

Return of Organization Exempt From Income Tax

2001

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2001 calendar year, or tax year beginning July 1, 2001, and ending June 30, 2002

- Check if applicable
- Address change
- Name change
- Initial return
- Final return
- Amended return
- Application pending

C Name of organization
Episcopal Community Services of the Diocese of Pennsylvania

Number and street (or P.O. box if mail is not delivered to street address) Room/suite
225 S 3rd Street

City or town, state or country and ZIP + 4
Philadelphia, PA 19106-3910

D Employer identification number
23 1352290

E Telephone number
(215) 351-1400

F Accounting method Cash Accrual
 Other (specify) ▶

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ)

G Web site ▶ **www ECS1870 org**

J Organization type (check only one) ▶ 501(c) (3) ◀ (insert no) 4947(a)(1) or 527

K Check here ▶ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

- H** and **I** are not applicable to section 527 organizations
- H(a)** Is this a group return for affiliates? Yes No
- H(b)** If "Yes," enter number of affiliates ▶
- H(c)** Are all affiliates included? Yes No
(If "No," attach a list. See instructions.)
- H(d)** Is this a separate return filed by an organization covered by a group ruling? Yes No

I Enter 4 digit GEN ▶

M Check ▶ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF)

L Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **0**

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 16.)

Revenue					
1	Contributions, gifts, grants, and similar amounts received				
a	Direct public support	1a	831,008		
b	Indirect public support	1b	102,267		
c	Government contributions (grants)	1c			
d	Total (add lines 1a through 1c) (cash \$ _____ noncash \$ _____)	1d			933,275
2	Program service revenue including government fees and contracts (from Part VII, line 93)	2			4,608,242
3	Membership dues and assessments	3			
4	Interest on savings and temporary cash investments	4			
5	Dividends and interest from securities	5			1,116,000
6a	Gross rents	6a			
b	Less: rental expenses	6b			
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c			
7	Other investment income (describe ▶)	7			
8a	Gross amount from sales of assets other than inventory	(A) Securities	(B) Other		
b	Less: cost or other basis and sales expenses	8a			
c	Gain or (loss) (attach schedule)	8b			
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8c			
8d		8d			(6,225,510)
9	Special events and activities (attach schedule)				
a	Gross revenue (not including \$ _____ contributions reported on line 1a)	9a			
b	Less: direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c			
10a	Gross sales of inventory less returns and allowances	10a			
b	Less: cost of goods sold	10b			
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c			
11	Other revenue (from Part VII, line 103)	11			342,048
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12			774,055
Expenses					
13	Program services (from line 44, column (B))	13			6,870,991
14	Management and general (from line 44, column (C))	14			1,393,695
15	Fundraising (from line 44, column (D))	15			367,106
16	Payments to affiliates (attach schedule)	16			0
17	Total expenses (add lines 13 and 14, column (A))	17			8,631,792
Net Assets					
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18			(7,857,737)
19	Net assets or fund balances at beginning of year (from line 73, column (A))	19			55,588,036
20	Other changes in net assets or fund balances (attach explanation)	20			0
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21			47,730,299

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Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See Specific Instructions on page 21.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____)				
23	Specific assistance to individuals (attach schedule)				
24	Benefits paid to or for members (attach schedule)				
25	Compensation of officers, directors, etc.				
26	Other salaries and wages	4,349,754	3,711,523	464,690	173,541
27	Pension plan contributions	190,460	162,514	20,347	7,599
28	Other employee benefits	596,808	507,086	65,529	24,193
29	Payroll taxes & FICA	316,563	270,100	33,829	12,634
30	Professional fundraising fees	---	---	---	---
31	Accounting fees	27,600	---	27,600	---
32	Legal fees	19,756	---	19,756	---
33	Supplies	33,093	23,904	7,849	1,340
34	Telephone & Utilities	171,965	142,085	25,523	4,357
35	Postage and shipping & Photocopier	92,522	67,381	21,475	3,666
36	Occupancy	224,976	189,811	30,037	5,128
37	Equipment rental and maintenance	---	---	---	---
38	Printing and publications	67,508	---	33,754	33,754
39	Travel & Staff Training	128,740	59,536	54,703	14,501
40	Conferences, conventions, and meetings	---	---	---	---
41	Interest	---	---	---	---
42	Depreciation depletion, etc. (attach schedule)	296,919	236,071	17,747	43,101
43	Other expenses not covered above (itemize) a	43a 111,459	85,229	25,835	395
	b Specific Assistance	43b 1,104,199	1,104,199	0	0
	c Consulting	43c 56,377	17,121	39,256	0
	d Staff Recruitment	43d 34,845	28,530	4,819	1,496
	e Others	43e 808,248	265,901	500,946	41,401
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B) (D), carry these totals to lines 13-15	8,631,792	6,870,991	1,393,695	367,106

Joint Costs Check if you are following SOP 98-2

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____ (ii) the amount allocated to Program services \$ _____, (iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See Specific Instructions on page 24.)

What is the organization's primary exempt purpose? ▶	Program Service Expenses (Required for 501(c)(3) and (4) orgs. and 4947(a)(1) trusts, but optional for others.)
a Children and Family Services Group Counseling, Foster Care, Kinship Care, SCOH Project SAFE (Grants and allocations \$ _____)	3,168,723
b Home Care Homemaker Services, Meals, Transportation Case Management, Skilled Nursing (Grants and allocations \$ _____)	1,198,672
c Church Ministries Chaplaincy Services, Prison Ministries Advocacy Services, Volunteer Services (Grants and allocations \$ _____)	472,394
d Community Development Homeless Shelter, After School Programs (Grants and allocations \$ _____)	2,031,202
e Other program services (attach schedule) (Grants and allocations \$ _____)	0
f Total of Program Service Expenses (should equal line 44, column (B), Program services) ▶	6,870,991

Part IV Balance Sheets (See Specific Instructions on page 24)

Note		(A)		(B)
Where required attached schedules and amounts within the description column should be for end-of-year amounts only		Beginning of year		End of year
Assets	45 Cash—non-interest-bearing	316,832	45	53,944
	46 Savings and temporary cash investments		46	
	47a Accounts receivable			
	47b Less allowance for doubtful accounts	640,559	47c	984,905
	48a Pledges receivable			
	48b Less allowance for doubtful accounts	1,850,448	48c	1,159,151
	49 Grants receivable Investment Income Receivable	284,925	49	199,046
	50 Receivables from officers directors, trustees, and key employees (attach schedule)		50	
	51a Other notes and loans receivable (attach schedule)			
	51b Less allowance for doubtful accounts		51c	300,000
	52 Inventories for sale or use	78,961	52	89,548
	53 Prepaid expenses and deferred charges	49,259,799	53	41,920,226
	54 Investments—securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54	
	55a Investments—land, buildings and equipment basis			
	55b Less accumulated depreciation (attach schedule)		55c	
	56 Investments—other (attach schedule)		56	
	57a Land, buildings, and equipment basis			
	57b Less accumulated depreciation (attach schedule)	3,737,415	57c	3,610,027
	58 Other assets (describe <input type="checkbox"/>)	0	58	0
59 Total assets (add lines 45 through 58) (must equal line 74)	56,168,939	59	48,316,847	
Liabilities	60 Accounts payable and accrued expenses	580,903	60	586,548
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees and key employees (attach schedule)		63	
	64a Tax-exempt bond liabilities (attach schedule)		64a	
	64b Mortgages and other notes payable (attach schedule)		64b	
	65 Other liabilities (describe <input type="checkbox"/>)		65	
66 Total liabilities (add lines 60 through 65)	580,903	66	586,548	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74			
	67 Unrestricted	26,137,493	67	21,856,269
	68 Temporarily restricted	18,270,907	68	14,662,569
	69 Permanently restricted	11,179,636	69	11,211,461
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment accumulated income, or other funds		72	
73 Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72 column (A) must equal line 19, column (B) must equal line 21)	55,588,036	73	47,730,299	
74 Total liabilities and net assets / fund balances (add lines 66 and 73)	56,168,939	74	48,316,847	

