

Episcopal Community Services of the Diocese of Pennsylvania

Financial Statements
Year ended June 30, 2018



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EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Episcopal Community Services of the Diocese of Pennsylvania (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *City of Philadelphia Subrecipient Audit Guide*. Those standards and the *City of Philadelphia Subrecipient Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Episcopal Community Services of the Diocese of Pennsylvania as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Report on Summarized Comparative Information

We have previously audited Episcopal Community Services of the Diocese of Pennsylvania's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal, state, and city awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Episcopal Community Services of the Diocese of Pennsylvania's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Episcopal Community Services of the Diocese of Pennsylvania's internal control over financial reporting and compliance.

BBD, LLP.

**Philadelphia, Pennsylvania
December 20, 2018**

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

STATEMENT OF FINANCIAL POSITION

June 30, 2018 with comparative totals for 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 816,401	\$ 768,286
Grants receivable	516,547	657,563
Contributions receivable	1,045,266	767,206
Prepaid expenses	305,880	219,844
Land, buildings, building improvements, equipment, and furniture and fixtures, net	2,278,774	2,351,757
Long-term investments	66,997,179	62,501,785
Beneficial interest in charitable remainder trust	195,000	-
Beneficial interest in perpetual trusts	<u>3,560,000</u>	<u>3,056,000</u>
Total assets	<u>\$75,715,047</u>	<u>\$70,322,441</u>
LIABILITIES		
Line of credit	\$ 175,000	\$ 600,000
Accounts payable and accrued expenses	<u>1,186,443</u>	<u>1,096,371</u>
Total liabilities	<u>1,361,443</u>	<u>1,696,371</u>
NET ASSETS		
Unrestricted		
Board designated - endowment	27,207,977	24,592,429
Board designated - other	756,541	611,859
Unrestricted	<u>2,149,658</u>	<u>2,146,047</u>
Total unrestricted	30,114,176	27,350,335
Temporarily restricted	27,990,885	26,001,192
Permanently restricted	<u>16,248,543</u>	<u>15,274,543</u>
Total net assets	<u>74,353,604</u>	<u>68,626,070</u>
Total liabilities and net assets	<u>\$75,715,047</u>	<u>\$70,322,441</u>

See accompanying notes

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

STATEMENT OF ACTIVITIES

Year ended June 30, 2018 with comparative totals for 2017

	Unrestricted	Board	Total	Temporarily	Permanently	Totals	
		Designated Unrestricted				Unrestricted	Restricted
SUPPORT, REVENUE AND GAINS							
Support							
Contributions	\$ 1,243,841	\$ -	\$ 1,243,841	\$ 143,014	\$ 255,000	\$ 1,641,855	\$ 1,745,044
Diocese of Pennsylvania	88,250	-	88,250	-	-	88,250	88,500
Legacies and bequests	1,305,509	-	1,305,509	962,000	430,000	2,697,509	1,278,932
Federal, state, and local grants	3,321,173	-	3,321,173	-	-	3,321,173	2,820,691
Foundations	178,856	-	178,856	73,000	-	251,856	219,294
Fees	89,845	-	89,845	-	-	89,845	79,111
Other	21,764	-	21,764	-	-	21,764	3,634
Total support	6,249,238	-	6,249,238	1,178,014	685,000	8,112,252	6,235,206
Revenue and gains							
Trust and fiduciary income	161,517	-	161,517	-	-	161,517	146,244
Investment income	68,727	2,579,271	2,647,998	3,878,599	-	6,526,597	7,503,906
Change in value of beneficial interest in perpetual trusts	-	-	-	-	289,000	289,000	126,000
Total revenue and gains	230,244	2,579,271	2,809,515	3,878,599	289,000	6,977,114	7,776,150
Total support, revenue and gains	6,479,482	2,579,271	9,058,753	5,056,613	974,000	15,089,366	14,011,356
Net assets released from restrictions							
Endowment spending policy	2,958,636	(1,140,528)	1,818,108	(1,818,108)	-	-	-
Other transfers	(1,321,487)	1,321,487	-	-	-	-	-
Expiration of purpose and time restrictions	1,248,812	-	1,248,812	(1,248,812)	-	-	-
Total support, revenue and gains	9,365,443	2,760,230	12,125,673	1,989,693	974,000	15,089,366	14,011,356
EXPENSES							
Program services	6,939,133	-	6,939,133	-	-	6,939,133	6,675,166
Management and general	1,666,851	-	1,666,851	-	-	1,666,851	1,661,198
Fundraising	755,848	-	755,848	-	-	755,848	660,301
Total expenses	9,361,832	-	9,361,832	-	-	9,361,832	8,996,665
CHANGES IN NET ASSETS	3,611	2,760,230	2,763,841	1,989,693	974,000	5,727,534	5,014,691
NET ASSETS							
Beginning of year	2,146,047	25,204,288	27,350,335	26,001,192	15,274,543	68,626,070	63,611,379
End of year	\$ 2,149,658	\$ 27,964,518	\$ 30,114,176	\$ 27,990,885	\$ 16,248,543	\$ 74,353,604	\$ 68,626,070

