

# Return of Organization Exempt From Income Tax

# 2004

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 2004 calendar

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

Please use IRS label or print or type See Specific Instructions

118220 \*\*\*\*\*AUTO\*\*5-DIGIT 19106  
 EPISCOPAL COMMUNITY SERVICES OF THE  
 DIOCESE OF PENNSYLVANIA  
 225 S 3RD ST  
 PHILADELPHIA PA 19106-3910

P 12 I  
B 15 S

JUNE 30, 2005

**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** Website: ▶ 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 ▶  Yes  No
- 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** Group Exemption Number ▶

**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 ▶

## Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions)

SCANNED NOV 29 2005

Revenue	<b>1</b> Contributions, gifts, grants, and similar amounts received				
	<b>a</b> Direct public support	<b>1a</b>	1,032,758		
	<b>b</b> Indirect public support	<b>1b</b>	91,961		
	<b>c</b> Government contributions (grants)	<b>1c</b>			
	<b>d</b> Total (add lines 1a through 1c) (cash \$ _____ noncash \$ _____)	<b>1d</b>			1,124,719
	<b>2</b> Program service revenue including government fees and contracts (from Part VII, line 93)	<b>2</b>			4,900,824
	<b>3</b> Membership dues and assessments	<b>3</b>			
	<b>4</b> Interest on savings and temporary cash investments	<b>4</b>			
	<b>5</b> Dividends and interest from securities	<b>5</b>			886,500
	<b>6a</b> Gross rents	<b>6a</b>			
	<b>b</b> Less: rental expenses	<b>6b</b>			
	<b>c</b> Net rental income or (loss) (subtract line 6b from line 6a)	<b>6c</b>			
<b>7</b> Other investment income (describe ▶)	<b>7</b>				
Revenue	<b>8a</b> Gross amount from sales of assets other than inventory	(A) Securities	(B) Other		
	<b>b</b> Less: cost or other basis and sales expenses	<b>8a</b>	<b>8b</b>		
	<b>c</b> Gain or (loss) (attach schedule)	2,684,900	<b>8c</b>	3,448	
	<b>d</b> Net gain or (loss) (combine line 8c, columns (A) and (B))				2,688,348
Revenue	<b>9</b> Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
	<b>a</b> Gross revenue (not including \$ _____ of contributions reported on line 1a)	<b>9a</b>			
	<b>b</b> Less: direct expenses other than fundraising expenses	<b>9b</b>			
<b>c</b> Net income or (loss) from special events (subtract line 9b from line 9a)	<b>9c</b>				
Revenue	<b>10a</b> Gross sales of inventory, less returns and allowances	<b>10a</b>			
	<b>b</b> Less: cost of goods sold	<b>10b</b>			
	<b>c</b> Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	<b>10c</b>			
Revenue	<b>11</b> Other revenue (from Part VII, line 103)	<b>11</b>			1,637,852
	<b>12</b> Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	<b>12</b>			11,238,243
Expenses	<b>13</b> Program services (from line 44, column (B))	<b>13</b>			7,212,519
	<b>14</b> Management and general (from line 44, column (C))	<b>14</b>			1,413,054
	<b>15</b> Fundraising (from line 44, column (D))	<b>15</b>			355,426
	<b>16</b> Payments to affiliates (attach schedule)	<b>16</b>			
	<b>17</b> Total expenses (add lines 13 and 14, column (A))	<b>17</b>			8,980,999
Net Assets	<b>18</b> Excess or (deficit) for the year (subtract line 17 from line 12)	<b>18</b>			2,257,244
	<b>19</b> Net assets or fund balances at beginning of year (from line 73, column (A))	<b>19</b>			49,800,888
	<b>20</b> Other changes in net assets or fund balances (attach explanation)	<b>20</b>			
	<b>21</b> Net assets or fund balances at end of year (combine lines 18, 19, and 20)	<b>21</b>			52,058,132

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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 page 22 of the instructions.)

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 \$ _____)	22			
23	Specific assistance to individuals (attach schedule)	23			
24	Benefits paid to or for members (attach schedule)	24			
25	Compensation of officers, directors, etc . . . . .	25			
26	Other salaries and wages . . . . .	26	4,740,075	4,033,335	531,940
27	Pension plan contributions . . . . .	27	151,602	128,998	17,013
28	Other employee benefits . . . . .	28	938,689	798,136	106,301
29	Payroll taxes . . . . .	29	349,131	297,076	39,180
30	Professional fundraising fees . . . . .	30	0	0	0
31	Accounting fees . . . . .	31	36,711	27,300	8,061
32	Legal fees . . . . .	32	33,892	5,201	28,691
33	Supplies . . . . .	33	32,630	24,382	6,979
34	Telephone <i>+ UTILITIES</i> . . . . .	34	254,709	221,333	28,241
35	Postage and shipping <i>+ PHOTO COPIER</i> . . . . .	35	82,254	61,740	17,358
36	Occupancy . . . . .	36	165,286	135,019	25,610
37	Equipment rental and maintenance . . . . .	37	0	0	0
38	Printing and publications . . . . .	38	56,288	0	28,144
39	Travel <i>+ STAFF TRAINING</i> . . . . .	39	85,918	54,013	25,366
40	Conferences, conventions, and meetings . . . . .	40	0	0	0
41	Interest . . . . .	41	0	0	0
42	Depreciation, depletion, etc (attach schedule)	42	350,052	259,623	76,517
43	Other expenses not covered above (itemize) a <b>Others</b>	43a	615,563	225,929	349,983
b	<b>Insurance</b> . . . . .	43b	145,041	123,268	21,185
c	<b>Consulting</b> . . . . .	43c	79,624	3,265	54,762
d	<b>Staff recruitment</b> . . . . .	43d	25,055	3,915	19,230
e	<b>Specific assistance</b> . . . . .	43e	838,479	809,986	28,493
44	Total functional expenses (add lines 22 through 43) <i>Organizations completing columns (B)-(D), carry these totals to lines 13-15.</i>	44	8,980,999	7,212,519	1,413,054

**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 page 25 of the instructions.)

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 <b>Children &amp; Family Services</b> Group workshops, Foster Care, Kinship Care, SCOH, Project SAFE, Project FAST (Grants and allocations \$ _____ )	3,042,413
b <b>Home Care and Health Services</b> Homemaker Services for the Elderly, Meals Delivery, Health Services (Grants and allocations \$ _____ )	1,365,458
c <b>Church Ministries</b> Chaplaincy Services, Prison Ministries, Advocacy Services (Grants and allocations \$ _____ )	198,218
d <b>Community Development</b> Homeless Shelter for Women & Children, After School Programs and Summer Camps (5 sites) Literacy Programs (Grants and allocations \$ _____ )	2,606,430
e Other program services (attach schedule) (Grants and allocations \$ _____ )	
<b>f Total of Program Service Expenses</b> (should equal line 44, column (B), Program services) . . . . . ▶	7,212,519

