

COMBINED FINANCIAL STATEMENTS

**ASIAN HUMAN SERVICES, INC.
ASIAN HUMAN SERVICES FAMILY
HEALTH CENTER, INC.**

*Year Ended June 30, 2014
with Independent Auditors' Reports*

**ASIAN HUMAN SERVICES, INC.
ASIAN HUMAN SERVICES FAMILY HEALTH CENTER, INC.**

COMBINED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

Contents

Independent Auditors' Report	2
Combined Financial Statements	
Combined Statements of Financial Position	4
Combined Statements of Activities	5
Combined Statements of Functional Expenses	6
Combined Statements of Cash Flow	7
Notes to Financial Statements	8

WONG & KNOWLES, CPA, P.C.

340 W. BUTTERFIELD RD.
SUITE 3C
ELMHURST, ILLINOIS 60126-3043
TEL. (630) 993-2223 FAX (630) 993 2225

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Asian Human Services, Inc.

Report on the Financial Statements

We have audited the accompanying combined financial statements of Asian Human Services, Inc. (the Agency) and affiliate, which comprise the combined statement of financial position as of June 30, 2014, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asian Human Services, Inc. (the Agency) and affiliate as of June 30, 2014, 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.

Report on Summarized Comparative Information

We have previously audited the Agency's and affiliate's 2013 financial statements, and our report dated January 31, 2014 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the financial statements from which it has been derived

A handwritten signature in black ink that reads "Wong & Knowles". The script is fluid and cursive, with the ampersand being particularly stylized.

Elmhurst, Illinois
November 28, 2014

**ASIAN HUMAN SERVICES, INC.
ASIAN HUMAN SERVICES FAMILY HEALTH CENTER, INC.**

COMBINED STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2014 AND 2013

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Cash	\$ 269,959	\$ 599,622
Investments, Fair Value	293,963	196,075
Accounts and grants receivable, net of \$871,943 of allowance	1,662,661	1,684,620
Prepaid expenses and security deposits	95,577	94,757
Other investments	40,000	15,000
Construction Work in Progress	-	2,245,136
Land	1,867,945	1,659,612
Buildings	6,067,444	3,419,004
Furniture and equipment	1,613,166	967,609
Leasehold improvements	1,322,484	1,189,351
Accumulated depreciation	<u>(2,105,393)</u>	<u>(1,684,169)</u>
TOTAL ASSETS	<u>\$ 11,127,806</u>	<u>\$ 10,386,617</u>
<u>LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 903,382	\$ 852,268
Notes payable	2,969,510	2,566,937
Other long term liabilities	<u>260,000</u>	<u>260,000</u>
TOTAL LIABILITIES	<u>\$ 4,132,892</u>	<u>\$ 3,679,205</u>
<u>NET ASSETS</u>		
Unrestricted	\$ 6,906,164	\$ 6,261,865
Temporarily restricted	<u>88,750</u>	<u>445,547</u>
TOTAL NET ASSETS	<u>\$ 6,994,914</u>	<u>\$ 6,707,412</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,127,806</u>	<u>\$ 10,386,617</u>

See accompanying notes to financial statements

**ASIAN HUMAN SERVICES, INC.
ASIAN HUMAN SERVICES FAMILY HEALTH CENTER, INC.**

COMBINED STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE TOTALS FOR 2013

<u>SUPPORT:</u>	<u>2014</u>			<u>2013</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Government contracts	\$ 10,363,044	\$ 261,956	\$ 10,625,000	\$ 11,945,703
Patient service revenue, net	1,920,890	-	1,920,890	1,669,751
Food service income	8,081	-	8,081	-
Contributions:				
Individuals and Corporate	32,189	-	32,189	87,930
Foundations	502,883	115,000	617,883	320,122
Interest income	1,545	-	1,545	1,228
Gain from sale of real property	-	-	-	402,546
Program service fees and other	<u>285,784</u>	<u>-</u>	<u>285,784</u>	<u>320,542</u>
	<u>13,114,416</u>	<u>376,956</u>	<u>13,491,372</u>	<u>14,747,822</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>733,753</u>	<u>(733,753)</u>	<u>-</u>	<u>-</u>
Total Support	<u>\$ 13,848,169</u>	<u>\$ (356,797)</u>	<u>\$ 13,491,372</u>	<u>\$ 14,747,822</u>
 <u>EXPENSES:</u>				
Program Services	\$ 12,362,183	\$ -	\$ 12,362,183	\$ 11,461,059
Support Services:				
Management and General	736,159	-	736,159	694,437
Fund Raising	<u>105,528</u>	<u>-</u>	<u>105,528</u>	<u>127,531</u>
Total Expenses	<u>13,203,870</u>	<u>-</u>	<u>13,203,870</u>	<u>12,283,027</u>
Change in net assets before extraordinary item	\$ 644,299	\$ (356,797)	287,502	2,464,795
Extraordinary item Reserve for mental health program	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,000</u>
Change in net assets	<u>\$ 644,299</u>	<u>\$ (356,797)</u>	287,502	2,204,795
Net assets at beginning of year			<u>6,707,412</u>	<u>4,502,617</u>
Net assets at end of year			<u>\$ 6,994,914</u>	<u>\$ 6,707,412</u>