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See Specific Instructions, page 26)

a	Total revenue, gains and other support per audited financial statements ▶	a	774,055
b	Amounts included on line a but not on line 12, Form 990		
(1)	Net unrealized gains on investments \$ 0		
(2)	Donated services and use of facilities \$ 0		
(3)	Recoveries of prior year grants \$ 0		
(4)	Other (specify)		
	\$ 0		
	Add amounts on lines (1) through (4) ▶	b	0
c	Line a minus line b ▶	c	774,055
d	Amounts included on line 12, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b, Form 990 \$ 0		
(2)	Other (specify)		
	\$ 0		
	Add amounts on lines (1) and (2) ▶	d	0
e	Total revenue per line 12, Form 990 (line c plus line d) ▶	e	774,055

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

a	Total expenses and losses per audited financial statements ▶	a	8,631,792
b	Amounts included on line a but not on line 17, Form 990		
(1)	Donated services and use of facilities \$ 0		
(2)	Prior year adjustments reported on line 20, Form 990 \$ 0		
(3)	Losses reported on line 20, Form 990 \$ 0		
(4)	Other (specify)		
	\$ 0		
	Add amounts on lines (1) through (4) ▶	b	0
c	Line a minus line b ▶	c	8,631,792
d	Amounts included on line 17, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b, Form 990 \$ 0		
(2)	Other (specify)		
	\$ 0		
	Add amounts on lines (1) and (2) ▶	d	0
e	Total expenses per line 17, Form 990 (line c plus line d) ▶	e	8,631,792

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated, see Specific Instructions on page 26)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
Board of Council		0	0	0
See Listing Attached				

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? Yes No
 If "Yes," attach schedule—see Specific Instructions on page 27

Part VI Other Information (See Specific Instructions on page 27)

		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes" attach a detailed description of each activity	76	✓
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes" attach a conformed copy of the changes	77	✓
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	✓
b	If "Yes," has it filed a tax return on Form 990-T for this year?	78b	N/A
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	✓
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	✓
b	If "Yes," enter the name of the organization <input type="checkbox"/> and check whether it is <input type="checkbox"/> exempt OR <input type="checkbox"/> nonexempt		
81a	Enter direct or indirect political expenditures. See line 81 instructions	81a	
b	Did the organization file Form 1120-POL for this year?	81b	✓
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	✓
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82b	
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	✓
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	N/A
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	✓
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85	501(c)(4), (5), or (6) organizations		
a	Were substantially all dues nondeductible by members?	85a	N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.	85b	N/A
c	Dues, assessments, and similar amounts from members	85c	N/A
d	Section 162(e) lobbying and political expenditures	85d	N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86	501(c)(7) orgs		
a	Initiation fees and capital contributions included on line 12	86a	N/A
b	Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87	501(c)(12) orgs		
a	Gross income from members or shareholders	87a	N/A
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	N/A
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	N/A
89a	501(c)(3) organizations		
Enter	Amount of tax imposed on the organization during the year under section 4911 <input type="checkbox"/> section 4912 <input type="checkbox"/> section 4955 <input type="checkbox"/>		
b	501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	N/A
c	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <input type="checkbox"/>		
d	Enter Amount of tax on line 89c, above, reimbursed by the organization <input type="checkbox"/>		
90a	List the states with which a copy of this return is filed <input type="checkbox"/> Pennsylvania		
b	Number of employees employed in the pay period that includes March 12, 2001 (See instructions)	90b	142
91	The books are in care of <input type="checkbox"/> Episcopal Community Services Telephone no <input type="checkbox"/> (215) 351-1467 Located at <input type="checkbox"/> 225 S 3rd Philadelphia, PA ZIP + 4 <input type="checkbox"/> 19106-3910		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year <input type="checkbox"/> 92		

Part VII Analysis of Income-Producing Activities (See Specific Instructions on page 32)

	Unrelated business income		Excluded by section 512, 513 or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a Diocese of Pennsylvania					215,000
b Foundations					163,000
c Fees					317,334
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					3,912,908
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities					1,116,000
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					(6,225,510)
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a Trusts					93,165
b Legacies and Bequests					158,238
c Gain on sale of Assets					5,069
d Other					85,576
e					
104 Subtotal (add columns (B), (D) and (E))					
105 Total (add line 104, columns (B), (D), and (E))					(159,220)

Note Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See Specific Instructions on page 32)

Line No	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
▼	See Schedule Attached

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See Specific Instructions on page 33)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End of year assets
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See Specific Instructions on page 33)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note If "Yes" to (b), file Form 8870 and Form 4720 (see instructions)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please  Date 11/13/02

Preparer's name: _____ Title: _____ Date: _____ Check if: _____ Preparer's SSN or PTIN (See Gen. Inst. W): _____

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

OMB No 1545 0047

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

2001

Supplementary Information—(See separate instructions.)

Department of the Treasury
Internal Revenue Service

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

Episcopal Community Services of the Diocese of PA

Employer identification number

23 1352290

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions List each one If there are none, enter "None")

(a) Name and address of each employee paid more than \$50 000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
Rev Robert H Betts 225 S 3rd St Philadelphia, Pa 19106	Executive Director 40 Hours	132,192	48,911	0
James H Anderson 225 S 3rd St Philadelphia Pa 19106	Director of Human Resources 40 Hours	101,902	27,513	0
Arthur J Eyre 225 S 3rd St Philadelphia, Pa 19106	Director of Financial Administration 40 Hours	94,118	25,412	0
Rev John Midwood 225 S 3rd St Philadelphia, Pa 19106	Associate Director 40 Hours	81,299	30,080	0
Cynthia Trago 225 S 3rd St Philadelphia, Pa 19106	Director of Children and Family Services 40 Hours	72,708	19,631	0

Total number of other employees paid over \$50 000 ▶

5

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions List each one (whether individuals or firms) If there are none, enter "None")

(a) Name and address of each independent contractor paid more than \$50 000	(b) Type of service	(c) Compensation
None		

Total number of others receiving over \$50 000 for professional services ▶

0

Part III Statements About Activities (See page 2 of the instructions)

		Yes	No
1	During the year has the organization attempted to influence national state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes" enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amounts on line 38, Part VI A or line 1 of Part VI B) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities		✓
	2 During the year has the organization, either directly or indirectly engaged in any of the following acts with any substantial contributors trustees directors, officers, creators key employees or members of their families or with any taxable organization with which any such person is affiliated as an officer, director trustee majority owner or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions)		
a	Sale exchange or leasing of property?		✓
b	Lending of money or other extension of credit?		✓
c	Furnishing of goods services or facilities?		✓
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1 000)?		✓
e	Transfer of any part of its income or assets?		✓
3	Does the organization make grants for scholarships fellowships student loans etc? (See Note below)		✓
4	Do you have a section 403(b) annuity plan for your employees?		✓
Note Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments			

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions)

The organization is not a private foundation because it is (Please check only **ONE** applicable box.)

