC	CPC-HDFC	CTCI	16 Dutch	LDC	Eliminations	Total	CPC		CPC
REVENUE												
Government grants and contracts	\$ 21,374,005	\$ 161,096,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,470,735	\$ -	\$ -	\$ 182,470,735
Contributions and private grants	2,207,405	-	406,301	-	-	-	-	-	2,613,706	91,431	-	2,705,137
Rental revenue	40,355	-	928,800	2,395,727	746,001	377,689	-	(1,674,801)	2,813,771	-	-	2,813,771
Contracted sources	5,841,229	-	-	-	-	-	-	(3,911,865)	1,929,364	-	-	1,929,364
Special events, net of \$95,910 of costs of direct benefits to donors	437,992	-	-	-	-	-	-	-	437,992	-	-	437,992
Interest and dividend income	9,342	145,257	132	647	26	307	-	-	155,711	12,535	-	168,246
Other public support	174,173	2,632,516	244,840	4,150	304,156	21,293	-	-	3,381,128	124,333	-	3,505,461
Released from restriction	307,337	-	-	-	-	-	-	-	307,337	(307,337)	-	-
Total Revenue	30,391,838	163,874,503	1,580,073	2,400,524	1,050,183	399,289	-	(5,586,666)	194,109,744	(79,038)	-	194,030,706
EXPENSES												
Program Services												
Home attendant program	-	144,744,427	-	-	-	-	-	-	144,744,427	-	-	144,744,427
Community services	5,989,927	-	-	-	-	-	-	(97,452)	5,892,475	-	-	5,892,475
Senior citizens' services	5,111,041	-	-	-	-	-	-	(179,802)	4,931,239	-	-	4,931,239
Housing and economic development	-	-	1,981,562	2,408,741	890,410	354,264	-	-	5,634,977	-	-	5,634,977
Early childcare services	4,671,005	-	-	-	-	-	-	(321,515)	4,349,490	-	-	4,349,490
Youth services	4,236,478	-	-	-	-	-	-	(76,464)	4,160,014	-	-	4,160,014
School-age services	3,124,989	-	-	-	-	-	-	(41,835)	3,083,154	-	-	3,083,154
Workforce services	491,470	-	-	-	-	-	-	-	491,470	-	-	491,470
Total Program Services	23,624,910	144,744,427	1,981,562	2,408,741	890,410	354,264	-	(717,068)	173,287,246	-	-	173,287,246
Supporting Services												
Management and general	4,169,455	15,692,071	159,000	123,912	34,417	176,878	-	(4,869,598)	15,486,135	-	-	15,486,135
Fundraising	363,963	-	3,874	-	-	-	-	-	367,837	-	-	367,837
Total Supporting Services	4,533,418	15,692,071	162,874	123,912	34,417	176,878	-	(4,869,598)	15,853,972	-	-	15,853,972
Total Expenses	28,158,328	160,436,498	2,144,436	2,532,653	924,827	531,142	-	(5,586,666)	189,141,218	-	-	189,141,218
Change in Net Assets Before HRA Adjustments	2,233,510	3,438,005	(564,363)	(132,129)	125,356	(131,853)	-	-	4,968,526	(79,038)	-	4,889,488
Equity surplus due to HRA	-	1,363	-	-	-	-	-	-	1,363	-	-	1,363
Change in Net Assets	2,233,510	3,439,368	(564,363)	(132,129)	125,356	(131,853)	-	-	4,969,889	(79,038)	-	4,890,851
Beginning of year, as restated	10,873,822	12,457,417	4,459,653	(3,125,814)	2,565,850	22,151,748	57,347	(1,640,264)	47,799,759	3,795,070	440,423	52,035,252
End of year	\$ 13,107,332	\$ 15,896,785	\$ 3,895,290	\$ (3,257,943)	\$ 2,691,206	\$ 22,019,895	\$ 57,347	\$ (1,640,264)	\$ 52,769,648	\$ 3,716,032	\$ 440,423	\$ 56,926,103

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Chinese-American Planning Council, Inc. and Affiliates

