

Episcopal Community Services of the Diocese of Pennsylvania

Financial Statements
Years Ended June 30, 2016 and 2015



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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 statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 audits. We conducted our audits 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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 13 and 14 are presented for purposes of additional analysis and are 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 October 27, 2016, 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 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 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
October 27, 2016**

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 663,739	\$ 1,115,082
Grants receivable	439,788	503,534
Contributions receivable	92,074	198,696
Prepaid expenses	<u>229,822</u>	<u>313,978</u>
Total current assets	<u>1,425,423</u>	<u>2,131,290</u>
NONCURRENT ASSETS		
Contributions receivable	25,000	50,000
Land, buildings, building improvements, equipment, and furniture and fixtures, net	2,530,105	2,416,352
Long-term investments	58,053,249	60,886,107
Beneficial interest in perpetual trusts	<u>1,450,000</u>	<u>1,686,000</u>
Total noncurrent assets	<u>62,058,354</u>	<u>65,038,459</u>
Total assets	<u>\$ 63,483,777</u>	<u>\$ 67,169,749</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of credit	\$ 163,000	\$ 497,000
Accounts payable and accrued expenses	<u>1,189,398</u>	<u>828,548</u>
Total liabilities	<u>1,352,398</u>	<u>1,325,548</u>
NET ASSETS		
Unrestricted		
Designated for long-term investments	23,063,814	24,985,741
Other unrestricted	<u>2,480,634</u>	<u>2,112,108</u>
Total unrestricted	25,544,448	27,097,849
Temporarily restricted	22,918,388	24,841,809
Permanently restricted	<u>13,668,543</u>	<u>13,904,543</u>
Total net assets	<u>62,131,379</u>	<u>65,844,201</u>
Total liabilities and net assets	<u>\$ 63,483,777</u>	<u>\$ 67,169,749</u>

See accompanying notes

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

STATEMENT OF ACTIVITIES

Year ended June 30, 2016 with comparative totals for 2015

	<u>Unrestricted</u>	<u>Board Designated Unrestricted</u>	<u>Total Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
						<u>2016</u>	<u>2015</u>
SUPPORT, REVENUE AND GAINS							
Support							
Contributions	\$ 1,269,361	\$ -	\$ 1,269,361	\$ 327,500	\$ -	\$ 1,596,861	\$ 2,352,259
Diocese of Pennsylvania	84,859	-	84,859	-	-	84,859	70,656
Legacies and bequests	52,548	63,421	115,969	-	-	115,969	1,399,091
Federal, state, and local grants	3,054,512	-	3,054,512	-	-	3,054,512	3,234,445
Foundations	207,175	-	207,175	233,000	-	440,175	255,600
Fees	239,237	-	239,237	-	-	239,237	146,001
Other	68,958	-	68,958	-	-	68,958	44,022
Total support	<u>4,976,650</u>	<u>63,421</u>	<u>5,040,071</u>	<u>560,500</u>	<u>-</u>	<u>5,600,571</u>	<u>7,502,074</u>
Revenue and gains							
Interest and dividends	138,026	405,261	543,287	713,749	-	1,257,036	1,203,962
Trust and fiduciary income	175,085	-	175,085	-	-	175,085	170,281
Net realized and unrealized gain (loss) on investments	(75,621)	(340,409)	(416,030)	(649,541)	-	(1,065,571)	1,144,632
Change in value of beneficial interest in perpetual trusts	-	-	-	-	(236,000)	(236,000)	(234,000)
Total revenue and gains	<u>237,490</u>	<u>64,852</u>	<u>302,342</u>	<u>64,208</u>	<u>(236,000)</u>	<u>130,550</u>	<u>2,284,875</u>
Total support, revenue and gains	<u>5,214,140</u>	<u>128,273</u>	<u>5,342,413</u>	<u>624,708</u>	<u>(236,000)</u>	<u>5,731,121</u>	<u>9,786,949</u>
Net assets released from restrictions							
Endowment spending policy	2,632,200	(883,200)	1,749,000	(1,749,000)	-	-	-
Other transfers	1,167,000	(1,167,000)	-	-	-	-	-
Expiration of purpose and time restrictions	799,129	-	799,129	(799,129)	-	-	-
Total support, revenue and gains	<u>9,812,469</u>	<u>(1,921,927)</u>	<u>7,890,542</u>	<u>(1,923,421)</u>	<u>(236,000)</u>	<u>5,731,121</u>	<u>9,786,949</u>
EXPENSES							
Program services	7,424,945	-	7,424,945	-	-	7,424,945	7,276,634
Management and general	1,538,322	-	1,538,322	-	-	1,538,322	1,398,970
Fundraising	480,676	-	480,676	-	-	480,676	451,506
Other	-	-	-	-	-	-	15,549
Total expenses	<u>9,443,943</u>	<u>-</u>	<u>9,443,943</u>	<u>-</u>	<u>-</u>	<u>9,443,943</u>	<u>9,142,659</u>
CHANGES IN NET ASSETS	<u>368,526</u>	<u>(1,921,927)</u>	<u>(1,553,401)</u>	<u>(1,923,421)</u>	<u>(236,000)</u>	<u>(3,712,822)</u>	<u>644,290</u>
NET ASSETS							
Beginning of year	<u>2,112,108</u>	<u>24,985,741</u>	<u>27,097,849</u>	<u>24,841,809</u>	<u>13,904,543</u>	<u>65,844,201</u>	<u>65,199,911</u>
End of year	<u>\$ 2,480,634</u>	<u>\$ 23,063,814</u>	<u>\$ 25,544,448</u>	<u>\$ 22,918,388</u>	<u>\$ 13,668,543</u>	<u>\$ 62,131,379</u>	<u>\$ 65,844,201</u>

