

**CHINESE-AMERICAN PLANNING  
COUNCIL, INC. AND AFFILIATES**

**CONSOLIDATED AUDITED  
FINANCIAL STATEMENTS**

**JUNE 30, 2009**

**TCBA WATSON RICE LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

**CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES**  
**JUNE 30, 2009**

**TABLE OF CONTENTS**

	<u><b>Page No.</b></u>
Independent Auditor’s Report.....	1
Financial Statements	
Consolidated Statement of Financial Position.....	2
Consolidated Statement of Activities.....	3
Consolidated Statement of Functional Expenses.....	4
Consolidated Statement of Cash Flows.....	6
Notes to Consolidated Financial Statements.....	7



**TCBA Watson Rice LLP**  
Certified Public Accountants and Advisors

5 Penn Plaza  
New York, New York 10001  
www.tcbawatsonrice.com

Telephone: 212.447.7300  
Facsimile: 212.683.6031  
tcbawatsonrice@tcbawatsonrice.com

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated statements of financial position of the Chinese-American Planning Council, Inc. and Affiliates (hereinafter collectively referred to as "CPC and the Affiliates") as of June 30, 2009, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of CPC and the Affiliates' management.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2 to the financial statements, these financial statements were prepared on the modified accrual basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities of CPC and its Affiliates as of June 30, 2009, and the revenues and expenses, and its cash flows for the year then ended, on the basis of accounting described in Note 2.

New York, New York  
March 1, 2010

**TCBA Watson Rice LLP**

CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2009

	CPC	HAP	LDC	AAHM	CAAC	TRIBECA CENTER	TOTAL
<b>ASSETS</b>							
<u>Current Assets:</u>							
Cash and cash equivalents (Note 3)	\$ 2,397,248	\$ 28,012,524	\$ 52,451	\$ 4,689	\$ 29,055	\$ 96,777	\$ 30,592,744
Grants and contracts receivable (Note 4)	2,129,451	12,697,795	-	-	-	-	14,827,246
Accounts receivable	1,491,318	1,900,541	-	658,087	-	23,730	4,073,676
Prepaid expenses and deposits	349,498	9,848	6,370	200	2,531	57,729	426,176
Investments (Note 5)	5,393,414	-	-	-	-	-	5,393,414
Due from affiliates	1,331,899	-	118,721	-	-	-	1,450,620
Total Current Assets	13,092,828	42,620,708	177,542	662,976	31,586	178,236	56,763,876
Memorial plots	51,209	-	-	-	-	-	51,209
Property, plant and equipment, net (Note 6)	1,352,825	-	-	-	-	7,054,033	8,406,858
Project pre-development costs (Note 7)	759,923	-	-	-	-	-	759,923
Total Assets	\$ 15,256,785	\$ 42,620,708	\$ 177,542	\$ 662,976	\$ 31,586	\$ 7,232,269	\$ 65,981,866
<b>LIABILITIES AND NET ASSETS</b>							
<u>Current Liabilities:</u>							
Accounts payable and accrued expenses (Note 8)	\$ 2,004,989	\$ 7,445,785	\$ 3,789	\$ 430	\$ 18,408	\$ 333,913	\$ 9,807,314
Refundable advances and deferred revenues (Note 9)	988,906	-	-	-	-	-	988,906
Other current liabilities (Note 10)	5,590,494	115,917	-	-	-	-	5,706,411
Due to affiliates	-	-	-	426,730	60,002	963,888	1,450,620
Due to funding sources (Note 11)	36,214	35,059,006	-	-	-	-	35,095,220
Current portion of loan payable (Note 12)	-	-	-	-	-	1,121,219	1,121,219
Total Current Liabilities	8,620,603	42,620,708	3,789	427,160	78,410	2,419,020	54,169,690
Loan payable (Note 12)	-	-	-	-	-	4,863,512	4,863,512
Total Liabilities	8,620,603	42,620,708	3,789	427,160	78,410	7,282,532	59,033,202
<u>Net Assets:</u>							
Unrestricted							
Undesignated	1,353,598	-	173,753	235,816	(46,824)	(50,263)	1,666,080
Designated for Community Services Program's lease contract (Note 15)	430,761	-	-	-	-	-	430,761
Total Unrestricted Net Assets	1,784,359	-	173,753	235,816	(46,824)	(50,263)	2,096,841
Temporarily restricted	4,851,823	-	-	-	-	-	4,851,823
Total Net Assets	6,636,182	-	173,753	235,816	(46,824)	(50,263)	6,948,664
Total Liabilities and Net Assets	\$ 15,256,785	\$ 42,620,708	\$ 177,542	\$ 662,976	\$ 31,586	\$ 7,232,269	\$ 65,981,866

See notes to consolidated financial statements.

CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009

	CPC	HAP	LDC	AAHM	CAAC	Tribeca	TOTAL
<b>SUPPORT AND REVENUES</b>							
Government grants and contracts	\$ 17,068,565	\$ 101,453,760	-	-	\$ 138,975	-	\$ 118,661,300
Contributions and private grants	555,664	-	-	-	-	-	555,664
Service fees	1,169,123	1,098,921	-	-	-	267,690	2,268,044
Rental income	-	-	-	-	-	267,690	267,690
Other income and public support	774,811	218,015	-	-	-	38,274	1,031,100
<b>Total Support and Revenues</b>	<u>19,568,163</u>	<u>102,770,696</u>	<u>-</u>	<u>-</u>	<u>138,975</u>	<u>305,964</u>	<u>122,783,798</u>
<b>EXPENSES</b>							
<b>Program Services:</b>							
Workforce	1,113,503	-	-	-	-	-	1,113,503
Housing and economic development	46,129	-	-	-	-	356,227	402,356
Child care	5,745,059	-	-	-	-	-	5,745,059
Youth services	2,863,367	-	-	-	-	-	2,863,367
Senior citizens' services	3,276,015	-	-	-	-	-	3,276,015
Home attendant program	-	99,200,844	-	-	-	-	99,200,844
Community services	4,522,036	-	-	-	133,826	-	4,655,862
<b>Total program services</b>	<u>17,566,109</u>	<u>99,200,844</u>	<u>-</u>	<u>-</u>	<u>133,826</u>	<u>356,227</u>	<u>117,257,006</u>
<b>Support Services:</b>							
Management and general	2,294,221	3,569,852	-	-	-	-	5,864,073
Fundraising/development	68,706	-	-	-	-	-	68,706
<b>Total support services</b>	<u>2,362,927</u>	<u>3,569,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,932,779</u>
<b>Total Expenses</b>	<u>19,929,036</u>	<u>102,770,696</u>	<u>-</u>	<u>-</u>	<u>133,826</u>	<u>356,227</u>	<u>123,189,785</u>
Change in Unrestricted Net Assets	(360,873)	-	-	-	5,149	(50,263)	(405,987)
Net Assets, beginning of the year	6,997,055	-	173,753	235,816	(51,973)	-	7,354,651
<b>Net Assets, end of the year</b>	<u>\$ 6,636,182</u>	<u>\$ -</u>	<u>\$ 173,753</u>	<u>\$ 235,816</u>	<u>\$ (46,824)</u>	<u>\$ (50,263)</u>	<u>\$ 6,948,664</u>

See notes to consolidated financial statements.

CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2009

	CPC						Support Services			HAP			
	Program Services			Management and General			Home Attendant Program	Management and General	Total	Home Attendant Program	Management and General	Total	
	Workforce	Housing and Economic Development	Child Care	Youth Services	Senior Citizens' Services	Community Services							Total
<b>Personnel Costs:</b>													
Salaries	\$ 737,115	\$ 29,651	\$ 3,962,574	\$ 1,654,106	1,755,638	\$ 2,598,233	\$ 10,737,317	\$ 856,150	\$ -	\$ 11,593,467	\$ 78,425,955	\$ 2,422,349	\$ 80,848,304
Fringe benefits	173,778	5,145	705,138	347,095	224,512	616,831	2,072,499	231,738	-	2,304,237	19,691,632	609,020	20,300,652
Total salaries and benefits	910,893	34,796	4,667,712	2,001,201	1,980,150	3,215,064	12,809,816	1,087,888	-	13,897,704	98,117,587	3,031,369	101,148,956
<b>Program Activities:</b>													
Educational materials	-	-	3,906	649	-	1,462	6,017	-	-	6,017	-	-	-
Job inducement	-	-	-	1,786	-	1,200	2,986	-	-	2,986	-	-	-
Food/non-food	-	-	441,345	20,800	835,406	15,846	1,313,397	1,704	764	1,315,865	-	-	-
Performance/stage/sound fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Physical/medical exams	-	-	-	-	-	-	-	-	-	-	220,936	-	220,936
Participant expenses	-	-	1,102	102,818	-	17,394	121,314	4,393	2,312	128,019	-	-	-
Arts and crafts	-	-	-	-	-	-	-	-	-	-	-	-	-
Program services/fundraising	-	-	73,999	45	565	2,897	77,506	89	25,380	102,975	352,534	111,770	464,304
<b>Professional Services:</b>													
Audit fees	-	-	10,185	5,650	-	35,149	50,984	26,516	-	77,500	8,550	450	9,000
Legal fees	-	-	-	-	-	-	-	6,085	-	6,085	51,000	2,694	53,694
Consultant	-	-	8,493	168,461	66,515	87,627	331,096	345,532	11,464	688,092	28,065	-	28,065
<b>Occupancy Costs:</b>													
Rent	146,376	10,200	219,988	199,034	217,264	368,705	1,161,567	292,658	-	1,454,225	-	293,159	293,159
Utilities	5,532	218	22,408	15,441	10,403	40,718	94,720	28,364	-	123,084	66,961	3,524	70,485
Building maintenance and repairs	-	-	17,629	93,283	11,115	36,313	158,340	17,497	-	175,837	2,697	51,252	53,949
<b>Others:</b>													
Supplies	3,467	161	64,746	46,862	26,078	85,698	227,012	22,339	1,300	250,651	57,260	3,014	60,274
Telephone	18,693	638	25,244	9,898	21,055	43,162	118,690	71,227	-	189,917	-	11,028	11,028
Insurance	-	-	55,312	-	21,851	2,844	80,007	170,773	-	250,780	-	-	-
Transportation/travel related	989	116	8,781	38,479	29,127	23,262	100,754	3,528	155	104,437	34,871	-	34,871
Equipment purchase/rental	2,990	-	25,246	90,079	8,497	24,336	151,148	46,814	-	197,962	99,307	5,227	104,534
Printing/postage/subscriptions	1,648	-	266	3,763	2,456	79,897	88,030	84,849	1,030	173,909	118,072	6,214	124,286
Promotion/public relations	278	-	1,195	-	-	172,042	173,515	34,193	5,085	212,793	34,040	-	34,040
Staff training/conference/advertising	-	-	-	1,917	1,258	19,820	22,995	2,461	-	25,456	4,253	-	4,253
Contracted costs/services	-	-	-	1,285	75	193,986	195,346	5,320	-	200,666	4,711	248	4,959
Interest and loan fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	5,205	-	5,205	-	-	-
Miscellaneous	22,637	-	97,502	61,916	44,200	54,614	280,869	36,786	21,216	338,871	-	28,826	28,826
<b>Total Expenses</b>	<b>\$ 1,113,503</b>	<b>\$ 46,129</b>	<b>\$ 5,745,059</b>	<b>\$ 2,863,367</b>	<b>\$ 3,276,015</b>	<b>\$ 4,522,036</b>	<b>\$ 17,566,109</b>	<b>\$ 2,294,221</b>	<b>\$ 68,706</b>	<b>\$ 19,929,036</b>	<b>\$ 99,200,844</b>	<b>\$ 3,569,852</b>	<b>\$ 102,770,696</b>

See notes to consolidated financial statements.

CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED

	LDC			AAHM			CAAC			TRIBECA			Grand Total													
	Housing and Economic Development	Management and General	Total	Housing and Economic Development	Management and General	Total	Community Services	Management and General	Total	Housing and Economic Development	Management and General	Total														
														\$	\$	\$	\$	\$	\$	\$						
<b>Personnel Costs:</b>																										
Salaries	-	-	-	-	-	-	74,960	-	-	-	-	-	74,960	-	-	-	-	-	-	-	-	-	\$ 92,516,731			
Fringe benefits	-	-	-	-	-	-	22,003	-	-	-	-	-	22,003	-	-	-	-	-	-	-	-	-	-	22,626,892		
Total salaries and benefits	-	-	-	-	-	-	96,963	-	-	-	-	-	96,963	-	-	-	-	-	-	-	-	-	-	115,143,623		
<b>Program Activities:</b>																										
Educational materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,017		
Job inducement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,986		
Food/non-food	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,315,865		
Performance/stage/sound fees	-	-	-	-	-	-	-	-	-	-	-	-	4,550	-	-	-	-	-	-	-	-	-	-	-	4,550	
Physical/medical exams	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	220,936		
Participant expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	128,019		
Arts and crafts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Program services/fundraising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	567,279		
<b>Professional Services:</b>																										
Audit fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	86,500		
Legal fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	144,167		
Consultant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	762,867		
<b>Occupancy Costs:</b>																										
Rent	-	-	-	-	-	-	-	-	-	-	-	-	25,204	-	-	-	-	-	-	-	-	-	-	-	1,772,588	
Utilities	-	-	-	-	-	-	-	-	-	-	-	-	1,116	-	-	-	-	-	-	-	-	-	-	-	211,151	
Building maintenance and repairs	-	-	-	-	-	-	-	-	-	-	-	-	525	-	-	-	-	-	-	-	-	-	-	-	254,067	
<b>Others:</b>																										
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	931	-	-	-	-	-	-	-	-	-	-	-	311,856	
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	2,584	-	-	-	-	-	-	-	-	-	-	-	192,301	
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	265,554	
Transportation/travel related	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	139,308	
Equipment purchase/rental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	302,496	
Printing/postage/subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	300,112	
Promotion/public relations	-	-	-	-	-	-	-	-	-	-	-	-	1,917	-	-	-	-	-	-	-	-	-	-	-	-	246,833
Staff training/conference/advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,709	
Contracted costs/services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	205,625	
Interest and loan fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118,326	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	88,978	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	36	-	-	-	-	-	-	-	-	-	-	-	367,872	
<b>Total Expenses</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,826	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,826	\$ 356,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123,189,785	

See notes to consolidated financial statements.

**CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2009**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Changes in unrestricted net assets	\$ (405,987)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation expense	88,978
(Increase) decrease in:	
Grants and contracts receivable	597,466
Accounts receivable	(959,949)
Prepaid expenses and deposits	(96,726)
Due from affiliates	(963,815)
Increase (decrease) in:	
Accounts payable and accrued expenses	2,124,707
Refundable advances and deferred revenues	(709,068)
Other Liabilities	391,439
Due to affiliates	963,815
Due to funding sources	<u>5,771,947</u>
Net cash provided by operating activities	<u>6,802,807</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property, plant and equipment	(7,137,806)
Purchase of investments	(2,982,398)
Project predevelopment costs	(305,728)
Use of memorial plots	<u>4,109</u>
Net cash used in investing activities	<u>(10,421,823)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from loans	<u>5,984,731</u>
Net decrease in cash and cash equivalents	2,365,715
Cash and cash equivalents - July 1, 2008	<u>28,227,029</u>
Cash and cash equivalents - June 30, 2009	<u>\$ 30,592,744</u>
Supplemental information:	
Interest paid during the year	<u>\$ 118,326</u>

See notes to consolidated financial statements.



**CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**1. ORGANIZATIONS**

Chinese-American Planning Council, Inc. ("CPC") is a not-for-profit corporation organized under the New York State not-for-profit corporation law. Its primary purpose is to provide multi-social and educational services to New York City's Chinese-American community.

