



**CHINESE-AMERICAN PLANNING COUNCIL, INC.
(Parent – Only Financial Statements)**

**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended June 30, 2022 and 2021

CHINESE-AMERICAN PLANNING COUNCIL, INC.
(Parent – Only Financial Statements)

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Chinese-American Planning Council, Inc.

Opinion

We have audited the financial statements of Chinese-American Planning Council, Inc. ("CPC"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CPC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on 2021 Financials Statements

The accompanying financial statements of CPC as of and for the year ended June 30, 2021, were audited by another auditor whose report dated November 30, 2021, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CPC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

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





In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit(s) 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 CPC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CPC's ability to continue as a going concern for a reasonable period of time.

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

Other Matter

We also have audited, in accordance with GAAS, the consolidated financial statements of Chinese-American Planning Council, Inc. and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended (none of which are presented herein), and we expressed an unmodified opinion on those financial statements. Such consolidated financial statements are the general-purpose financial statements of Chinese-American Planning Council, Inc. and Affiliates, and the financial statements of the parent company presented herein are not a valid substitute for those consolidated financial statements.

The consolidated financial statements of Chinese-American Planning Council, Inc. and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended (none of which are presented herein), were audited by another auditor whose report dated November 30, 2021, expressed an unmodified opinion on those financial statements.

Mayer Roffman McCann CPAs

New York, NY
December 1, 2022

CHINESE-AMERICAN PLANNING COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents (Notes 2C, 5 and 12A)	\$ 32,827,786	\$ 9,912,042
Restricted cash (Notes 2C)	18,325,346	-
Government grants and contracts receivable, net (Notes 2D and 2E)	13,833,825	11,593,433
Accounts receivable, net (Note 2E)	994,059	562,791
Investments (Notes 2F and 4)	855,500	823,563
Prepaid expenses and deposits (Note 5)	781,289	447,272
Note receivable (Note 7)	510,000	510,000
Due from related parties, net (Note 14)	12,881,648	13,025,081
Property and equipment, net (Notes 2G and 6)	<u>79,819</u>	<u>268,993</u>
TOTAL ASSETS	<u>\$ 81,089,272</u>	<u>\$ 37,143,175</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 3,813,875	\$ 3,533,262
Accrued payroll and benefits (Note 9D)	2,461,499	3,402,783
Refundable advances (Note 2D)	587,554	134,199
Deferred revenue (Note 13)	2,331,998	2,331,998
Deferred rent (Notes 2H and 9A)	969,258	884,059
Line of credit (Note 8)	<u>-</u>	<u>1,200,000</u>
TOTAL LIABILITIES	<u>10,164,184</u>	<u>11,486,301</u>
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS		
Without donor restrictions (Note 2B):		
Available for operations	46,408,849	18,174,457
Board designated (Note 10A)	<u>207,418</u>	<u>207,418</u>
Total net assets without donor restrictions	<u>46,616,267</u>	<u>18,381,875</u>
With donor restrictions (Notes 2B, 10B and 11)		
Restricted for purpose and time	23,636,553	6,604,731
Perpetual in nature	<u>672,268</u>	<u>670,268</u>
Total net assets with donor restrictions	<u>24,308,821</u>	<u>7,274,999</u>
TOTAL NET ASSETS	<u>70,925,088</u>	<u>25,656,874</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 81,089,272</u>	<u>\$ 37,143,175</u>

