

**CHALDEAN AMERICAN LADIES OF  
CHARITY**

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2022 and 2021

# CHALDEAN AMERICAN LADIES OF CHARITY

## TABLE OF CONTENTS

	<b>Page</b>
<b>Independent Auditor's Report</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of Chaldean American Ladies of Charity

### Opinion

We have audited the accompanying financial statements of Chaldean American Ladies of Charity (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization December 31, 2022, and 2021, and the results of its operations and its cash flows for the years 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

### 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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.

To the Board of Directors  
of Chaldean American Ladies of Charity  
Page Two

In performing an audit in accordance with generally accepted auditing standards, 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 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 Organization'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 the Organization'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 Information Included in the Annual Report**

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statement does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The image shows a handwritten signature in dark ink that reads "UHY LLP". The letters are stylized and cursive.

Farmington Hills, Michigan  
May 17, 2023

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**STATEMENTS OF FINANCIAL POSITION**

	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 694,907	\$ 541,231
Cash and cash equivalents - restricted	436,813	499,329
Accounts receivable		
Pledges receivable	8,000	8,000
Grant receivable	59,693	33,070
Employee retention tax credit	112,565	-
Inventory	21,914	2,655
Prepaid expenses and other assets	9,136	29,191
	<hr/>	<hr/>
Total current assets	1,343,028	1,113,476
Pledges receivable, net	5,720	8,445
Investments	43,384	48,734
Property and equipment, net	428,307	434,099
	<hr/>	<hr/>
Total assets	<u>\$ 1,820,439</u>	<u>\$ 1,604,754</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 45,929	\$ 14,138
Accrued expenses	1,414	1,299
Deferred revenue	1,612	1,075
Fiduciary fund	430,823	493,148
Current portion of long-term debt	11,294	10,771
	<hr/>	<hr/>
Total current liabilities	491,072	520,431
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, less current portion	167,940	179,002
	<hr/>	<hr/>
Total long term liabilities	167,940	179,002
	<hr/>	<hr/>
Total liabilities	659,012	699,433
<b>NET ASSETS</b>		
Without donor restrictions	793,228	618,079
With donor restrictions	368,199	287,242
	<hr/>	<hr/>
Total net assets	1,161,427	905,321
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 1,820,439</u>	<u>\$ 1,604,754</u>

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**STATEMENTS OF ACTIVITIES**

	Years Ended					
	December 31, 2022			December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>						
Grants	\$ 326,277	\$ 261,368	\$ 587,645	\$ 296,489	\$ 83,690	\$ 380,179
Contributions	100,652	64,650	165,302	39,009	164,176	203,185
Cookbook sales	14,898	-	14,898	19,722	-	19,722
Membership dues	16,050	-	16,050	21,000	-	21,000
Fundraising and special events	547,356	-	547,356	567,363	-	567,363
Interest income	469	-	469	400	-	400
Investment return	-	(5,686)	(5,686)	-	3,395	3,395
PPP loan forgiven	-	-	-	76,750	-	76,750
In kind contributions	376,943	-	376,943	335,192	-	335,192
Other revenue	121,032	-	121,032	5,127	-	5,127
Total revenues	<u>1,503,677</u>	<u>320,332</u>	<u>1,824,009</u>	<u>1,361,052</u>	<u>251,261</u>	<u>1,612,313</u>
Net assets released from restrictions	<u>239,375</u>	<u>(239,375)</u>	<u>-</u>	<u>210,848</u>	<u>(210,848)</u>	<u>-</u>
<b>FUNCTIONAL EXPENSES</b>						
Program services	1,212,016	-	1,212,016	1,084,732	-	1,084,732
Fundraising and special events	179,089	-	179,089	153,477	-	153,477
Management and general	176,798	-	176,798	136,181	-	136,181
Total functional expenses	<u>1,567,903</u>	<u>-</u>	<u>1,567,903</u>	<u>1,374,390</u>	<u>-</u>	<u>1,374,390</u>
<b>CHANGE IN NET ASSETS</b>	<u>175,149</u>	<u>80,957</u>	<u>256,106</u>	<u>197,510</u>	<u>40,413</u>	<u>237,923</u>
<b>NET ASSETS, Beginning of year</b>	<u>618,079</u>	<u>287,242</u>	<u>905,321</u>	<u>420,569</u>	<u>246,829</u>	<u>667,398</u>
<b>NET ASSETS, End of year</b>	<u>\$ 793,228</u>	<u>\$ 368,199</u>	<u>\$ 1,161,427</u>	<u>\$ 618,079</u>	<u>\$ 287,242</u>	<u>\$ 905,321</u>