See accompanying notes

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2018 with comparative totals for 2017

	Program Services						
	<u>SYS</u>	<u>RISE</u>	<u>St. Barnabas Mission</u>	<u>Housing FaSST</u>	<u>OST Programs</u>	<u>CORP Programs</u>	<u>Learning and Evaluation</u>
PERSONNEL EXPENSES							
Salaries	\$ 42,778	\$ 284,542	\$ 1,160,321	\$ 450,511	\$ 1,164,268	\$ 58,757	\$ 114,815
Payroll taxes and employee benefits	13,144	86,510	357,873	148,772	260,590	19,403	34,460
Total personnel expenses	55,922	371,052	1,518,194	599,283	1,424,858	78,160	149,275
OPERATING EXPENSES							
Occupancy	3,252	9,416	144,248	2,870	2,392	656	914
Specific assistance	-	-	56,650	631,957	10,136	7,300	-
Professional fees	504	3,356	16,312	56,765	53,392	693	2,629
Insurance	983	6,540	30,811	10,355	26,761	1,351	2,639
Office expense	3,955	10,222	93,970	19,621	56,804	1,349	2,332
Staff travel and training	2,085	5,014	24,487	11,261	44,991	2,238	4,820
Publicity and printing	1,476	9,816	40,028	15,541	40,164	2,027	3,961
Appeals	368	2,448	9,983	3,876	10,017	1,305	4,675
Gifts in kind	-	-	-	-	-	-	-
Other	23,458	98,401	73,176	37,495	228,546	26,679	43,855
Total expenses before depreciation	92,003	516,265	2,007,859	1,389,024	1,898,061	121,758	215,100
Depreciation	13,638	39,489	108,218	52,633	12,910	2,367	3,834
Total functional expenses	\$ 105,641	\$ 555,754	\$ 2,116,077	\$ 1,441,657	\$ 1,910,971	\$ 124,125	\$ 218,934

<u>Parenting Program</u>	<u>Wellness Services</u>	<u>Volunteer Services</u>	<u>Total Program Services</u>	<u>Supporting Services</u>			<u>Total Expenses</u>	
				<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>2018</u>	<u>2017</u>
\$ 34,146	\$ 141,425	\$ 30,424	\$ 3,481,987	\$ 952,225	\$ 422,082	\$ 1,374,307	\$ 4,856,294	\$ 4,521,148
<u>11,275</u>	<u>46,493</u>	<u>5,227</u>	<u>983,747</u>	<u>309,487</u>	<u>131,196</u>	<u>440,683</u>	<u>1,424,430</u>	<u>1,205,992</u>
45,421	187,918	35,651	4,465,734	1,261,712	553,278	1,814,990	6,280,724	5,727,140
-	1,444	490	165,682	20,401	3,150	23,551	189,233	158,927
-	-	-	706,043	-	-	-	706,043	594,867
5,503	3,593	359	143,106	93,891	72,563	166,454	309,560	361,215
785	3,251	699	84,175	38,829	9,702	48,531	132,706	128,687
429	3,187	2,103	193,972	24,999	13,752	38,751	232,723	270,023
1,503	2,652	4,212	103,263	23,167	12,948	36,115	139,378	128,066
1,178	4,879	1,050	120,120	19,415	8,605	28,020	148,140	134,168
294	1,217	262	34,445	8,193	23,710	31,903	66,348	34,985
-	-	123,753	123,753	-	-	-	123,753	495,367
<u>11,261</u>	<u>13,356</u>	<u>1,417</u>	<u>557,644</u>	<u>90,689</u>	<u>44,942</u>	<u>135,631</u>	<u>693,275</u>	<u>645,621</u>
66,374	221,497	169,996	6,697,937	1,581,296	742,650	2,323,946	9,021,883	8,679,066
-	6,054	2,053	241,196	85,555	13,198	98,753	339,949	317,599
<u>\$ 66,374</u>	<u>\$ 227,551</u>	<u>\$ 172,049</u>	<u>\$ 6,939,133</u>	<u>\$ 1,666,851</u>	<u>\$ 755,848</u>	<u>\$ 2,422,699</u>	<u>\$ 9,361,832</u>	<u>\$ 8,996,665</u>

