

TASC, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020



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TASC, INC.
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YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
TASC, Inc.
Chicago, Illinois

We have audited the accompanying financial statements of TASC, Inc. (TASC) which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditors' 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 TASC'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 TASC'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.

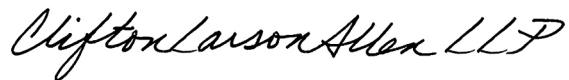
Board of Directors
TASC, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TASC as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2022, on our consideration of TASC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TASC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TASC's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Oak Brook, Illinois
February 4, 2022

TASC, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

| ASSETS | 2021 | 2020 |
|---|---------------|---------------|
| Cash | \$ 6,455,213 | \$ 5,410,679 |
| Restricted Cash | 2,015,109 | - |
| Investments | 162,432 | 107,143 |
| Costs Recoverable Under Grants | 3,978,921 | 4,942,462 |
| Prepaid Expenses and Other Assets | 129,568 | 282,437 |
| Bequest Receivable | 150,186 | 2,165,195 |
| Cash Surrender Value - Officers' Life Insurance | 148,710 | 268,324 |
| Property and Equipment, Net | 4,706,431 | 4,814,419 |
| Building Closing Costs, Net | 27,991 | 29,453 |
| Total Assets | \$ 17,774,561 | \$ 18,020,112 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts Payable | \$ 390,495 | \$ 207,023 |
| Accrued Payroll and Vacation | 843,437 | 856,564 |
| Accrued Expenses | 77,022 | 56,040 |
| Long-Term Debt | - | 2,078,700 |
| Advances on Grant Contracts | 139,930 | 381,684 |
| Total Liabilities | 1,450,884 | 3,580,011 |
| NET ASSETS | | |
| Without Donor Restrictions: | | |
| General Operating | 14,157,443 | 12,273,716 |
| Board-Designated | 1,039 | 1,190 |
| With Donor Restrictions | 2,165,195 | 2,165,195 |
| Total Net Assets | 16,323,677 | 14,440,101 |
| Total Liabilities and Net Assets | \$ 17,774,561 | \$ 18,020,112 |

See accompanying Notes to Financial Statements.

TASC, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 | | | | 2020 | | | |
|-------------------------------------|----------------------|----------------------|----------------------------|----------------------|----------------------|----------------------|----------------------------|----------------------|
| | General Operating | Board- Designated | With Donor Restrictions | Total | General Operating | Board- Designated | With Donor Restrictions | Total |
| REVENUES AND OTHER SUPPORT | | | | | | | | |
| Contracts and Grants | \$ 15,460,468 | \$ - | \$ - | \$ 15,460,468 | \$ 13,864,080 | \$ - | \$ 2,165,195 | \$ 16,029,275 |
| Client Fees | 47,646 | - | - | 47,646 | 54,278 | - | - | 54,278 |
| Contributions | 102,358 | - | - | 102,358 | 2,378,986 | - | - | 2,378,986 |
| Other Income | 2,306,299 | - | - | 2,306,299 | 87,706 | - | - | 87,706 |
| Total Revenues and Other Support | 17,916,771 | - | - | 17,916,771 | 16,385,050 | - | 2,165,195 | 18,550,245 |
| EXPENSES | | | | | | | | |
| Program Services | 11,898,761 | 151 | - | 11,898,912 | 12,342,642 | 3,641 | - | 12,346,283 |
| Supporting Services: | | | | | | | | |
| Management and General | 4,132,676 | - | - | 4,132,676 | 3,987,757 | - | - | 3,987,757 |
| Fundraising | 1,607 | - | - | 1,607 | 43,025 | - | - | 43,025 |
| Total Supporting Services | 4,134,283 | - | - | 4,134,283 | 4,030,782 | - | - | 4,030,782 |
| Total Expenses | 16,033,044 | 151 | - | 16,033,195 | 16,373,424 | 3,641 | - | 16,377,065 |
| CHANGE IN NET ASSETS | 1,883,727 | (151) | - | 1,883,576 | 11,626 | (3,641) | 2,165,195 | 2,173,180 |
| Net Assets - Beginning of Year | 12,273,716 | 1,190 | 2,165,195 | 14,440,101 | 12,262,090 | 4,831 | - | 12,266,921 |
| NET ASSETS - END OF YEAR | <u>\$ 14,157,443</u> | <u>\$ 1,039</u> | <u>\$ 2,165,195</u> | <u>\$ 16,323,677</u> | <u>\$ 12,273,716</u> | <u>\$ 1,190</u> | <u>\$ 2,165,195</u> | <u>\$ 14,440,101</u> |

See accompanying Notes to Financial Statements.