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

- a. Chinese American Local Development Corporation (LDC) whose primary purpose is to provide advanced services, skill upgrades, and employment related resources to individuals who are motivated to advance their careers;
- b. Chinese American Planning Council Home Attendant Program, Inc (HAP) whose primary purpose is to provide comprehensive personal care services at the homes of individuals who are disabled and/or handicapped and receive payments for services provided to qualifying clients on a per hour of service basis;
- c. Chinese American Arts Council, Inc. (CAAC) whose primary purpose is to preserve and maintain the cultural identity of Chinese immigrants and expose Chinese art and contemporary masters of traditional art forms to the general public;
- d. Asian American Housing Management Company, Inc. (AAHMC) whose primary purpose is to manage the Hong Ning Senior Citizen Apartment Building and the 384 Grand Street Building; which collectively serve approximately 300 low income seniors in the Chinatown area;
- e. CPC Tribeca Center, Inc. (CTCI) whose primary purpose is to improve the quality of life of 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 establishes and operates a center which provides childcare services in New York County and home health care services for adults in New York City; and
- f. Nan Shan Local Development Corp. (NSLDC) whose main purposes are to plan, promote and execute programs in the County of Queens, aimed at improving the quality of life of its residents, and to achieve certain educational and charitable objectives while promoting and maximizing adult employment opportunities through residential rehabilitation and development and developing, operating and maintaining commercial and recreational facilities.

**CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

CPC, LDC, HAP, CAAC and CTCI are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. AAHMC is a for profit corporation incorporated in the State of New York.

The accompanying consolidated financial statements include the accounts of CPC, HAP, LDC, CAAC, AAHMC, and CTCI. All significant inter-company transactions and accounts have been eliminated in these consolidated financial statements.

**Basis of Accounting and Financial Statement Presentation**

CPC, LDC, HAP, CAAC and CTCI report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, described as follows:

*Unrestricted net assets* – Consists of net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations.

*Temporarily restricted net assets* – Consists of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization. The temporarily restricted assets include all revenues and contributions designated for program activities.

*Permanently restricted net assets* – Consists of assets whose use by the organization is subject to donor-imposed stipulations that the funds be maintained in perpetuity and only the interests earned from the investment of such funds may be released from restrictions and used in CPC and its Affiliates' operations.

CPC, LDC, HAP, CAAC and CTCI have no permanently restricted assets as of June 30, 2009.

**CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

The financial statements have been prepared in accordance with the modified accrual basis of accounting, which is a comprehensive basis of accounting other than the accounting principles generally accepted in the United States of America, as follows.

*Vacation and Sick Leave*

Under the ACS grant agreements, vacation and sick leave are recognized at the time it is used during the year. Accordingly, no provision for future liabilities is made in the financial statements for accrued vacation and sick leave earned by employees working on ACS Programs. At June 30, 2009, the unrecorded and unfunded liability for vacation and sick leave earned by employees working on ACS programs' amounted to \$268,217 and \$292,310, respectively.

*Equipment Purchases*

Equipment purchased by CPC and HAP with funds provided through grant contracts under which title remains with the grantor are expensed at the time of purchase.

**Investments**

Investments in marketable securities with determinable fair values and all investments in debt securities are reported at their fair value in the Statement of Financial Position. All gains and losses arising from the sale or other disposition of investments and other non-cash assets are accounted for in the CPC and Affiliates' operating fund as unrestricted and are included in the accompanying statement of support, revenues and expenses as part of other income and public support.

**Adoption of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 820 - Fair Value Measurements and Disclosures**

CPC and its Affiliates adopted FASB ASC 820 which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The *fair value* is the price 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.

**CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Fair Value Hierarchy**

FASB ACS 820 establishes fair value hierarchy that distinguishes between (1) market participants assumptions developed based on market data obtained from sources independent of the reporting entity (observable inputs), and (2) the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Church has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

**Support and Revenues**

Grants and contributions are recorded as revenues when received, or when amounts and collectibility are known, and considered to be available for unrestricted use unless specifically restricted by donors. Grants reimbursing expenditures are recognized as support for the amount expended during the period. Amounts received prior to the time related expenses were incurred are reflected as a liability to the funding source.

**Property and Equipment**

Property and equipment purchased with acquisition cost of \$1,000 and above are carried at cost and those acquired by gifts and bequests are carried at appraised or fair market value at the date of the gift, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

**CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Contributed Services and Property**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period services are provided. A substantial number of volunteers have donated significant amounts of time to the CPC and its Affiliate's various program services; however, these donated services are not reflected in the financial statements since they do not meet the recognition criteria.