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

	Years Ended							
	December 31, 2022				December 31, 2021			
	Program Expenses	Special Event Expenses	Management and General Expenses	Total	Program Expenses	Special Event Expenses	Management and General Expenses	Total
Wages	\$ 401,769	\$ -	\$ 94,312	\$ 496,081	\$ 403,333	\$ -	\$ 79,061	\$ 482,394
Payroll taxes	33,705	-	7,676	41,381	33,763	-	7,778	41,541
Employee benefits	5,585	-	-	5,585	-	-	-	-
Consultant	3,150	-	-	3,150	450	-	-	450
Contract labor	70,486	-	7,496	77,982	69,099	-	8,210	77,309
Training	-	-	-	-	453	-	-	453
Utilities	15,192	-	4,757	19,949	14,231	-	2,791	17,022
Cookbook purchases	2,708	-	-	2,708	3,366	-	-	3,366
Insurance:								
Health	14,422	-	6,843	21,265	7,870	-	7,809	15,679
Workers' compensation	1,390	-	460	1,850	1,272	-	211	1,483
General	9,236	-	2,596	11,832	7,402	-	3,378	10,780
Professional fees	49,089	-	13,249	62,338	24,843	-	2,307	27,150
Assistance	67,199	-	-	67,199	75,372	-	-	75,372
Postage and shipping	4,100	792	568	5,460	3,499	430	805	4,734
Printing and copying	9,111	11,580	1,856	22,547	11,149	14,438	-	25,587
Telephone	5,591	-	920	6,511	6,502	-	-	6,502
Computer and internet	4,327	-	1,352	5,679	4,881	-	510	5,391
Meetings	-	-	180	180	-	-	65	65
Transportation expense	1,745	-	-	1,745	-	-	-	-
Special event expenses	-	112,190	-	112,190	-	92,524	-	92,524
Community events	170	-	-	170	240	-	-	240
Repairs and maintenance	11,172	-	3,586	14,758	13,880	-	4,966	18,846
Travel	17,759	-	69	17,828	8,468	-	18	8,486
Raffle prizes	-	12,155	-	12,155	-	14,832	-	14,832
Interest	6,845	-	2,053	8,898	8,585	-	1,713	10,298
Depreciation and amortization	20,917	-	6,654	27,571	10,460	-	2,467	12,927
Property taxes	-	-	85	85	-	-	54	54
Bank and credit card fees	2,141	548	11,116	13,805	2,309	349	9,387	12,045
Supplies and materials	73,079	14,248	4,787	92,114	24,823	23,235	2,762	50,820
Advertising	5,726	11,357	169	17,252	10,264	5,581	994	16,839
In-kind donations	372,243	-	-	372,243	335,192	-	-	335,192
Miscellaneous	3,159	16,219	6,014	25,392	3,026	2,088	895	6,009
Total expenses	<u>\$ 1,212,016</u>	<u>\$ 179,089</u>	<u>\$ 176,798</u>	<u>\$ 1,567,903</u>	<u>\$ 1,084,732</u>	<u>\$ 153,477</u>	<u>\$ 136,181</u>	<u>\$ 1,374,390</u>

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**STATEMENTS OF CASH FLOWS**