TASC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

| | Program Services | | | | | | Supporting Services | | | | |
|---|-----------------------------------|--|-------------------|---------------------|------------------|------------------|----------------------|------------------------|-----------------|---------------------|----------------------|
| | Treatment Referral and Monitoring | DCFS Intensive Placement Stabilization | DCFS Toxicology | DCFS Recovery Coach | DCFS Healthworks | Board-Designated | Total | Management and General | Fundraising | Total | Total |
| Salaries, Payroll Taxes, and Related Benefits | \$ 7,131,573 | \$ 255,210 | \$ 181,249 | \$ 1,733,599 | \$ 28,349 | \$ - | \$ 9,329,980 | \$ 3,072,456 | \$ - | \$ 3,072,456 | \$ 12,402,436 |
| Travel | 114,397 | - | 135 | 26,056 | - | - | 140,588 | 50,370 | - | 50,370 | 190,958 |
| Depreciation and Amortization | 78,747 | 11,606 | 10,446 | 11,516 | - | 151 | 112,466 | 11,466 | - | 11,466 | 123,932 |
| Professional Fees and Contract Service Payments | 790,814 | 1,038 | 16,714 | 5,240 | - | - | 813,806 | 598,380 | - | 598,380 | 1,412,186 |
| Occupancy (Rent, Utilities, Insurance, Leased Office Equipment) | 265,677 | 24,312 | 4,797 | 114,800 | 3,223 | - | 412,809 | 132,897 | - | 132,897 | 545,706 |
| Supplies | 307,975 | 8,569 | 67,582 | 66,133 | 434 | - | 450,693 | 31,689 | - | 31,689 | 482,382 |
| Interest | - | - | - | - | - | - | - | - | - | - | - |
| Other | 531,925 | 5,956 | 60,560 | 39,416 | 713 | - | 638,570 | 235,418 | 1,607 | 237,025 | 875,595 |
| Total Expenses | \$ 9,221,108 | \$ 306,691 | \$ 341,483 | \$ 1,996,760 | \$ 32,719 | \$ 151 | \$ 11,898,912 | \$ 4,132,676 | \$ 1,607 | \$ 4,134,283 | \$ 16,033,195 |

See accompanying Notes to Financial Statements.

TASC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

| | Program Services | | | | | | Supporting Services | | | | |
|---|-----------------------------------|--|-------------------|---------------------|-------------------|------------------|----------------------|------------------------|------------------|---------------------|----------------------|
| | Treatment Referral and Monitoring | DCFS Intensive Placement Stabilization | DCFS Toxicology | DCFS Recovery Coach | DCFS Healthworks | Board-Designated | Total | Management and General | Fundraising | Total | Total |
| Salaries, Payroll Taxes, and Related Benefits | \$ 7,696,067 | \$ 253,286 | \$ 85,180 | \$ 1,627,790 | \$ 159,505 | \$ - | \$ 9,821,828 | \$ 2,967,872 | \$ - | \$ 2,967,872 | \$ 12,789,700 |
| Travel | 401,190 | 324 | 997 | 44,076 | 2,516 | - | 449,103 | 92,168 | - | 92,168 | 541,271 |
| Depreciation and Amortization | 85,977 | 9,226 | 4,634 | 11,813 | - | 3,641 | 115,290 | 33,684 | - | 33,684 | 148,974 |
| Professional Fees and Contract Service Payments | 642,964 | - | 8,238 | 5,428 | - | - | 656,631 | 383,699 | - | 383,699 | 1,040,330 |
| Occupancy (Rent, Utilities, Insurance, Leased Office Equipment) | 303,290 | 25,564 | 2,659 | 112,827 | 13,488 | - | 457,827 | 181,283 | - | 181,283 | 639,110 |
| Supplies | 182,328 | 3,224 | 38,975 | 55,008 | 7,175 | - | 286,708 | 30,930 | 30 | 30,960 | 317,668 |
| Interest | 56 | - | - | - | - | - | 56 | 21 | - | 21 | 77 |
| Other | 462,031 | 6,467 | 35,388 | 51,493 | 3,460 | - | 558,839 | 298,100 | 42,995 | 341,095 | 899,934 |
| Total Expenses | \$ 9,773,903 | \$ 298,091 | \$ 176,071 | \$ 1,908,434 | \$ 186,143 | \$ 3,641 | \$ 12,346,283 | \$ 3,987,757 | \$ 43,025 | \$ 4,030,782 | \$ 16,377,065 |

See accompanying Notes to Financial Statements.