- 5** A church convention of churches, or association of churches Section 170(b)(1)(A)(i)
- 6** A school Section 170(b)(1)(A)(ii) (Also complete Part V)
- 7** A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)
- 8** A Federal state or local government or governmental unit Section 170(b)(1)(A)(v)
- 9** A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) Enter the hospital's name, city, and state ▶ _____
- 10** An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)
- 11a** An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV A)
- 11b** A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)
- 12** An organization that normally receives (1) more than 33 1/3% of its support from contributions membership fees, and gross receipts from activities related to its charitable etc functions—subject to certain exceptions and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A)
- 13** An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above or (2) section 501(c)(4) (5), or (6), if they meet the test of section 509(a)(2) (See section 509(a)(3))

Provide the following information about the supported organizations (See page 5 of the instructions)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14** An organization organized and operated to test for public safety Section 509(a)(4) (See page 6 of the instructions)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11 or 12.) *Use cash method of accounting*

Note You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting. **N/A**

Calendar year (or fiscal year beginning in)	(a) 2000	(b) 1999	(c) 1998	(d) 1997	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)					
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable etc. purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.					
23 Total of lines 15 through 22					
24 Line 23 minus line 17					
25 Enter 1% of line 23					

26 Organizations described on lines 10 or 11	a Enter 2% of amount in column (e) line 24	▶	26a	
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1997 through 2000 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts	▶	26b		
c Total support for section 509(a)(1) test. Enter line 24, column (e)	▶	26c		
d Add: Amounts from column (e) for lines 18 _____ 19 _____ 22 _____ 26b _____	▶	26d		
e Public support (line 26c minus line 26d total)	▶	26e		
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	▶	26f		%

27 Organizations described on line 12 **a** For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from each "disqualified person." **Do not file this list with your return.** Enter the sum of such amounts for each year:

(2000) (1999) (1998) (1997)

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) **Do not file this list with your return.** After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:

(2000) (1999) (1998) (1997)

c Add: Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____	▶	27c		
d Add: Line 27a total _____ and line 27b total _____	▶	27d		
e Public support (line 27c total minus line 27d total)	▶	27e		
f Total support for section 509(a)(2) test. Enter amount from line 23, column (e)	▶	27f		
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))	▶	27g		%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))	▶	27h		%

28 Unusual Grants For an organization described in line 10, 11, or 12 that received any unusual grants during 1997 through 2000, prepare a list for your records to show for each year the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. **Do not file this list with your return.** Do not include these grants in line 15.

Part V Private School Questionnaire (See page 7 of the instructions)
 (To be completed ONLY by schools that checked the box on line 6 in Part IV) N/A

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws other governing instrument, or in a resolution of its governing body?		
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures catalogues and other written communications with the public dealing with student admissions programs and scholarships?		
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes" please describe if "No" please explain (If you need more space attach a separate statement)		
32 Does the organization maintain the following		
a Records indicating the racial composition of the student body, faculty and administrative staff?	32a	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c Copies of all catalogues brochures announcements, and other written communications to the public dealing with student admissions programs, and scholarships?	32c	
d Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above please explain (If you need more space attach a separate statement)	32d	
33 Does the organization discriminate by race in any way with respect to		
a Students' rights or privileges?	33a	
b Admissions policies?	33b	
c Employment of faculty or administrative staff?	33c	
d Scholarships or other financial assistance?	33d	
e Educational policies?	33e	
f Use of facilities?	33f	
g Athletic programs?	33g	
h Other extracurricular activities? If you answered "Yes" to any of the above, please explain (If you need more space attach a separate statement)	33h	
34a Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b please explain using an attached statement	34b	
35 Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75 50 1975 2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	35	

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Supplementary Information for
line 1 of Form 990, 990-EZ and 990-PF (see instructions)

OMB No 1545 0047

2001

Name of organization

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

Employer identification number

23 1352290

Organization type (check one)

Filers of

Section

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General rule** or a **Special rule** (**Note** Only a section 501(c)(7), (8), or (10) organization can check box(es) for both the General rule and a Special rule—see instructions)

General Rule—

- For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year \$5,000 or more (in money or property) from any one contributor (Complete Parts I and II)

Special Rules—

- For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 $\frac{1}{3}$ % support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms (Complete Parts I and II)
- For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals (Complete Parts I, II and III)
- For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000 (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the Parts unless the General rule applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year) . . . ▶ \$ _____

Caution Organizations that are not covered by the General rule and/or the Special rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they must check the box in the heading of their Form 990, Form 990-EZ, or on line 1 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

Name of organization
 EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

Employer identification number
 23 1352290

Part I Contributors (See Specific Instructions)

(a) No	(b) Name, address and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	SEE SCHEDULE ATTACHED	\$ 496,792	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
—	\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
—	\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
—	\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
—	\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
—	\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PA
INDIVIDUAL/ORGANIZATION GIFTS - \$5,000+ FOR FY2001/02

23-1352290

PART I, Line 1a
Sch. B. PART 1(a)

IG AND UW GIFTS
21st CENTURY INITIATIVES CAMPAIGN

	\$7,000 00
	\$8,916 00
	\$5,405 00
	\$10,676 64
	\$9,350 00
	\$10,000 00
	\$10,000 00
	\$10,000.00
	\$8,500 00
	\$109,486 51
	\$5,000 00
	\$18,488 00
	\$6,190 03
	\$10,000 00
	\$12,989 09
	\$6,000 00
	\$6,500 00
	\$30,000.00
	\$5,050 00
	\$5,000 00
	\$25,000 00
	\$5,612 50
	\$14,378 25
	\$10,000 00
	\$5,000.00
	\$20,879 13
	\$15,000 00
	\$6,000 00
	\$25,000 00
	\$6,568 00
	\$5,500 00
	\$10,000 00
	\$5,000 00
	\$5,500 00
	\$11,000 00
	\$10,124 00
	\$11,000 00
	\$5,419.08
	\$5,260 00

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
STATEMENT OF ACTIVITIES

Year ended June 30, 2002, with comparative totals for 2001

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2002</u>	<u>2001</u>
Revenue, gains, and other support					
Contributions	\$ 723,840	\$ 107,168		\$ 831,008	\$ 889,649
	140,581	(14,168)	31,825	158,238	1,327,679
		102,267		102,267	97,397
	150,000	65,000		215,000	140,000
	3,912,908			3,912,908	3,142,007
	103,000	60,000		163,000	221,000
	317,334			317,334	318,988
	1,116,000			1,116,000	1,223,000
	(3,632,161)	(2,593,349)		(6,225,510)	(8,267,788)
Investment income	93,165			93,165	87,136
Net realized and unrealized loss on Investments	5,069			5,069	6,269
Trust and fiduciary income	50,576	35,000		85,576	35,629
Other					
Net assets released from restrictions					
Satisfaction of program restrictions	510,000	(510,000)		-	-
Expiration of time restrictions	860,256	(860,256)		-	-
Total revenue, gains, and other support	4,350,568	(3,608,338)	31,825	774,055	(779,034)
Expenses					
Program services	6,870,991			6,870,991	6,298,141
Management and general	982,525			982,525	798,058
Fund raising	367,106			367,106	310,697
Other	411,170			411,170	393,672
Total expenses	8,631,792	-	-	8,631,792	7,800,568
CHANGES IN NET ASSETS	(4,281,224)	(3,608,338)	31,825	(7,857,737)	(8,579,602)
Net assets at beginning of year	26,137,493	18,270,907	11,179,636	55,588,036	64,167,638
Net assets at end of year	\$ 21,856,269	\$ 14,662,569	\$ 11,211,461	\$ 47,730,299	\$ 55,588,036