See accompanying notes to financial statements

**ASIAN HUMAN SERVICES, INC.
ASIAN HUMAN SERVICES FAMILY HEALTH CENTER, INC.**

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE TOTALS FOR 2013

	Program Services	Support Services			2014	2013
		Management and General	Fund Raising	Total		
Salaries and fringe benefits	\$ 8,108,991	\$ 716,661	\$ 47,136	\$ 763,797	\$ 8,872,788	\$ 8,122,544
Professional services	739,153	113,734	54,641	168,375	907,528	874,156
Spacae sharing	615,438	-	-	-	615,438	488,426
Telecommunication	274,069	5,931	-	5,931	280,000	237,508
Office and instructional supplies	273,208	11,053	1,452	12,505	285,713	331,230
Lab and medical testing	411,350	-	-	-	411,350	343,185
Insurance	95,823	10,540	-	10,540	106,363	98,675
Client Services - transportation and assistance	288,556	48	-	48	288,604	299,948
Staff conferences, travel and development	88,060	76,144	624	76,768	164,828	88,888
Memberships and pyblic relations	25,755	1,045	750	1,795	27,550	25,274
Utilities	85,806	722	-	722	86,528	85,503
Maintenance and housekeeping	284,458	-	-	-	284,458	199,693
Management fees	208,659	-	-	-	208,659	166,955
Miscellaneous and others	27,893	4,586	925	5,511	33,404	148,105
Contributed goods and services	74,100	-	-	-	74,100	207,227
Allocation of management and general expenses	<u>444,724</u>	<u>(444,724)</u>	<u>-</u>	<u>(444,724)</u>	<u>-</u>	<u>-</u>
Total expenses before Depreciation and Amortization	12,046,043	495,740	105,528	601,268	12,647,311	11,717,317
Interest Expense	13,783	121,552	-	121,552	135,335	205,331
Depreciation and Amortization	<u>302,357</u>	<u>118,867</u>	<u>-</u>	<u>118,867</u>	<u>421,224</u>	<u>360,379</u>
Total expenses	<u>\$ 12,362,183</u>	<u>\$ 736,159</u>	<u>\$ 105,528</u>	<u>\$ 841,687</u>	<u>\$ 13,203,870</u>	<u>\$ 12,283,027</u>

See accompanying notes to financial statements

**ASIAN HUMAN SERVICES, INC.
ASIAN HUMAN SERVICES FAMILY HEALTH CENTER, INC.**

COMBINED STATEMENTS OF CASH FLOW

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 287,502	\$ 2,204,795
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	421,224	360,379
Gain from sale of real property	-	(402,546)
Reserve for mental health program	-	260,000
(Increase) decrease in operating assets		
Investments	(97,888)	(156,306)
Grant receivable	(28,614)	(60,670)
Patient account receivables	50,573	72,579
Prepaid expenses	(820)	133,976
Other investments	(25,000)	(15,000)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	51,114	314,284
Deferred revenue	-	(5,666)
Net Cash Provided (Used) By Operating Activities	658,091	2,705,825
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of furniture & equipment	(645,557)	-
Construction work in progress	2,245,136	(2,134,166)
Building, real estate acquisition and improvements	(2,856,773)	-
Leasehold improvement	(133,133)	(8,602)
Sale of real property	-	1,127,625
Property tax refund	-	18,430
Net Cash Used By Investing Activities	(1,390,327)	(996,713)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of bank loans	402,573	(1,359,696)
Net Cash Provided By Financing Activities	402,573	(1,359,696)
NET INCREASE (DECREASE) IN CASH	(329,663)	349,416
CASH, beginning of year	599,622	250,206
CASH, end of year	\$ 269,959	\$ 599,622
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	\$ 135,335	\$ 205,331