TASC, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 | 2020 |
|--|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 1,883,576 | \$ 2,173,180 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation and Amortization | 123,932 | 148,974 |
| Realized and Unrealized (Gains) Losses on Investments, Net | (52,084) | 43,906 |
| Unrealized Loss on Cash Surrender Value - Officers' Life Insurance | 133,405 | 191 |
| Forgiveness of Debt | (2,078,700) | - |
| (Increase) Decrease in Assets: | | |
| Costs Recoverable Under Grants and Other Receivables | 963,541 | (1,542,563) |
| Prepaid Expenses and Other Assets | 152,869 | (104,424) |
| Bequest Receivable | 2,015,009 | (2,165,195) |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable | 183,472 | 40,585 |
| Accrued Payroll and Vacation | (13,127) | 63,426 |
| Accrued Expenses | 20,982 | (92,753) |
| Advances on Grant Contracts | (241,754) | 235,481 |
| Net Cash Provided (Used) by Operating Activities | 3,091,121 | (1,199,192) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Premiums Paid for Cash Surrender Value - Officers' Life Insurance | (13,791) | (13,791) |
| Purchases of Investments, Net | (3,205) | (93,633) |
| Proceeds on Sales of Investments | - | 171,400 |
| Purchases of Property and Equipment | (14,482) | (80,799) |
| Net Cash Used by Investing Activities | (31,478) | (16,823) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Long-Term Debt | - | 2,078,700 |
| NET INCREASE IN CASH AND RESTRICTED CASH | 3,059,643 | 862,685 |
| Cash - Beginning of Year | 5,410,679 | 4,547,994 |
| CASH - END OF YEAR | \$ 8,470,322 | \$ 5,410,679 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash | \$ 6,455,213 | \$ 5,410,679 |
| Restricted Cash | 2,015,109 | - |
| Total Cash and Restricted Cash | \$ 8,470,322 | \$ 5,410,679 |

See accompanying Notes to Financial Statements.

TASC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

TASC, Inc. (TASC) was incorporated in the state of Illinois on March 9, 1976. TASC is a nonprofit corporation as defined under Internal Revenue Code (IRC) Section 501(c)(3) and qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). TASC provides services to persons who have complex social, health, or other related personal or family problems which have interfered with their ability to lead a healthy or constructive life or who are an endangerment to themselves, their family, or the community in which they live. TASC's primary services include diagnostic treatment referral and monitoring services under the state of Illinois criminal justice system jurisdiction; toxicology testing, case management for special need populations in the areas of alcohol and substance abuse, criminal justice management, and child welfare. TASC fosters the involvement and support of state and local criminal justice and law enforcement agencies and promotes and facilitates communication and cooperation between criminal justice and drug abuse treatment agencies. TASC's primary source of revenue is grants from governmental agencies, principally the Illinois Department of Human Services, the Illinois Department of Corrections, and the Illinois Department of Children and Family Services. TASC operates in approximately 20 locations throughout the state of Illinois. TASC's fiscal year ends on June 30. Significant accounting policies followed by TASC are presented below.

Use of Estimates in Preparing Financial Statements

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.

Financial Statement Presentation

The financial statements of TASC have been prepared in conformity with accounting principles generally accepted in the United States of America. Under accounting principles generally accepted in the United States of America, TASC is required to report information regarding its financial position and activities based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

TASC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

TASC maintains its cash with various financial institutions, which at times may exceed federally insured limits.

Investments

Investments include stock and mutual funds. Investments are carried at fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities in "Other Income".

Costs Recoverable Under Grants

Costs recoverable under grants are grant receivables that generally require payment within the contract period. The carrying amount of costs recoverable under grants is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific grant receivables. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. At June 30, 2021 and 2020, the allowance for doubtful accounts is \$-0-.

Depreciation and Amortization

Property and equipment are recorded at cost. Replacements and major improvements are capitalized, while general maintenance and repairs are charged to expense as incurred. TASC has a \$5,000 minimum capitalization policy.

Depreciation is computed by using the straight-line method over the following estimated useful lives:

| | |
|------------------------|-------------------|
| Building | 24 to 40 Years |
| Leasehold Improvements | Term of the Lease |
| Automobiles | 3 Years |
| Office Equipment | 5 Years |

Amortization of costs associated with the purchase of the building, such as environmental assessments, title charges, and attorney fees, is computed on a straight-line basis over an estimated useful life of 33.5 to 40 years.

Amortization of the electronic client record software is computed on a straight-line basis over seven years.

TASC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

TASC reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Advances on Contract Grants

Under the terms of the grant contracts, TASC receives advance funding to be expended within the contract period. The advances on grant contracts represent funding received from grants in which the funding has not been expended and the contract period has not expired.

Board-Designated Net Assets and Revenues

Board-designated net assets and revenues represents funds received from contract grants that TASC designates for equipment purchases and capital lease payments.

Revenues and Other Support

TASC receives a substantial portion of its funds from contract grants which management has assessed as conditional contributions. These funds are reported as without donor restricted revenues as the grants reimburse and compensate TASC for services provided. Revenue is recognized over the term of the contract as the performance obligations are either performed or satisfied. These transactions totaled \$15,460,468 and \$16,029,275 for the years ended June 30, 2021 and 2020, respectively. Funds received and not yet earned generate contract liabilities, which are included in the accompanying statements of financial position as advances on grant contracts. Contract liabilities at June 30, 2021 and 2020 are \$139,930 and \$381,684, respectively.