The accompanying notes are an integral part of these financial statements

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
STATEMENT OF ACTIVITIES
Year ended June 30, 2001

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, gains, and other support.				
Contributions	\$ 777,506	\$ 112,143	\$ 474,561	\$ 889,649
	204,950	648,168	97,397	1,327,679
	140,000			140,000
	3,142,007			3,142,007
	177,500	43,500		221,000
Fees	318,988			318,988
Investment Income	1,223,000			1,223,000
Net realized and unrealized loss on investments	(3,367,515)	(4,900,273)		(8,267,788)
Trust and fiduciary income	87,136			87,136
Gain on sale of assets	6,269			6,269
Other	35,629			35,629
Net assets released from restrictions				-
Satisfaction of program restrictions	576,000	(576,000)		-
Expiration of time restrictions	375,014	(375,014)		-
Total revenue, gains, and other support	<u>3,696,484</u>	<u>(4,950,079)</u>	<u>474,561</u>	<u>(779,034)</u>
Expenses				
Program services	6,298,141			6,298,141
Management and general	798,058			798,058
Fund raising	310,697			310,697
Other	393,672			393,672
Total expenses	<u>7,800,568</u>	<u>-</u>	<u>-</u>	<u>7,800,568</u>
CHANGES IN NET ASSETS	<u>(4,104,084)</u>	<u>(4,950,079)</u>	<u>474,561</u>	<u>(8,579,602)</u>
Net assets at beginning of year	30,241,577	23,220,986	10,705,075	64,167,638
Net assets at end of year	<u>\$ 26,137,493</u>	<u>\$ 18,270,907</u>	<u>\$ 11,179,636</u>	<u>\$ 55,588,036</u>

The accompanying notes are an integral part of these financial statements

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
23-1352290

990 SUPPLEMENTARY SCHEDULE

July 1, 2001 to June 30, 2002

Part II, Line 43e Other Expenses

27,410	Dues & Subscriptions
5,814	Kitchen Supplies
4,905	Client Recruitment
235,397	Program Expenses
49,855	Service Contracts
38,109	Appeals
166,990	New Initiatives
244,180	Life Care Expense
<u>35,588</u>	Miscellaneous
<u>808,248</u>	

Part VII, Line 103e Other Revenue

40,000	Emergency Needs Funds & others
19,836	Concert
2,670	Greeting Cards
<u>23,070</u>	Miscellaneous
<u>85,576</u>	

Part VIII, Relationship of Activities to the Accomplishment of Exempt Purposes

<u>Line No</u>	<u>Explanation</u>
93	Diocese of Pennsylvania - Funds for Chaplaincy Services & Elderly Home Care
93	Foundations - Funds varlous programs at ECS
93	Fees - Reimbursements for Homemaker programs for elderly & shut-ins
93	Fees from Government Agencies - Fee for Services, Foster Care, SCOH, and SAFE
103	Legacies & Bequests - Funds left to ECS to continue its mission
103	Trusts - Designated for ECS programs related to its mission to help the poor
103	Gain on sale of Assets - Gain on the sale of a wheelchair accessible van
103	Other - Emergency needs funds for clients in need



PART V

23-1352290

Raising the Human Spirit
Since 1870

EPISCOPAL COMMUNITY SERVICES
BOARD OF COUNCIL
2001-2002

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Episcopal Priest (WM)

The Rev James M Taylor
Episcopal Priest (WM)

The Rev Phyllis G Taylor
Episcopal Priest (WF)

Gail Trimble
Consultant (WF)





PART V

23-1352290

Raising the Human Spirit
Since 1870

BOARD OF COUNCIL

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The Rev James A Trimble
Raymond H Welsh
Dixie G Wigton
Spencer D Wright III

DeLores Weaver
Professor (BF)

Julie D Williams
Homemaker/Volunteer (WF)

John L Wineland
Investment Banking (WM)
(PRESIDENT)

CODE BY RACE/GENDER

B=Black, W=White, H=Hispanic, M=Male, F=Female



**EPISCOPAL COMMUNITY SERVICES
OF THE DIOCESE OF PENNSYLVANIA**

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JUNE 30, 2002 AND 2001

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Philadelphia PA 19103
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Independent Auditors' Report

**The Board of Council
Episcopal Community Services
of the Diocese of Pennsylvania
Philadelphia, Pennsylvania**

We have audited the accompanying statements of financial position of **Episcopal Community Services of the Diocese of Pennsylvania (ECS)** as of June 30, 2002 and 2001 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of **Episcopal Community Services of the Diocese of Pennsylvania's** management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Episcopal Community Services of the Diocese of Pennsylvania** as of June 30, 2002 and 2001 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 17, 2002 on our consideration of **Episcopal Community Services of the Diocese of Pennsylvania's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



PLAN PERFORM PROSPER

Page Two
The Board of Council
Episcopal Community Services
of the Diocese of Pennsylvania

Our audits were performed for the purpose of forming an opinion on the basic financial statements of **Episcopal Community Services of the Diocese of Pennsylvania** taken as a whole. The accompanying schedule of expenditures of federal, state and city awards is presented for purposes of additional analysis as required by the U S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and *The City of Philadelphia Subrecipient Audit Guide*, and is not a required part of the basic financial statements. Other accompanying schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

Asher + Company, Ltd.
ASHER & COMPANY, Ltd

September 17, 2002

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
STATEMENTS OF FINANCIAL POSITION
June 30, 2002 and 2001

ASSETS		
	<u>2002</u>	<u>2001</u>
Current assets:		
Cash	\$ 53,944	\$ 316,832
Grants receivable	984,905	640,559
Investment interest receivable	199,046	284,925
Contributions receivable	652,635	1,140,028
Prepaid expenses	89,548	78,961
Total current assets	<u>1,980,078</u>	<u>2,461,305</u>
Noncurrent assets		
Contributions receivable	506,516	710,420
Note receivable	300,000	-
Land, building, building improvements, equipment, and furniture and fixtures, net	3,610,027	3,737,415
Long-term investments	41,920,226	49,259,799
Total assets	<u>\$ 48,316,847</u>	<u>\$ 56,168,939</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 586,548	\$ 580,903
Total current liabilities	<u>586,548</u>	<u>580,903</u>
Net assets:		
Unrestricted		
Designated for long-term investments	15,373,955	18,873,626
Other unrestricted	6,482,314	7,263,867
Total unrestricted	<u>21,856,269</u>	<u>26,137,493</u>
Temporarily restricted	14,662,569	18,270,907
Permanently restricted	11,211,461	11,179,636
Total net assets	<u>47,730,299</u>	<u>55,588,036</u>
Total liabilities and net assets	<u>\$ 48,316,847</u>	<u>\$ 56,168,939</u>