See accompanying notes to financial statements

ASIAN HUMAN SERVICES, INC.
ASIAN HUMAN SERVICES FAMILY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. Organization

Asian Human Services, Inc. (the Agency), an Illinois corporation, was incorporated on May 11, 1978. Its mission is to provide client-centered, quality and compassionate services to Asian immigrants and other under-served communities so that they can fully participate in society, prosper and thrive. The Agency identifies issues, needs and problems affecting the Pan-Asian and other communities and addresses them through direct services and community education covering both children and adults as follows: a charter grade school, mental health services, community health services, literacy and employment programs.

The Agency established Passages Charter School (the School) in 2000. The School's current charter expires on June 30, 2018, and is operating as a division of the Agency.

During 2010, the Agency formed PIPAL, NFP, (PIPAL) a wholly owned subsidiary governed by a separate Board of Directors to hold and manage all real estate assets owned by the Agency.

The Agency incorporated Asian Human Services Family Health Center, Inc. (the Center), an Illinois corporation, in 2001. The Center is a certified Federally Qualified Health Center since 2003. Its mission is to increase access to primary care for underserved and underprivileged communities living on the north side of Chicago and the suburbs. The Center provides services for common health problems such as the flu, diabetes, high blood pressure, high cholesterol, etc. Other basic health services performed include routine physical exams, well child services, immunization against vaccine-preventable diseases, OB/GYN and dental services. The U.S. Department of Health and Human Services (the "DHHS") provides substantial support to the Center. The Center is obligated under the terms of the DHHS grant to comply with specified conditions and program requirements set forth by the grantor.

The combined financial statements include the accounts of the Agency, School, PIPAL, and the Center. All intercompany transactions and balances between and among the entities have been eliminated.

2. Summary of Significant Accounting Policies

Cash

For purposes of the Statements of Cash Flow, cash includes currency on hand, and demand deposits. The Center maintains its primary bank accounts with one financial institution. Part of the accounts are not covered by insurance provided by the federal government. It is the opinion of the management that the solvency of the financial institution is not of concern at this time.

ASIAN HUMAN SERVICES, INC.
ASIAN HUMAN SERVICES FAMILY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

2. Summary of Significant Accounting Policies (continue)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Building Property and Equipment

Building, property and equipment are carried at cost. All purchases in excess of \$5,000 are capitalized, while lesser amounts are charged to expense. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the life of the lease. Depreciation on furniture and equipment depreciation ranges from three to five years.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Patient Service Revenue Recognition

Patient service revenue is reported as the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Self-pay revenue is recorded at published charges with charitable allowances deducted to arrive at net self-pay revenue. All other patient service revenue is recorded at published charges with contractual allowances deducted to arrive at net patient service revenue.

Contributed Services

During the year ended June 30, 2014, the School was the recipient of special education clinician services contributed by Chicago Public Schools valued at \$74,100.

Many unpaid volunteers have made significant contributions of their time to develop the Agency's programs. The value of the contributed time by volunteers and other contributed resources is not reflected in these financial statements since they do not meet the criteria for recognition as contributed services.

ASIAN HUMAN SERVICES, INC.
ASIAN HUMAN SERVICES FAMILY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

2. Summary of Significant Accounting Policies (continue)

Reserve for Accounts and Grants Receivable

The Agency uses the allowance method to determine uncollectible accounts and grants receivable. The allowance is based on prior year's experience and management's analysis of specific accounts or grants.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Agency and affiliate are exempt from Federal income taxes on related income under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made in the accompanying financial statements for income taxes. The Agency's and affiliate's Forms 990, *Return of Organization Exempt From Income Tax*, for the years ended June 30, 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not detail changes in net assets by category for fiscal year 2013. Accordingly, such information should be read in conjunction with the Agency's and the Center's financial statements for the year ended June 30, 2013, from which the summarized information was derived. Certain amounts reported in 2013 have been reclassified to conform with the 2014 presentation. Such reclassification has no effect on reported income.

ASIAN HUMAN SERVICES, INC.
ASIAN HUMAN SERVICES FAMILY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

3. Restrictions on Net Assets

Temporary restrictions on net assets at the end of 2014 and 2013 are related to government grants and foundation contributions for the following fiscal year.