See accompanying notes

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

STATEMENT OF ACTIVITIES

Year ended June 30, 2015

	<u>Unrestricted</u>	<u>Board Designated Unrestricted</u>	<u>Total Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT, REVENUE AND GAINS						
Support						
Contributions	\$1,238,259	\$ -	\$ 1,238,259	\$ 1,114,000	\$ -	\$ 2,352,259
Diocese of Pennsylvania	70,656	-	70,656	-	-	70,656
Legacies and bequests	163,591	1,235,500	1,399,091	-	-	1,399,091
Federal, state, and local grants	3,234,445	-	3,234,445	-	-	3,234,445
Foundations	195,600	-	195,600	60,000	-	255,600
Fees	146,001	-	146,001	-	-	146,001
Other	44,022	-	44,022	-	-	44,022
Total support	<u>5,092,574</u>	<u>1,235,500</u>	<u>6,328,074</u>	<u>1,174,000</u>	<u>-</u>	<u>7,502,074</u>
Revenue and gains						
Interest and dividends	-	525,758	525,758	678,204	-	1,203,962
Trust and fiduciary income	170,281	-	170,281	-	-	170,281
Net realized and unrealized gain (loss) on investments	(21,302)	524,355	503,053	641,579	-	1,144,632
Change in value of beneficial interest in perpetual trusts	-	-	-	-	(234,000)	(234,000)
Total revenue and gains	<u>148,979</u>	<u>1,050,113</u>	<u>1,199,092</u>	<u>1,319,783</u>	<u>(234,000)</u>	<u>2,284,875</u>
Total support, revenue and gains	<u>5,241,553</u>	<u>2,285,613</u>	<u>7,527,166</u>	<u>2,493,783</u>	<u>(234,000)</u>	<u>9,786,949</u>
Net assets released from restrictions						
Endowment spending policy	2,553,000	(918,000)	1,635,000	(1,635,000)	-	-
Expiration of purpose and time restrictions	634,804	(75,000)	559,804	(559,804)	-	-
Total support, revenue and gains	<u>8,429,357</u>	<u>1,292,613</u>	<u>9,721,970</u>	<u>298,979</u>	<u>(234,000)</u>	<u>9,786,949</u>
EXPENSES						
Program services	7,276,634	-	7,276,634	-	-	7,276,634
Management and general	1,398,970	-	1,398,970	-	-	1,398,970
Fundraising	451,506	-	451,506	-	-	451,506
Other	15,549	-	15,549	-	-	15,549
Total expenses	<u>9,142,659</u>	<u>-</u>	<u>9,142,659</u>	<u>-</u>	<u>-</u>	<u>9,142,659</u>
CHANGES IN NET ASSETS	<u>(713,302)</u>	<u>1,292,613</u>	<u>579,311</u>	<u>298,979</u>	<u>(234,000)</u>	<u>644,290</u>
NET ASSETS						
Beginning of year	2,825,410	23,693,128	26,518,538	24,542,830	14,138,543	65,199,911
End of year	<u>\$2,112,108</u>	<u>\$24,985,741</u>	<u>\$27,097,849</u>	<u>\$24,841,809</u>	<u>\$13,904,543</u>	<u>\$65,844,201</u>