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

STATEMENT OF CASH FLOWS

Year ended June 30, 2018 with comparative totals for 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Changes in net assets</i>	\$ 5,727,534	\$ 5,014,691
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:</i>		
Depreciation	339,949	317,599
Net realized and unrealized gain on investments	(4,837,788)	(6,270,645)
Contribution of beneficial interest in charitable remainder trust	(195,000)	-
Contributions restricted for long-term purposes	(685,000)	-
Change in value of beneficial interest in perpetual trusts	(289,000)	(126,000)
(Increase) decrease in		
Grants receivable	141,016	(217,775)
Contributions receivable	(128,060)	(650,132)
Prepaid expenses	(86,036)	9,978
Increase (decrease) in		
Accounts payable and accrued expenses	90,072	(93,027)
Net cash provided by (used for) operating activities	<u>77,687</u>	<u>(2,015,311)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(8,630,817)	(14,964,843)
Proceeds from the sale of investments	8,973,211	16,786,952
Additions to land, buildings, building improvements, equipment and furniture and fixtures	<u>(266,966)</u>	<u>(139,251)</u>
Net cash provided by investing activities	<u>75,428</u>	<u>1,682,858</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings (repayments) on line of credit	(425,000)	437,000
Collections of contribution restricted for endowment	320,000	-
	<u>(105,000)</u>	<u>437,000</u>
Increase in cash	48,115	104,547
CASH		
Beginning of year	<u>768,286</u>	<u>663,739</u>
End of year	<u>\$ 816,401</u>	<u>\$ 768,286</u>

See accompanying notes

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

(1) NATURE OF OPERATIONS

Episcopal Community Services of the Diocese of Pennsylvania ("**ECS**") is an independent Pennsylvania nonprofit corporation. The mission statement of ECS is, "Episcopal Community Services empowers vulnerable individuals and families by providing high-quality social and educational services that affirm human dignity and promote social justice."

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

ECS reports information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted net assets

Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of ECS and/or the passage of time. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "***net assets released from restrictions.***"

Permanently restricted net assets

Net assets that are subject to donor-imposed restrictions that such assets be maintained indefinitely.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("**GAAP**") 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.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of ECS. Unobservable inputs reflect ECS' assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that ECS has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect ECS' own assumptions.

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

The Church Foundation (an affiliate of the Episcopal Diocese of Pennsylvania) holds title to the land and building, located at 225 South 3rd 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.

Investments

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

Income derived from investments 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.

ECS invests in a professionally-managed portfolio that contains various types of securities (**See Note 4**). Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in the near term would materially affect investment balances and the amounts reported in the financial statements.

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.**"

Beneficial Interest in Charitable Remainder Trust

The beneficial interest in charitable remainder trust is reported at the fair value of the related assets less the present value of the payments expected to be made to other beneficiaries. ECS has been named as the remaining beneficiary of an irrevocable charitable remainder trust. The agreement provides for the lead beneficiaries to receive annual distributions until their death, and that, upon their death, ECS is to receive the remainder. The amounts of the remainder and payments to be made to the lead beneficiaries are estimated and have been reduced to present value.

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Beneficial Interest in Perpetual Trusts

ECS is the beneficiary of perpetual trust agreements which are held by third parties. Because ECS will receive a perpetual stream of income from the trusts, an estimate of the present value of estimated future cash flows has been recorded as an asset on the statements of financial position using Level 3 valuation inputs. ECS' beneficial interest in these trust agreements is shown as permanently restricted net assets in the financial statements and its impact on the statement of activities is shown on the line **"change in value of beneficial interest in perpetual trusts."**

Federal, State, and Local Grants

Federal, state, and local grants are recorded as revenue as the services are performed. Grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with governmental agencies having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. ECS does not charge interest on outstanding balances.

Permanently Restricted Endowments

Investment income and investment gains earned on permanently restricted net assets are recorded as temporarily restricted net assets. 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 value of the investments related to such an endowment declines to below its original historic-dollar-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-dollar-value.

Functional Allocation of Expenses

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

Income Tax Status

ECS is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to ECS' tax-exempt purpose is subject to taxation as unrelated business income. In addition, ECS qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. ECS believes that it had no uncertain tax positions as defined in GAAP.