Recognition of Donor-Restricted Contributions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

TASC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities and categorized by natural classification within the statements of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy costs which are allocated based on square footage of areas occupied, as well as salaries and benefits which are allocated based on the basis of estimates of time and effort.

Donated Services

Donations of services are recognized as contributions in accordance with Accounting for Contributions Received and Contributions Made, if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by TASC. There were no donated services for the years ended June 30, 2021 and 2020.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Income Taxes

TASC is a tax-exempt organization as defined by Section 501(c)(3) of the IRC. However, income from certain activities not directly related to TASC's tax-exempt purpose is subject to taxation as unrelated business income. There were no taxes owed for the years ended June 30, 2021 and 2020. TASC files tax returns in the U.S. federal jurisdiction and one state. There are no uncertain tax positions for the years ended June 30, 2021 and 2020.

Adoption of New Accounting Standard

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

TASC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard (Continued)

Revenue from Contracts with Customers (Continued)

The financial statements reflect the application of ASC 606 guidance beginning in 2021. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact TASC's reported historical revenue.

Upcoming Accounting Pronouncements

Contributed Nonfinancial Assets

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This update increases transparency about the measurement and use of nonfinancial assets by recognizing gifts-in-kind to be presented as a separate line in the statement of activities and disclosing key information. ASU 2020-07 is effective for TASC for the year ending June 30, 2022.

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of TASC's leasing activities. The amendments in the guidance are effective for TASC for the year ending June 30, 2023. Early adoption is permitted.

Management is evaluating the impact of these pronouncements on TASC's financial statements.

NOTE 2 LIQUIDITY AND AVAILABILITY

TASC has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. TASC's financial assets available for general expenditures due within one year of the statement of financial position date are as follows at June 30:

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|----------------------|
| Cash | \$ 6,455,213 | \$ 5,410,679 |
| Investments | 162,432 | 107,143 |
| Costs Recoverable Under Grants | 3,978,921 | 4,942,462 |
| Bequest Receivable | 150,186 | 2,165,195 |
| Total Financial Assets | <u>10,746,752</u> | <u>12,625,479</u> |
| Less: Board-Designated and Donor-Restricted | | |
| Net Assets | <u>(2,166,234)</u> | <u>(2,166,385)</u> |
| Financial Assets Available to Meet Cash Needs | | |
| for General Expenditures Within One Year | <u>\$ 8,580,518</u> | <u>\$ 10,459,094</u> |

TASC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 INVESTMENTS

Investments consist of the following:

| | June 30, 2021 | | |
|-------------------|---------------|------------|------------------------|
| | Cost | Fair Value | Unrealized Gain |
| Stock | \$ 36,215 | \$ 94,301 | \$ 58,086 |
| Mutual Funds | 62,659 | 68,131 | 5,472 |
| Total Investments | \$ 98,874 | \$ 162,432 | \$ 63,558 |
| | June 30, 2020 | | |
| | Cost | Fair Value | Unrealized Gain (Loss) |
| Stock | \$ 36,215 | \$ 52,800 | \$ 16,585 |
| Mutual Funds | 59,453 | 54,343 | (5,110) |
| Total Investments | \$ 95,668 | \$ 107,143 | \$ 11,475 |

Realized and unrealized gains (losses) are included in "Other Income" in the statements of activities.

NOTE 4 PROPERTY AND EQUIPMENT

A summary of property and equipment follows:

| | 2021 | 2020 |
|-------------------------------------|--------------|--------------|
| Building | \$ 1,485,000 | \$ 1,485,000 |
| Land | 2,805,000 | 2,805,000 |
| Automobiles | 15,000 | 15,000 |
| Office Equipment | 3,781,742 | 3,781,742 |
| Building Additions and Improvements | 1,113,558 | 1,099,078 |
| Lab Equipment | 94,520 | 94,520 |
| Electronic Client Record Software | 1,237,590 | 1,237,590 |
| Total | 10,532,410 | 10,517,930 |
| Less: Accumulated Depreciation | 5,825,979 | 5,703,511 |
| Property and Equipment, Net | \$ 4,706,431 | \$ 4,814,419 |
| Depreciation Expense | \$ 122,470 | \$ 147,512 |

TASC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 BUILDING CLOSING COSTS

Building closing costs consist of the following:

| | 2021 | 2020 |
|--------------------------------|--------------|--------------|
| Building Closing Costs | \$ 41,836 | \$ 41,836 |
| Less: Accumulated Amortization | 13,845 | 12,383 |
| Building Closing Costs, Net | \$ 27,991 | \$ 29,453 |
| Amortization Expense | \$ 1,462 | \$ 1,462 |

NOTE 6 FAIR VALUE MEASUREMENTS

In determining fair value, TASC uses various valuation approaches within the fair value measurement framework in accordance with Financial Accounting Standards Board Accounting Standards Codification 820 (FASB ASC 820), *Fair Value Measurements and Disclosures*.

FASB ASC 820 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 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 are described below:

Level 1 – Valuations based on quoted prices for identical assets or liabilities in active markets.

Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets.

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

TASC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets and liabilities measured on a recurring basis at June 30 are as follows:

| | June 30, 2021 | | | |
|----------------|---------------|---|---|--|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Mutual Funds: | | | | |
| Equity Funds | \$ 68,131 | \$ 68,131 | \$ - | \$ - |
| Stock | 94,301 | 94,301 | - | - |
| Total Assets | \$ 162,432 | \$ 162,432 | \$ - | \$ - |
| | | | | |
| | June 30, 2020 | | | |
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Mutual Funds: | | | | |
| Balanced Funds | \$ 54,343 | \$ 54,343 | \$ - | \$ - |
| Stock | 52,800 | 52,800 | - | - |
| Total Assets | \$ 107,143 | \$ 107,143 | \$ - | \$ - |

As of June 30, 2021, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investments. The fair values of TASC's investments are determined by reference to quoted market prices and other relevant information generated by market transactions and are considered Level 1 instruments.

NOTE 7 LEASES

All of the facilities used by TASC for its service programs are leased, except for those programs conducted at the 700 S. Clinton and 2320 West Roosevelt sites in Chicago, Illinois, which are owned by TASC. The facilities being leased are for various terms. Under some of the lease agreements, TASC pays for operating and other expenses. Some of the leases contain renewal options for periods from one to five years at amounts specified in the lease agreement. Rent expense was \$276,863 and \$354,374 for the years ended June 30, 2021 and 2020, respectively.

TASC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 LEASES (CONTINUED)

Future payments under all building leases are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|-------------------|
| 2022 | \$ 203,895 |
| 2023 | 142,282 |
| 2024 | 64,668 |
| 2025 | 65,814 |
| 2026 | 28,798 |
| Total | <u>\$ 505,457</u> |

Minimum lease payments exclude rentals under renewal options which, as of June 30, 2021, are not reasonably assured of being exercised.

TASC is also obligated under various operating leases for automobiles and equipment. Rent expense was \$53,161 and \$55,775 for the years ended June 30, 2021 and 2020, respectively.

Future payments under leases for automobiles and equipment are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|-----------------|
| 2022 | \$ 6,909 |
| 2023 | 1,033 |
| 2024 | 327 |
| 2025 | 327 |
| Total | <u>\$ 8,596</u> |

NOTE 8 LONG-TERM DEBT

On April 16, 2020, TASC received a loan from BMO Harris Bank in the amount of \$2,078,700 to fund potential costs for payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). This amount was forgiven by the U.S. Small Business Administration (SBA) on June 16, 2021 and is shown in the accompanying statements of activities as other income. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on TASC's financial position.

TASC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 RETIREMENT PLANS

TASC sponsors a Tax Sheltered Annuity Plan (TSA Plan) for the benefit of employees with 12 months of full-time employment. TASC did not contribute to the TSA Plan during the years ended June 30, 2021 and 2020. Employees can also contribute a portion of their salary to the TSA Plan. TASC maintains a nonqualified deferred compensation plan for certain executives. TASC made no contributions to the Plan for the years ended June 30, 2021 and 2020. Assets held for the deferred compensation plan were \$68,131 and \$54,343 at June 30, 2021 and 2020, respectively, and are included in "Investments" with the respective liability recorded in "Accrued Expenses" in the statements of financial position.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2021 and 2020, net assets with donor restrictions represent amounts for a donor restricted endowment. During the year ended June 30, 2020, TASC was notified that it was a beneficiary of a donor bequest totaling \$2,165,195. Once the funds are received, they are to be invested in perpetuity within an endowment as specified by the bequest agreement. Income generated by the endowment will be available to support program services. During the year ended June 30, 2021, TASC received \$2,015,109 of the bequest proceeds which is reflected as restricted cash on the 2021 statement of financial position. The remaining bequest proceeds of \$150,186 are expected to be received during the next fiscal year. Management is currently in the process of drafting formal investment and spending policies for the endowment.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Financial assistance from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against TASC for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 12 RISKS AND UNCERTAINTIES

The World Health Organization has declared the spread of Coronavirus Disease (COVID 19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to TASC, COVID-19 may impact various parts of its fiscal 2022 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of personnel, or loss of revenue due to reductions in certain revenue streams. Management believes TASC is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events continue to occur subsequent to year-end and are still developing.

TASC, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 13 CASH FLOW DISCLOSURES

Cash paid for interest for the years ended June 30, 2021 and 2020 was \$-0- and \$77, respectively.

TASC had no noncash investing and financing transactions for the years ended June 30, 2021 and 2020.

NOTE 14 SIGNIFICANT CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of information about current vulnerabilities due to certain concentrations. These matters include the following:

Concentration of Revenue

For the year ended June 30, 2021, approximately \$11,503,000 of the revenues reflected on the statements of activities were from three departments of the state of Illinois. At June 30, 2021, grant receivables included balances of approximately \$1,137,000 from these sources.