**Part IV Balance Sheets** (See page 25 of the instructions.)

		(A) Beginning of year		(B) End of year	
<b>Note:</b> Where required, attached schedules and amounts within the description column should be for end-of-year amounts only					
<b>Assets</b>	45	Cash—non-interest-bearing . . . . .	502,542	45	200,044
	46	Savings and temporary cash investments . . . . .		46	
	47a	Accounts receivable . . . . .			
	b	Less: allowance for doubtful accounts . . . . .	691,134	47c	793,830
	48a	Pledges receivable . . . . .			
	b	Less: allowance for doubtful accounts . . . . .	197,221	48c	253,120
	49	Grants receivable . . . . .		49	
	50	Receivables from officers, directors, trustees, and key employees (attach schedule) . . . . .		50	
	51a	Other notes and loans receivable (attach schedule) . . . . .			
	b	Less: allowance for doubtful accounts . . . . .		51c	
	52	Inventories for sale or use . . . . .		52	
	53	Prepaid expenses and deferred charges . . . . .	114,200	53	207,449
	54	Investments—securities (attach schedule) . . . . . <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	45,248,610	54	47,535,206
	55a	Investments—land, buildings, and equipment: basis . . . . .			
	b	Less: accumulated depreciation (attach schedule) . . . . .		55c	
56	Investments—other (attach schedule) . . . . .		56		
57a	Land, buildings, and equipment: basis . . . . .				
b	Less: accumulated depreciation (attach schedule) . . . . .	3,552,484	57c	3,578,349	
58	Other assets (describe ► _____ )	50,306,191	58	52,567,998	
59	<b>Total assets</b> (add lines 45 through 58) (must equal line 74) . . . . .		59		
<b>Liabilities</b>	60	Accounts payable and accrued expenses . . . . .	505,303	60	509,866
	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	
	b	Mortgages and other notes payable (attach schedule) . . . . .		64b	
	65	Other liabilities (describe ► _____ )		65	
66	<b>Total liabilities</b> (add lines 60 through 65) . . . . .	505,303	66	509,866	
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.</b>				
	67	Unrestricted . . . . .	22,498,935	67	22,796,067
	68	Temporarily restricted . . . . .	16,196,778	68	17,141,233
	69	Permanently restricted . . . . .	11,105,175	69	12,120,832
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.</b>				
	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	<b>Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72; column (A) <b>must</b> equal line 19; column (B) <b>must</b> equal line 21) . . . . .	49,800,888	73	52,058,132
	74	<b>Total liabilities and net assets / fund balances</b> (add lines 66 and 73)	50,306,191	74	52,567,998

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 VI Other Information** (See page 28 of the instructions.)

	Yes	No
<b>76</b> Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity.		<input checked="" type="checkbox"/>
<b>77</b> 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.		<input checked="" type="checkbox"/>
<b>78a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		<input checked="" type="checkbox"/>
<b>b</b> If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year? . . . . .		
<b>79</b> Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		<input checked="" type="checkbox"/>
<b>80a</b> 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? . . . . .		<input checked="" type="checkbox"/>
<b>b</b> If "Yes," enter the name of the organization ▶ _____ _____ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.		
<b>81a</b> Enter direct and indirect political expenditures. See line 81 instructions . . . . . <b>81a</b>   _____		
<b>b</b> Did the organization file <b>Form 1120-POL</b> for this year? . . . . .	<b>81b</b>	<input checked="" type="checkbox"/>
<b>82a</b> 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? . . . . .	<b>82a</b>	<input checked="" type="checkbox"/>
<b>b</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.) . . . . . <b>82b</b>   _____		
<b>83a</b> Did the organization comply with the public inspection requirements for returns and exemption applications?	<b>83a</b>	<input checked="" type="checkbox"/>
<b>b</b> Did the organization comply with the disclosure requirements relating to quid pro quo contributions? . . . . .	<b>83b</b>	<input checked="" type="checkbox"/>
<b>84a</b> Did the organization solicit any contributions or gifts that were not tax deductible? . . . . .	<b>84a</b>	<input checked="" type="checkbox"/>
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .	<b>84b</b>	
<b>85</b> <b>501(c)(4), (5), or (6) organizations</b> <b>a</b> Were substantially all dues nondeductible by members? . . . . .	<b>85a</b>	
<b>b</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less? . . . . . If "Yes" was answered to either 85a or 85b, <b>do not</b> complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.	<b>85b</b>	
<b>c</b> Dues, assessments, and similar amounts from members. . . . . <b>85c</b>   _____		
<b>d</b> Section 162(e) lobbying and political expenditures. . . . . <b>85d</b>   _____		
<b>e</b> Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices . . . . . <b>85e</b>   _____		
<b>f</b> Taxable amount of lobbying and political expenditures (line 85d less 85e) . . . . . <b>85f</b>   _____		
<b>g</b> Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? . . . . .	<b>85g</b>	
<b>h</b> 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? . . . . .	<b>85h</b>	
<b>86</b> <b>501(c)(7) orgs.</b> Enter: <b>a</b> Initiation fees and capital contributions included on line 12. . . . . <b>86a</b>   _____		
<b>b</b> Gross receipts, included on line 12, for public use of club facilities . . . . . <b>86b</b>   _____		
<b>87</b> <b>501(c)(12) orgs.</b> Enter: <b>a</b> Gross income from members or shareholders . . . . . <b>87a</b>   _____		
<b>b</b> Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them) . . . . . <b>87b</b>   _____		
<b>88</b> 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 . . . . .	<b>88</b>	<input checked="" type="checkbox"/>
<b>89a</b> <b>501(c)(3) organizations.</b> Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ _____ ; section 4912 ▶ _____ ; section 4955 ▶ _____		
<b>b</b> <b>501(c)(3) and 501(c)(4) orgs.</b> 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 . . . . .	<b>89b</b>	<input checked="" type="checkbox"/>
<b>c</b> Enter. Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 . . . . . ▶ _____		
<b>d</b> Enter. Amount of tax on line 89c, above, reimbursed by the organization . . . . . ▶ _____		
<b>90a</b> List the states with which a copy of this return is filed ▶ <u>Pennsylvania</u>		
<b>b</b> Number of employees employed in the pay period that includes March 12, 2004 (See instructions.) <b>90b</b>   _____ <b>176</b>		
<b>91</b> The books are in care of ▶ <u>Episcopal Community Services</u> Telephone no ▶ <u>( 215 ) 351-1467</u> Located at ▶ <u>225 South Third St., Philadelphia, PA</u> ZIP + 4 ▶ <u>19106-3910</u>		
<b>92</b> Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of <b>Form 1041</b> —Check here. . . . . ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year . . . . . ▶ <b>92</b>   _____		