**Interfund Obligations**

Interfund obligations are currently payable and do not bear interest.

**Allocation of Costs**

Allocations of common costs to programs are based on actual usage and percentage of personnel time devoted to each program. Allocation of funds to programs is determined in accordance with the grant provisions.

**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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

**3. CASH AND CASH EQUIVALENTS**

The account consists of the following as of June 30, 2009:

	<b>CPC</b>	<b>HAP</b>	<b>LDC</b>	<b>CAAC</b>	<b>AAHMC</b>	<b>TRIBECA</b>	<b>Total</b>
Petty cash funds	\$ 10,817	\$ 900	\$ 300	\$ 100	\$ -	\$ -	\$ 12,117
Operating funds	2,351,864	5,627,286	52,151	28,955	4,689	96,777	8,161,722
Payroll accounts	34,567	19,733,399	-	-	-	-	19,767,966
Short term certificates of deposit:	-	<u>2,650,939</u>	-	-	-	-	<u>2,650,939</u>
	<u>\$ 2,397,248</u>	<u>\$ 28,012,524</u>	<u>\$ 52,451</u>	<u>\$ 29,055</u>	<u>\$ 4,689</u>	<u>\$ 96,777</u>	<u>\$ 30,592,744</u>

CPC and its Affiliates maintain cash balances at several banks. Accounts at each institution are insured by the FDIC up to \$250,000.

**CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

**4. GRANTS AND CONTRACTS RECEIVABLE**

The account consists of the following as of June 30, 2009:

	<u>CPC</u>	<u>HAP</u>	<u>Total</u>
From government grants	\$ 2,078,660	\$ 12,697,795	\$ 14,776,455
From private foundations	<u>50,791</u>	<u>-</u>	<u>50,791</u>
Totals	<u>\$ 2,129,451</u>	<u>\$ 12,697,795</u>	<u>\$ 14,827,246</u>

**5. INVESTMENTS**

Investments comprise of the following as of June 30, 2009:

	<u>2009</u>		<u>Quoted prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
	<u>Cost</u>	<u>Fair Value</u>		
Certificate of deposits	\$4,360,579	\$4,360,579	\$ -	\$ 4,360,579
Money market placements	708,799	708,799		708,799
Equities and options	<u>426,944</u>	<u>324,036</u>	<u>324,036</u>	<u>-</u>
	<u>\$5,496,322</u>	<u>\$ 5,393,414</u>	<u>\$ 324,036</u>	<u>\$ 5,069,378</u>

The net (depreciation) appreciation in the market value of investments is summarized as follows:

Certificate of deposits	\$ -
Money market placements	-
Equities and options	<u>(102,908)</u>
	<u>\$ (102,908)</u>

**CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

**6. PROPERTY AND EQUIPMENT**

The account consists of the following as of June 30, 2009:

	Estimated Life	CPC	LDC	AAHM	CAAC	TRIBECA	Total
Land and building		\$ 1,350,183 (a)	\$ -	\$ -	\$ -	\$ 7,075,654	\$ 8,425,837
Leasehold improvements	5 years	203,298	-	-	-	3,450	206,748
Equipment	5 years	71,487	25,121	3,822	19,285	-	119,715
Furniture and fixtures	5 years	30,487	-	-	-	58,702	89,189
Total depreciable assets		1,655,455	25,121	3,822	19,285	7,137,806	8,841,489
Less: Accumulated depreciation		(302,630)	(25,121)	(3,822)	(19,285)	(83,773)	(434,631)
Property and Equipment, net		<u>\$ 1,352,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,054,033</u>	<u>\$ 8,406,858</u>

(a) CPC is the sole member of the Nan Shan Local Development Corporation which holds the deed of the above property.

**7. PROJECT PRE-DEVELOPMENT COSTS**

On April 18, 2006, CPC's Board approved the acceptance of a capital grant of \$1,000,000 from the New York City Council. The grant is meant to serve as funding for the construction of the Nan Shan Building Project (the "Project") which will be used for the Senior Services program. On June 19, 2007, the Board has acknowledged an additional \$700,000 from the City Council for the Project.

As of and for the fiscal year ended June 30, 2009, CPC has spent \$759,923 of its own unrestricted and undesignated funds.