For the year ended June 30, 2020, approximately \$12,565,000 of the revenues reflected on the statements of activities were from three departments of the state of Illinois. At June 30, 2020, grants receivable included balances of approximately \$2,898,000 from these sources.

NOTE 15 SUBSEQUENT EVENTS

Management evaluated subsequent events through February 4, 2022, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2021, but prior to February 4, 2022 that provided additional evidence about conditions that existed at June 30, 2021, have been recognized in the financial statements for the year ended June 30, 2021. Events or transactions that provided evidence about conditions that did not exist at June 30, 2021, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2021.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**



TASC, INC.
SINGLE AUDIT REPORTS
YEAR ENDED JUNE 30, 2021



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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TASC, INC.
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
TASC, Inc.
Chicago, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of TASC, Inc. (TASC), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 4, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered TASC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TASC's internal control. Accordingly, we do not express an opinion on the effectiveness of TASC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

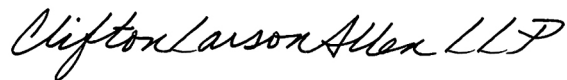
Board of Directors
TASC, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether TASC’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CliftonLarsonAllen LLP

Oak Brook, Illinois
February 4, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
TASC, Inc.
Chicago, Illinois

Report on Compliance for Each Major Federal Program

We have audited TASC, Inc.'s (TASC) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of TASC's major federal programs for the year ended June 30, 2021. TASC's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of TASC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TASC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of TASC's compliance.

Opinion on Each Major Federal Program

In our opinion, TASC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matter

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Findings 2021-001 and 2021-002. Our opinion on each major federal program is not modified with respect to this matter.

TASC's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. TASC's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of TASC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered TASC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of TASC's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002 and 2021-003, that we consider to be a significant deficiency.

Board of Directors
TASC, Inc.

TASC's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. TASC's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of TASC as of and for the year ended June 30, 2021, and have issued our report thereon dated February 4, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Oak Brook, Illinois
February 4, 2022

TASC, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Passed Through To Subrecipients | Federal Expenditures |
|--|---------------------------|---|---------------------------------------|-------------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| PASS THROUGH | | | | |
| County of Cook | | | | |
| Mental and Behavioral Health Education and Training Grants | 93.243 | 1830-17256 | \$ - | \$ 128,937 |
| Mental and Behavioral Health Education and Training Grants | 93.243 | H20-25-007 | 15,959 | 209,520 |
| Total CFDA Number 93.243 | | | <u>15,959</u> | <u>338,457</u> |
| Injury Prevention and Control Research and State and Community Based Programs | 93.136 | H20-25-035 | - | 78,643 |
| Texas Christian University Drug Abuse and Addiction Research Programs | 93.279 | 25929-20-TASC-00 | - | 49,062 |
| George Mason University Drug Abuse and Addiction Research Programs | 93.279 | E2052462 | 10,775 | 200,416 |
| Total CFDA Number 93.279 | | | <u>10,775</u> | <u>249,478</u> |
| Illinois Department of Human Services Affordable Care Act (ACA) Personal Responsibility Education Program | 93.092 | FSCZP04035 | - | 29,076 |
| Illinois Department of Human Services Social Services Block Grant | 93.667 | FSCZU05088 | - | 22,860 |
| Social Services Block Grant | 93.667 | FCSZU03048 | - | 19,242 |
| Social Services Block Grant | 93.667 | FCSZU03128 | - | 7,575 |
| Total CFDA Number 93.667 | | | <u>-</u> | <u>49,677</u> |
| Opioid STR, Medicaid Cluster | 93.788 | 43CZC03655 | 153,080 | 232,142 |
| Illinois Department of Human Services Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 43CYC00278 | - | 704,729 |
| Subtotal U.S. Department of Health and Human Services Pass Through | | | <u>179,814</u> | <u>1,682,202</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| DIRECT PROGRAMS | | | | |
| Drug-Free Communities Support Program Grants | 93.276 | H79SP080879/6 NH28CE002554-07-03 | 40,257 | 105,114 |
| Total U.S. Department of Health and Human Services | | | <u>220,071</u> | <u>1,787,316</u> |
| U.S. DEPARTMENT OF JUSTICE PASS THROUGH | | | | |
| Rand Corporation | | | | |
| National Institute of Justice Research, Evaluation, and Development Project Grants | 16.560 | SCON-000002889 | - | 22,275 |
| Advocates for Human Potential Residential Substance Abuse Treatment for State Prisoners | 16.593 | 7284-DOJ-BJA-RSAT TTA-TASC-01 | - | 89,412 |
| Comprehensive Opioid, Stimulant, and Substance Abuse Program | 16.838 | 7283-DOJ-BJA-COAP TTA-TASC-01 | 2,000 | 30,945 * |
| Institute for Intergovernmental Research Comprehensive Opioid, Stimulant, and Substance Abuse Program | 16.838 | 2017-AR-BX-K003 | 1,924 | 55,973 * |
| Total CFDA Number 16.838 (Pass Through) | | | <u>3,924</u> | <u>86,918</u> |
| Total U.S. Department of Justice Pass Through | | | <u>3,924</u> | <u>198,605</u> |
| U.S. DEPARTMENT OF JUSTICE DIRECT PROGRAMS | | | | |
| Comprehensive Opioid, Stimulant, and Substance Abuse Program | 16.838 | 2019-AR-BX-K055 | 272,155 | 736,410 * |
| Total CFDA Number 16.838 | | | <u>276,079</u> | <u>823,328</u> |
| Total U.S. Department of Justice | | | <u>276,079</u> | <u>935,015</u> |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASS THROUGH | | | | |
| All Chicago Making Homelessness History Emergency Solutions Grant Program | 14.231 | 134986 | - | 97,090 |
| Total U.S. Department of Housing and Urban Development | | | <u>-</u> | <u>97,090</u> |
| U.S. DEPARTMENT OF TREASURY PASS THROUGH | | | | |
| Illinois Department of Human Services COVID 19 - Coronavirus Relief Fund | 21.019 | 43CZC00278 | - | 278,277 |
| Total U.S. Department of Treasury Pass Through | | | <u>-</u> | <u>278,277</u> |
| TOTAL FEDERAL EXPENDITURES | | | <u>\$ 496,150</u> | <u>\$ 3,097,698</u> |