Concentrations of Credit Risk

Financial instruments which potentially subject ECS to concentrations of credit risk are cash, grants receivable and contributions receivable. ECS maintains its cash at various financial institutions. At times, such deposits may exceed federally-insured limits. Grants receivable are from various government agencies and are expected to be collected in 2019. Contributions receivable are expected to be collected through 2021 **(See Note 3)**.

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with ECS' financial statements for the year ended June 30, 2017, from which the summarized information was derived.

(3) CONTRIBUTIONS RECEIVABLE

Contributions receivable, which consist primarily of bequests, are expected to be collected as follows:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 433,266	\$767,206
One to five years	<u>620,000</u>	<u>-</u>
	1,053,266	767,206
Less discount	<u>(8,000)</u>	<u>-</u>
	<u>\$1,045,266</u>	<u>\$767,206</u>

(4) INVESTMENTS

The fair value of ECS' investments at June 30, 2018 and 2017 is summarized as follows:

	<u>2018</u>	<u>2017</u>
Money market funds	\$ 945,973	\$ 923,934
Exchange traded and mutual funds		
Equity	22,064,477	21,747,512
Fixed income	15,998,365	14,033,135
Common stocks	<u>27,988,364</u>	<u>25,797,204</u>
	<u>\$66,997,179</u>	<u>\$62,501,785</u>

Investments are measured at fair value using Level 1 valuation inputs.

Investment income was comprised of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 1,878,027	\$ 1,414,600
Net realized and unrealized gain	4,837,788	6,270,645
Investment management fees	<u>(189,218)</u>	<u>(181,339)</u>
	<u>\$ 6,526,597</u>	<u>\$ 7,503,906</u>

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

(5) LAND, BUILDINGS, BUILDING IMPROVEMENTS, EQUIPMENT, AND FURNITURE AND FIXTURES

As of June 30, 2018 and 2017, land, buildings, building improvements, equipment, and furniture and fixtures consist of:

	<u>2018</u>	<u>2017</u>
Land	\$ 40,000	\$ 40,000
Buildings	2,383,891	2,375,476
Building improvements	2,394,952	2,367,857
Equipment, and furniture and fixtures	<u>2,407,070</u>	<u>2,175,614</u>
	7,225,913	6,958,947
Less accumulated depreciation	<u>(4,947,139)</u>	<u>(4,607,190)</u>
	<u>\$ 2,278,774</u>	<u>\$ 2,351,757</u>

(6) RETIREMENT 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 1,000 hours of service in a 12-month period. Employees may contribute up to 75% of their compensation. ECS matches up to a maximum of 3% of the employee's compensation. ECS' decision whether to match and the amount of the match is discretionary. Employees become 20% vested in the employer's contribution after 2 years but less than 3 years of service and become 100% vested after 3 years of service. One year of service is equivalent to 1,000 hours of service at any time during a plan year.

Total pension expense was \$89,716 and \$94,941 for the years ended June 30, 2018 and 2017, respectively.

(7) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>June 30, 2018</u>
Endowment appreciation	\$24,406,089	\$3,835,269	\$(1,818,108)	\$26,423,250
St. Barnabas Mission	77,264	55,000	(72,267)	59,997
Youth center and SYS	30,000	20,000	(30,000)	20,000
Future programs	469,527	32,797	(311,532)	190,792
Community outreach program	183,456	10,533	(51,400)	142,589
Other	58,950	86,000	(58,950)	86,000
Available for future periods	<u>775,906</u>	<u>1,017,014</u>	<u>(724,663)</u>	<u>1,068,257</u>
	<u>\$26,001,192</u>	<u>\$5,056,613</u>	<u>\$(3,066,920)</u>	<u>\$27,990,885</u>

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>June 30, 2017</u>
Endowment appreciation	\$21,708,017	\$4,540,792	\$(1,842,720)	\$24,406,089
Center for innovation and impact	99,871	-	(99,871)	-
Emergency and special needs	15,000	-	(15,000)	-
St. Barnabas Mission	35,000	77,264	(35,000)	77,264
Youth center and SYS	97,500	30,000	(97,500)	30,000
Future programs	500,000	69,527	(100,000)	469,527
Community outreach program	214,500	30,956	(62,000)	183,456
Other	158,500	58,950	(158,500)	58,950
Available for future periods	<u>90,000</u>	<u>750,906</u>	<u>(65,000)</u>	<u>775,906</u>
	<u>\$22,918,388</u>	<u>\$5,558,395</u>	<u>\$(2,475,591)</u>	<u>\$26,001,192</u>