See accompanying notes

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

STATEMENTS OF CASH FLOWS

Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Changes in net assets</i>	\$ (3,712,822)	\$ 644,290
<i>Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:</i>		
Depreciation	334,180	349,571
Net realized and unrealized (gain) loss on investments	1,065,571	(1,144,632)
Change in value of beneficial interest in perpetual trusts	236,000	234,000
(Increase) decrease in		
Grants receivable	63,746	177,914
Contributions receivable	131,622	139,117
Prepaid expenses	84,156	(33,852)
Increase (decrease) in		
Accounts payable and accrued expenses	<u>360,850</u>	<u>(73,081)</u>
Net cash provided by (used for) operating activities	<u>(1,436,697)</u>	<u>293,327</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	(2,045,127)	16,285,776
Purchase of investments	3,812,414	(16,228,816)
Additions to land, buildings, building improvements, equipment and furniture and fixtures	<u>(447,933)</u>	<u>(160,538)</u>
Net cash provided by (used for) investing activities	<u>1,319,354</u>	<u>(103,578)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings (repayments) on line of credit	<u>(334,000)</u>	<u>497,000</u>
Change in cash	(451,343)	686,749
CASH		
Beginning of year	<u>1,115,082</u>	<u>428,333</u>
End of year	<u>\$ 663,739</u>	<u>\$ 1,115,082</u>

See accompanying notes

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

(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 statements 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:

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

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.

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 statements 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 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.

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 statements of activities as **"net assets released from restrictions."**

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

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 statements 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. 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) 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 2017. Contributions receivable are expected to be collected as shown in **Note 3**.

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

(3) CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Receivable in less than one year	\$ 92,074	\$198,696
Receivable in one to five years	<u>25,000</u>	<u>50,000</u>
Contributions receivable, net	<u>\$117,074</u>	<u>\$248,696</u>

Contributions receivable are measured at fair value using Level 2 valuation inputs.

(4) INVESTMENTS

The fair value of ECS' investments at June 30, 2016 and 2015 is summarized as follows:

	<u>2016</u>	<u>2015</u>
Cash equivalents and accrued income	\$ 2,715,246	\$ 956,441
Bond mutual funds	15,244,625	14,459,991
Common stock mutual funds	15,183,108	19,560,227
Common stock exchange traded funds	1,556,069	1,406,792
Marketable equity securities	<u>23,354,201</u>	<u>24,502,656</u>
	<u>\$58,053,249</u>	<u>\$60,886,107</u>

Investment fees were \$236,225 and \$211,635 for the years ended June 30, 2016 and 2015, respectively.

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

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

As of June 30, 2016 and 2015, land, buildings, building improvements, equipment, and furniture and fixtures consist of:

	<u>2016</u>	<u>2015</u>
Land	\$ 40,000	\$ 40,000
Buildings	2,335,231	2,024,569
Building improvements	2,367,857	2,367,857
Equipment, and furniture and fixtures	<u>2,076,608</u>	<u>1,939,337</u>
	6,819,696	6,371,763
Less accumulated depreciation	<u>(4,289,591)</u>	<u>(3,955,411)</u>
	<u>\$ 2,530,105</u>	<u>\$ 2,416,352</u>

For the years ended June 30, 2016 and 2015, depreciation expense was \$334,180 and \$349,571, respectively.

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

(6) RETIREMENT PLANS

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 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.

Clergy Retirement Plan

All Episcopal clergy employed by ECS are enrolled in The Church Pension Fund as required by national and diocesan canons.

Total pension expense for both plans was \$109,458 and \$78,793 for the years ended June 30, 2016 and 2015, respectively.