CHINESE-AMERICAN PLANNING COUNCIL, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Government grants and contracts (Note 2D)	\$ 38,048,728	\$ -	\$ 38,048,728	\$ 34,097,743	\$ -	\$ 34,097,743
Contributions and private grants (Note 2I)	1,613,598	2,667,967	4,281,565	2,904,356	2,521,211	5,425,567
Grants from related party (Note 14)	21,898,107	18,325,346	40,223,453	-	-	-
Program service fee (Note 2J)	4,375,654	-	4,375,654	2,474,778	-	2,474,778
Licensing fee income (Note 14)	3,910,121	-	3,910,121	3,836,035	-	3,836,035
Management fee income (Note 14)	524,004	-	524,004	894,684	-	894,684
Net investment income (Note 4)	90,954	13,733	104,687	100,022	18,770	118,792
Other income	854,437	-	854,437	703,641	-	703,641
Net assets released from restrictions (Notes 2B and 10)	3,973,224	(3,973,224)	-	38,580	(38,580)	-
TOTAL REVENUE	75,288,827	17,033,822	92,322,649	45,049,839	2,501,401	47,551,240
EXPENSES (Note 2K):						
Program services						
Early childcare services	5,883,003	-	5,883,003	9,009,815	-	9,009,815
School-age services	3,418,660	-	3,418,660	1,974,949	-	1,974,949
Youth services	3,739,943	-	3,739,943	3,340,827	-	3,340,827
Workforce services	632,794	-	632,794	638,467	-	638,467
Community services	20,371,639	-	20,371,639	16,709,482	-	16,709,482
Senior citizen services	6,614,635	-	6,614,635	4,638,833	-	4,638,833
Total program services	40,660,674	-	40,660,674	36,312,373	-	36,312,373
Supporting services						
Management and general	5,583,849	-	5,583,849	6,061,151	-	6,061,151
Fundraising	809,912	-	809,912	778,247	-	778,247
Total supporting services	6,393,761	-	6,393,761	6,839,398	-	6,839,398
TOTAL EXPENSES	47,054,435	-	47,054,435	43,151,771	-	43,151,771
CHANGE IN NET ASSETS	28,234,392	17,033,822	45,268,214	1,898,068	2,501,401	4,399,469
NET ASSETS - BEGINNING OF YEAR	18,381,875	7,274,999	25,656,874	16,483,807	4,773,598	21,257,405
NET ASSETS - END OF YEAR	\$ 46,616,267	\$ 24,308,821	\$ 70,925,088	\$ 18,381,875	\$ 7,274,999	\$ 25,656,874

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

CHINESE-AMERICAN PLANNING COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

For the Year Ended June 30, 2022

	Program Services							Supporting Services		Total 2022	Total 2021
	Early Childcare Services	School-Age Services	Youth Services	Workforce Services	Community Services	Senior Citizen Services	Total	Management and General	Fundraising		
Salaries	\$ 3,097,782	\$ 2,496,203	\$ 2,151,712	\$ 403,264	\$ 9,545,396	\$ 3,651,316	\$ 21,345,673	\$ 2,540,471	\$ 478,865	\$ 24,365,009	\$ 21,762,766
Payroll taxes and fringe benefits	695,507	396,139	479,600	111,905	2,334,857	688,955	4,706,963	594,320	155,779	5,457,062	5,534,381
Total Personnel Costs	3,793,289	2,892,342	2,631,312	515,169	11,880,253	4,340,271	26,052,636	3,134,791	634,644	29,822,071	27,297,147
Food and food related supplies	243,891	43,335	98,813	-	94,573	609,059	1,089,671	15,283	11,934	1,116,888	234,207
Other program supplies	167,453	189,728	256,099	21,149	302,333	79,070	1,015,832	-	-	1,015,832	677,441
Client contractual and other services	-	-	80,608	-	4,971,139	2,860	5,054,607	-	-	5,054,607	4,956,853
Participant expenses	28,116	51,735	84,303	1,828	758,097	28,570	952,649	-	-	952,649	3,159,510
Accounting fees	10,369	-	-	-	36,792	-	47,161	74,748	-	121,909	182,192
Legal fees	-	-	-	-	-	-	-	33,498	-	33,498	97,876
Consultant fees	-	-	-	-	-	-	-	263,181	59,759	322,940	198,978
Payroll/client billing preparation	28,754	-	-	-	26,967	-	55,721	286,284	-	342,005	324,947
Rent and real estate taxes (Note 9A)	1,346,624	-	185,679	25,875	1,088,468	1,070,513	3,717,159	549,871	21,806	4,288,836	3,758,491
Utilities	48,258	48	35,974	7,515	76,981	23,504	192,280	21,247	9,264	222,791	242,858
Building maintenance and repairs	79,465	-	28,881	7,115	83,104	206,798	405,363	16,638	13,732	435,733	287,457
Supplies	58	11,461	40,817	2,090	231,878	39,671	325,975	10,448	3,978	340,401	20,263
Telephone	14,270	12,983	13,832	3,197	62,487	14,965	121,734	61,085	22,042	204,861	150,915
Insurance	65,740	91,553	-	-	62,026	65,762	285,081	487,306	-	772,387	477,623
Travel	11	4,595	125,429	-	21,169	15,616	166,820	31,903	1,867	200,590	32,807
Equipment purchase/rental	51,903	111,670	145,658	45,949	373,655	107,411	836,246	142,925	11,323	990,494	424,490
Printing/postage/subscriptions	-	2,890	11,976	-	100,513	1,217	116,596	27,718	10,022	154,336	90,435
Promotion/public relations/advertising	83	-	-	2,907	161,877	2,855	167,722	20,669	120	188,511	146,344
Staff training/conferences	2,298	6,320	-	-	28,499	3,278	40,395	28,072	200	68,667	99,797
Interest and bank fees	-	-	562	-	-	87	649	65,840	-	66,489	105,972
Depreciation and amortization (Note 6)	2,421	-	-	-	1,791	3,128	7,340	41,983	-	49,323	68,429
Bad debt expense	-	-	-	-	-	-	-	150,636	-	150,636	-
Miscellaneous	-	-	-	-	9,037	-	9,037	119,723	9,221	137,981	116,739
TOTAL EXPENSES	\$ 5,883,003	\$ 3,418,660	\$ 3,739,943	\$ 632,794	\$ 20,371,639	\$ 6,614,635	\$ 40,660,674	\$ 5,583,849	\$ 809,912	\$ 47,054,435	\$ 43,151,771