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<b>OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 256,106	\$ 237,923
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation and amortization	27,571	12,927
Forgiveness of PPP loan	-	(76,750)
(Gain) loss on investments	6,798	(1,771)
Changes in:		
Pledges receivable	2,725	5,197
Grant receivable	(26,623)	(25,860)
Employee retention tax credit	(112,565)	-
Other receivable	-	181
Inventory	(19,259)	3,366
Prepaid expenses	20,055	(23,054)
Accounts payable and accrued expenses	31,906	(4,807)
Deferred revenue	537	(65,626)
Fiduciary fund	(62,325)	(16,492)
	<u>124,926</u>	<u>45,234</u>
Net cash provided by operating activities		
<b>INVESTING ACTIVITIES</b>		
Sale of investments	1,385	5,324
Purchase of investments	(2,833)	(36,526)
Expenditures for fixed assets	(21,779)	(6,750)
	<u>(23,227)</u>	<u>(37,952)</u>
Net cash used in investing activities		
<b>FINANCING ACTIVITIES</b>		
Repayment of loan	(10,539)	(10,116)
	<u>(10,539)</u>	<u>(10,116)</u>
Net cash used in financing activities		
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>91,160</b>	<b>(2,834)</b>
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<b>1,040,560</b>	<b>1,043,394</b>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<b>\$ 1,131,720</b>	<b>\$ 1,040,560</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 8,898	\$ 10,298
Donation of fixed assets received	\$ 4,700	\$ -

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of certain accounting policies followed in the preparation of these financial statements. The policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of these statements.

**Nature of Organization**

The Chaldean American Ladies of Charity (the “Organization”) was formed as a not-for-profit organization aimed to assist and strengthen families by providing social and economic support to needy families, providing support and care for senior citizens, encouraging youth to make responsible and positive choices and by promoting and maintaining the culture of the community.

Since June 2016, the Organization has adopted a d/b/a United Community Family Services under the IRS Section 501(c)(3) of Chaldean American Ladies of Charity.

**Basis of Presentation**

The Organization follows accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Organization follows to ensure they consistently report their financial condition, results of operations and cash flows. References to GAAP issued by the FASB in the following footnotes are the *FASB Accounting Standards Codification (ASC)*.

**Classification of Net Assets**

The financial statements of the Organization have been prepared in accordance with U.S. Generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net assets classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Organization considers all short-term investments with an original maturity of three months or less and gift cards not subject to material fluctuation in value to be cash equivalents. Included in cash and cash equivalents, at December 31, 2022 and 2021, gift cards amounted \$15,701 and \$17,062, respectively.

**Concentration of Credit Risk**

The Organization occasionally maintains deposits in excess of federally insured limits. The Organization has not experienced any losses in such accounts. Management has deemed this as a normal business risk.

**Accounts Receivable**

The Organization carries its accounts receivable at amounts estimated by management to their net realizable value. The Organization does not require collateral to support its accounts receivable.

The Organization's policy is to contact donors with outstanding balances that are 90 days past due via letter or telephone, determine if such receivables are collectible through communication with donors, and if necessary, write off these receivables. The Organization does not accrue interest on past due balances.

On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on the history of past write-offs and collections and current credit conditions. Management has determined that no allowance is necessary as of December 31, 2022 and 2021 for accounts receivable.

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Pledges Receivable and Allowance for Doubtful Pledges**

The Organization's pledges receivable is comprised of amounts committed from individuals for use in its capital and endowment campaign. The Organization does not require collateral for its pledges. Revenue is recognized when a pledge representing an unconditional promise to pay is received; in the absence of such a promise, revenue is recognized when the financial support is received. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The unamortized discount represents the adjustment required to record pledges expected to be received in the future year at their current value. Amortization of the discount is recorded as additional contribution revenue and used in accordance with donor-imposed restrictions over the period the pledge. The discount on those amounts is computed using risk-free interest rates applicable to the years in which the promises are received and the years in which the pledges are expected to be fulfilled. Management has determined that no allowance for doubtful pledges is necessary as of December 31, 2022 and 2021.