**8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

The account consists of the following as of June 30, 2009:

	CPC	HAP	LDC	AAHM	CAAC	TRIBECA	Total
Vendor payables	\$ 1,904,252	\$ 41,001	\$ 3,789	\$ 430	\$ 18,408	\$ 333,913	\$ 2,301,793
Payroll and related taxes	100,737	7,404,784	-	-	-	-	7,505,521
	<u>\$ 2,004,989</u>	<u>\$ 7,445,785</u>	<u>\$ 3,789</u>	<u>\$ 430</u>	<u>\$ 18,408</u>	<u>\$ 333,913</u>	<u>\$ 9,807,314</u>



**CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

**9. REFUNDABLE ADVANCES AND DEFERRED REVENUES**

The account consists of the following as of June 30, 2009:

	<u>CPC</u>
From government grants	\$ 653,907
From private foundations	<u>334,999</u>
	<u>\$ 988,906</u>

**10. OTHER LIABILITIES**

The account consists of the following as of June 30, 2009:

	<u>CPC</u>	<u>HAP</u>	<u>TOTAL</u>
Custodial funds	\$ 4,608,819	\$ -	\$ 4,608,819
Unclaimed wages	-	115,917	115,917
Other liabilities	<u>981,675</u>	-	<u>981,675</u>
Totals	<u>\$ 5,590,494</u>	<u>\$ 115,917</u>	<u>\$ 5,706,411</u>

Included in the Other Liability of \$981,675 is the \$125,000 grant for Karen Liu Child Care Staff Development Fund which is made up of \$100,000 from Ong Family Foundation and \$25,000 from Lin and Susie Chen Foundation.

Certain programs of the Organization formed advisory committees to raise funds for related and specific purposes. Disbursements from these funds must have the authorization from their respective advisory committees. CPC's role is to oversee that the disbursements are in accordance with CPC's by-laws and the restrictions originally set forth by the committees. As of June 30, 2009, the balances related to these activities which are included in the accompanying financial statements are as follows:

Cash and cash equivalents	\$ 1,688,261
Prepayments	65,569
Investments	1,453,597
Memorial plots	51,209
Land and building	(a) <u>1,350,183</u>
Total assets	4,608,819
Less: Total liabilities	<u>(4,608,819)</u>
Net Assets	<u>\$ -</u>

(a) CPC is the sole member of the Nan Shan Local Development Corp. (NSLDC) which hold the deed of the above property.

**CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

**11. DUE TO FUNDING SOURCES**

In accordance with the terms of some grant contracts, any remaining unused funds are to be returned to the grantor upon termination or at the end of the contract period. Amounts received in excess of expenditures incurred under these grant contracts have been reflected in the accompanying combined financial statements as due to funding sources.

One of CPC’s affiliates, HAP, provides personal care services pursuant to a contract with the City of New York, Human Resources Administration, Department of Social Services (“HRA”). Total revenue generated for such services during fiscal year 2009, was \$101,221,165, and total expenses associated with providing such services was \$94,457,165. In accordance with the HRA contract, total amounts received in excess of total HAP expenses are to be remitted to HRA and are therefore not recorded as net assets in the accompanying combined financial statements.

	<u>CPC</u>	<u>HAP</u>	<u>Total</u>
Human Resources Administration	\$ -	\$ 35,059,006	\$ 35,059,006
Pre K (CP)	12,880	-	12,880
College OPT	23,334	-	23,334
	<u>\$ 36,214</u>	<u>\$ 35,059,006</u>	<u>\$ 35,095,220</u>

**12. LOANS PAYABLE**

CPC obtained a mortgage loan from HSBC Bank in the amount of \$5,025,000 to fund building construction. The mortgage loan has a ten-year term and bears an interest rate of 3.83% per annum. As of June 30, 2009, the outstanding mortgage loan balance was \$4,984,731. The loan is collateralized by the property at One York Street.

On January 16, 2009, CPC obtained a loan from HSBC Bank in the amount of \$1,000,000. The loan was due on July 16, 2009 and bears a variable interest equal to the 1 month LIBOR rate plus 150 basis points. As of June 30, 2009, the outstanding loan balance was \$1,000,000 and was subsequently paid after June 30, 2009.

**CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

**12. LOANS PAYABLE – CONTINUED**

The future scheduled maturities of loans payable are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>	<u>Loan6087</u>	<u>Loan6086</u>	<u>Total</u>
2010	\$1,121,219	\$ 121,219	\$ 1,000,000	\$ 1,121,219
2011	126,011	126,011	-	126,011
2012	130,492	130,492	-	130,492
2013	136,150	136,150	-	136,150
2014	153,769	153,769	-	153,769
Thereafter	4,317,090	4,317,090	-	4,317,090
Total	<u>\$5,984,731</u>	<u>\$ 4,984,731</u>	<u>\$ 1,000,000</u>	<u>\$ 5,984,731</u>

**13. PENSION PLANS**

CPC provides retirement and similar benefits to its union employees through a multi-employer pension plan. No such benefits are provided to non-union employees. Total pension expense incurred for union employees approximately amounted to \$929,861 for the year ended June 30, 2009.

**14. LEASES**

CPC leases an office space at 150 Elizabeth Street, New York under an operating lease, which commenced on June 1, 2004 and expired on May 31, 2009. The lease was modified and extended for a period of three years expiring on May 31, 2012. Rental expense for the year ended June 30, 2009 amounted to \$199,710. Future minimum rental payments under this non-cancelable operating lease subsequent to June 30, 2009 in the aggregate amounted to \$ 617,163.

**CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

**14. LEASES – CONTINUED**

CPC's Day Care Centers are negotiating for renewal of lease agreements except for Chung Pak Day Care, which has an operating lease agreement for twenty eight years that commenced on July 1, 1993 and will end on June 30, 2021, at an annual rate of \$111,500. Rental expense for the year ended June 30, 2009 amounted to \$111,500.

Rental expenses incurred by other programs operated by CPC for the year ended June 30, 2009 amounted to \$1,177,670.

HAP leased an office space at 40 Worth Street, New York under an operating lease which expired on July 31, 2007, and with a monthly payment of \$15,121. The lease was extended on a month-to-month basis until December 31, 2008. Beginning in January 2009, HAP moved to its new office space at One York Street, New York with a monthly payment of \$36,806. The lease is for a 10-year term expiring on January 31, 2019. HAP's rental expense for the year ended June 30, 2009 amounted to \$293,159.

Tribeca Day Care Center also leases its space at One York Street, New York under an operating lease which will expire on January 31, 2019, and with a monthly payment of \$11,865. Tribeca Day Care Center's rental expense for the year ended June 30, 2009 amounted to \$65,257.

**15. BOARD DESIGNATED NET ASSETS**

On November 14, 2007, CPC received \$600,000 from 365 Broadway Associates LLC, the Landlord, as compensation for the early termination and surrender of the lease agreement for its Community Services Program, effective April 19, 2007. The original lease agreement should have expired on October 31, 2007. This amount has since been designated by the Board to cover the following:

- a. costs to be incurred in leasing and renovating a new property for the program; and
- b. incremental rent expenses, in the event that the new location is to be leased at a higher rate.

As of June 30, 2009, total incremental costs incurred in relation to the new lease agreement amounted to \$169,239 and were offset against the \$600,000 payout received from the Landlord. Said funds are presented as part of CPC's unrestricted net assets that were designated by the Board to cover incremental rent expenses for the Community Services Program.

**CHINESE-AMERICAN PLANNING COUNCIL, INC. AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

**16. CONTINGENT LIABILITIES**

Grants and revenues from services rendered are subject to audit by the government agencies. In the past, the CPC has been audited by the New York City Department of Youth and Community Development (DYCD), the New York City Administration for Children's Services (NYC-ACS), all of which were based on reviews of the audited financial statements. HAP on the other hand undergoes annual audits from the New York City Human Resources Administration (HRA). Management indicated that there have been no reportable liabilities brought to its attention, and that there exists no material liabilities outstanding at the current time.

**17. CONCENTRATIONS OF CREDIT RISKS**

Financial instruments which potentially subject CPC to a concentration of credit risk are cash accounts with major financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

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