4. Patient Accounts Receivable

Patient accounts receivable are reported at their outstanding unpaid balances and reduced by an allowance for doubtful accounts and by contractual allowances. The Center estimates doubtful accounts and contractual allowances based on historical collection rates by patient financial class (e.g. Private Insurance, Medicaid, etc.), factors related to specific payor's ability to pay, and current economic trends. The Center writes off accounts receivable against the allowance when a balance is determined to be uncollectible. Patient Accounts Receivable consists of:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Medicaid	388,044	\$ 290,317
Medicare	67,600	62,910
Others	<u>621,427</u>	<u>280,832</u>
Subtotal	1,077,071	\$ 634,059
Allowance for Doubtful Accounts	<u>(871,943)</u>	<u>(378,358)</u>
Total	<u><u>205,128</u></u>	<u><u>\$ 255,701</u></u>

As of June 30, 2014, approximately 29% of total allowance relates to Medicaid receivables, 5% to Medicare receivables, and 66% to other receivables due from self-pay patients and insurance companies.

5. Fair Value Measurements of Investments

The Agency valued its investments using a three level hierarchy:

Level 1 - quoted prices for investments in active markets for identical assets or liabilities.

Level 2 - other observable inputs such as quoted prices of similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3 - unobservable inputs, including the Agency's own assumptions and judgement in determining the fair value.

The fair value of the Agency's investments as of June 30, 2014 was \$293,963 of money market funds valued with Level 1 input.

ASIAN HUMAN SERVICES, INC.
ASIAN HUMAN SERVICES FAMILY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

6. Other Investments

The Center is a non-controlling member in Together4Health, LLC (T4H), an Illinois Limited Liability Company. T4H was created on October 26, 2012 as a Care Coordination Entity (CCE) as defined in the State of Illinois statutes. The Company's mission is to be a regional community health home safety network that supports vulnerable people including those living with chronic and multiple medical, mental health and substance use conditions, people living in poverty, people experiencing homelessness, the unemployed and underemployed, and those with limited access to services due to cultural or language barriers. For the period ended June 30, 2014, T4H had revenues of \$1.8 million and expenses of \$1.7 million. The partnership IRS return (K-1) for the period ended June 30, 2014 reflected a minimal increase in the original partnership capital account of \$25,000, therefore, no recognition was made on the Center's books.

The Center is a non-controlling member in Accountable Care Chicago, LLC (the Company), an Illinois Limited Liability Company. The Company has been formed to serve as an Accountable Care Entity (ACE) in accordance with the criteria established by the Illinois Department of Healthcare and Family Services (HFS). The mission of the Company is to develop an integrated delivery system, share clinical information, and design and implement a model of care and financial management that provides improved health outcomes to the Medicaid population. An original capital contribution of \$15,000 was made and additional capital call of the same amount may be required. In addition, HFS reserves the right to impose an exit fee on all members if after the initial eighteen month term, the ACE does not become a licensed HMO or MCCN and enter into a new contract with HFS. The exit fee may range from \$250,000 to \$350,000 depending on the number of members. The fair value of Accountable Care Chicago, LLC is not readily determinable.

7. Equipment and Facilities

On September 3, 2013, the Center opened a new clinic at 2505 West Peterson Avenue, Chicago, Illinois. The approximately 8,000 square foot facility provides medical and dental services as a look-a-like facility as designated by the U.S. Department of Health and Human Services. The facility was capitalized in the approximate amount of \$2.7 million.

8. Charter School Agreements and Amendments

Effective July 2014, Passages and the Chicago Public School system amended the charter agreement to increase student enrollment from 410 to 460 total students.

**ASIAN HUMAN SERVICES, INC.
ASIAN HUMAN SERVICES FAMILY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

9. Commitments and Contingencies

The Agency and the Center receives support from the federal, state and local government, which are subject to the audit of various government agencies. Upon audit, if discrepancies are found, the Agency and the Center could be held responsible for refunding the amounts in question.

Medicaid and Medicare revenue is reimbursed to the Center at the net reimbursement rates as determined by each program. Reimbursement rates are subject to revisions under the provisions of cost reimbursement regulations. Adjustments for such revisions are recognized in the fiscal year incurred.

As of June 30, 2014, the Agency reserved \$260,000 as a contingent liability to the Illinois Department of Human Services resulting from changes in the terms of the fiscal year 2010 mental health contract. The settlement amount may be less if the Agency's appeal is successful.