**Investments**

The Organization records its investments in marketable equity securities in accordance with ASC topic Not-for-Profit entities Investments. Accordingly, investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair market value. Any related gains or losses are reported in the statement of activities. Investment return is presented net of investment fees.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

**Inventory Valuation**

Inventory consists of cookbooks. Inventory is recorded at the lower of cost, determined on the first-in first-out basis, or market.

**Property and Equipment**

Property and equipment are stated at cost, if purchased; or at fair value at the date of the gift, if donated. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Gains or losses from the sale of property and equipment are recorded in the Statements of Activities.

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Depreciation and Amortization**

Depreciation and amortization are computed using both the accelerated and straight-line methods over the estimated useful lives of the related assets, which range from 3 to 39 years.

**Fiduciary Fund**

The Organization received donation funds to be distributed to outside individuals. Funds held on behalf of the individuals in amount of \$430,823 and \$493,148 as December 31, 2022 and 2021, respectively, are segregated and will be transferred to them.

**Revenue Recognition**

*Contributions*

Contributions are generally recorded as unrestricted revenue, unless specifically restricted by the donor. Contributions that are restricted by contributors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When restrictions expire (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. Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

*Contributed Non-Financial Services and Assets*

Businesses, individuals, and others contribute materials and services toward the fulfillment of the programs, fundraising campaigns and general managerial administration. To the extent that contributions of materials and services are objectively measurable and represent program or support expenditures that would otherwise be incurred by the Organization, they are reflected in both support service and program service expenses in the statement of activities. Donated material and services are recorded at the fair market value upon receipt. For a contributed asset that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

For the years ended December 31, 2022 and 2021, contributed non-financial assets were recognized by the Organization in the amount of \$376,943 and \$335,192, respectively.

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition (Continued)**

*Contributed Non-Financial Services and Assets (Continued)*

Total contributed non-financial assets and materials, recorded as in-kind contributions, consisted of the following:

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Food	\$ 327,374	\$ 305,464
Furniture	44,869	29,728
Fixed assets	<u>4,700</u>	<u>-</u>
	<u>\$ 376,943</u>	<u>\$ 335,192</u>

The Organization received donated foods from the food bank with an estimated fair market value of \$327,374 and \$305,464 for the years ended December 31, 2022 and 2021, respectively. The foods were distributed to needy individuals and families.

The Organization received donated furniture with an estimated fair market value of \$44,869 and \$29,728 for the years ended December 31, 2022 and 2021, respectively. The furniture was distributed to needy individuals and families.

The Organization received donated equipment to store dairy foods and other nutrient rich fresh food options during the year ended December 31, 2022. The equipment was provided at the fair value by the donor in amount of \$4,700.

All in-kind donations received by the Organization for the years ended December 31, 2022 and 2021 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and its fundraising campaigns. These donated services were not recognized in the financial statement since they did not meet the criteria for recognition under ASC topic *Contributions*.

*Contracts, Grant Funds, Grant Receivable and Deferred Revenue*

Funds received from reimbursable contracts and grants are recorded as revenue when the Organization incurs the eligible costs allowed under the contract or grant. A receivable is recognized for any eligible costs that have been incurred, but the related funding has not been received by the Organization. Funds received by the Organization in advance of incurring eligible costs are recorded as deferred revenue.

The funds received are subject to review or audit by the funding sources and the Organization must comply with the specific rules and regulations defined in the contracts.