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

CHINESE-AMERICAN PLANNING COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services							Supporting Services		Total 2021
	Early Childcare Services	School-Age Services	Youth Services	Workforce Services	Community Services	Senior Citizen Services	Total	Management and General	Fundraising	
Salaries	\$ 4,179,943	\$ 1,418,946	\$ 2,169,940	\$ 367,230	\$ 7,819,058	\$ 3,032,675	\$ 18,987,792	\$ 2,307,173	\$ 467,801	\$ 21,762,766
Payroll taxes and fringe benefits	941,249	240,873	533,650	112,350	1,865,744	640,300	4,334,166	1,039,421	160,794	5,534,381
Total Personnel Costs	5,121,192	1,659,819	2,703,590	479,580	9,684,802	3,672,975	23,321,958	3,346,594	628,595	27,297,147
Food and food related supplies	66,306	910	13,774	-	9,974	143,243	234,207	-	-	234,207
Other program supplies	269,514	59,007	113,411	2,449	131,283	101,777	677,441	-	-	677,441
Client contractual and other services	256,532	68,872	22,713	3,935	4,576,681	28,120	4,956,853	-	-	4,956,853
Participant expenses	1,772,204	-	112,359	100,000	1,172,087	2,860	3,159,510	-	-	3,159,510
Accounting fees	-	-	-	-	36,792	-	36,792	145,400	-	182,192
Legal fees	-	-	-	-	-	-	-	97,876	-	97,876
Consultant fees	-	-	-	-	450	-	450	91,360	107,168	198,978
Payroll/client billing preparation	50,491	-	-	-	-	-	50,491	274,456	-	324,947
Rent and real estate taxes (Note 9A)	1,128,320	49,920	216,235	27,000	601,794	431,201	2,454,470	1,304,021	-	3,758,491
Utilities	55,381	-	25,821	6,468	42,787	93,202	223,659	19,199	-	242,858
Building maintenance and repairs	41,717	46,550	20,904	6,486	63,255	96,668	275,580	11,877	-	287,457
Supplies	-	8,449	363	1,799	-	-	10,611	7,151	2,501	20,263
Telephone	30,025	12,709	15,344	6,062	41,641	14,032	119,813	31,102	-	150,915
Insurance	1,985	-	-	-	3,950	10,768	16,703	460,920	-	477,623
Travel	4,062	172	8,057	-	10,668	6,808	29,767	3,040	-	32,807
Equipment purchase/rental	155,961	61,113	75,873	674	103,793	6,934	404,348	10,631	9,511	424,490
Printing/postage/subscriptions	1,500	2,072	4,603	-	46,833	19,892	74,900	9,388	6,147	90,435
Promotion/public relations/advertising	8,147	-	-	-	125,198	200	133,545	12,656	143	146,344
Staff training/conferences	42,986	1,161	5,640	295	33,904	2,620	86,606	11,646	1,545	99,797
Interest and bank fees	-	-	-	-	-	96	96	105,876	-	105,972
Depreciation and amortization (Note 6)	2,761	-	-	-	1,908	2,835	7,504	60,925	-	68,429
Miscellaneous	731	4,195	2,140	3,719	21,682	4,602	37,069	57,033	22,637	116,739
TOTAL EXPENSES	\$ 9,009,815	\$ 1,974,949	\$ 3,340,827	\$ 638,467	\$ 16,709,482	\$ 4,638,833	\$ 36,312,373	\$ 6,061,151	\$ 778,247	\$ 43,151,771