**Part VII Analysis of Income-Producing Activities** (See page 33 of the instructions.)

**Note:** Enter gross amounts unless otherwise indicated.

	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	
<b>93</b> Program service revenue:					
<b>a</b> <b>Diocese of Pennsylvania</b>					<b>181,500</b>
<b>b</b> <b>Foundations</b>					<b>220,648</b>
<b>c</b> <b>Fees</b>					<b>184,898</b>
<b>d</b>					
<b>e</b>					
<b>f</b> Medicare/Medicaid payments . . . . .					
<b>g</b> Fees and contracts from government agencies					<b>4,313,778</b>
<b>94</b> Membership dues and assessments . . . . .					
<b>95</b> Interest on savings and temporary cash investments					
<b>96</b> Dividends and interest from securities . . . . .					<b>886,500</b>
<b>97</b> Net rental income or (loss) from real estate:					
<b>a</b> debt-financed property . . . . .					
<b>b</b> not debt-financed property . . . . .					
<b>98</b> Net rental income or (loss) from personal property					
<b>99</b> Other investment income . . . . .					
<b>100</b> Gain or (loss) from sales of assets other than inventory					<b>2,688,348</b>
<b>101</b> Net income or (loss) from special events . . . . .					
<b>102</b> Gross profit or (loss) from sales of inventory					
<b>103</b> Other revenue: <b>a</b> <b>Trusts</b>					<b>76,945</b>
<b>b</b> <b>Legacies and Bequests</b>					<b>1,483,287</b>
<b>c</b> <b>Other</b>					<b>77,620</b>
<b>d</b>					
<b>e</b>					
<b>104</b> Subtotal (add columns (B), (D), and (E)) . . . . .					
<b>105</b> <b>Total</b> (add line 104, columns (B), (D), and (E)) . . . . .					<b>10,113,524</b>

**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 page 34 of the instructions.)

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 page 34 of the instructions.)

(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 page 34 of the instructions.)

- (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).

Please 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.

*[Signature]* Date 11/3/05

Administration

**SCHEDULE A**  
(Form 990 or 990-EZ)

**Organization Exempt Under Section 501(c)(3)**

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

Supplementary Information—(See separate instructions.)

OMB No 1545-0047

**2004**

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 <b>EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA</b>	Employer identification number <b>23 : 1352290</b>
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**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. John E. Midwood ..... 225 S. 3rd St., Philadelphia, PA 19106	Executive Director 40 hours	100,067	39,936	0
James H. Anderson ..... 225 S. 3rd St., Philadelphia, PA 19106	Associate Director 40 hours	95,729	29,063	0
Arthur J. Eyre ..... 225 S. 3rd St., Philadelphia, PA 19106	Director of Financial Administration 40 hrs	93,104	28,266	0
Cynthia Trago ..... 225 S. 3rd St., Philadelphia, PA 19106	Director of Children & Family Services 40 hrs	75,791	23,064	0
Mark Davis ..... 225 S. 3rd St., Philadelphia, PA 19106	Director of Information Technology 40 hours	74,379	22,581	0
Total number of other employees paid over \$50,000 . . . . . ▶	10			

**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
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
<b>1</b> 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 i 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.		
<b>2</b> 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 )		
<b>a</b> Sale, exchange, or leasing of property? . . . . .	<b>2a</b>	✓
<b>b</b> Lending of money or other extension of credit? . . . . .	<b>2b</b>	✓
<b>c</b> Furnishing of goods, services, or facilities? . . . . .	<b>2c</b>	✓
<b>d</b> Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? . . . . .	<b>2d</b>	✓
<b>e</b> Transfer of any part of its income or assets? . . . . .	<b>2e</b>	✓
<b>3a</b> Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.) . . . . .	<b>3a</b>	✓
<b>b</b> Do you have a section 403(b) annuity plan for your employees? . . . . .	<b>3b</b>	✓
<b>4a</b> Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds? . . . . .	<b>4a</b>	✓
<b>b</b> Do you provide credit counseling, debt management, credit repair, or debt negotiation services? . . . . .	<b>4b</b>	✓

**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 5 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

Calendar year (or fiscal year beginning in) ▶	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
<b>15</b> Gifts, grants, and contributions received. (Do not include unusual grants. See line 28).					
<b>16</b> Membership fees received . . . . .					
<b>17</b> 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 . . . . .					
<b>18</b> 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 . . . . .					
<b>19</b> Net income from unrelated business activities not included in line 18. . . . .					
<b>20</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf. . . . .					
<b>21</b> 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. . . . .					
<b>22</b> Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.					
<b>23</b> Total of lines 15 through 22 . . . . .					
<b>24</b> Line 23 minus line 17 . . . . .					
<b>25</b> Enter 1% of line 23 . . . . .					
<b>26 Organizations described on lines 10 or 11:</b> a Enter 2% of amount in column (e), line 24 . . . . ▶					<b>26a</b>
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 2000 through 2003 exceeded the amount shown in line 26a. <b>Do not file this list with your return.</b> Enter the total of all these excess amounts ▶					<b>26b</b>
c Total support for section 509(a)(1) test: Enter line 24, column (e) . . . . . ▶					<b>26c</b>
d Add. Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____ . . . . . ▶					<b>26d</b>
e Public support (line 26c minus line 26d total) . . . . . ▶					<b>26e</b>
f <b>Public support percentage (line 26e (numerator) divided by line 26c (denominator))</b> . . . . . ▶					<b>26f</b> %
<b>27 Organizations described on line 12:</b> 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." <b>Do not file this list with your return.</b> Enter the sum of such amounts for each year:  (2003) _____ (2002) _____ (2001) _____ (2000) _____					
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.) <b>Do not file this list with your return.</b> 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.  (2003) _____ (2002) _____ (2001) _____ (2000) _____					
c Add. Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____ . . . . . ▶					<b>27c</b>
d Add: Line 27a total _____ and line 27b total _____ . . . . . ▶					<b>27d</b>
e Public support (line 27c total minus line 27d total). . . . . ▶					<b>27e</b>
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e) . . . ▶	<b>27f</b>				<b>27f</b>
g <b>Public support percentage (line 27e (numerator) divided by line 27f (denominator))</b> . . . . . ▶					<b>27g</b> %
h <b>Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))</b> . . . ▶					<b>27h</b> %
<b>28 Unusual Grants:</b> For an organization described in line 10, 11, or 12 that received any unusual grants during 2000 through 2003, 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. <b>Do not file this list with your return.</b> 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)**

		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? . . . . .		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? . . . . .		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? . . . . .		
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 ) ..... .....		
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges? . . . . .		
b	Admissions policies? . . . . .		
c	Employment of faculty or administrative staff? . . . . .		
d	Scholarships or other financial assistance? . . . . .		
e	Educational policies? . . . . .		
f	Use of facilities? . . . . .		
g	Athletic programs? . . . . .		
h	Other extracurricular activities? . . . . .		
	If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.) ..... .....		
34a	Does the organization receive any financial aid or assistance from a governmental agency? . . . . .		
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		
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		

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions.)  
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

Check **a**  if the organization belongs to an affiliated group. Check **b**  if you checked "a" and "limited control" provisions apply.