(8) PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of the following:

	<u>2018</u>	<u>2017</u>
Endowments	\$12,688,543	\$12,218,543
Beneficial interest in perpetual trusts	<u>3,560,000</u>	<u>3,056,000</u>
	<u>\$16,248,543</u>	<u>\$15,274,543</u>

(9) ENDOWMENT FUNDS

An accounting standard was issued which provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the uniform Prudent Management of Institutional Funds Act ("**UPMIFA**"). ECS is not subject to this guidance since Pennsylvania has not enacted a version of UPMIFA. The standard also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

ECS has adopted an investment policy for all investments to produce a predictable level of funds to meet the ECS' organizational objectives while achieving a maximum total return for the assets at a level consistent with prudent management. Under this policy, as approved by the Board, the assets are invested in a manner that is intended to produce returns that exceed the spending policy, while assuming a moderate level of investment risk. Actual returns may vary from the intended results. To satisfy its long-term rate of return objectives, ECS relies on a total return strategy in which investment returns are achieved through both capital appreciation and yield. ECS targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

The spending policy calculates the amount of money annually distributed from the permanently restricted endowment fund to support various programs. The current spending policy is to distribute an amount equal to 4.87% of a moving 13 quarter average of the fair value of the endowment fund.

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Changes in the endowment assets for the years ended June 30, 2018 and 2017 are as follows:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at June 30, 2017	\$24,592,429	\$24,406,089	\$12,218,543	\$61,217,061
Contributions	823,472	-	470,000	1,293,472
Investment income	2,566,225	3,835,269	-	6,401,494
Endowment spending policy	(1,140,528)	(1,818,108)	-	(2,958,636)
Other transfers	366,379	-	-	366,379
Balance at June 30, 2018	<u>\$27,207,977</u>	<u>\$26,423,250</u>	<u>\$12,688,543</u>	<u>\$66,319,770</u>

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at June 30, 2016	\$22,916,285	\$21,708,017	\$12,218,543	\$56,842,845
Contributions	38,285	-	-	38,285
Investment income	2,840,139	4,540,792	-	7,380,931
Endowment spending policy	(1,082,280)	(1,842,720)	-	(2,925,000)
Other transfers	(120,000)	-	-	(120,000)
Balance at June 30, 2017	<u>\$24,592,429</u>	<u>\$24,406,089</u>	<u>\$12,218,543</u>	<u>\$61,217,061</u>

(10) LINE OF CREDIT

ECS has a \$2,000,000 bank credit line which bears interest at the Wall Street Prime Rate, plus 1/4% and expires in May 2019. Advances under this credit line are not collateralized. Advances on this bank credit line were \$175,000 and \$600,000 at June 30, 2018 and 2017, respectively.

(11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 20, 2018, the date on which the financial statements were available to be issued. No material subsequent events have occurred that require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS

Year ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
Federal Financial Assistance:				
<u>U.S. Department of Agriculture</u>				
Pass-Through Program:				
Health Promotion Council of Southeastern Pennsylvania Child and Adult Food Care Program	10.558	N/A	\$ 10,254	\$ -
<u>U.S. Department of Housing and Urban Development</u>				
Direct Program:				
Continuum of Care Program	14.267	N/A	580,222	-
<u>U.S. Department of Education</u>				
Pass-Through Program:				
Pennsylvania Department of Education Twenty-First Century Community Learning Centers	84.287	N/A	454,123	-
<u>U.S. Department of Health and Human Services</u>				
Pass-Through Programs:				
Philadelphia Department of Human Services, Philadelphia Health Management Corporation Temporary Assistance for Needy Families	93.558	N/A	568,917	-
Health Promotion Council of Southeastern Pennsylvania Preventive Health and Health Services Block Grant	93.758	N/A	3,750	-
Total Federal Financial Assistance			<u>1,617,266</u>	<u>-</u>
State Financial Assistance:				
<u>Pennsylvania Department of Public Welfare</u>				
Pass-Through Programs:				
Philadelphia Department of Human Services, Division of Children and Youth FASST Housing project		17-20241-01	310,400	-
Philadelphia Department of Human Services, Philadelphia Health Management Corporation Out of School Time Elementary		N/A	164,813	-
Out of School Time Middle		N/A	47,030	-
Philadelphia Office of Homeless Services Emergency Housing/Case Management Services		17-20286-01	115,541	-
Total State Financial Assistance			<u>637,784</u>	<u>-</u>