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

CHINESE-AMERICAN PLANNING COUNCIL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 45,268,214	\$ 4,399,469
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	150,636	-
Loss from property and equipment disposal	185,971	-
Depreciation and amortization	49,323	68,429
Net realized and unrealized loss	3,481	2,017
Subtotal	45,657,625	4,469,915
Changes in operating assets and liabilities:		
(Increase) or decrease in assets:		
Government grants and contracts receivable	(2,240,392)	(6,366,181)
Accounts receivable	(581,904)	(66,620)
Due from related parties, net	143,433	(2,371,952)
Prepaid expenses and deposits	(334,017)	(90,716)
Increase or (decrease) in liabilities:		
Accounts payable and accrued expenses	280,613	(1,075,446)
Accrued payroll and payroll taxes	(941,284)	3,402,783
Refundable advances	453,355	132,982
Deferred revenue	-	2,263,795
Deferred rent	85,199	884,059
Net Cash Provided by Operating Activities	<u>42,522,628</u>	<u>1,182,619</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(46,120)	(197,215)
Purchase of investments	(35,418)	(120,693)
Net Cash Used in Investing Activities	<u>(81,538)</u>	<u>(317,908)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	-	1,200,000
Repayment of line of credit	(1,200,000)	(2,000,000)
Net Cash Used in Financing Activities	<u>(1,200,000)</u>	<u>(800,000)</u>
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	41,241,090	64,711
Cash, cash equivalents and restricted cash - beginning of year	<u>9,912,042</u>	<u>9,847,331</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	<u>\$ 51,153,132</u>	<u>\$ 9,912,042</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u>\$ 66,489</u>	<u>\$ 105,972</u>

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

CHINESE-AMERICAN PLANNING COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Chinese-American Planning Council, Inc. (“CPC”) is a not-for-profit corporation organized under the New York State (“NYS”) nonprofit 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:

- Chinese-American Planning Council Home Attendant Program, Inc. (“HAP”)
- CPC Home Attendant Program Holding (“HAPH”)
- CPC Tenant and Building Services (“TBS”)
- The Chinatown Planning Council Housing Development Fund (“HDFC”)
- Nan Shan Local Development Corporation (“NSLDC”)
- Chinese-American Tribeca Center, Inc. (“CTCI”)
- CPC One (“CPCO”)
- CPC Headquarters, Inc.
- CPC Norfolk Senior Housing Development Fund Corporation
- COC Norfolk Senior, Inc.
- CPC Brooklyn, Inc.
- CPC Suffolk Housing Development Fund Corporation
- 16 Dutch, LLC
- Hong Ning LLC
- 16 Dutch Housing Development Fund Corp. (“16 Dutch”)
- Chinatown Neighborhood Local Development Corporation (“LDC”)
- CPC Queens Nan Shan Senior Center, Inc.
- Asian American Housing Management Company, Inc.
- CPC Longevity Senior Center, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. ***Basis of Accounting*** - The accompanying financial statements of CPC have been prepared on the accrual basis of accounting. CPC adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”). The accompanying financial statements include the Parent Only financial statements for CPC as of and for the years ended June 30, 2022 and 2021.
- B. ***Basis of Presentation*** - CPC maintains its net assets under the following two classes:
- a. Net assets without donor restrictions – includes funds having no restriction as to use or purpose imposed by donors. It represents resources available for support of CPC’s operations. Board designated net assets consist of net assets whose use has been designated by the Board for Community Services Program (Note 10A)
 - b. Net assets with donor restrictions – represents assets that are subject to donor-imposed stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions also include net assets restricted perpetually by the donor.
- C. ***Cash, Cash Equivalents and Restricted Cash*** - 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. Restricted cash of \$18,325,346 consists of grants received from Hong Ning LLC that are restricted to building maintenance needs of Hong Ning LLC or HDFC resident social services needs and are subject to HPD approval on drawdown. The overall increase in cash, cash equivalents and restricted cash resulted from \$40,223,453 transferred to CPC from Hong Ning LLC in the form of a related party grant (Note 14).