The Agency and the School rent their office and program space under the terms of leases with various expiration dates. Annual base rent excluding space sharing in subsequent fiscal years is summarized as follows:

	<u>Agency</u>	<u>School</u>	<u>Total</u>
Fiscal Year 2015	215,684	396,102	611,786
Fiscal Year 2016	150,132	407,706	557,838
Fiscal Year 2017	152,120	421,195	573,315
Fiscal Year 2018	154,109	435,089	589,198
Thereafter	<u>234,643</u>	<u>-</u>	<u>234,643</u>
	<u>\$ 906,688</u>	<u>\$ 1,660,092</u>	<u>\$ 2,566,780</u>

The School's lease with the Archdiocese includes required improvements to the facility to be completed at an agreed upon future date, estimated at a total cost of \$1,292,804. The payment of these improvements is the sole responsibility of the tenant (the School) as the rent shown above is net of a partial rebate from the Archdiocese to cover the cost of these improvements. The School has completed approximately half of the improvements agreed upon as of June 30, 2014.

**ASIAN HUMAN SERVICES, INC.
ASIAN HUMAN SERVICES FAMILY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

10. Notes payable

	<u>6/30/2014</u>	<u>6/30/2013</u>
Note Payable at 3.11% and adjustable every five years, monthly payment of \$4,590 and matures on March 1, 2021	334,984	378,905
Note Payable at 2.89% and adjustable every five years, monthly payment of \$5,614 and matures on February 1, 2021	407,231	461,974
Note Payable at 5.875% and adjustable every five years, monthly payment of \$3,767 and matures in January 2025	355,627	379,182
Note Payable at 5% and adjustable every five years, monthly payment of \$980 and matures on April 1, 2024	79,551	175,241
Note Payable at 5% and adjustable every five years, monthly payment of \$5,268 and matures on April 1, 2029	645,276	-
Notes Payable at 5%, monthly payment of \$6,968 and matures on December 1, 2017	<u>1,146,841</u>	<u>1,171,635</u>
Total	<u><u>2,969,510</u></u>	<u><u>2,566,937</u></u>

Interest amounted to \$133,821 and \$204,385 in 2014 and 2013 respectively all of which was expensed. The Notes Payable is secured by the Agency's business assets and real estate.

Future annual principal and interest payments for each fiscal year are as follows:

June 30, 2015	\$ 326,263
June 30, 2016	326,263
June 30, 2017	326,263
June 30, 2018	1,333,981
June 30, 2019	242,641
Thereafter	<u>1,138,529</u>
Total	<u><u>\$ 3,693,940</u></u>

The Agency and the Center have lines-of-credit with a maximum borrowing limit of \$700,000 and \$300,000 respectively. They mature on January 1, 2015 and bear interest at the bank's prime rate plus 1% with an interest rate floor of 5%. Advances under the lines are limited to 75% of the grant and contract receivables. As of June 30, 2014, there were no outstanding balance on the lines-of-credit.

**ASIAN HUMAN SERVICES, INC.
ASIAN HUMAN SERVICES FAMILY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

11. Government Contracts Support

The Statement of Activities reflects the organization or government entity who manages the contracts or grants. The following summary reflects the origin of the funds. Of the total 2014 government contracts support, \$2,574,839 was received from the Illinois Department of Human Services and \$4,092,769 was received from the Chicago Public Schools. Loss of funding from these sources would require the Agency to seek additional revenue or secure new grants in order to continue to provide its current level of services.