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS

Year ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
City Financial Assistance:				
Philadelphia Department of Human Services, Division of Children and Youth FASST Housing project		17-20241-01	77,600	-
Philadelphia Department of Human Services, Philadelphia Health Management Corporation Parenting Collaborative		N/A	47,853	-
Out of School Time Elementary		N/A	41,187	-
Out of School Time Middle		N/A	11,752	-
Philadelphia Office of Homeless Services Emergency Housing/Case Management Services		17-20286-01	694,459	-
Rapid Re-housing Program		18-20314	148,922	-
Philadelphia Youth Network Seeing Youth Succeed		N/A	44,350	-
Total City Financial Assistance			<u>1,066,123</u>	<u>-</u>
Total Federal, State and City Financial Assistance			<u>\$ 3,321,173</u>	<u>\$ -</u>

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS

June 30, 2018

(1) GENERAL INFORMATION

The accompanying schedule of expenditures of federal, state and city awards presents the activities in all the federal, state and city awards programs of ECS. All government financial assistance received directly from federal, state or city agencies, as well as financial assistance passed through other governmental agencies or not-for-profit organizations, are included on the schedule.

(2) BASIS OF ACCOUNTING

The schedule of expenditures of federal, state and city awards is presented using the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to funding sources on either a cash or modified accrual basis of accounting.

(3) RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal, state and city awards expenditures are reported on the statements of activities and functional expenses. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the schedule of expenditures of federal, state and city awards, because program expenditures exceeding grant or contract budget limitations are not reflected on the schedule of expenditures of federal, state and city awards.

(4) INDIRECT COSTS

ECS has not elected to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.



**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**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Episcopal Community Services of the Diocese of Pennsylvania ("**ECS**") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BBD, LLP.

**Philadelphia, Pennsylvania
December 20, 2018**



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited Episcopal Community Services of the Diocese of Pennsylvania's ("**ECS**") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of ECS' major federal program for the year ended June 30, 2018. ECS' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, ECS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

BBD, LLP.

Philadelphia, Pennsylvania
December 20, 2018

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2018

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of ECS were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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.
3. No instances of noncompliance material to the financial statements of ECS were disclosed during the audit.
4. No significant deficiencies relating to the audit of each major federal award program are reported in the report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for each major federal program for ECS expresses an unmodified opinion on each major federal program.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The programs tested as the major federal program was:
 - U.S. Department of Housing and Urban Development
Continuum of Care Program – CFDA Number 14.267
 - U.S. Department of Education
Twenty-First Century Community Learning Centers – CFDA Number 84.287
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. ECS did not qualify as a low-risk auditee.

FINDINGS—FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAM AUDIT

None



**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY FINANCIAL SCHEDULES
REQUIRED BY THE CITY OF PHILADELPHIA
DEPARTMENT OF HUMAN SERVICES**

**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 (a nonprofit organization), for the year ended June 30, 2018, and have issued our report thereon dated December 20, 2018. 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 audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *City of Philadelphia Subrecipient Audit Guide*. Those standards and the *City of Philadelphia Subrecipient Audit Guide* 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made 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 reports of revenue by functional program and of functional expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in those schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

BBD, LLP.

**Philadelphia, Pennsylvania
December 20, 2018**

REPORT OF REVENUE BY FUNCTIONAL PROGRAM		Agency Name & Address		Episcopal Community Services of the Diocese of Pennsylvania 225 South Third Street Philadelphia, PA 19106			City of Philadelphia Department of Human Services			
Year Ended		June 30, 2018								
Sources of Revenue		Total All Functions	FASST Housing Program	Parenting Collaborative	OST Elementary School	OST Middle School	Non-DHS Services			
65	Other Federal (Specify)									
66	U.S. Dept. of Agriculture	10,254	-	-	-	-	10,254			
67	U.S. Dept. of Education	454,123	-	-	-	-	454,123			
68	U.S. Dept. of Health and Human Services	3,750	-	-	-	-	3,750			
69	U.S. Dept. of Housing and Urban Development	580,222	-	-	-	-	580,222			
71	State Government (Specify)	-	-	-	-	-	-			
72	Comm. Of PA, Dept. of Public Welfare	44,350	-	-	-	-	44,350			
74	Phila. DHS	1,269,552	388,000	47,853	648,616	185,083	-			
75	Phila. DHS Comm. Block Grants	-	-	-	-	-	-			
76	Phila. Office of Homeless Services	958,922	-	-	-	-	958,922			
80	Board of Education	-	-	-	-	-	-			
81	C.O.O.D.A.P.	-	-	-	-	-	-			
82	MH/MR	-	-	-	-	-	-			
83	Other (Specify)	-	-	-	-	-	-			
85	Private Fund Raising	-	-	-	-	-	-			
86	Investment Income (Loss)	6,977,114	-	-	-	-	6,977,114			
87	Endowment Funds	-	-	-	-	-	-			
88	Rental Income	-	-	-	-	-	-			
89	Foundations	251,856	-	-	-	-	251,856			
90	United Way	-	-	-	-	-	-			
91	Program Income	89,845	-	-	-	-	89,845			
92	Donations/Misc Income	4,449,378	-	-	-	-	4,449,378			
93	Client Fee	-	-	-	-	-	-			
95	Grand Total	15,089,366	388,000	47,853	648,616	185,083	13,819,814			