CHINESE-AMERICAN PLANNING COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- D. ***Government Grants and Contracts*** - CPC derives its revenue from, among other sources, cost reimbursement contracts with government agencies which are recognized as revenue as those costs are incurred and the revenue is earned. Advances received on government grants are recorded as a liability until the expenses are incurred, at which time revenue is recognized. Cost reimbursement type government grants are accounted for under Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (Topic 958).

Multi-year governmental contracts included under government grants are cancellable by the funder upon its sole discretion. For the years ended June 30, 2022 and 2021, CPC was awarded conditional grants and contracts from government agencies in the aggregate amounts of \$107,386,376 and \$64,921,634, respectively, that have not been recorded in the accompanying financial statements, as they have not yet been earned. These grants and contracts require CPC to provide qualifying expenses to conduct certain services as specified in the contracts. If such services are not provided, the governmental entities are not obligated to expend the funds allotted under the grants and contracts and CPC may be required to return the funds already remitted.

- E. ***Allowance for Doubtful Accounts*** - CPC determines whether an allowance for doubtful accounts should be provided for government grants and contracts receivable, and accounts receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent receipts and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of June 30, 2022 and 2021, CPC determined that \$15,000 and \$0, respectively, was necessary for government grants and contracts receivable, and accounts receivable.
- F. ***Investments and Fair Value Measurement*** - Investments are recorded at fair value. Fair value measurements are the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 4.
- G. ***Property and Equipment*** - Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the lease. CPC follows the policy of capitalizing all acquisitions in excess of \$5,000 with a useful life of 5 years or more. Items of furniture and equipment, where title is held by the granting agency, are expensed when purchased.
- H. ***Deferred Rent*** - Rent expense is recorded on the straight-line basis. The portion of rent expense accrued due to straight-lining of the lease is reflected as deferred rent on the accompanying statements of financial position.
- I. ***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 with donor 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, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions whose restrictions expire during the same fiscal year are recognized as support without donor restrictions.

CHINESE-AMERICAN PLANNING COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- J. **Program Service Revenue** - Program service revenue is recognized and recorded at the time a service is performed. Such services include emergency shelters and transitional shelter services. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by CPC in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. CPC measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of June 30, 2022 and 2021. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. CPC determines the transaction price based on established rates and contracts for services provided.

Program service revenue for the years ended June 30 consists of revenues for the following programs:

	<u>2022</u>	<u>2021</u>
Community Services	\$ 3,190,666	\$ 2,026,869
Early Childcare Services	478,128	320,659
Senior Services	439,410	78,090
School-Age Services	224,700	16,176
Youth Services	42,750	13,483
Other Programs	<u>-</u>	<u>19,501</u>
	<u>\$ 4,375,654</u>	<u>\$ 2,474,778</u>

- K. **Functional Allocation of Expenses** - The costs of program and supporting services activities have been summarized on a functional basis in the statements of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, amortization and insurance, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses and other, which are allocated on the basis of estimates of time and effort.

- L. **Advertising expenses** - Advertising costs are charged to operations when incurred. Advertising expenses for the years ended June 30, 2022 and 2021 amounted to \$188,511 and \$146,344, respectively.
- M. **Use of estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the financial statements. Actual results could differ from those estimates.
- N. **Reclassifications** - Certain items in the June 30, 2021 financial statements have been reclassified to conform to the June 30, 2022 presentation. Such reclassifications had no impact on net assets previously reported.

CHINESE-AMERICAN PLANNING COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 32,827,786	\$ 9,912,042
Government grants and contracts receivable	13,833,825	11,593,433
Accounts receivable	994,059	562,791
Investments	<u>855,500</u>	<u>823,563</u>
 Total financial assets	 48,511,170	 22,891,829
 Less: Cash and cash equivalents – custodial funds	 3,820,053	 4,005,209
Less: Net assets designated by the Board	207,418	207,418
Less: Net assets with donor restrictions	<u>24,308,821</u>	<u>7,274,999</u>
	<u>\$ 20,174,878</u>	<u>\$ 11,404,203</u>

As part of CPC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, CPC invests cash in excess of daily requirements in money market accounts. In addition, CPC has a line of credit of \$4,000,000 with a financial institution which can be drawn upon if needed (see Note 8).