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

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
STATEMENTS OF CASH FLOWS
Years ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
OPERATING ACTIVITIES		
Changes in net assets	\$ (7,857,737)	\$ (8,579,602)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	296,919	263,802
Net realized and unrealized loss on investments	6,225,510	8,267,788
Gain on sale of assets	(5,069)	(6,269)
Changes in		
Grants receivable	(344,346)	527,247
Contributions receivable	691,297	(298,300)
Investment interest receivable	85,879	(27,097)
Prepaid expenses	(10,587)	(10,552)
Accounts payable and accrued expenses	<u>5,645</u>	<u>231,483</u>
 Net cash (utilized) provided by operating activities	 (912,489)	 368,500
INVESTING ACTIVITIES		
Proceeds from the sale of investments	31,227,665	18,874,795
Proceeds from the sale of equipment	18,800	20,000
Purchase of investments	(30,113,602)	(18,587,075)
Loan to retirement community	(300,000)	-
Additions to land, buildings, and equipment	<u>(183,262)</u>	<u>(476,842)</u>
 Net cash provided (utilized) by investing activities	 649,601	 (169,122)
 (Decrease) increase in cash	 <u>(262,888)</u>	 <u>199,378</u>
 Cash, beginning of year	 <u>316,832</u>	 <u>117,454</u>
 Cash, end of year	 <u>\$ 53,944</u>	 <u>\$ 316,832</u>

SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:

During 2002, ECS disposed of \$86,500 of fully depreciated furniture and equipment.
During 2001, ECS disposed of \$214,284 of fully depreciated equipment

The accompanying notes are an integral part
of these financial statements

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2002 and 2001

A Summary of Significant Accounting Policies

Organization

Episcopal Community Services of the Diocese of Pennsylvania is an independent Pennsylvania not for profit corporation. The mission statement of ECS is, "ECS commits itself to give priority to serve economically deprived, vulnerable individuals, children, and families of all faiths. ECS provides professional community and home-based social services that offer care, counseling and advocacy to strengthen and assist individuals and families to function independently. ECS collaborates with Diocesan, parish and community organizations to support social service projects throughout Southeastern Pennsylvania"

Contributions

Contributions received, including promises to give, are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets, 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions".

Promises to give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, or decreases of liabilities depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Unconditional promises to give at June 30, 2002 and 2001 are as follows:

	<u>2002</u>	<u>2001</u>
Receivable in less than one year	\$ 653,587	\$1,158,708
Receivable in one to five years	432,500	653,672
Receivable in more than five years	<u>200,000</u>	<u>210,000</u>
Total unconditional promises to give	1,286,087	2,022,380
Less discounts to net present value	<u>126,936</u>	<u>171,932</u>
Net unconditional promises	<u>\$1,159,151</u>	<u>\$1,850,448</u>

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2002 and 2001

A Summary of Significant Accounting Policies, continued

Promises to give are included in grants receivable and contributions receivable

Investments

Investments are reflected at fair market value for equity securities with readily determinable fair market values and for all debt securities

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Land, Building, Building Improvements, Equipment, Furniture and Fixtures

The Church Foundation owns land and a building in trust for the benefit of ECS, which is entitled to use such premises in perpetuity free of charge. ECS has made building improvements to the premises. In 2000, ECS completed construction on a building for its St Barnabas homeless program. The buildings, building improvements, equipment, furniture and fixtures are carried at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the respective assets as follows:

Building	40 years
Building improvements	20 - 40 years
Equipment, furniture and fixtures	3 - 5 years

Assets sold or otherwise retired are removed from the accounts and any gain or loss on disposal is reflected in the Statement of Activities.

Tax Status

The organization is exempt from Federal income taxes under the provisions of Section 501 (c) (3) of the Internal Revenue Code.

Reclassifications

Certain amounts appearing in the prior year financial statements and supporting footnote disclosures have been reclassified to conform to the current year presentation.

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2002 and 2001

B Concentration of Credit Risk

ECS maintains its cash accounts in a commercial bank located in Pennsylvania. Cash accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The organization believes it is not exposed to any significant credit risk on uninsured cash.

The collection of certain grant receivables is subject to the availability of funds from the funding sources.

C Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes and/or periods:

	<u>2002</u>	<u>2001</u>
Program activities of the subsequent years	\$14,547,401	\$18,151,072
General operations for the subsequent years	<u>115,168</u>	<u>119,835</u>
	<u>\$14,662,569</u>	<u>\$18,270,907</u>

Permanently restricted net assets consist of endowment fund investments at historical cost, to be held indefinitely. The income from the endowment investments is expendable for program activities of ECS and is reflected as unrestricted in the year earned to the extent programs have expenses meeting the restrictions.

D Investments

Investments are maintained in various trust funds and consist principally of stocks and bonds. The market values of ECS' investments at June 30, 2002 and 2001 are summarized as follows:

	<u>2002</u>	<u>2001</u>
Cash equivalents	\$ 5,540,384	\$ 291,604
Common stocks	14,431,742	33,397,907
Domestic equity funds	7,711,385	448,984
International funds	2,701,466	2,765,396
U S Government Bonds	8,311,785	9,174,375
Corporate obligations	<u>3,223,464</u>	<u>3,181,533</u>
	<u>\$41,920,226</u>	<u>\$49,259,799</u>

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2002 and 2001

D Investments continued

Financial instruments which potentially subject ECS to concentrations of credit risks consist principally of investments. ECS places its investments with high quality financial institutions and by policy limits the amount of exposure to any one financial institution. Investment fees were \$159,810 and \$207,120 for the years ended June 30, 2002 and 2001, respectively.

The fair market values of certain endowments were \$1,491,298 less than the amount required by donor restrictions due to declines in the market value of investments.

E Note Receivable

ECS has a note receivable from a retirement community in the Philadelphia area. The note provides for interest at the rate of 4.5%. The note requires interest payments monthly and principal payments of \$5,000 commencing in October 2005 through October 2010.

F Land, Building, Building Improvements, Equipment, and Furniture and Fixtures

As of June 30, 2002 and 2001, land, building, building improvements, equipment, and furniture and fixtures consisted of

	<u>2002</u>	<u>2001</u>
Land	\$ 40,000	\$ 40,000
Building	1,946,372	1,938,742
Building improvements	2,224,323	2,204,188
Equipment, furniture and fixtures	<u>1,297,761</u>	<u>1,263,093</u>
	5,508,456	5,446,023
Accumulated depreciation and amortization	<u>1,898,429</u>	<u>1,708,608</u>
	<u>\$3,610,027</u>	<u>\$3,737,415</u>

G Defined Contribution Pension Plan

ECS has a 401(k) defined contribution pension plan that covers all eligible employees. Eligibility requirements include having attained the age of 21 years and having completed 1000 hours in a 12-month period. Employees may contribute up to 15% of their compensation with ECS matching up to 6% of the employee's compensation. The match made by ECS is discretionary. Employees automatically become fully vested after 5 years of service. One year of service is equivalent to 1,000 hours of service at any time during a plan year.