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Revenue Recognition for Contracts with Customers*

The Organization’s revenue streams under contracts with customers is comprised of membership dues, cookbook sales, and ticket sales revenue received in conjunction with annual events and fundraising from various businesses and foundations in Michigan. The Organization performs an analysis to determine if membership dues, cookbook sales, and special event tickets constitute separate performance obligations. The Organization’s revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a given point in time. The Organization recognizes the revenue over a period of time if the customer receives the benefits that the Organization provided. The revenue is recognized at a point in time when the control of the goods or service is transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods. The transaction price is calculated as the amount of consideration to which the Organization expects to be entitled (such as price of membership, fees, and price of tickets for events). The following explains the performance obligations related to each revenue stream and how they are recognized.

*Membership dues* – The Organization recognizes the membership dues when a member has paid their dues, committed to the related year’s membership, and the year has commenced, representing the period in which the Organization satisfies the performance obligation.

*Special events* – The Organization recognizes special event sales at the time that the event occurs.

*Cookbook sales* – The Organization sells cookbooks. Sales are recognized at the point of sale.

The timing of revenue recognition of membership, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and deferred revenue and deposits (contract liabilities) on the statement of financial position.

The beginning and ending contract balances were as follows.

	December 31,	
	2022	2021
Deferred revenue, beginning balance	\$ 1,075	\$ -
Deferred revenue, ending balance	\$ 1,612	\$ 1,075

**Advertising**

The Organization uses advertising to promote its programs. Advertising costs are expensed as incurred. Advertising expense was \$17,252 and \$16,839 for the years ended December 31, 2022 and 2021, respectively.

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Allocation of Expenses**

Direct identifiable expenses are charged to programs and supporting services accordingly. Expenses related to more than one function are charged to program services and support services based on management's estimates of periodic time and expense allocation. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Although the allocation method used is considered appropriate, other methods could be used that would produce different results.

**Income Tax Status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, the Organization qualifies for charitable contribution deductions under IRC Section 170(b)(1)(A) and has been classified as a supporting organization other than a private foundation under Section 509(a)(2).

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At December 31, 2022 and 2021, there were no uncertain tax positions that required accrual.

The Organization believes that it has been operating within its tax-exempt status and has no unrelated business income.

**Recently Adopted Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, "Leases (Topic 842)". Under this guidance, an entity is required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. The new standard is to be applied retrospectively to annual report periods beginning after December 15, 2021. The Organization adopted the ASU 2016-02 effective January 1, 2022. Management performed an assessment of the organization's leases and determined the adoption of the standard had no impact on net assets.

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recently Adopted Accounting Pronouncements (Continued)**

In September 2020, the FASB issued ASU 2020-07, “*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*”. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity’s policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively to annual reporting periods beginning after June 15, 2021. The Organization adopted the ASU 2020-07 effective January 1, 2022.

As a result of the adoption of ASU 2020-07, the Organization changed its reporting on in-kind donation in year 2021 in order to be comparative to 2022 presentation. Instead of netting the in-kind donation against its corresponding expenses, the Organization reports \$335,192 as in-kind donation and program expense in the Statement of Activities, and no effect on net assets.

**Reclassifications**

Certain 2021 amounts in the statement of functional expenses and statement of activities have been reclassified to 2022 presentations. The reclassifications had no effect on net assets.

**NOTE 2 – RESTRICTED CASH**

Restricted cash and cash equivalents are limited in use to the following:

	December 31,	
	2022	2021
Cash restricted for endowment fund	\$ 5,990	\$ 6,326
Cash restricted for fiduciary fund	430,823	493,003
	<u>\$ 436,813</u>	<u>\$ 499,329</u>

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 3 – PLEDGES RECEIVABLE**

Pledges receivable are comprised of the following at:

	December 31,	
	<u>2022</u>	<u>2021</u>
Pledge receivable	\$ 14,000	\$ 17,000
Less: unamortized discount	<u>(280)</u>	<u>(555)</u>
Net pledges receivable	<u>\$ 13,720</u>	<u>\$ 16,445</u>
Amounts due in:		
Less than one year	\$ 8,000	\$ 8,000
One to five years	<u>6,000</u>	<u>9,000</u>
	<u>\$ 14,000</u>	<u>\$ 17,000</u>

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a rate of 3.25% for the years ended December 31, 2022 and 2021.