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

In determining fair value, CPC utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The fair value hierarchy defines three levels as follows:

- Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs. Level 1 valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.
- Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models or similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Investments in money market funds and equities are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period.

CHINESE-AMERICAN PLANNING COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following are major categories of investments measured at fair value categorized by the fair value hierarchy as of June 30, 2022:

	<u>Level 1</u>	<u>Total</u>
Investments:		
Money market funds	\$ 821,910	\$ 821,910
Equities	<u>33,590</u>	<u>33,590</u>
Total	<u>\$ 855,500</u>	<u>\$ 855,500</u>

The following are major categories of investments measured at fair value categorized by the fair value hierarchy as of June 30, 2021:

	<u>Level 1</u>	<u>Total</u>
Investments:		
Money market funds	\$ 821,450	\$ 821,450
Equities	<u>2,113</u>	<u>2,113</u>
Total	<u>\$ 823,563</u>	<u>\$ 823,563</u>

Investments are subject to market volatility that could substantially change their carrying values in the near term. Investment income consists of the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 108,168	\$ 120,809
Net realized and unrealized loss	<u>(3,481)</u>	<u>(2,017)</u>
Net investment income	<u>\$ 104,687</u>	<u>\$ 118,792</u>

NOTE 5 – CUSTODIAL ASSETS

Certain programs of CPC formed advisory committees to raise funds. Disbursements from these funds must be authorized by their respective advisory committee.

The balances related to the custodial assets' activities, which are included in the statements of financial position, are as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents – custodial funds	\$ 3,820,053	\$ 4,005,209
Prepaid expenses and deposits	<u>40,807</u>	<u>40,807</u>
Total	<u>\$ 3,860,860</u>	<u>\$ 4,046,016</u>

CHINESE-AMERICAN PLANNING COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment, net consists of the following as of June 30:

	<u>2022</u>	<u>2021</u>	<u>Estimated Useful</u> <u>Lives</u>
Leasehold improvements	\$ 171,360	\$ 363,528	5 years or lease term
Equipment	60,108	143,815	3 -5 years
Furniture and fixtures	30,227	43,394	5 years
Vehicles	-	50,344	5 years
Computer software	<u>18,881</u>	<u>287,904</u>	3 years
Total Depreciable Assets	280,576	888,985	
Less: Accumulated depreciation and amortization	<u>(200,757)</u>	<u>(619,992)</u>	
Total	<u>\$ 79,819</u>	<u>\$ 268,993</u>	

For the years ended June 30, 2022 and 2021, depreciation and amortization expense amounted to \$49,323 and \$68,429. During the year ended June 30, 2022, CPC disposed fixed assets with cost of \$654,529 and accumulated depreciation of \$468,558, resulting in a loss of \$185,971 from the disposal.

NOTE 7 – NOTE RECEIVABLE

As of both June 30, 2022 and 2021, CPC has a \$510,000 note receivable from 110 Fulton Limited Partnership, the management company of 16 Dutch. The note bears interest at a rate of 5% compounded quarterly. The note expired on February 28, 2021 with the balance still outstanding.

NOTE 8 – LINE OF CREDIT

CPC has a line of credit of \$4,000,000 which bears interest at a rate of 1% per annum above the Prime Rate. The line of credit expires annually and is renewable on a yearly basis. CPC's line of credit balance as of June 30, 2022 and 2021 was \$0 and \$1,200,000, respectively.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. *Lease Commitments*

CPC leases office space at 150 Elizabeth Street, New York, New York under a 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 years ended June 30, 2022 and 2021 was \$447,684 and \$352,012, respectively.

CPC operates day care centers in different locations in New York City and entered into multiple operating lease agreements that expire at various dates through July 2040. Rent expense for the years ended June 30, 2022 and 2021 was \$3,841,154 and \$3,758,491, respectively. Rent credits and charges are accounted for on a straight-line basis over the life of the lease, which gives rise to a timing difference that is reflected as deferred rent obligation in the accompanying statements of financial position, amounting to \$85,199 and \$884,059 as of June 30, 2022 and 2021, respectively.