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2002 and 2001

G Defined Contribution Pension Plan continued

Pension expense was \$108,358 and \$98,512 for the years ended June 30, 2002 and 2001, respectively

H Commitments

ECS has noncancellable operating leases for office equipment and vehicles. Rent expense for the year ended June 30, 2002 and 2001 was \$86,554 and \$56,862, respectively

Aggregate minimum lease payments under the noncancellable operating leases at June 30, 2002 are as follows

<u>Years Ending June 30,</u>	<u>Amount</u>
2003	\$120,004
2004	86,160
2005	<u>25,988</u>
	<u>\$232,152</u>

I Contingency

ECS has an obligation to provide continuing care under life care contracts to a number of residents of Springfield Retirement Residence and Cathedral Village. In 1999, ECS received a distribution of \$1,750,000 in accordance with the House of Rest Agreement to fund any remaining costs that ECS may incur in future years related to the life care contracts. ECS has not recorded a liability related to this contingency.

J Line of Credit

ECS has a line of credit with a bank in the amount of \$1,500,000 at an interest rate of prime less ½% expiring on November 5, 2002

SUPPLEMENTARY INFORMATION

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
SCHEDULE OF FUNCTIONAL PROGRAM EXPENSES
 Year ended June 30, 2002, with comparative totals for 2001

	Program Services										Support Services			Total Expenses 2002	Total Expenses 2001				
	Church & Community Ministries					Coastalville Programs					Management and General	Fund Raising	Support Services						
	Group Counseling	Feeler Care	Project BAFE	SL Barnabas Mission	HomeMaker Services	SAGE Project	Meals Delivery	Church & Community Ministries	Reason Programs	Advocate W Phila. Programs						Coastalville Programs	Total Program Services		
Personnel expenses	\$ 30,562	\$ 670,494	\$ 387,140	\$ 283,066	\$ 805,601	\$ 878,074	\$ 137,843	\$ 23,967	\$ 319,712	\$ 35,708	\$ 132,843	\$ 93,167	\$ 85,263	\$ 3,715,523	\$ 484,980	\$ 173,541	\$ 638,331	\$ 4,349,754	\$ 4,053,458
Salaries	9,803	174,324	102,115	74,143	197,092	175,000	25,545	8,278	81,798	9,353	34,786	24,403	24,952	89,700	119,705	44,426	164,131	1,103,831	960,109
Payroll taxes and employee benefits	48,465	844,818	489,255	357,208	1,002,773	853,074	183,388	30,245	401,508	45,082	187,641	117,570	120,215	4,651,223	594,395	217,967	802,362	5,453,585	5,013,545
Total personnel expenses	1,465	24,806	16,116	10,255	97,622	7,325	6,260	11,720	1,455	5,737	6,850	189,811	30,037	5,178	35,185	224,876	199,891	60,256	83,197
Operating expenses																			
Building contracts and other																			
contract services																			
specific assistance																			
Clothing																			
Special care stipend																			
Board/lector care																			
Other																			
Consultant fees	31	5,983	8,708	3,850	3,143	7,889	2,433	247	3,085	2,000	1,560	1,580	1,580	17,121	58,266	0	58,256	56,377	104,435
Staff recruitment	1,580	11,850	7,800	3,850	35,639	7,900	2,810	1,880	2,000	2,000	1,560	1,580	1,580	28,530	4,819	1,486	6,315	34,845	34,282
Insurance	1,245	25,396	18,053	9,214	59,625	9,158	3,015	10,356	524	524	1,884	856	1,882	142,083	25,835	395	28,230	111,458	68,878
Telephone/utilities	1,291	17,607	11,522	7,332	10,987	5,237	2,649	6,380	512	512	1,345	11	11	87,381	21,475	4,357	29,880	171,865	158,370
Postage/photocopy	1,730	13,324	4,582	3,186	5,895	20,575	565	2,375	85	85	388	281	281	59,536	54,703	3,666	25,141	92,522	77,889
Staff retraining	383	6,508	4,311	2,680	1,923	538	538	3,083	523	946	946	23,804	7,649	1,340	7,649	1,340	6,189	33,093	43,286
Office supplies																			
Legal and audit fees																			
Publicity/printing																			
Apprais																			
Other	29,898	19,791	172	5,857	13,831	6,992	151	8,707	138,688	10,129	17,009	12,878	12,878	285,801	89,776	33,754	47,356	47,356	36,051
Total expenses before depreciation	84,088	2,016,764	576,108	399,493	1,261,122	945,313	195,816	40,815	452,111	180,394	185,045	143,258	143,395	6,634,920	964,778	324,005	1,268,763	7,923,703	7,143,094
Depreciation of building and equipment	2,535	43,101	27,869	17,747	107,785	12,877	4,051	20,283	17,747	17,747	17,747	17,747	17,747	238,071	17,747	43,101	60,848	298,919	283,602
Total functional expenses	\$ 86,623	\$ 2,059,865	\$ 603,977	\$ 417,240	\$ 1,378,907	\$ 958,190	\$ 200,867	\$ 60,094	\$ 472,394	\$ 199,388	\$ 202,792	\$ 161,005	\$ 161,142	\$ 6,872,991	\$ 982,525	\$ 367,106	\$ 1,329,611	\$ 8,220,622	\$ 7,426,696

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
SCHEDULE OF FUNCTIONAL PROGRAM EXPENSES
 Year ended June 30, 2001

	Program Services										Support Services			Total			
	Group Counseling	Foster Care	SCOH	Project SAFE	St Barnabas Mission	SAGE Project	Meals Delivery	Church & Community Ministries	Advocate Programs	W Phila Programs	Coasteville Programs	Program Services	Management and General		Fund Raising	Support Services	Total
Personnel expenses																	
Salaries	\$ 17,169	\$ 605,603	\$ 383,097	\$ 287,348	\$ 661,628	\$ 799,831	\$ 198,830	\$ 26,930	\$ 352,355	\$ 125,501	\$ 77,042	\$ 76,861	\$ 3,572,193	\$ 343,870	\$ 137,393	\$ 481,283	\$ 4,053,456
Payroll taxes and employee benefits	4,101	145,236	85,159	54,810	140,743	191,229	48,139	6,535	65,403	30,211	16,547	18,238	839,149	87,452	33,517	120,969	950,109
Total personnel expenses	21,270	750,839	468,256	331,958	802,389	991,060	247,969	33,465	437,758	155,712	95,589	95,097	4,411,333	431,322	170,910	602,232	5,013,565
Operating expenses																	
Building contracts and other	1,159	18,836	12,744	8,109	69,879	8,109	9,587		8,109	3,345	5,500	144,857	144,857	48,485	8,549	55,034	199,891
Contract services	53,197	116,736										53,197	116,736				53,197
Specific assistance	587,730											587,730	587,730				587,730
Clothing	4,106	141,079	4,704		28,882	28,466						1,000	208,237				208,237
Board/foster care	550		900			7,903	1,414					850	53,027	50,508	920	51,428	104,455
Consultant fees		8,342	1,412	807	2,014	7,200						21,992	21,992	8,208	3,972	12,270	34,262
Staff recruitment	860	7,200	4,800	2,400	20,800	7,200			960	960		960	52,196	16,243	240	18,483	88,879
Insurance	981	17,318	16,261	7,392	66,243	10,707	1,100	3,126	7,866	1,386	1,034	1,834	137,170	17,787	3,433	21,200	156,370
Telephone/utilities	682	13,793	8,482	6,034	11,158	6,034	2,041		6,034			65,438	65,438	19,503	3,058	22,561	77,999
Postage/photocopier	80	11,287	8,648	2,938	2,837	18,875	605	8,709	6,324	475	377	622	89,578	85,324	8,299	71,823	131,202
Staff travel/training	528	8,454	5,812	3,899	2,758	3,899	1,437		3,899	233	334	157	30,810	10,838	1,850	12,486	43,286
Office supplies														36,051		36,051	36,051
Legal and audit fees														49,069		49,069	49,069
Publicity/printing														82,854		82,854	82,854
Appeals														43,852		43,852	43,852
Other	13,706	18,480	490	6,404	15,389	8,299	1,880	50	9,578	2,248	13,424	14,089	104,037	43,852	2,543	46,395	150,432
Total expenses before depreciation	44,182	1,753,001	511,507	389,839	1,023,949	1,068,352	316,731	50,342	480,446	161,016	115,083	110,609	6,034,339	798,056	310,897	1,108,755	7,143,094
Depreciation of building and equipment	3,105	49,687	34,160	21,738	104,770	21,738		6,866	21,738				283,002			283,002	283,002
Total functional expenses	\$ 47,287	\$ 1,802,688	\$ 545,667	\$ 381,577	\$ 1,128,719	\$ 1,110,090	\$ 316,731	\$ 57,208	\$ 502,185	\$ 161,016	\$ 115,083	\$ 110,609	\$ 6,298,141	\$ 798,056	\$ 310,897	\$ 1,108,755	\$ 7,408,896