Consolidating Schedule of Functional Expenses For the Year Ended June 30, 2018

	CPC									
	Early Childcare Services	School-Age Services	Youth Services	Workforce Services	Community Services	Senior Citizens' Services	Total Program	Management and General	Fundraising	Total
PERSONNEL COSTS										
Salaries	\$ 2,690,301	\$ 2,525,070	\$ 2,656,980	\$ 311,676	\$ 3,407,071	\$ 2,851,259	\$ 14,442,357	\$ 1,731,053	\$ 252,926	\$ 16,426,336
Fringe benefits	412,616	46,356	332,182	109,361	687,622	316,176	1,904,313	279,288	41,962	2,225,563
Payroll taxes	243,687	230,471	237,573	26,549	303,725	253,391	1,295,396	163,950	23,011	1,482,357
Total Personnel Costs	<u>3,346,604</u>	<u>2,801,897</u>	<u>3,226,735</u>	<u>447,586</u>	<u>4,398,418</u>	<u>3,420,826</u>	<u>17,642,066</u>	<u>2,174,291</u>	<u>317,899</u>	<u>20,134,256</u>
PROGRAM SERVICES										
Food and food related supplies	355,982	32,197	55,277	100	16,134	854,201	1,313,891	18,288	184	1,332,363
Other program supplies	84,727	59,551	133,182	6,557	48,563	98,644	431,224	-	-	431,224
Physical/medical exams	-	-	57,903	-	60,073	2,860	120,836	-	-	120,836
Participant expenses	59,312	116,681	106,578	16,508	88,657	139,237	526,973	1,739	-	528,712
Total Program Services	<u>500,021</u>	<u>208,429</u>	<u>352,940</u>	<u>23,165</u>	<u>213,427</u>	<u>1,094,942</u>	<u>2,392,924</u>	<u>20,027</u>	<u>184</u>	<u>2,413,135</u>
PROFESSIONAL SERVICES										
Audit fees	-	-	-	-	-	-	-	77,600	-	77,600
Legal fees	-	-	-	-	-	-	-	87,981	-	87,981
Consultant fees	1,725	-	-	-	23,250	1,100	26,075	51,449	21,346	98,870
Management fees	-	-	-	-	-	-	-	12,500	-	12,500
Payroll/client billing services	18,875	-	-	-	-	-	18,875	145,010	-	163,885
Total Professional Services	<u>20,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,250</u>	<u>1,100</u>	<u>44,950</u>	<u>374,540</u>	<u>21,346</u>	<u>440,836</u>
OCCUPANCY COSTS										
Rent and real estate taxes	599,849	43,835	399,573	-	657,059	245,751	1,946,067	786,001	480	2,732,548
Utilities	54,494	9,956	41,014	-	59,704	27,943	193,111	16,394	-	209,505
Building maintenance and repairs	51,359	28,092	25,395	-	62,231	170,904	337,981	15,009	-	352,990
Property tax	-	-	-	-	-	-	-	-	-	-
Total Occupancy Costs	<u>705,702</u>	<u>81,883</u>	<u>465,982</u>	<u>-</u>	<u>778,994</u>	<u>444,598</u>	<u>2,477,159</u>	<u>817,404</u>	<u>480</u>	<u>3,295,043</u>
OTHER EXPENSES										
Supplies	49,899	271	334	-	17,384	27,911	95,799	46,105	399	142,303
Telephone	16,198	10,761	17,873	7,259	46,522	17,052	115,665	32,530	-	148,195
Internet maintenance	-	-	-	-	9,891	-	9,891	11,816	8,750	30,457
Insurance	-	-	-	-	-	-	-	397,460	-	397,460
Transportation/travel related	4,353	5,862	112,813	1,120	24,938	26,076	175,162	8,118	-	183,280
Equipment purchase/rental	17,737	9,100	30,541	8,000	238,706	57,479	361,563	30,014	11,025	402,602
Printing/postage/subscriptions	-	-	21,477	520	49,527	5,866	77,390	6,747	-	84,137
Promotion/public relations/advertising	1,150	-	6,726	2,120	133,909	15,191	159,096	22,622	-	181,718
Contribution/donation	-	-	-	-	-	-	-	-	-	-
Staff training/conference	6,950	6,786	185	1,700	28,713	-	44,334	3,954	3,785	52,073
Memberships	-	-	-	-	15,872	-	15,872	30,642	95	46,609
Interest and loan fees	-	-	-	-	-	-	-	150,920	-	150,920
Interest - debt issuance costs	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	1,791	-	-	-	1,400	-	3,191	33,707	-	36,898
Bad debt expense	-	-	-	-	-	-	-	-	-	-
Reserve for disallowance	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	872	-	8,976	-	9,848	8,558	-	18,406
Total Other Expenses	<u>98,078</u>	<u>32,780</u>	<u>190,821</u>	<u>20,719</u>	<u>575,838</u>	<u>149,575</u>	<u>1,067,811</u>	<u>783,193</u>	<u>24,054</u>	<u>1,875,058</u>
Total Expenses	<u>\$ 4,671,005</u>	<u>\$ 3,124,989</u>	<u>\$ 4,236,478</u>	<u>\$ 491,470</u>	<u>\$ 5,989,927</u>	<u>\$ 5,111,041</u>	<u>\$ 23,624,910</u>	<u>\$ 4,169,455</u>	<u>\$ 363,963</u>	<u>\$ 28,158,328</u>