<b>Limits on Lobbying Expenditures</b>		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred.)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying) . . . . .	<b>36</b>	
37	Total lobbying expenditures to influence a legislative body (direct lobbying) . . . . .	<b>37</b>	
38	Total lobbying expenditures (add lines 36 and 37) . . . . .	<b>38</b>	
39	Other exempt purpose expenditures . . . . .	<b>39</b>	
40	Total exempt purpose expenditures (add lines 38 and 39) . . . . .	<b>40</b>	
41	Lobbying nontaxable amount. Enter the amount from the following table— If the amount on line 40 is—                      The lobbying nontaxable amount is— Not over \$500,000 . . . . . 20% of the amount on line 40 . . . . . Over \$500,000 but not over \$1,000,000 . . . \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 . . \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000. \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 . . . . . \$1,000,000 . . . . .	<b>41</b>	
42	Grassroots nontaxable amount (enter 25% of line 41). . . . .	<b>42</b>	
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36. . . . .	<b>43</b>	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38. . . . .	<b>44</b>	

**Caution:** If there is an amount on either line 43 or line 44, you must file Form 4720.

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.  
 See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
45	Lobbying nontaxable amount . . . . .				
46	Lobbying ceiling amount (150% of line 45(e))				
47	Total lobbying expenditures . . . . .				
48	Grassroots nontaxable amount . . . . .				
49	Grassroots ceiling amount (150% of line 48(e))				
50	Grassroots lobbying expenditures . . . . .				

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers . . . . .			
b Paid staff or management (Include compensation in expenses reported on lines c through h.) . . . . .			
c Media advertisements . . . . .			
d Mailings to members, legislators, or the public . . . . .			
e Publications, or published or broadcast statements . . . . .			
f Grants to other organizations for lobbying purposes . . . . .			
g Direct contact with legislators, their staffs, government officials, or a legislative body . . . . .			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means . . . . .			
i Total lobbying expenditures (Add lines c through h.) . . . . .			

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities



**EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA  
23-1352290**

**990 SUPPLEMENTARY SCHEDULE**

July 1, 2004 to June 30, 2005

**Part II, Line 43e Other Expenses**

29,060	Dues & Subscriptions
7,634	Kitchen Supplies
2,618	Client Recruitment
189,899	Program Expenses
98,317	Service Contracts
34,500	Appeals
148,089	Life Care Expense
78,691	Worker's Comp. 03/04 premium adjustment
<u>26,755</u>	Miscellaneous
<u>615,563</u>	

**Part VII, Line 103e Other Revenue**

10,000	Emergency Needs Funds & others
952	Greeting Cards
<u>66,668</u>	Miscellaneous
<u>77,620</u>	

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

**Line No. Explanation**

93	Diocese of Pennsylvania - Funds for Chaplaincy Services & Elderly Home Care
93	Foundations - Funds various programs at ECS
93	Fees - Reimbursements for Homemaker programs for elderly & shut-ins
93	Fees from Government Agencies - Fee for Services, Foster Care, SCOH, SAFE and Homeless Shelter
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	Other - Emergency needs funds for clients in need/Concert/Cards/Miscellaneous



PART V

23-1352290

Raising the Human Spirit  
Since 1870 ...

EPISCOPAL COMMUNITY SERVICES  
BOARD OF TRUSTEES  
2004-2005

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PART V

23-1352290

Raising the Human Spirit  
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CODE BY RACE/GENDER:  
B=Black; W=White; H=Hispanic;  
M=Male; F=Female



*INDEPENDENT AUDITORS' REPORT,  
FINANCIAL STATEMENTS, SUPPLEMENTARY  
INFORMATION AND OTHER MATTERS*

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

*JUNE 30, 2005 AND 2004*

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

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## Independent Auditors' Report

**The Board of Trustees  
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, 2005 and 2004 and the related statements of activities, changes in net assets, 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, 2005 and 2004 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 October 5, 2005 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, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



PLAN REPORT NUMBER

**Page Two**  
**The Board of Trustees**  
**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.

October 5, 2005

**EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 200,044	\$ 502,542
Grants receivable	793,830	691,134
Contributions receivable	193,120	170,343
Prepaid expenses	207,449	114,200
<b>Total current assets</b>	<b>1,394,443</b>	<b>1,478,219</b>
<b>Noncurrent assets:</b>		
Contributions receivable	60,000	26,878
Land, buildings, building improvements, equipment, and furniture and fixtures, net	3,578,349	3,552,484
Long-term investments	47,535,206	45,248,610
<b>Total assets</b>	<b>\$ 52,567,998</b>	<b>\$ 50,306,191</b>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 509,866	\$ 505,303
<b>Total current liabilities</b>	<b>509,866</b>	<b>505,303</b>
<b>Commitments and Contingency</b>		
<b>Net assets:</b>		
<b>Unrestricted</b>		
Designated for long-term investments	17,045,982	16,708,317
Other unrestricted	5,750,085	5,790,618
<b>Total unrestricted</b>	<b>22,796,067</b>	<b>22,498,935</b>
Temporarily restricted	17,141,233	16,196,778
Permanently restricted	12,120,832	11,105,175
<b>Total net assets</b>	<b>52,058,132</b>	<b>49,800,888</b>
<b>Total liabilities and net assets</b>	<b>\$ 52,567,998</b>	<b>\$ 50,306,191</b>

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, 2005, with comparative totals for 2004