* This program was tested as a major program as of June 30, 2021.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

TASC, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal award activity of TASC under programs of the federal government for the year ended June 30, 2021. The information in this SEFA is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). As the SEFA presents only a selected portion of the operations of TASC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of TASC.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 OTHER MATTERS

| | |
|------------------------------|------|
| Amount of noncash assistance | None |
| Amount of insurance | None |
| Amount of loans | None |
| Amount of loan guarantees | None |

TASC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to consolidated financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes no

Identification of Major Federal Programs

CFDA Number(s) **Name of Federal Program or Cluster**
16.838 Comprehensive Opioid, Stimulant, and Substance Abuse Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

TASC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2021-001 – Subrecipient Monitoring

Major Program: Comprehensive Opioid, Stimulant, and Substance Abuse Program
CFDA Number: 16.838
Federal Agency: Department of Justice
Pass-Through: Advocates for Human Potential, Institute for Intergovernmental Research
Grantor Number: 7283-DOJ-BJA-COAP TTA-TASC-01; 2017-AR-BX-K003
Award Period: November 16, 2017 through September 30, 2021

Type of Finding:
Significant deficiency in Internal Control over Compliance
Other Matters

Criteria or Specific Requirement:
For subrecipients, TASC is required to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.

Questioned Costs:
None.

Context:
Of the \$823,328 of federal funds expended by TASC during the year end 2021, \$276,079 was passed-through to 7 subrecipients.

Cause:
Lack of a formal risk assessment policy and procedure to ensure monitoring procedures are performed.

Effect:
Inadequate monitoring of a subrecipient of a federal award and evaluation of their work may result in noncompliance matters for which the Agency could be held responsible.

Repeat Finding:
This is not a repeat finding.

Recommendation:
We recommend that the TASC establish formal subrecipient monitoring procedures that require documentation addressing the evaluation of risk associated with the selection of a subrecipient of a federal award and the execution of the procedures determined necessary for the monitoring of their performance to ensure compliance with the federal program. This will ensure annual audit reports are obtained and reviewed timely.

TASC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2021-001 – Subrecipient Monitoring (Continued)

Views of Responsible Officials and Planned Corrective Actions:

Management agrees that they did not have current audits for all partners at the time of the single audit and that additional formal procedures, including a requirement of timely submission by partners of completed audits, would be useful to supplement both the formal and informal procedures currently in place.

Management has formulated a policy titled “Subrecipient Award Administration and Monitoring of Federal Funds” which addresses pre- and post-award subrecipient administration and monitoring activities.

Finding 2021-002 – Procurement

Major Program: Comprehensive Opioid, Stimulant, and Substance Abuse Program
CFDA Number: 16.838
Federal Agency: Department of Justice
Pass-Through: Advocates for Human Potential, Institute for Intergovernmental Research
Grantor Number: 7283-DOJ-BJA-COAP TTA-TASC-01; 2017-AR-BX-K003
Award Period: November 16, 2017 through September 30, 2021

Type of Finding:

Significant deficiency in Internal Control Over Compliance
Other Matters

Criteria or Specific Requirement:

TASC is required to award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration is given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. This includes evaluation of whether the subcontractor is suspended or debarred.

Questioned Costs:

None.

Context:

Of the \$823,328 of federal funds expended by TASC during the year end 2021, \$74,723 was paid to a subcontractor.

Cause:

TASC had a formal policy for procurement but suspension and debarment checks were not part of this process when entering into the contract tested.