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Chinese-American Planning Council, Inc. and Affiliates

Consolidating Schedule of Functional Expenses *(continued)* For the Year Ended June 30, 2018

	CPC-HAP			NSLDC			CPC-HDFC			CTCI		
	Home Attendant Program	Management and General	Total	Housing and Economic Development	Management and General	Fundraising	Total	Housing and Economic Development	Management and General	Total	Housing and Economic Development	Management and General
PERSONNEL COSTS												
Salaries	\$ 108,731,595	\$ 3,217,592	\$ 111,949,187	\$ 105,877	\$ -	\$ -	\$ 105,877	\$ 213,377	\$ -	\$ 213,377	\$ -	\$ -
Fringe benefits	24,581,420	766,299	25,347,719	2,027	-	-	2,027	7,658	-	7,658	-	-
Payroll taxes	9,711,122	253,867	9,964,989	15,415	-	-	15,415	25,290	-	25,290	-	-
Total Personnel Costs	<u>143,024,137</u>	<u>4,237,758</u>	<u>147,261,895</u>	<u>123,319</u>	<u>-</u>	<u>-</u>	<u>123,319</u>	<u>246,325</u>	<u>-</u>	<u>246,325</u>	<u>-</u>	<u>-</u>
PROGRAM SERVICES												
Food and food related supplies	-	-	-	-	-	1,307	1,307	-	-	-	-	-
Other program supplies	-	-	-	-	-	-	-	-	-	-	-	-
Physical/medical exams	533,960	-	533,960	-	-	-	-	-	-	-	-	-
Participant expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total Program Participant Services	<u>533,960</u>	<u>-</u>	<u>533,960</u>	<u>-</u>	<u>-</u>	<u>1,307</u>	<u>1,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
PROFESSIONAL SERVICES												
Audit fees	51,348	2,703	54,051	8,400	-	-	8,400	30,300	-	30,300	-	-
Legal fees	76,010	4,001	80,011	22,401	-	-	22,401	390	-	390	852	852
Consultant fees	2,494	131	2,625	65,650	-	1,300	66,950	125,274	-	125,274	18,040	18,040
Management fees	-	3,767,865	3,767,865	-	159,000	-	159,000	14,130	123,912	138,042	-	34,417
Payroll/client billing services	643,855	203,322	847,177	-	-	-	-	18,000	-	18,000	-	-
Total Professional Services	<u>773,707</u>	<u>3,978,022</u>	<u>4,751,729</u>	<u>96,451</u>	<u>159,000</u>	<u>1,300</u>	<u>256,751</u>	<u>188,094</u>	<u>123,912</u>	<u>312,006</u>	<u>18,892</u>	<u>34,417</u>
OCCUPANCY COSTS												
Rent and real estate taxes	-	560,272	560,272	-	-	-	-	-	-	-	-	-
Utilities	88,905	4,679	93,584	78,484	-	-	78,484	375,616	-	375,616	48,226	48,226