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total all funds
				2005      2004
Revenue, gains, and other support:				
Contributions	\$ 713,851	\$ 318,907		\$ 1,032,758
Legacies and bequests	465,417	2,213	\$ 1,015,657	\$ 1,012,496
		91,961		91,775
Federal, state, and local grants	181,500			181,500
Foundations	4,313,778			4,313,778
Fees	151,148	69,500		220,648
Investment income	184,898			184,898
Net realized and unrealized gain on investments	886,500			886,500
Trust and fiduciary income	1,078,801	1,606,099		2,684,900
Gain on sale of assets	76,945			76,945
Other	3,448			3,448
	67,620	10,000		77,620
Net assets released from restrictions:				
Satisfaction of program restrictions	782,400	(782,400)		-
Expiration of time restrictions	371,825	(371,825)		-
Total revenue, gains, and other support	<u>9,278,131</u>	<u>944,455</u>	<u>1,015,657</u>	<u>11,238,243</u>
				<u>13,439,995</u>
Expenses:				
Program services	7,212,519			7,212,519
Management and general	1,186,274			1,186,274
Fund raising	355,426			355,426
Other	226,780			226,780
Bad debt expense	-			-
Total expenses	<u>8,980,999</u>	<u>-</u>	<u>-</u>	<u>8,980,999</u>
				<u>10,156,219</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 297,132</u>	<u>\$ 944,455</u>	<u>\$ 1,015,657</u>	<u>\$ 2,257,244</u>
				<u>\$ 3,283,776</u>

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, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2004</u>
Revenue, gains, and other support:				
Contributions	\$ 693,558	\$ 149,771	\$ 18,715	\$ 843,329
Legacies and bequests	993,781	91,775		1,012,496
.....				91,775
Federal, state, and local grants	191,500			191,500
Foundations	4,399,960			4,399,960
Fees	167,205	71,750		238,955
Investment income	206,637			206,637
Net realized and unrealized gain on investments	743,000			743,000
Trust and fiduciary income	2,902,005	2,606,168		5,508,173
Other	78,866			78,866
Other	107,804	17,500		125,304
Net assets released from restrictions:				
Satisfaction of program restrictions	612,000	(612,000)		-
Expiration of time restrictions	396,756	(396,756)		-
Total revenue, gains, and other support	<u>11,493,072</u>	<u>1,928,208</u>	<u>18,715</u>	<u>13,439,995</u>
Expenses:				
Program services	7,968,839			7,968,839
Management and general	1,071,217			1,071,217
Fund raising	309,082			309,082
Other	657,081			657,081
Bad debt expense	150,000			150,000
Total expenses	<u>10,156,219</u>	<u>-</u>	<u>-</u>	<u>10,156,219</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 1,336,853</u>	<u>\$ 1,928,208</u>	<u>\$ 18,715</u>	<u>\$ 3,283,776</u>

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

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA  
 STATEMENT OF CHANGES IN NET ASSETS  
 Years ended June 30, 2005 and 2004

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, July 1, 2003	\$ 20,987,638	\$ 14,268,570	\$ 11,086,460	\$ 46,342,668
Merger, Urban Bridges	174,444	-	-	174,444
Changes in net assets	<u>1,336,853</u>	<u>1,928,208</u>	<u>18,715</u>	<u>3,283,776</u>
Net assets, June 30, 2004	22,498,935	16,196,778	11,105,175	49,800,888
Changes in net assets	<u>297,132</u>	<u>944,455</u>	<u>1,015,657</u>	<u>2,257,244</u>
Net assets, June 30, 2005	<u>\$ 22,796,067</u>	<u>\$ 17,141,233</u>	<u>\$ 12,120,832</u>	<u>\$ 52,058,132</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, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b>OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 2,257,244	\$ 3,283,776
Adjustments to reconcile changes in net assets to net cash utilized by operating activities:		
Depreciation	350,052	342,510
Net realized and unrealized gain on investments	(2,684,900)	(5,508,173)
Bad debt expense	-	150,000
Changes in:		
Grants receivable	(102,696)	224,095
Contributions receivable	(55,899)	89,298
Investment interest receivable	-	27,172
Prepaid expenses	(93,249)	25,733
Accounts payable and accrued expenses	<u>4,563</u>	<u>703</u>
Net cash utilized by operating activities	(324,885)	(1,364,886)
<b>INVESTING ACTIVITIES</b>		
Proceeds from the sale of investments	15,594,931	11,519,619
Purchase of investments	(15,196,627)	(9,801,493)
Additions to land, buildings, and equipment	<u>(375,917)</u>	<u>(166,371)</u>
Net cash provided by investing activities	22,387	1,551,755
Increase (decrease) in cash	<u>(302,498)</u>	<u>186,869</u>
Cash, beginning of year	<u>502,542</u>	<u>315,673</u>
Cash, end of year	<u>\$ 200,044</u>	<u>\$ 502,542</u>

**SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:**

During 2005, ECS disposed of \$183,055 of fully depreciated furniture and 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, 2005 and 2004**

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, 2005 and 2004 are as follows:

	<u>2005</u>	<u>2004</u>
Receivable in less than one year	\$ 193,120	\$ 170,343
Receivable in one to five years	<u>60,000</u>	<u>30,000</u>
Total unconditional promises to give	253,120	200,343
Less discounts to net present value	<u>-</u>	<u>3,122</u>
Net unconditional promises	<u>\$ 253,120</u>	<u>\$ 197,221</u>

Promises to give are included in grants receivable and contributions receivable.

**EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005 and 2004**

A. Summary of Significant Accounting Policies, continued:

Investments:

Investments are stated at fair market value which is determined by quoted market prices. Donated investments are recorded as contributions at the fair market value at the time of donation.

The average cost of investment securities sold is used to determine basis for computing gain or loss on investment security sales transactions. Income derived from investments includes dividends, interest and capital gains, and is unrestricted unless otherwise stipulated by the donor or law. Temporarily restricted investment income is recorded as temporarily restricted net assets and, when the restriction expires, is transferred to unrestricted net assets.

Permanently Restricted Endowments:

ECS utilizes the "total return concept" for administering its permanently restricted endowment portfolio. This allows cumulative income and gains from permanently restricted endowments to be utilized for operating purposes subject to donor restrictions and state statutes. Under current Pennsylvania Statute, the Board of Trustees of the ECS has the opportunity in each fiscal year to elect to transfer between 2% and 7% of the fair market value of those investments (based upon a three-year average). During the years ended June 30, 2005 and 2004, the Trustees authorized 5.36% and 4.5% transfers in the amount of \$1,312,000 and \$1,802,000 respectively. The amount can be utilized for operating purposes or the satisfaction of donor restrictions.

Investment income and investment gains earned on permanently restricted net assets are recorded as temporarily restricted net assets until they are transferred to unrestricted net assets for use in operations. Investment losses on the investments of a permanently restricted endowment fund reduce temporarily restricted net assets. When there are no temporarily restricted net assets related to a specific permanently restricted endowment fund and the fair market value of the investments related to such an endowment declines to below its original historic cost value, that endowment item is technically "underwater." Investment losses on underwater endowments are recorded as unrestricted. Future investment gains are recorded as unrestricted until the endowment investment balance is restored to its historic cost value.

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.

**EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005 and 2004**

A. Summary of Significant Accounting Policies, continued:

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

The Church Foundation holds title to land and the building, located at 225 South 3<sup>rd</sup> Street, Philadelphia, Pennsylvania, 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. 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:

Buildings	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.

B. Concentration of Credit Risk:

Cash:

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.

Grants Receivable:

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

Investments:

Financial instruments which potentially subject ECS to concentrations of credit risks consist principally of investments. ECS places its investments in the custody of high quality financial institutions and by policy limits the amount of exposure to any one financial institution.

**EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005 and 2004**

C. Restrictions on Net Assets:

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

	<u>2005</u>	<u>2004</u>
Program activities of the subsequent years	\$16,813,235	\$16,060,959
General operations for the subsequent years	<u>327,998</u>	<u>135,819</u>
	<u>\$17,141,233</u>	<u>\$16,196,778</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 consist principally of stocks and bonds. The market values of ECS' investments at June 30, 2005 and 2004 are summarized as follows:

	<u>2005</u>	<u>2004</u>
Cash equivalents	\$ 695,231	\$ 260,532
Common stocks	35,834,110	31,617,511
Domestic bond funds	6,124,834	6,968,314
International funds	<u>4,881,031</u>	<u>6,402,253</u>
	<u>\$47,535,206</u>	<u>\$45,248,610</u>

Investment fees were \$119,840 and \$111,030 for the years ended June 30, 2005 and 2004, respectively.

**EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005 and 2004**

E. Land, Buildings, Building Improvements, Equipment, and Furniture and Fixtures:

As of June 30, 2005 and 2004, land, buildings, building improvements, equipment, and furniture and fixtures consisted of:

	<u>2005</u>	<u>2004</u>
Land	\$ 45,000	\$ 45,000
Buildings	2,130,356	2,114,457
Building improvements	2,303,931	2,240,723
Equipment, furniture and fixtures	<u>1,719,687</u>	<u>1,605,932</u>
	6,198,974	6,006,112
Accumulated depreciation	<u>2,620,625</u>	<u>2,453,628</u>
	<u>\$3,578,349</u>	<u>\$3,552,484</u>

For the years ended June 30, 2005 and 2004, depreciation expense was \$350,052 and \$342,510, respectively.

F. 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 of service in a 12-month period. Subject to Internal Revenue Code limitations, employees may contribute up to 60% of their compensation with ECS matching up to a maximum of 4% of the employee's compensation. ECS's decision whether to match and the amount of the match 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.

Pension expense was \$123,609 and \$135,169 for the years ended June 30, 2005 and 2004, respectively.

G. Commitments:

ECS has noncancellable operating leases for office equipment and vehicles expiring in 2010. Rent expense for the year ended June 30, 2005 and 2004 was \$67,936 and \$99,248, respectively.

Aggregate minimum lease payments under the noncancellable operating leases at June 30, 2005 are as follows:

**EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005 and 2004**

G. Commitments, continued:

<u>Years Ending June 30,</u>	<u>Amount</u>
2006	\$ 63,033
2007	57,319
2008	38,137
2009	2,640
2010	<u>1,540</u>
	<u>\$162,669</u>

H. Contingency:

ECS has an obligation, or potential obligation, to provide continuing care under life care contracts to three people. 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.

I. Line of Credit:

ECS has a line of credit with a bank in the amount of \$750,000 at an interest rate of prime less ½% expiring on March 31, 2006. The line is uncollateralized.

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA  
 SCHEDULE OF FUNCTIONAL PROGRAM EXPENSES  
 Year ended June 30, 2005, with comparative totals for 2004

	Program Services										Support Services			Total					
	Group Counseling	Foster Care	SCOH	Project Safe/Fast	St. Barnabas Mission	Homemaker Services & Meal Delivery	Urban Bridges	Community Develop.	Church Ministries	Beacon Programs	Advocate Programs	W. Phila. Programs	Catesville Programs		Total Program Services	Management and General	Fund Raising	Support Services	Total Expenses 2005
<b>Personnel expenses:</b>																			
Salaries	\$ 87,265	\$ 684,362	\$ 361,615	\$ 274,724	\$ 899,119	\$ 939,476	\$ 189,357	\$ 16,981	\$ 128,647	\$ 286,083	\$ 63,998	\$ 17,429	\$ 84,279	\$ 4,033,335	\$ 631,940	\$ 174,800	\$ 706,740	\$ 4,740,075	\$ 4,865,694
Payroll taxes and employee benefits	26,934	208,819	111,613	84,794	261,486	287,758	58,414	5,241	39,707	88,299	19,753	5,379	26,013	1,224,210	182,494	52,716	215,212	1,439,422	1,426,780
Total personnel expenses	114,199	893,181	473,228	359,518	1,160,605	1,227,234	247,771	22,222	168,354	374,382	83,751	22,808	110,292	5,257,545	814,434	227,518	921,952	6,179,497	6,292,474
<b>Operating expenses:</b>																			
Building contracts and other	1,164	18,625	12,805	9,313	64,910	8,148	11,669	1,164	2,328	21	2,816	1,015	1,041	135,019	26,610	4,857	30,267	165,286	180,104
Specific assistance:																			
Clothing		14,184												14,184				14,184	20,684
Special care stipend		69,950												69,950				69,950	94,700
Board/foster care		638,230												638,230				638,230	778,987
Other		70,807	4,426		12,389	550					240			87,622	28,493		28,493	116,115	161,090
Consultant fees					2,476									3,265	64,762	21,597	76,359	79,624	60,401
Staff recruitment		272	1,212	1,212	272	293	654							3,915	19,230	1,910	21,140	25,055	13,948
Insurance	2,352	29,400	9,114	6,468	27,520	26,050	2,362	294	2,362	14,700	1,176	294	1,176	123,268	21,185	588	121,773	145,041	131,918
Telephone/utilities	1,284	26,665	19,167	13,987	82,206	22,755	28,909	1,765	3,714	4,090	6,915	1,953	7,923	221,333	28,241	6,135	33,376	254,709	262,486
Postage/photocopier	789	12,624	8,679	6,312	6,287	5,523	11,787	789	1,578	4,609	2,485	278		61,740	17,358	3,156	20,514	82,254	114,631
Staff travel/training	988	7,392	6,164	450	2,944	27,229	625	693	2,576	3,703	100		1,170	54,013	25,366	6,539	31,905	85,918	90,679
Office supplies	317	6,076	3,489	2,538	3,352	2,220	3,119	317	634	2,228	1,035	57	57	24,382	6,979	1,269	8,248	32,630	39,485
Legal and audit fees	600	12,401	2,200	1,600	6,300	6,200	1,300	200	900	1,700	400	200	500	32,501	36,752	1,350	36,102	70,603	64,163
Publicity/printing														0	28,144	28,144	56,288	56,288	93,094
Appeals														0	34,500	34,500	34,500	34,500	59,790
Other	30,180	17,784		6,877	21,455	9,933	19,589	659	8,817	75,005	16,705	7,685	11,240	225,929	123,203	6,151	129,354	354,283	567,994
Total expenses before depreciation	161,853	1,816,591	640,484	408,276	1,387,790	1,337,060	327,785	28,103	191,262	480,438	115,623	34,233	133,399	6,952,896	1,109,767	341,514	1,451,271	8,404,167	9,006,628
Depreciation	3,478	65,649	38,259	27,824	75,617	28,388	19,964	3,478	6,956					259,623	76,517	13,912	90,429	350,052	342,510
Total functional expenses	\$ 155,331	\$ 1,882,240	\$ 678,743	\$ 436,099	\$ 1,463,407	\$ 1,365,459	\$ 347,749	\$ 31,581	\$ 198,218	\$ 480,438	\$ 115,623	\$ 34,233	\$ 133,399	\$ 7,212,519	\$ 1,186,274	\$ 355,426	\$ 1,541,700	\$ 8,754,219	\$ 9,349,138

**EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA**  
**SCHEDULE OF FUNCTIONAL PROGRAM EXPENSES**  
 Year ended June 30, 2004

	Program Services										Support Services			Total Support Services		
	Group Counseling	Foster Care	SCOH	Project SAFE	St. Barnabas Mission	Homemaker Services & Meal Delivery	Urban Bridges	Community Develop.	Church Ministries	Beacon Programs	Advocate W Phila. Programs	Coatesville Programs	Total Program Services		Management and General	Fund Raising
<b>Personnel expenses:</b>																
Salaries	\$ 81,898	\$ 743,833	\$ 399,803	\$ 234,983	\$ 903,815	\$ 826,763	\$ 296,261	\$ 66,592	\$ 154,678	\$ 222,699	\$ 148,638	\$ 86,190	\$ 4,271,418	\$ 469,408	\$ 126,867	\$ 4,865,694
Payroll taxes and employee benefits	24,071	217,995	117,508	69,065	264,940	242,986	87,076	16,591	45,462	65,425	43,687	25,332	1,254,059	136,051	38,670	1,426,780
<b>Total personnel expenses</b>	<b>105,969</b>	<b>961,828</b>	<b>517,311</b>	<b>304,048</b>	<b>1,168,755</b>	<b>1,069,749</b>	<b>383,337</b>	<b>73,183</b>	<b>200,140</b>	<b>288,024</b>	<b>192,325</b>	<b>111,522</b>	<b>5,525,477</b>	<b>604,460</b>	<b>162,537</b>	<b>6,292,474</b>
<b>Operating expenses:</b>																
Building contracts and other	1,054	18,978	12,662	7,380	64,665	7,494	21,527	4,217	4,217	180	2,579	9,246	154,798	21,616	3,690	180,104
Specific assistance:																
Clothing		20,684											20,684			20,684
Special care stipend		94,700											94,700			94,700
Board/foster care		778,987											778,987			778,987
Other		92,533	4,572		26,874		7,950			725			123,979			161,090
Consultant fees		1,190											9,865			40,336
Staff recruitment		605			1,664	1,169	462		480	1,268			3,865			50,401
Insurance		21,631	10,765	5,383	30,477	16,406	6,383	1,077	3,230	10,765	2,153	2,153	112,629	6,585	1,390	131,918
Telephone/utilities		31,238	19,887	10,601	76,414	22,303	29,854	7,012	6,349	3,777	2,602	7,214	229,238	18,761	538	33,248
Postage/photocopier		17,330	11,553	6,739	12,083	6,740	15,937	3,851	3,851	7,808	3,917	754	91,526	28,399	4,849	262,486
Staff travel/training		1,226	10,631	1,851	1,852	34,165	120	1,310	5,089	850	1,315	135	64,658	20,596	5,425	114,631
Office supplies		321	3,864	2,248	5,727	2,248	5,278	1,285	1,285	3,152	577		31,756	6,595	1,134	39,485
Legal and audit fees														84,163		54,163
Publicity/printing														46,193		92,386
Appeals														59,764		59,764
Other		29,940	608	6,302	27,272	15,001	60,951	4,980	15,162	202,045	18,015	17,669	446,911	117,420	3,663	567,994
<b>Total expenses before depreciation</b>	<b>145,421</b>	<b>2,085,956</b>	<b>587,336</b>	<b>344,452</b>	<b>1,415,683</b>	<b>1,174,265</b>	<b>531,533</b>	<b>96,915</b>	<b>240,803</b>	<b>517,969</b>	<b>224,208</b>	<b>148,693</b>	<b>7,591,915</b>	<b>1,015,196</b>	<b>299,517</b>	<b>9,006,628</b>
Depreciation	2,733	49,190	32,794	19,130	108,199	23,181	19,835	10,931	10,931				276,924	56,021	9,565	342,510
<b>Total functional expenses</b>	<b>\$ 148,154</b>	<b>\$ 2,135,146</b>	<b>\$ 620,130</b>	<b>\$ 363,582</b>	<b>\$ 1,523,882</b>	<b>\$ 1,197,446</b>	<b>\$ 551,368</b>	<b>\$ 107,846</b>	<b>\$ 251,734</b>	<b>\$ 517,969</b>	<b>\$ 224,208</b>	<b>\$ 148,693</b>	<b>\$ 7,968,839</b>	<b>\$ 1,071,217</b>	<b>\$ 309,082</b>	<b>\$ 9,349,138</b>

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA  
SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES  
Year ended June 30, 2005