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES
 Year ended June 30, 2002

	Group	Foster	SCOH	Project	St. Barnabas	Sage	Meals	Church &	Bescon	Advocate	W Phila	Contesville	Total
	Counseling	Care	SAFE	SAFE	Mission	Project	Delivery	Ministries	Programs	Programs	Programs	Programs	
Program Revenue					\$ 55,603			\$ 55,600		\$ 2,060	\$ 925	\$ 45,981	\$ 104,549
Contributions	\$ 45,000	\$ 2,194,844	\$ 429,265	\$ 174,498	\$ 30,000			\$ 51,408	\$ 213,632		2,500	8,000	3,912,908
Diocese of Pennsylvania					555,458		4,000						88,000
Federal, state and					51,000								317,334
local grants						\$ 173,909							635,000
Foundations					94,500		38,000			59,500	46,500	27,500	42,808
Fees					\$42,809						1,605		16,309
Investment income					5,100			150					
Trust & fiduciary income		9,374											
Other													
Net assets released from													
temporarily restricted													
Total Revenue	60,000	2,214,218	485,265	344,848	997,908	173,909	47,000	198,558	213,632	127,262	131,858	114,481	6,087,808
Personnel Expenses	38,562	870,494	397,140	293,068	605,661	137,843	23,887	319,712	35,709	132,846	93,187	95,263	3,711,523
Salaries	9,803	174,324	102,115	74,143	197,092	25,845	6,278	81,796	9,353	34,786	24,403	24,952	939,700
Payroll taxes and	48,465	844,818	499,255	397,209	1,002,773	163,388	30,248	401,508	45,082	167,841	117,870	120,215	4,951,223
employee benefits													
Operating expenses	1,465	24,808	16,116	10,256	97,622	6,280		11,720		1,455	6,737	6,950	169,811
Building Contracts/other													
Specific assistance													
Clothing		60,258											60,258
Special care stipend		130,110											130,110
Board foster care		893,303											893,303
Other		162,202											220,630
Consultant fees		500			23,242								17,121
Staff recruitment	31	5,893	5,708	3,143	7,889	18,621		247	3,085				26,630
Insurance	1,680	11,050	7,900	35,839	7,900	2,433	5,180	1,580	2,000	1,580	1,580	1,580	85,229
Telephone/utilities	1,245	25,398	19,052	9,214	59,625	9,015	3,015	10,358	524	1,864	858	1,682	142,085
Postage/Photocopier	1,281	17,607	11,522	7,332	10,987	2,849		8,380	612	1,345	8	11	67,361
Staff travel/training	1,730	13,324	4,562	3,186	6,895	2,375		6,550	85	65	398	281	59,636
Office Supplies	303	6,608	4,211	2,680	1,923	538		3,063	523	946			23,804
Other	29,298	19,791	172	5,657	8,982	151		8,707	138,688	10,129	17,009	12,876	265,901
Total program expenses													
before depreciation													
and allocations	88,088	2,018,764	875,108	399,483	1,261,122	195,818	40,815	452,111	189,394	185,045	143,258	143,595	6,634,920
Depreciation of building													
and equipment	2,535	43,101	27,889	17,747	107,788		4,051	20,283					238,071
Allocation of support services	17,778	413,113	120,850	93,691	274,580		2,000	84,754	48,994	37,117	28,735	28,805	1,349,631
Total deficiency of revenue													
over expenses before General													
support and revenue	\$ (48,388)	\$ (251,820)	\$ (238,680)	\$ (158,083)	\$ (645,682)	\$ (21,907)	\$ (6,866)	\$ (460,590)	\$ (25,858)	\$ (84,900)	\$ (40,034)	\$ (57,838)	(2,163,016)
General support and revenue													1,309,949
Deficiency of public support and revenue over expenses													\$ (853,067)

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
Schedule of Expenditures of Federal, State and City Awards
Year ended June 30, 2002

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Grant Period</u>	<u>Expenditures</u>
Federal Awards				
<u>U.S. Dept. of Housing & Urban Development</u>				
Supportive Housing Program	14 235	PA26B80-0002	7/1/01 - 12/31/01	\$ 87,600
Supportive Housing Program	14.235	PA01B00-0010	1/1/02 - 6/30/02	86,898
Emergency Shelter Grants Program	14 231	02-20649-01	7/1/01 - 6/30/02	511,000
<u>Pass Through City of Philadelphia Department of Human Services</u>				
Foster Care Title IV-E	93 658	02-20227-01	7/1/01 - 6/30/02	571,530
Temporary Assistance to Needy Families (SCOH)	93 558	02-20227-01	7/1/01 - 6/30/02	429,265
PHMC Beacon Program	93.558		7/1/01 - 6/30/02	188,700
PHMC Afterschool Program	93 558		11/01/01-6/30/02	21,602
PHMC Parenting Workshop Program	93.558		11/01/01-6/30/02	45,000
PHMC Beacon Program	84 184		7/1/01 - 6/30/02	9,773
PHMC Afterschool Program	84.184		11/01/01-6/30/02	1,119

Total Federal Awards

1,952,487

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
Schedule of Expenditures of Federal, State and City Awards
Year ended June 30, 2002

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Grant Period</u>	<u>Expenditures</u>
State Awards:				
<u>Office of Emergency Shelter and Services</u>				
Homeless Shelter Services	N/A	02-20649-01	7/1/01 - 6/30/02	20,000
<u>Pennsylvania Department of Human Services</u>				
Pass Through City of Philadelphia Department of Human Services				
Foster Care	N/A	02-20227-01	7/1/01 - 6/30/02	840,205
PHMC Beacon Program	N/A		7/1/01 - 6/30/02	15,159
PHMC Afterschool Program	N/A		11/01/01-6/30/02	1,735
Total State Awards				<u>877,099</u>

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
 Schedule of Expenditures of Federal, State and City Awards
 Year ended June 30, 2002

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal</u> CFDA <u>Number</u>	<u>Pass</u> Through Grantor's <u>Number</u>	<u>Grant Period</u>	<u>Expenditures</u>
City Awards:				
<u>Philadelphia Department of Human Services</u>				
Foster Care	N/A	02-20227-01	7/1/01 - 6/30/02	\$ 231,537
Chaplain Services	N/A	02-20453	7/1/01 - 6/30/02	51,408
Total City Awards				<u>282,945</u>
Total Federal, State and City Awards				\$ <u>3,112,531</u>

**EPISCOPAL COMMUNITY SERVICES
OF THE DIOCESE OF PENNSYLVANIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL,
STATE AND CITY AWARDS
YEAR ENDED JUNE 30, 2002**

NOTE A - GENERAL INFORMATION

The accompanying Schedule of Expenditures of Federal, State and City Awards presents the activities in all the federal award programs of Episcopal Community Services of the Diocese of Pennsylvania. All awards passed through governmental agencies are included on the schedule.