Building maintenance and repairs	11,592	220,251	231,843	143,559	-	-	143,559	167,391	-	167,391	144,189	144,189
Property tax	-	114,475	114,475	-	-	-	-	292,985	-	292,985	151,753	151,753
Total Occupancy Costs	<u>100,497</u>	<u>899,677</u>	<u>1,000,174</u>	<u>222,043</u>	<u>-</u>	<u>-</u>	<u>222,043</u>	<u>835,992</u>	<u>-</u>	<u>835,992</u>	<u>344,168</u>	<u>344,168</u>
OTHER EXPENSES												
Supplies	51,881	2,731	54,612	2,469	-	865	3,334	25,533	-	25,533	-	-
Telephone	-	-	-	2,641	-	-	2,641	8,382	-	8,382	-	-
Internet maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	495,494	495,494	36,561	-	-	36,561	87,784	-	87,784	-	-
Transportation/travel related	10,286	21,852	32,138	-	-	-	-	-	-	-	-	-
Equipment purchase/rental	25,858	1,361	27,219	-	-	-	-	3,112	-	3,112	-	-
Printing/postage/subscriptions	87,890	4,625	92,515	392	-	402	794	495	-	495	-	-
Promotion/public relations/advertising	57,517	3,027	60,544	445	-	-	445	-	-	-	-	-
Contribution/donation	-	-	-	-	-	-	-	1,000	-	1,000	200,000	200,000
Staff training/conference	-	-	-	-	-	-	-	25	-	25	-	-
Memberships	-	-	-	-	-	-	-	-	-	-	-	-
Interest and loan fees	-	2,075	2,075	829,574	-	-	829,574	366,372	-	366,372	146,869	146,869
Interest - debt issuance costs	-	-	-	-	-	-	-	45,774	-	45,774	-	-
Depreciation and amortization	-	-	-	647,002	-	-	647,002	577,155	-	577,155	180,188	180,188
Bad debt expense	-	4,000,000	4,000,000	-	-	-	-	-	-	-	-	-
Reserve for disallowance	-	2,000,000	2,000,000	-	-	-	-	-	-	-	-	-
Miscellaneous	78,694	45,449	124,143	20,665	-	-	20,665	22,698	-	22,698	293	293
Total Other Expenses	<u>312,126</u>	<u>6,576,614</u>	<u>6,888,740</u>	<u>1,539,749</u>	<u>-</u>	<u>1,267</u>	<u>1,541,016</u>	<u>1,138,330</u>	<u>-</u>	<u>1,138,330</u>	<u>527,350</u>	<u>527,350</u>
Total Expenses	<u>\$ 144,744,427</u>	<u>\$ 15,692,071</u>	<u>\$ 160,436,498</u>	<u>\$ 1,981,562</u>	<u>\$ 159,000</u>	<u>\$ 3,874</u>	<u>\$ 2,144,436</u>	<u>\$ 2,408,741</u>	<u>\$ 123,912</u>	<u>\$ 2,532,653</u>	<u>\$ 890,410</u>	<u>\$ 924,827</u>

See independent auditors' report

Chinese-American Planning Council, Inc. and Affiliates

Consolidating Schedule of Functional Expenses *(continued)* For the Year Ended June 30, 2018