CHINESE-AMERICAN PLANNING COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

As of June 30, 2022, minimum annual rental commitments for the remaining terms of CPC's operating leases were as follows:

2023	\$ 3,340,021
2024	3,401,237
2025	3,461,547
2026	3,041,380
2027	1,841,935
Thereafter	<u>13,179,867</u>
Total	<u>\$ 28,265,987</u>

B. *Contingent Liabilities*

CPC is a party to legal proceedings incidental to its activities. Certain claims, lawsuits and complaints arising in the ordinary course of business have been filed or are pending against CPC. In the opinion of management and corporate legal counsel, based upon current facts and circumstances, the resolution of these matters should not have a material adverse effect on the financial statements.

C. *Third Party Contingencies*

Grants and revenues from services rendered are subject to audit by government agencies. Until such audits are completed and final settlements reached, there exists a contingency to refund any amount in excess of allowable costs. Management is of the opinion that no material liability would result from such audits.

D. *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 has contracted with UMR, Inc., a third-party administrator, to provide administrative services for this medical insurance benefits program. The accrued liability amounted to \$1,213,268 and \$891,579, respectively, as of June 30, 2022 and 2021 and is included in accrued payroll and benefits on the accompanying statements of financial position.

Activity of the accrued employee health claims as of June 30 is below:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 891,579	\$ 506,802
Claim estimate	2,927,386	2,979,425
Claims and expenses paid	<u>(2,605,697)</u>	<u>(2,594,648)</u>
Balance, end of year	<u>\$ 1,213,268</u>	<u>\$ 891,579</u>

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 at \$150,000 per individual on a 12-month calendar year) would become the responsibility of the reinsurers.

E. *Income Tax*

CPC believes it had no uncertain tax positions as of June 30, 2022 in accordance with Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

CHINESE-AMERICAN PLANNING COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 10 – NET ASSETS

A. *Board Designated Net Assets*

In 2007, the CPC Board designated \$600,000, that has been received for early termination of a lease related to the Community Services 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 expense. As of both June 30, 2022 and 2021, the balance of this Board designated net asset was \$207,418. The amount is included in net assets without donor restrictions.

B. *Net Assets with Donor Restrictions*

Net assets with donor restrictions were available for the following purposes as of June 30:

Subject to expenditures for specified purpose and
(or) passage of time:

	<u>2022</u>	<u>2021</u>
Open Door Senior Center	\$ 3,190,731	\$ 3,186,239
Nan Shan Senior Center	671,638	657,651
Chinatown Senior Center	119,711	130,648
Brooklyn Senior Center	6,650	-
Senior Citizen Centers - General	272,126	-
Unappropriated endowment earnings	87,285	74,322
Affordable housing (subject to HPD approval)	18,325,346	-
Other services	<u>963,066</u>	<u>2,555,871</u>
Subtotal	23,636,553	6,604,731

Endowment principal held in perpetuity:

Endowment funds	<u>672,268</u>	<u>670,268</u>
	<u>\$ 24,308,821</u>	<u>\$ 7,274,999</u>

Net assets with donor restrictions from grants were released from restrictions for the following purposes during the years ended June 30:

	<u>2022</u>	<u>2021</u>
Open Door Senior Center	\$ 47,300	\$ 8,218
Nan Shan Senior Center	14,200	27,762
Chinatown Senior Center	14,877	1,420
Other services	<u>3,896,847</u>	<u>1,180</u>
Subtotal	<u>\$ 3,973,224</u>	<u>\$ 38,580</u>

NOTE 11– ENDOWMENT FUNDS

CPC's endowment funds consist of four individual funds established for a variety of purposes and are reported as perpetual in nature. As required by U.S. GAAP, net assets associated with endowment funds are classified and based on the existence or absence of donor-imposed restrictions.

CHINESE-AMERICAN PLANNING COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 11– ENDOWMENT FUNDS (Continued)

CPC has interpreted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds in the absence of explicit donor stipulations to the contrary. As a result of this interpretation, CPC classifies as net assets with donor restrictions that are perpetual in nature (a) the original values of gift donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 as perpetual in nature, including accumulated investment earnings, is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by CPC in a manner consistent with the standard of prudence prescribed by NYPMIFA.

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

CPC has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which could include 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.