	Group Counseling	Foster Care	SCOH	Project Safe/Fasst	St. Barnabas Mission Services	Urban Bridges	Community Develop.	Church Ministries	Beacon Programs	Advocate Programs	W. Phila. Programs	Coatesville Programs	Total
Program Revenue:													
Contributions													
Federal, state and local grants	\$ 84,390	\$ 2,028,872	\$ 430,974	\$ 194,893	\$ 719,575	\$ 17,498		\$ 56,408	\$ 385,227	\$ 3,800	\$ 3,300	\$ 5,200	\$ 4,313,778
Foundations	22,500			12,000	58,000	36,946				1,299	2,400	4,180	142,146
Fees					13,961	3,000				24,100	10,000	24,100	184,898
Investment Income			33,100	33,600	146,500	17,600							553,600
Trust & fiduciary income					36,842								36,842
Other		1,000			454	16,321		7,985	1,705		294		43,789
Net assets released from temporarily restricted													
Total Revenue	<u>106,890</u>	<u>2,029,872</u>	<u>505,974</u>	<u>376,573</u>	<u>1,237,564</u>	<u>197,020</u>	<u>0</u>	<u>129,393</u>	<u>387,407</u>	<u>85,479</u>	<u>23,430</u>	<u>102,589</u>	<u>6,534,112</u>
Personnel Expenses:													
Salaries	87,265	684,362	361,615	274,724	899,119	939,476	16,981	128,647	286,083	63,998	17,429	84,279	4,033,335
Payroll taxes and employee benefits	26,934	208,819	111,613	84,794	261,486	287,758	5,241	39,707	88,299	19,753	5,379	26,013	1,224,210
Operating expenses:	114,199	893,181	473,228	359,518	1,160,605	1,227,234	22,222	168,354	374,382	83,751	22,808	110,292	5,257,545
Building Contracts/other	1,164	18,625	12,805	9,313	64,910	8,148	1,164	2,328	21	2,816	1,015	1,041	135,019
Specific assistance:													
Clothing		14,184											14,184
Special care stipend		69,950											69,950
Board foster care		638,230											638,230
Other		70,807	4,426		12,389								87,622
Consultant fees					550	2,475				240			3,265
Staff recruitment		272	1,212	1,212	272	293							3,915
Insurance	2,352	29,400	9,114	6,468	27,520	26,050	294	2,362	14,700	1,176	294	1,176	123,268
Telephone/utilities	1,284	26,665	19,167	13,987	82,206	22,755	1,765	3,714	4,090	6,915	1,953	7,923	221,333
Postage/Photocopier	789	12,624	8,679	6,312	6,287	5,523	6,789	1,578	4,609	2,485	278	1,170	61,740
Staff travel/training	968	7,392	6,164	450	2,944	27,229	693	2,575	3,703	100			54,013
Office Supplies	317	5,076	3,489	2,538	3,352	3,119	317	634	2,228	1,035	57	57	24,382
Legal and audit fees	600	12,401	2,200	1,600	5,300	1,300	200	900	1,700	400	200	500	32,501
Other	30,180	17,764		6,877	21,455	9,933	659	8,817	75,005	16,705	11,240	11,240	225,929
Total program expenses before depreciation and allocations	<u>151,853</u>	<u>1,816,591</u>	<u>540,484</u>	<u>408,275</u>	<u>1,387,790</u>	<u>327,785</u>	<u>28,103</u>	<u>191,262</u>	<u>480,438</u>	<u>115,623</u>	<u>34,233</u>	<u>133,399</u>	<u>6,952,896</u>
Depreciation	3,478	55,649	38,259	27,824	75,617	28,398	3,478	6,956					259,623
Allocation of support services	33,202	400,198	123,708	93,217	312,808	291,872	6,751	42,370	102,695	24,715	7,317	28,514	1,541,700
Total deficiency of revenue over expenses before general support and revenue	<u>\$ (61,643)</u>	<u>\$ (242,566)</u>	<u>\$ (196,477)</u>	<u>\$ (152,743)</u>	<u>\$ (538,651)</u>	<u>\$ (225,062)</u>	<u>\$ (38,332)</u>	<u>\$ (111,195)</u>	<u>\$ (195,726)</u>	<u>\$ (54,859)</u>	<u>\$ (18,120)</u>	<u>\$ (59,324)</u>	<u>(2,220,107)</u>
General support and revenue													1,186,830
Deficiency of public support and revenue over expenses													<u>\$ (1,033,277)</u>

**EPISCOPAL COMMUNITY SERVICES  
OF THE DIOCESE OF PENNSYLVANIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL,  
STATE AND CITY AWARDS  
YEAR ENDED JUNE 30, 2005**

**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 are 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. In certain programs, 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. Also, the basic financial statements do not reflect expenses in accordance with funding source allowable cost standards.

***SUPPLEMENTARY INFORMATION***

**EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA**  
**OFFICE OF EMERGENCY SHELTER AND SERVICES (OESS)**  
**CITY OF PHILADELPHIA CONTRACT #03-20275-01**  
**RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUE**  
**TO AUDITED EXPENDITURES/REVENUE**  
**JULY 1, 2004 TO JUNE 30, 2005**

	<u>Amount Reported on Fiscal Report</u>	<u>Other Adjustments</u>	<u>Amount According to the Audit</u>
<b>Expenditures by cost center:</b>			
Total personnel services	\$ 686,000		\$ 686,000
Total operating expenses	-		-
Total fixed assets	-		-
Total client expenses	<u>-</u>		<u>-</u>
<b>Total expenditures by cost center</b>	<b>686,000</b>		<b>686,000</b>
<b>Funding sources:</b>			
Client fees	-		-
City of Philadelphia, OESS	<u>686,000</u>		<u>686,000</u>
<b>Total funding</b>	<u>686,000</u>		<u>686,000</u>
<b>Excess of expenditures over funding sources</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*OTHER MATTERS*



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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

The Board of Trustees  
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, 2005, and have issued our report thereon dated October 5, 2005. 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.

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 an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. However, we noted other matters involving the internal control over financial reporting which we have reported to the management of Episcopal Community Services of the Diocese of Pennsylvania in a separate letter dated October 5, 2005.



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

Compliance and Other Matters

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 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*.

This report is intended solely for the information and use of the audit committee, the Board of Trustees and management of Episcopal Community Services 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.

October 5, 2005



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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 Trustees  
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 *U.S. 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, 2005. Episcopal Community Services of the Diocese of Pennsylvania's major federal program are 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, 2005.



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The Board of Trustees  
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 a major federal program 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 reportable 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 caused by error or fraud 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 audit committee, the Board of Trustees 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.

*Asher & Company, Ltd.*  
ASHER & COMPANY, Ltd.

October 5, 2005

**EPISCOPAL COMMUNITY SERVICES  
OF THE DIOCESE OF PENNSYLVANIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2005**

**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

**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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Independent Auditor's Report On Compliance With Specified  
Indirect Cost Allocation Requirements

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

We have examined Episcopal Community Services of the Diocese of Pennsylvania's compliance with allocating indirect costs 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 (Section 2000, Exhibit B) during the year ended June 30, 2005. Management is responsible for Episcopal Community Services of the Diocese of Pennsylvania's compliance with those requirements. Our responsibility is to express an opinion on Episcopal Community Services of the Diocese of Pennsylvania's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, including 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Episcopal Community Services of the Diocese of Pennsylvania's compliance with specified requirements.

In our opinion, Episcopal Community Services of the Diocese of Pennsylvania complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2005.

This report is intended solely for the information and use of the audit committee, management of Episcopal Community Services of the Diocese of Pennsylvania, and the City of Philadelphia, Department of Human Services and is not intended to be and should not be used by anyone other than these specified parties.

*Asher & Company, Ltd.*  
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October 5, 2005