	16 Dutch			Consolidated					
	Housing and Economic Development	Management and General	Total	Program	Management and General	Fundraising	Total	Eliminations	Grand Total
PERSONNEL COSTS									
Salaries	\$ 25,650	\$ -	\$ 25,650	\$ 123,518,856	\$ 4,948,645	\$ 252,926	\$ 128,720,427	\$ -	\$ 128,720,427
Fringe benefits	-	-	-	26,495,418	1,045,587	41,962	27,582,967	-	27,582,967
Payroll taxes	6,254	-	6,254	11,053,477	417,817	23,011	11,494,305	-	11,494,305
Total Personnel Costs	<u>31,904</u>	<u>-</u>	<u>31,904</u>	<u>161,067,751</u>	<u>6,412,049</u>	<u>317,899</u>	<u>167,797,699</u>	<u>-</u>	<u>167,797,699</u>
PROGRAM SERVICES									
Food and food related supplies	-	-	-	1,313,891	18,288	1,491	1,333,670	-	1,333,670
Other program supplies	-	-	-	431,224	-	-	431,224	-	431,224
Physical/medical exams	-	-	-	120,836	-	-	120,836	-	120,836
Participant expenses	-	-	-	1,060,933	1,739	-	1,062,672	-	1,062,672
Total Program Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,926,884</u>	<u>20,027</u>	<u>1,491</u>	<u>2,948,402</u>	<u>-</u>	<u>2,948,402</u>
PROFESSIONAL SERVICES									
Audit fees	-	-	-	90,048	80,303	-	170,351	-	170,351
Legal fees	5,263	-	5,263	104,916	91,982	-	196,898	-	196,898
Consultant fees	-	-	-	237,533	51,580	22,646	311,759	-	311,759
Management fees	24,925	176,878	201,803	39,055	4,274,572	-	4,313,627	(3,911,865)	401,762
Payroll/client billing services	-	-	-	680,730	348,332	-	1,029,062	-	1,029,062
Total Professional Services	<u>30,188</u>	<u>176,878</u>	<u>207,066</u>	<u>1,152,282</u>	<u>4,846,769</u>	<u>22,646</u>	<u>6,021,697</u>	<u>(3,911,865)</u>	<u>2,109,832</u>
OCCUPANCY COSTS									
Rent and real estate taxes	-	-	-	1,946,067	1,346,273	480	3,292,820	(1,674,801)	1,618,019
Utilities	79,211	-	79,211	863,553	21,073	-	884,626	-	884,626
Building maintenance and repairs	159,815	-	159,815	964,527	235,260	-	1,199,787	-	1,199,787
Property tax	698	-	698	445,436	114,475	-	559,911	-	559,911
Total Occupancy Costs	<u>239,724</u>	<u>-</u>	<u>239,724</u>	<u>4,219,583</u>	<u>1,717,081</u>	<u>480</u>	<u>5,937,144</u>	<u>(1,674,801)</u>	<u>4,262,343</u>
OTHER EXPENSES									
Supplies	1,592	-	1,592	177,274	48,836	1,264	227,374	-	227,374
Telephone	3,460	-	3,460	130,148	32,530	-	162,678	-	162,678
Internet maintenance	-	-	-	9,891	11,816	8,750	30,457	-	30,457
Insurance	40,257	-	40,257	164,602	892,954	-	1,057,556	-	1,057,556
Transportation/travel related	-	-	-	185,448	29,970	-	215,418	-	215,418
Equipment purchase/rental	-	-	-	390,533	31,375	11,025	432,933	-	432,933
Printing/postage/subscriptions	74	-	74	166,241	11,372	402	178,015	-	178,015
Promotion/public relations/advertising	-	-	-	217,058	25,649	-	242,707	-	242,707
Contribution/donation	-	-	-	201,000	-	-	201,000	-	201,000
Staff training/conference	-	-	-	44,359	3,954	3,785	52,098	-	52,098
Memberships	-	-	-	15,872	30,642	95	46,609	-	46,609
Interest and loan fees	2,466	-	2,466	1,345,281	152,995	-	1,498,276	-	1,498,276
Interest - debt issuance costs	-	-	-	45,774	-	-	45,774	-	45,774
Depreciation and amortization	-	-	-	1,407,536	33,707	-	1,441,243	-	1,441,243
Bad debt expense	-	-	-	-	4,000,000	-	4,000,000	-	4,000,000
Reserve for disallowance	-	-	-	-	2,000,000	-	2,000,000	-	2,000,000
Miscellaneous	4,599	-	4,599	136,797	54,007	-	190,804	-	190,804
Total Other Expenses	<u>52,448</u>	<u>-</u>	<u>52,448</u>	<u>4,637,814</u>	<u>7,359,807</u>	<u>25,321</u>	<u>12,022,942</u>	<u>-</u>	<u>12,022,942</u>
Total Expenses	<u>\$ 354,264</u>	<u>\$ 176,878</u>	<u>\$ 531,142</u>	<u>\$ 174,004,314</u>	<u>\$ 20,355,733</u>	<u>\$ 367,837</u>	<u>\$ 194,727,884</u>	<u>\$ (5,586,666)</u>	<u>\$ 189,141,218</u>