REPORT OF FUNCTIONAL EXPENDITURES Year Ended June 30, 2018		Agency Name & Address		Episcopal Community Services of the Diocese of Pennsylvania 225 South Third Street Philadelphia, PA 19106			City of Philadelphia Department of Human Services	
Objects of Expense	Total All Functions	FASST Housing Program	Parenting Collaborative	OST Elementary School	OST Middle School	Non-DHS Services		
SALARIES AND WAGES	4,419,235	290,215	42,360	571,761	344,057	3,170,842		
1 Administration	-	-	-	-	-	-		
2 Professional	-	-	-	-	-	-		
3 Clerical	-	-	-	-	-	-		
4 Maintenance & Services	-	-	-	-	-	-		
5 Childcare & Activities	-	-	-	-	-	-		
6 F.I.C.A. (Employer Share)	355,015	17,901	3,062	38,158	19,329	276,565		
7 Unemployment Compensation	47,415	2,391	409	5,096	2,582	36,937		
8 Workmen's Compensation	41,994	2,117	362	4,514	2,286	32,715		
9 Employee Benefits	863,787	68,400	10,111	71,310	71,583	642,383		
10 Other (Specify)	-	-	-	-	-	-		
11 Total Social Services and Child Care	5,727,446	381,024	56,304	690,839	439,837	4,159,442		
30 TOTAL SALARIES AND WAGES	5,727,446	381,024	56,304	690,839	439,837	4,159,442		
OPERATING EXPENSE AND ADMIN.								
31 Prof. Fees & Contract Payments	236,997	55,638	6,313	25,661	7,322	142,063		
32 Supplies	24,149	-	196	12,302	1,558	10,093		
33 Telephone	23,273	659	113	3,671	1,196	17,634		
34 Postage & Shipping	17,685	789	135	3,220	856	12,685		
35 Local Transportation	78,680	2,821	1,559	19,639	1,573	53,088		
36 Outside Printing etc	41,977	1,059	181	6,614	4,048	30,075		
37 Conferences, conventions & meetings	47,750	843	144	8,306	2,424	36,033		
38 Subscriptions, publications	-	-	-	-	-	-		
39 Membership dues	-	-	-	-	-	-		
40 Awards & grants	-	-	-	-	-	-		
41 Equip. Furn. & Mtr. Vehicle rentals	-	-	-	-	-	-		
42 Equip. Furn. & Mtr. Vehicle Depr. & Amort.	-	-	-	-	-	-		
43 Fundraising	755,848	-	-	-	-	755,848		
44 Other (Specify)	-	-	-	-	-	-		
44a Insurance	123,004	8,212	1,120	21,260	6,413	85,999		
44b Marketing	139,535	979	1,345	42,251	1,057	93,903		
44c Miscellaneous	808,069	4,816	12,379	125,375	31,129	634,370		
45 Total Social Services & Child Care	2,296,967	75,816	23,485	268,299	57,576	1,871,791		
OCCUPANCY								
50 Office Rent	18,450	-	-	9,000	4,500	4,950		
52 Building & Grounds Maint. & Repairs	229,006	1,164	176	4,288	1,349	222,029		
53 Utilities	113,747	11,094	49	2,708	1,044	98,852		
56 Depreciation	326,751	4,314	738	20,975	5,412	295,312		
58 Total Social Services & Child Care	687,954	16,572	963	36,971	12,305	621,143		
62 TOTAL OCCUPANCY EXPENSE	687,954	16,572	963	36,971	12,305	621,143		
CHILDREN'S DIRECT EXPENSE								
63 Food or Board Payments	587,075	-	-	10,136	-	576,939		
65 Clothing, Cleaning & Repairing	19,906	-	-	-	-	19,906		
66 Activities, Recreation and Camp	-	-	-	-	-	-		
70 Other (Specify) Specific Assistance	42,484	-	-	-	-	42,484		
71 Total Social Services & Child Care	649,465	-	-	10,136	-	639,329		
75 TOTAL CHILDREN'S DIRECT	649,465	-	-	10,136	-	639,329		
GRAND TOTAL EXPENSES								
76 CHILD CARE & SOCIAL SERVICES	9,361,832	473,412	80,752	1,006,245	509,718	7,291,705		
81 GRAND TOTAL ALL EXPENSES	9,361,832	473,412	80,752	1,006,245	509,718	7,291,705		