<u>Federal Contracts</u>	<u>2014</u>	<u>2013</u>
Pass-through from City of Chicago:		
Department of Family and Support Services		
CDBG - Youth Development Services	21,059	29,950
Department of Public Health		
Prevention with Positives	63,486	53,717
Ryan White Services	64,240	68,353
Housing Opportunities for Persons with AIDS	47,469	42,565
CDBG - Family Violence Prevention	15,000	14,749
HIV Prevention NE/NS	52,888	41,358
Food Program for Women, Infant & Children - FHC	192,000	188,987
Chicago Public Schools		
Title I	178,414	111,674
Title II	44,402	18,706
Title III	-	42,974
Pass-through from Illinois Department of Human Services:		
Employment Services for Disabled FSS	233,632	-
Mental Health	135,716	111,672
Donated Funds Initiative Title XX	108,830	109,912
Workfirst, Earnfare, Job Placement & Retention	562,617	578,561
Americorp	101,795	174,725
Day Care Action	-	52,589
Tobacco and Diabetes	-	26,248
Pass-through from Illinois Department of Public Health		
Ryan White Care Services	45,055	41,426
Consolidated Health Centers - FHC	135,719	215,860
Passthrough from Illinois State Board of Education		
Child and Adult Care Food Program	26,211	22,553
Pass-through from Illinois Community College Board		
Adult Education and Family Literacy	133,433	173,569
Pass-through from AIDS Foundation of Chicago		
Emergency Cash Assistance	-	4,483
Pass-through from United Way Metropolitan Chicago		
Emergency Food and Shelter Program	9,500	12,000
Pass-through from United Way national Board		
Emergency Food and Shelter Program	-	10,000
Pass-through Chicago Cook Workforce Partnership		
WIA Youth	147,607	114,855
WIA Adult	-	100,971
Direct from U.S. Department of Health and Human Services		
Consolidated Health Centers - FHC	1,629,863	1,189,785
Total Federal Contracts	<u>\$ 3,948,936</u>	<u>\$ 3,552,242</u>

ASIAN HUMAN SERVICES, INC.
ASIAN HUMAN SERVICES FAMILY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

11. Government Contracts Support (Continue)

<u>State Contracts</u>	<u>2014</u>	<u>2013</u>
Illinois Department of Human Services		
Mental Health Medicaid and Non-Medicaid	\$ 1,121,584	\$ 1,016,351
Developmental Disability	-	215,227
Mental Health Evidence Based Training	8,050	8,050
Day Care Action	121,448	-
SNAP	13,655	-
Mental Health Psychiatric Services	167,512	55,840
Aids Foundation of Chicago		
Office of Rehabilitation Services	147,955	118,070
Illinois Department of Public Health		
Center for Minority Health Services	35,000	37,046
Center for Minority Health - Breast & Cervical Cancer	-	25,364
HIV Prevention	62,400	57,584
HIV Housing	75,000	50,519
Office of Health Promotion - Quality of Life	66,667	88,037
Hepatitis B Outreach	63,508	-
Breast and Cervical Cancer - FHC	358,239	337,950
Tobacco Settlement - FHC	6,250	-
Illinois State Board of Education		
Early Childhood Block Grant	78,158	96,849
Illinois Community College Board - Adult Education	291,792	299,951
Illinois Secretary of State - Family Literacy	93,003	86,934
Illinois Department Healthcare and Family Services		
Dental Program	-	24,833
EMR Incentives	-	38,250
Illinois Capital Development Board	313,044	1,755,605
Illinois DCEO		
Opportunity Job Training	74,724	156,942
Total State Contracts	<u>3,097,989</u>	<u>4,469,402</u>
 <u>Local Contracts and Awards</u>		
CPS Community Partnership Program	87,600	175,210
Chicago Department of Public Health - Prevention with Positives	-	17,500
Chicago Department of Public Health - HIV Prevention NE/NS	-	13,735
CDBG - Youth Grant	10,691	-
CPS - Passages Charter School	3,782,353	3,343,811
Total Local Contracts	<u>3,880,644</u>	<u>3,550,256</u>
Total Government Contracts	\$ <u>10,927,569</u>	\$ <u>11,571,900</u>

ASIAN HUMAN SERVICES, INC.
ASIAN HUMAN SERVICES FAMILY HEALTH CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

12. Qualified Retirement Plan

The Agency and the Center have a defined-contribution retirement plan, which covers all eligible employees. Participants can contribute up to 15% of eligible compensation on a pretax basis. As of March 1, 2009, the Agency and the Center suspended its matching contributions.

The School participates in the Public School Teachers' Pension and Retirement Fund of Chicago (Fund), a defined benefit plan. Members of the Fund include all active nonannuitants who are employed by a Fund-covered employer to provide services for which teacher certification is required. The State of Illinois appropriates public contributions to the Chicago Public Schools, which remit those contributions to the Fund as applicable employer contributions. The employer contributions for the year ended June 30, 2014 amounted to \$174,778.

13. Evaluation of Subsequent Events

The Agency has evaluated subsequent events through November 28, 2014, which is the date financial statements were available to be issued.

Effective July 1, 2014, PIPAL, NFP entered into an agreement with the Agency to provide administrative services for all its facilities. In December 2014, the Agency plans to exercise its option to renew its lease at 4820 North Broadway for an additional two years.