See independent auditors' report

**Chinese-American Planning Council, Inc.
and Affiliates**

Uniform Guidance Schedules and Reports

June 30, 2018

Chinese-American Planning Council, Inc. and Affiliates

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Department of Health and Human Services				
Pass-through from New York State Department of Health Affordable Care Act ("ACA") Personal Responsibility Education Program	93.092	C32082GG	\$ -	312,348
Pass-through from Day Care Council of New York Child Care and Development Block Grant	93.575	C026	-	64,166
	93.575	C026663	-	1,685,147
			-	1,749,313
Pass-through from New York City Department for the Aging Social Services Block Grant	93.667	20170000254	-	99,320
		20170000242	-	145,365
		20170000253	-	114,761
		20181413401	-	10,175
			-	369,621
Pass-through from Partners Research Management Aging Research	93.866	Unknown	-	3,470
Pass-through from New York City Department for the Aging Medicare Enrollment Assistance Program	93.071	20181405298	-	1,588
		20190002885	-	7,500
			-	9,088
<i>Aging Cluster</i>				
Pass-through from New York City Department for the Aging Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	20170000253	-	13,928
		20170000254	-	15,862
		20170000242	-	38,777
			-	68,567
Special Programs for the Aging, Title III, Part C , Nutrition Services	93.045	20170000254	-	85,252
		20170000242	-	58,775
		20170000253	-	45,676
			-	189,703
Nutrition Services Incentive Program	93.053	20170000254	-	53,391
		20170000242	-	68,354
		20170000253	-	30,220
			-	151,965
<i>Total Aging Cluster</i>			-	410,235
Pass-through from New York City Department of Youth and Community Development Community Services Block Grant	93.569	840703	-	98,785
		821001	-	93,192
		820707	-	55,398
		820709	-	7,500
		830314	-	6,104
			-	260,979
Pass-through from Make the Road New York Fit Club Partnerships to Improve Community Health	93.331	Unknown	-	2,099
Pass-through from New York City - City University of New York Child Support Enforcement	93.563	CM00000695	-	34,882
Total Department of Health and Human Services			-	3,152,035

See independent auditors' report and notes to Schedule of Expenditures of Federal Awards

Chinese-American Planning Council, Inc. and Affiliates

Schedule of Expenditures of Federal Awards *(continued)* For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Department of Labor				
<i>WIA Cluster</i>				
Pass-through from New York City				
Department of Youth and Community Development				
WIA Youth Activities				
	17.259	20171404864/90334	\$ -	\$ 153,064
	17.259	20171404864/90334	-	42,190
	17.259	20131407060/90304A	-	2,162
	17.259	20171404952/90333	-	145,648
	17.259	20171404952/90333	-	52,731
	17.259	20131407147/90305A	-	2,500
			<u>-</u>	<u>398,295</u>
<i>Total WIA Cluster</i>				
Pass-through from the Senior Service America, Inc.				
Senior Community Service Employment Program				
	17.235	A139	-	1,837,226
<i>Total Department of Labor</i>				
			<u>-</u>	<u>2,235,521</u>
Department of Agriculture				
<i>Snap Cluster</i>				
Pass-through from Hunger Solutions New York				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
	10.561	C021045	-	33,055
Pass-through from United Way of New York City				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
	10.561	C00221GG	-	37,649
Pass-through from Robin Hood				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
	10.561	C003	-	42,420
			<u>-</u>	<u>113,124</u>
<i>Total Snap Cluster</i>				
Pass-through from New York State Department of Health				
Child and Adult Care Food Program				
	10.558	4N4300308	-	404,804
<i>Total Department of Agriculture</i>				
			<u>-</u>	<u>517,928</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ -</u>	<u>\$ 5,905,484</u>