**NOTE 4 – INVESTMENTS**

Investments on the Statements of Financial Position are comprised of the following:

	December 31,	
	<u>2022</u>	<u>2021</u>
Mutual Fund	<u>\$ 43,384</u>	<u>\$ 48,734</u>

Net investment income consists of the following:

	December 31,	
	<u>2022</u>	<u>2021</u>
Investment income	\$ 1,517	\$ 1,971
Realized and unrealized gains, net	(6,798)	1,771
Investment fees	<u>(405)</u>	<u>(347)</u>
	<u>\$ (5,686)</u>	<u>\$ 3,395</u>

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 5 – FAIR VALUE MEASUREMENTS**

ASC topic *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC topic *Fair Value Measurements* are described as follows:

Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2            Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means;

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3            Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

*Mutual funds:* Valued at the net asset value of shares held by the Organization at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value or certain financial instruments could result in a different fair value measurement at the reporting date.

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value:

	December 31 ,2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual Fund	\$ -	\$ 43,384	\$ -	\$ 43,384

  

	December 31 ,2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual Fund	\$ -	\$ 48,734	\$ -	\$ 48,734

**NOTE 6 – ENDOWMENT**

The Organization’s endowment consists of three individual funds established for the purpose of providing mattresses to needy families, non-perishable food for the AFPD food pantry, Bernadette’s Kitchen and funds for cultural preservation. The endowment is a donor-restricted fund. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetuity endowment, (b) the original value of subsequent gifts to the perpetuity endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriations for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Organization and the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization’s investment policies.

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 6 – ENDOWMENT** (Continued)

**Return Objective, Risk Parameters and Strategies**

The Organization 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. Under this policy, as approved by the board of directors, the endowment net assets are to be managed with a view toward maximization of total return considering inflation risk, interest rate risk, and business or economic risk, while at all times being prudently diversified. The Organization expects its endowment fund over times to provide an average annual rate of return of approximately 5 percent. Actual returns in any given year will vary from this amount.

**Spending Policy**

The Organization has a policy of appropriating for distribution, 0.25% to 1% of endowment fund. The percentage depends on endowment fund balance.

Changes in endowment net assets are as follows:

	December 31,	
	2022	2021
Net assets with donor restrictions, beginning	\$ 55,060	\$ 51,665
Contributions	-	-
Investment return	(5,686)	3,395
Net assets with donor restrictions, ending	<u>\$ 49,374</u>	<u>\$ 55,060</u>

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 7 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at:

	December 31,	
	2022	2021
Computers	\$ 5,912	\$ 3,332
Software	7,309	7,309
Furniture and fixtures	64,151	51,701
Building	480,815	474,065
Land (not depreciated)	35,000	35,000
	<u>593,187</u>	<u>571,407</u>
Less accumulated depreciation and amortization	<u>164,880</u>	<u>137,308</u>
Net carrying amount	<u><u>\$ 428,307</u></u>	<u><u>\$ 434,099</u></u>

Depreciation and amortization expense was \$27,572 and \$12,927 for the years ended December 31, 2022 and 2021, respectively.

**NOTE 8 – LONG-TERM DEBT**

As of December 31, 2022 and 2021, the Organization has a mortgage payable with a financial institution in the balance of \$179,234 and \$189,773, respectively, with monthly payments of \$1,625 including interest at 4.75% through February 2025. The loan is secured by the property with a cost of \$ 350,000.