CPC 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, CPC considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, which must be maintained in perpetuity because of donor restriction, and the possible effects of inflation. CPC expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 5% annually. This is consistent with CPC’s objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Changes in endowment funds for year ended June 30, 2022 are as follows:

	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment activity gain	\$ 13,733	\$ -	\$ 13,733
Additions	-	2,000	2,000
Amount appropriated by the Board of Directors	<u>(770)</u>	<u>-</u>	<u>(770)</u>
Net change	12,963	2,000	14,963
Balance, beginning of year	<u>74,322</u>	<u>670,268</u>	<u>744,590</u>
Balance, end of year	<u>\$ 87,285</u>	<u>\$ 672,268</u>	<u>\$ 759,553</u>

CHINESE-AMERICAN PLANNING COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 11– ENDOWMENT FUNDS (Continued)

Changes in endowment funds for year ended June 30, 2021 are as follows:

	Endowment Earnings	Endowment Corpus	Total
Investment activity gain	\$ 18,770	\$ -	\$ 18,770
Additions	-	177,720	177,720
Amount appropriated by the Board of Directors	(1,180)	-	(1,180)
Net change	17,590	177,720	195,310
Balance, beginning of year	56,732	492,548	549,280
Balance, end of year	\$ 74,322	\$ 670,268	\$ 744,590

Endowment net assets of \$672,268 and \$670,268 are included with investments on the statements of financial position as of June 30, 2022 and 2021, respectively.

NOTE 12 – CONCENTRATIONS

A. Credit Risk

Cash and cash equivalents that potentially subject CPC to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Cash accounts are insured up to \$250,000 per depositor. As of June 30, 2022 and 2021, there was approximately \$51,158,000 and \$7,610,000 of cash, cash equivalents and restricted cash that exceeded FDIC limits, respectively.

B. Revenue Concentration

CPC received grants from various government agencies totaling \$41,649,993 and \$36,433,373, respectively, which represent 45% and 77% of total operating revenue and support during the years ended June 30, 2022 and 2021. Government contracts revenue from two funders represented 47% and 46% of total government grants and contracts revenue for the years ended June 30, 2022 and 2021.

NOTE 13 – DEFERRED REVENUE

In connection with CPC One’s ground lease agreement with the construction developer, CPC is entitled to a fit-out allowance equal to \$4,000,000 to be used for renovation of community facility leasehold condominium units that will be constructed by the developer. In 2021, CPC received a \$2,331,998 fit-out allowance which is recorded as deferred revenue in the accompanying statements of financial position as of June 30, 2021 and 2022.

NOTE 14 – RELATED-PARTY TRANSACTIONS

As of June 30, 2022, NSLDC, Hong Ning LLC, CPC One, CPC Headquarters, Inc. and HAP owed \$10,794,386, \$1,978,314, \$602,599, \$524,888 and \$823,695, respectively, to CPC. CPC owed \$653 and \$341,581 to LDC and CTCL, respectively. These represent normal operating expenses and advances, which are noninterest-bearing and due on demand.

CPC, as the parent organization of HAP, receives management and licensing fees from HAP. The total management and licensing fee received for the year ended June 30, 2022, amounted to \$3,910,121 and \$500,000, and are included under license fee and management fee income, respectively, in the accompanying statements of activities. Outstanding management fee and licensing fee amounted to \$41,667 and \$782,028, respectively, as of June 30, 2022.

CHINESE-AMERICAN PLANNING COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14 – RELATED-PARTY TRANSACTIONS (Continued)

As of June 30, 2022, HAP has a loan receivable from CPC in the amount of \$1,500,000. The loan bears interest at a rate of 2.5% compounded monthly. Interest expense amounted to \$37,578 for the year ended June 30, 2022.

Hong Ning LLC, a subsidiary of CPC TBS was formed in 2022. The HDFC sold its beneficial interests in the Hong Ning Property to Hong Ning LLC on January 20, 2022. The property was refinanced with approval from HUD and HPD. From proceeds of the refinancing, \$18,325,346 transferred to CPC from Hong Ning is restricted to building maintenance needs of Hong Ning LLC or HDFC resident social service needs and subject to HPD approval on drawdown. \$21,898,107 transferred to CPC from Hong Ning do not require HPD advance approval and may be used to support CPC's general social services mission.

NOTE 15 – PENSION PLAN

CPC maintains a 403(b) Plan ("403(b) Plan") which covers all eligible full-time employees who elect to participate. CPC does not make contributions to the 403(b) Plan. There were no pension expenses for the years ended June 30, 2022 and 2021.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through December 1, 2022, the date the financial statements were available to be issued.