See independent auditors' report and notes to Schedule of Expenditures of Federal Awards

Chinese-American Planning Council, Inc. and Affiliates

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

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. and Affiliates (the "Company") under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the 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 the operations of the Company, it is not intended to and does not present the consolidated financial position, changes in net assets or cash flows of the Company.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Non-Cash Awards

For the year ended June 30, 2018, the Company did not have any non-cash awards, mortgages, or loan funds that should be included in the federal expenditures presented in the Schedule.

4. Amounts Not Included in the Schedule

Due to reporting and regulatory requirements associated with the Department of Housing and Urban Development for CFDA number 14.195, separate audited financial statements under the Uniform Guidance were issued for The Chinatown Planning Council Housing Development Fund Co., Inc., which is a subsidiary of the Company. Amounts not included in the Schedule are as follows:

	Federal CFDA Number	Federal Expenditures
The Chinatown Planning Council Housing Development Fund Co., Inc.	14.195	\$ <u>1,944,959</u>

5. Indirect Cost Rate

The Company has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

Independent Auditors' Report

Board of Directors

Chinese-American Planning Council, Inc. and Affiliates

We have audited the consolidated financial statements of Chinese-American Planning Council, Inc. and Affiliates (the "Company"), which comprise the consolidated statement of financial position as of June 30, 2018 and the related consolidated statements of operations and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 18, 2018. We conducted our audit 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 CPC Home Attendant Program Holdings, Inc., Chinese-American Planning Council Home Attendant Program, Inc., CPC One, LLC, Chinatown Neighborhood Local Development Corporation, CPC Tenant and Building Services, Inc., CPC Tribeca Center, Inc., The Chinatown Planning Council Housing Development Fund Co., Inc., Nan Shan Local Development Corp. and 16 Dutch Housing Development Fund Corp. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the aforementioned entities.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Company'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's consolidated 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*.

Company's Response to Finding

The Company's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Company's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

PKF O'Connor Davies, LLP

December 18, 2018

**Report on Compliance for Each Major Federal Program; Report on
Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal
Awards Required by the Uniform Guidance**

Independent Auditors' Report

Board of Directors

Chinese-American Planning Council, Inc. and Affiliates

Report on Compliance for Each Major Federal Program

We have audited Chinese-American Planning Council, Inc. and Affiliates' (the "Company") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Company's major federal programs for the year ended June 30, 2018. The Company's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The Company's basic consolidated financial statements include the operations of The Chinatown Planning Council Housing Development Fund Co., Inc. (the "HUD Project") which received and expended \$1,944,959 in federal awards which are not included in the Company's schedule of expenditures of federal awards for the year ended June 30, 2018. Our audit of compliance, described below, did not include the operations of the HUD Project due to special reporting and regulatory requirements associated with those federal awards received by the HUD Project. Separate audited financial statements under the Uniform Guidance have been issued.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Company'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 the Company'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 the Company's compliance.

PKF O'CONNOR DAVIES, LLP

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Opinion on Each Major Federal Program

In our opinion, the Company 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, 2018.

Report on Internal Control Over Compliance

Management of the Company 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 the Company'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 the Company'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.

Report on Schedule of Expenditure of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of the Company as of and for the year ended June 30, 2018, and have issued our report thereon dated December 18, 2018, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

PKF O'Connor Davies, LLP

March 22, 2019

Chinese-American Planning Council, Inc. and Affiliates

Schedule of Findings and Questioned Costs
June 30, 2018

Section I - Summary of Auditors' Results

Consolidated Financial Statements

Type of report the auditor issued on whether the consolidated financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

___yes ___X___no

Significant deficiency(ies) identified?