NOTE B - BASIS OF ACCOUNTING

Expenditures on the accompanying Schedule of Expenditures of Federal, State and City Awards is presented using the accrual basis of accounting.

NOTE C - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal, state and city award expenditures are reported on the statement of activities as expenses. The expenditures reported in the basic financial statements differ from the expenditures reported in the Schedule of Expenditures of Federal, State and City Awards because not all expenditures are required to be reported in the Schedule of Expenditures of Federal, State and City Awards.

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
OFFICE OF EMERGENCY SHELTER AND SERVICES (OESS)
CITY OF PHILADELPHIA CONTRACT #01-20335
RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUE
TO AUDITED EXPENDITURES/REVENUE
JULY 1, 2001 TO JUNE 30, 2002

	<u>Amount Reported on Fiscal Report</u>	<u>Other Adjustments</u>	<u>Amount According to the Audit</u>
Expenditures by cost center:			
Total personnel services	\$ 339,256		\$ 339,256
Total operating expenses	191,744		191,744
Total fixed assets	-		-
Total client expenses	<u>-</u>		<u>-</u>
Total expenditures by cost center	531,000		531,000
Funding sources:			
Client fees	-		-
City of Philadelphia, OESS	<u>531,000</u>		<u>531,000</u>
Total funding	<u>531,000</u>		<u>531,000</u>
Excess of expenditures over funding sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

The Board of Council
Episcopal Community Services
of the Diocese of Pennsylvania
Philadelphia, Pennsylvania

We have audited the financial statements of Episcopal Community Services of the Diocese of Pennsylvania as of and for the year ended June 30, 2002, and have issued our report thereon dated September 17, 2002. We conducted our audit 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.

Compliance

As part of obtaining reasonable assurance about whether Episcopal Community Services of the Diocese of Pennsylvania's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.



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The Board of Council
Episcopal Community Services
of the Diocese of Pennsylvania

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Episcopal Community Services of the Diocese of Pennsylvania's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the finance committee, the Board of Council and the management of Episcopal Community Services of the Diocese of Pennsylvania, and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

Asher & Company, Ltd
ASHER & COMPANY, Ltd

September 17, 2002



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Report on Compliance with Requirements Applicable to Each Major
Program and Internal Control Over Compliance in Accordance
with OMB Circular A-133

The Board of Council
Episcopal Community Services
of the Diocese of Pennsylvania
Philadelphia, Pennsylvania

Compliance

We have audited the compliance of Episcopal Community Services of the Diocese of Pennsylvania with the types of compliance requirements described in the *US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. Episcopal Community Services of the Diocese of Pennsylvania's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Episcopal Community Services of the Diocese of Pennsylvania's management. Our responsibility is to express an opinion on Episcopal Community Services of the Diocese of Pennsylvania's compliance based on our audit.

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, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *City of Philadelphia Subrecipient Audit Guide*. Those standards, OMB Circular A-133 and the *City of Philadelphia Subrecipient Audit Guide* 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 major federal programs occurred. An audit includes examining, on a test basis, evidence about Episcopal Community Services of the Diocese of Pennsylvania'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. Our audit does not provide a legal determination on Episcopal Community Services of the Diocese of Pennsylvania's compliance with those requirements.

In our opinion, Episcopal Community Services of the Diocese of Pennsylvania complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.



PLAN PERFORM PROSPER

The Board of Council
Episcopal Community Services
of the Diocese of Pennsylvania

Internal Control Over Compliance

The management of Episcopal Community Services of the Diocese of Pennsylvania is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Episcopal Community Services of the Diocese of Pennsylvania's internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *City of Philadelphia Subrecipient Audit Guide*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to major federal programs being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the finance committee, the Board of Council and management of Episcopal Community Services of the Diocese of Pennsylvania, and federal agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

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September 17, 2002

**EPISCOPAL COMMUNITY SERVICES
OF THE DIOCESE OF PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2002**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued **unqualified**

Internal control over financial reporting

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not
considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not
considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance for major programs **unqualified**

Are any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of major program

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93 658	Foster Care Title IV-E

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee? yes no

- Continued -

**EPISCOPAL COMMUNITY SERVICES
OF THE DIOCESE OF PENNSYLVANIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2002**

Section II - Financial Statement Findings

Findings which are required to be reported in accordance with government auditing standards

None

Section III - Federal, State and City Award Findings and Questioned Costs

Findings and questioned costs which are required to be reported in accordance with OMB A-133

None



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Report on Cost Allocation Plan

The Board of Council
Episcopal Community Services
of the Diocese of Pennsylvania
Philadelphia, Pennsylvania

We have audited the financial statements of Episcopal Community Services of the Diocese of Pennsylvania for the year ended June 30, 2002 and have issued our report thereon dated September 17, 2002. As part of our audit, we audited the methods used by Episcopal Community Services of the Diocese of Pennsylvania to allocate indirect costs as reflected in the City of Philadelphia, Department of Human Services Report of Functional Expenditures as required by the Commonwealth of Pennsylvania, Department of Public Welfare, Section 3170 60 of the Chapter 3170 Regulations, and the "Indirect Cost Allocations" Section of the City of Philadelphia Subrecipient Audit Guide - Instructions For Completing The Report of Functional Expenditures

The Commonwealth of Pennsylvania, Department of Public Welfare, Section 3170 60 of the Chapter 3170 Regulations state that "The overall objective of the allocation process is to distribute the indirect costs of the Agency to its various services or cost categories in reasonable proportion with the benefits provided to these services or categories." The Regulations require that the method used "shall result in a fair and equitable distribution of costs and shall be in direct relation to actual benefits accruing to the services to which costs are charged."

In our opinion, the cost allocation plan of Episcopal Community Services of the Diocese of Pennsylvania, results in a distribution of indirect costs, as reflected in the City of Philadelphia, Department of Human Services Report of Functional Expenditures for the year ended June 30, 2002 in accordance with Section 3170 60 of the Chapter 3170 Regulations issued by the Commonwealth of Pennsylvania, Department of Public Welfare and the "Indirect Cost Allocations" Section of the City of Philadelphia Subrecipient Audit Guide - Instructions For Completing The Report of Functional Expenditures

This report is intended for the information of the finance committee, the Board of Council and management of Episcopal Community Services of the Diocese of Pennsylvania, and the City of Philadelphia, Department of Human Services. However, this report is a matter of public record and its distribution is not limited.

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September 17, 2002