Effect:

Failure to check subcontractors for suspension may result in noncompliance matters for which the Agency could be held responsible.

TASC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2021-002 – Procurement (Continued)

Repeat Finding:

This is not a repeat finding.

Recommendation:

TASC should check any subcontractors for suspension and debarment prior to the issuance of procurement contracts to reduce the risk of noncompliance.

Views of Responsible Officials and Planned Corrective Actions:

Management agrees that they did not conduct a suspension or debarment check for the subcontract that was initiated during the year ended June 30, 2019.

Management has formulated a policy titled “Subrecipient Award Administration and Monitoring of Federal Funds” which addresses pre- and post-award subcontractor administration and monitoring activities.

Finding 2021-003 – Cash Management

Major Program: Comprehensive Opioid, Stimulant, and Substance Abuse Program
CFDA Number: 16.838
Federal Agency: Department of Justice
Pass-Through: Advocates for Human Potential, Institute for Intergovernmental Research
Grantor Number: 7283-DOJ-BJA-COAP TTA-TASC-01; 2017-AR-BX-K003
Award Period: November 16, 2017 through September 30, 2021

Type of Finding:

Significant deficiency in Internal Control over Compliance

Criteria or Specific Requirement:

TASC is required to establish controls over compliance for all compliance areas. The documented control over Cash Management was that the CFO reviews and approves invoices to funding agencies.

Questioned Costs:

None.

Context:

3 exceptions were identified from a sample of 7 cash drawdowns in order to test the population of 26 drawdowns made during the fiscal year.

Cause:

The operations of the grant are such that program leaders and the CFO communicate frequently on the expense incurred by TASC for reimbursement, but the billings from TASC were prepared and sent by the CFO

TASC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2021-003 – Cash Management (Continued)

Effect:

Lack of segregation of duties in preparation of billings to funders could result in the submission of invoices to funders for which expenses were not incurred.

Repeat Finding:

This is not a repeat finding.

Recommendation:

TASC should follow the documented policy of documenting preparation and review of billings submitted to funders.

Views of Responsible Officials and Planned Corrective Actions:

Management acknowledges that the CFO prepared the invoices which were not subject to review by another party prior to submission. Going forward, management will follow the established process of invoices being prepared by a staff member and reviewed and approved by the CFO.

TASC, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None.

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**TASC, INC.
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2021**

TASC, Inc. (TASC) respectfully submits the following corrective action plan for the year ended June 30, 2021.

Audit period: July 1, 2020 – June 30, 2021

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement audit findings in the current year that require a corrective action plan.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. Department of Justice

2021-001 Comprehensive Opioid, Stimulant, and Substance Abuse Program – Assistance Listing No. 16.838

Recommendation: We recommend that the TASC establish formal subrecipient monitoring procedures that require documentation addressing the evaluation of risk associated with the selection of a subrecipient of a federal award and the execution of the procedures determined necessary for the monitoring of their performance to ensure compliance with the federal program. This will ensure annual audit reports are obtained and reviewed timely.

Action taken in response to finding: Management agrees that they did not have current audits for all partners at the time of the single audit and that additional formal procedures, including a requirement of timely submission by partners of completed audits, would be useful to supplement both the formal and informal procedures currently in place.

Management has formulated a policy titled "Subrecipient Award Administration and Monitoring of Federal Funds" which addresses pre- and post-award subrecipient administration and monitoring activities.

Name(s) of the contact person(s) responsible for corrective action: Roy Fesmire, CFO

Planned completion date for corrective action plan: June 30, 2022

2021-002 Comprehensive Opioid, Stimulant, and Substance Abuse Program – Assistance Listing No. 16.838

Recommendation: TASC should check any subcontractors for suspension and debarment prior to the issuance of procurement contracts to reduce the risk of noncompliance.

**TASC, INC.
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2021**

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Management agrees that they did not conduct a suspension or debarment check for the subcontract that was initiated during the year ended June 30, 2019.

Management has formulated a policy titled "Subrecipient Award Administration and Monitoring of Federal Funds" which addresses pre- and post-award subcontractor administration and monitoring activities.

Name(s) of the contact person(s) responsible for corrective action: Roy Fesmire, CFO

Planned completion date for corrective action plan: June 30, 2022

2021-003

Comprehensive Opioid, Stimulant, and Substance Abuse Program – Assistance Listing No. 16.838

Recommendation: TASC should follow the documented policy of documenting preparation and review of billings submitted to funders.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Management acknowledges that the CFO prepared the invoices which were not subject to review by another party prior to submission. Going forward, management will follow the established process of invoices being prepared by a staff member and reviewed and approved by the CFO.

Name(s) of the contact person(s) responsible for corrective action: Roy Fesmire, CFO

Planned completion date for corrective action plan: June 30, 2022

If the U.S. Department of Justice has questions regarding this plan, please call Roy Fesmire, CFO at 312-573-8271.