**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY FINANCIAL SCHEDULES
REQUIRED BY THE CITY OF PHILADELPHIA
OFFICE OF HOMELESS SERVICES**

**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 (a nonprofit organization), for the year ended June 30, 2018, and have issued our report thereon dated December 20, 2018. 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 audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *City of Philadelphia Subrecipient Audit Guide*. Those standards and the *City of Philadelphia Subrecipient Audit Guide* 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 audit provides a reasonable basis for our opinion.

Our audit was made 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 reconciliations of agency reported expenditures/revenues to audited expenditures/revenues is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

BBD, LLP.

**Philadelphia, Pennsylvania
December 20, 2018**

**EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
OFFICE OF HOMELESS SERVICES
CITY OF PHILADELPHIA CONTRACT NUMBER 17-20286-01**

RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES TO AUDITED EXPENDITURES/REVENUES

JULY 1, 2017 TO JUNE 30, 2018

<u>Contract Categories</u>	<u>Agency Total Contract Expenditures</u>				<u>Adjustments</u>				<u>Amount Per Audit</u>			
	<u>Supportive Services</u>	<u>Admin Costs</u>	<u>Leasing</u>	<u>OHS Match</u>	<u>Supportive Services</u>	<u>Admin Costs</u>	<u>Leasing</u>	<u>OHS Match</u>	<u>Supportive Services</u>	<u>Admin Costs</u>	<u>Leasing</u>	<u>OHS Match</u>
Direct Personnel	\$ 633,017	\$ -	\$ -	\$ 633,017	\$ -	\$ -	\$ -	\$ -	\$ 633,017	\$ -	\$ -	\$ 633,017
Fringe Benefits	176,983	-	-	176,983	-	-	-	-	176,983	-	-	176,983
Total	<u>\$ 810,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,000</u>

**EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
OFFICE OF HOMELESS SERVICES
CITY OF PHILADELPHIA CONTRACT NUMBER 18-20314**

RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES TO AUDITED EXPENDITURES/REVENUES

JULY 1, 2017 TO JUNE 30, 2018

<u>Contract Categories</u>	<u>Agency Total Contract Expenditures</u>				<u>Adjustments</u>				<u>Amount Per Audit</u>			
	<u>Supportive Services</u>	<u>Admin Costs</u>	<u>Leasing</u>	<u>OHS Match</u>	<u>Supportive Services</u>	<u>Admin Costs</u>	<u>Leasing</u>	<u>OHS Match</u>	<u>Supportive Services</u>	<u>Admin Costs</u>	<u>Leasing</u>	<u>OHS Match</u>
Direct Personnel	\$ 54,131	\$ -	\$ -	\$ 54,131	\$ -	\$ -	\$ -	\$ -	\$ 54,131	\$ -	\$ -	\$ 54,131
Fringe Benefits	16,323	-	-	16,323	-	-	-	-	16,323	-	-	16,323
Sub-Total: Personnel Services	<u>70,454</u>	<u>-</u>	<u>-</u>	<u>70,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,454</u>	<u>-</u>	<u>-</u>	<u>70,454</u>
Rent/Occupancy	76,386	-	-	76,386	-	-	-	-	76,386	-	-	76,386
Insurance	752	-	-	752	-	-	-	-	752	-	-	752
Supplies (Office/Program)	830	-	-	830	-	-	-	-	830	-	-	830
Professional fees	500	-	-	500	-	-	-	-	500	-	-	500
Sub-Total: Operating Expenses	<u>78,468</u>	<u>-</u>	<u>-</u>	<u>78,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,468</u>	<u>-</u>	<u>-</u>	<u>78,468</u>
Total	<u>\$ 148,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,922</u>