X yes ___none reported

Noncompliance material to consolidated financial statements noted?

___yes ___X___no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

___yes ___X___no

Significant deficiency(ies) identified?

___yes ___X___none reported

Type of auditors' 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 ___X___no

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

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?

X yes ___no

Section II – Consolidated Financial Statement Findings

2018-001 – Timeliness and Accuracy of Financial Information and Communication

Criteria or Specific Requirement

General ledger activity should be routinely analyzed and reconciled.

Chinese-American Planning Council, Inc. and Affiliates

Schedule of Findings and Questioned Costs (continued)

June 30, 2018

Section II – Consolidated Financial Statement Findings (continued)

2018-001 – Timeliness and Accuracy of Financial Information and Communication (continued)

Condition/Context

It is management's responsibility to ensure that the Company has systems in place that will enable it to develop accurate and timely information for a variety of financial and stewardship purposes. The complete and accurate final trial balances were not available at the start of the audit, including certain supporting schedules for trial balance amounts. These factors contributed to delays in management's ability to finalize the year-end consolidated financial statements. The process for the year-end closing of the books for any organization can be a difficult and trying procedure. However, a logical and organized methodology is of significant benefit and the process should become easier over time. Examples of missing and incomplete information included: beginning trial balances that had not been reconciled with prior year audited consolidated financial statements, intercompany transactions had not been properly reconciled during the year, and receivable and accounts payable aging schedules and analysis were not readily available and reconciled with trial balances at the end of the year. These deficiencies were evidenced by the number of post-closing journal entries provided to the auditors after the year-end audit began.

Cause

The finance department had limited accounting staff during the year which made the analysis of the general ledger activity on a routine basis difficult to perform. In addition, many programs sponsored by the Company submit their day-to-day operating financial ledger summaries to the Company for review, approval and posting to the Company accounting system on an annual basis. Some programs' and subsidiaries' financial data was received late. This is another factor that contributed to the delay in finalizing the Company's year-end consolidated financial statements

Effect

Account balances in the general ledger were not accurately stated and required adjustments.

Recommendation

Account analysis should be performed for all material accounts on a monthly basis. Proper account analysis will help ensure that account balances are accurate, as well as ensure that the monthly financial statements have been prepared utilizing accurate numbers. In addition, monthly account analysis will help ensure a timelier close of the year-end audit process. We recommend that the items identified be maintained during the course of the year (not just at year-end) to facilitate availability at year-end and to enable the proper recording and reporting of interim information for management and the governing board.

We also recommend the Company establish reporting guidelines for its programs and subsidiaries whereby financial information is provided at least quarterly for review, approval and recording in the Company's accounting system.

Chinese-American Planning Council, Inc. and Affiliates

Schedule of Findings and Questioned Costs (continued)
June 30, 2018

Section II – Consolidated Financial Statement Findings (continued)

**2018-001 – Timeliness and Accuracy of Financial Information and Communication
(continued)**

Views of Responsible Officials and Planned Corrective Actions

See Corrective Action Plan

Section III – Federal Award Findings and Questioned Costs

During our audit, we noted no instance of noncompliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.

Section IV – Prior Year Findings

There were no prior year findings.



**Chinese-American
Planning Council, Inc.**

CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES
RESPONSE TO AUDITORS' SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018

In the past few years, the Company has undertaken a very significant project to simplify and clarify its corporate structure and governance. During this time, the Company placed high priority on satisfying all the controls and restrictions involved in our programs that are funded with Government and public funds.

In fiscal 2019, the Company will develop a new process to ensure that the consolidated financial reports are prepared regularly (material individual entity reports are currently prepared regularly and approved by the separate Boards) This process will include mandating regular reports from all affiliates, and these reports will be incorporated into a consolidated report that will be reviewed and approved regularly.

The Board of the Parent Company has agreed to increase the capacity of the Fiscal Department to achieve this goal.

Jonathan Brake, Chief Financial Officer