Following is the maturity of notes payable for each of the next three years:

Years ending December 31,	Amount
2023	\$ 11,294
2024	11,842
2025	<u>156,098</u>
	<u><u>\$ 179,234</u></u>

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 9 – LIQUIDITY AND AVAILABILITY**

The following reflects the Organization’s financial assets at:

	December 31,	
	2022	2021
Financial assets		
Cash and cash equivalents	\$ 694,907	\$ 541,231
Receivables, net	180,258	41,070
Total financial assets	875,165	582,301
Amounts not available for general use		
Net assets with donor restrictions	313,105	223,737
Financial assets available to meet general expenditure in one year	<u>\$ 562,060</u>	<u>\$ 358,564</u>

The Organization’s financial assets have been reduced by amounts not available for general use because of donor imposed restrictions with one year of the statement of financial position date and amounts restricted by donors for specific purposes.

**NOTE 10 – NET ASSETS – WITH DONOR RESTRICTIONS**

Donor restricted net assets consist for the following purpose:

	December 31,	
	2022	2021
Capital campaign fund	\$ 93,333	\$ 21,323
Food pantry	71,335	43,380
Special needs fund	45,243	47,948
Christmas family program	34,343	22,568
Education and scholarships	26,947	20,875
Medical relief fund and refugee assistance	15,089	16,183
Emergency relief fund and family assistance	14,704	20,270
Widow and orphans assistance	7,625	12,558
Mattress fund	3,560	3,820
Seniors	2,000	2,000
Youth Sports	1,250	156
Maternal Health	-	17,705
Chaldean angels	3,396	3,396
Endowment for mattress fund	24,371	27,177
Endowment for cultural preservation	15,256	17,013
Endowment for food pantry	9,747	10,870
	<u>\$ 368,199</u>	<u>\$ 287,242</u>

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 11 – LEASE**

The Organization leases office equipment with monthly payments of \$160 through May 2026. Total lease expense was \$1,909 each for the years ended December 31, 2021 and 2022.

Minimum future lease payments for each of the next four years are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2023	\$ 1,909
2024	1,909
2025	1,909
2026	<u>796</u>
	<u>\$ 6,523</u>

**NOTE 12 – PAYCHECK PROTECTION PROGRAM LOAN**

On April 30, 2020, the Organization received loan proceeds in the total amount of \$76,750 under the Paycheck Protection Program (the “PPP”) under Division A, Title 1 of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which was enacted March 27, 2020.

During the year ended December 31, 2021, the Organization was approved for full forgiveness of its PPP loan. As a result, the \$76,750 of forgiveness income has been reported in statement of activities.

According to the rules of the SBA, the Organization is required to retain documentation for six years after the date the refundable advance is forgiven or repaid in full, and permit authorized representative of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Organization’s judgements pertaining to satisfying its PPP loans’ eligibility or forgiveness conditions, the Organization may be required to adjust previously reported amounts and disclosures in the financial statements.

**NOTE 13 – EMPLOYEE RETENTION CREDIT (ERC)**

The Employee Retention Credit Program (ERC) established as part of the CARES Act encourages employers to keep employees on their payroll. The updated ERC provides refundable credit to eligible employers, including tax-exempt organizations, that pay qualified wages, including certain health plan expenses, to some or all employees, based on certain criteria.

**CHALDEAN AMERICAN LADIES OF CHARITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 13 – EMPLOYEE RETENTION CREDIT (ERC) (Continued)**

The Organization expects to meet the ERC eligibility criteria for the first and second quarters of 2021 and therefore, has recorded a conditional grant receivable and recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier no longer existed. The Organization has recognized \$112,565 as revenue for the year ended December 31, 2022. The amount is included in other revenue in the statements of activities .

**NOTE 14 – RELATED PARTY TRANSACTIONS**

The Organization receives Contribution revenue from related parties was \$19,443 and \$2,655 as of December 31,2022 and 2021 respectively.

**NOTE 15 – SUBSEQUENT EVENTS**

The Organization has performed a review of events subsequent to the Statements of Financial Position through May 17, 2023 the date the financials were available to be issued.

Subsequent to year end, the financial markets have experienced significant levels of volatility that caused a decline of approximately 10% in the value of investments held at year end. While such declines may be temporary, investment values are subject to market fluctuations and the timing of any such recovery is unknown at the present time.