(7) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>June 30, 2016</u>
Endowment appreciation	\$23,392,809	\$ 64,208	\$(1,749,000)	\$21,708,017
Center for innovation and impact	200,000	-	(100,129)	99,871
Emergency and special needs	15,000	15,000	(15,000)	15,000
St. Barnabas Mission	20,000	35,000	(20,000)	35,000
Youth center and SYS	415,000	97,500	(415,000)	97,500
Future programs	650,000	-	(150,000)	500,000
Community outreach program	-	214,500	-	214,500
Other	32,000	158,500	(32,000)	158,500
Available for future periods	<u>117,000</u>	<u>40,000</u>	<u>(67,000)</u>	<u>90,000</u>
	<u>\$24,841,809</u>	<u>\$ 624,708</u>	<u>\$(2,548,129)</u>	<u>\$22,918,388</u>

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>June 30, 2015</u>
Endowment appreciation	\$23,708,026	\$1,319,783	\$(1,635,000)	\$23,392,809
Center for innovation and impact	338,260	-	(138,260)	200,000
Emergency and special needs	15,000	15,000	(15,000)	15,000
St. Barnabas Mission	35,000	20,000	(35,000)	20,000
Education initiatives	200,000	-	(200,000)	-
Youth center and SYS	95,000	415,000	(95,000)	415,000
Future programs	-	650,000	-	650,000
Other	-	32,000	-	32,000
Available for future periods	<u>151,544</u>	<u>42,000</u>	<u>(76,544)</u>	<u>117,000</u>
	<u>\$24,542,830</u>	<u>\$2,493,783</u>	<u>\$(2,194,804)</u>	<u>\$24,841,809</u>

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

(8) PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of the following:

	<u>2016</u>	<u>2015</u>
Endowments	\$12,218,543	\$12,218,543
Beneficial interest in perpetual trusts	<u>1,450,000</u>	<u>1,686,000</u>
	<u>\$13,668,543</u>	<u>\$13,904,543</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 5.19% of a moving 13 quarter average of the fair value of the endowment fund.

Changes in the endowment assets for the years ended June 30, 2016 and 2015 are as follows:

	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at June 30, 2015	\$24,860,929	\$23,392,809	\$12,218,543	\$60,472,281
Contributions	63,421	-	-	63,421
Interest and dividends	382,544	713,749	-	1,096,293
Realized and unrealized gain (loss)	(340,409)	(649,541)	-	(989,950)
Endowment spending policy	(883,200)	(1,749,000)	-	(2,632,200)
Other transfers	<u>(1,167,000)</u>	<u>-</u>	<u>-</u>	<u>(1,167,000)</u>
Balance at June 30, 2016	<u>\$22,916,285</u>	<u>\$21,708,017</u>	<u>\$12,218,543</u>	<u>\$56,842,845</u>
	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance at June 30, 2014	\$23,486,741	\$23,708,026	\$12,218,543	\$59,413,310
Contributions	1,242,075	-	-	1,242,075
Interest and dividends	525,758	678,204	-	1,203,962
Realized and unrealized gain	524,355	641,579	-	1,165,934
Endowment spending policy	<u>(918,000)</u>	<u>(1,635,000)</u>	<u>-</u>	<u>(2,553,000)</u>
Balance at June 30, 2015	<u>\$24,860,929</u>	<u>\$23,392,809</u>	<u>\$12,218,543</u>	<u>\$60,472,281</u>

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

(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 March 2017. Advances under this credit line are not collateralized. Advances on this bank credit line were \$163,000 and \$497,000 at June 30, 2016 and 2015, respectively.

(11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 27, 2016, 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 FUNCTIONAL EXPENSES

Year ended June 30, 2016 with comparative totals for 2015

	Program Services						
	<u>SYS</u>	<u>RISE</u>	<u>St. Barnabas Mission</u>	<u>Housing FaSST</u>	<u>OST Programs</u>	<u>Homemaker Services</u>	<u>CORP Programs</u>
PERSONNEL EXPENSES							
Salaries	\$ 218,929	\$ 120,753	\$ 1,156,891	\$ 449,245	\$ 656,176	\$ 1,305,389	\$ 28,870
Payroll taxes and employee benefits	65,099	35,906	335,485	133,584	142,409	410,319	8,585
Total personnel expenses	284,028	156,659	1,492,376	582,829	798,585	1,715,708	37,455
OPERATING EXPENSES							
Building contracts and other contract services	-	-	89,388	-	559	-	1,515
Specific assistance:							
Board/foster care	-	-	-	-	-	-	-
Other	-	-	58,445	476,757	102	-	4,397
Consultant fees	-	800	4,044	50,900	12,525	68,048	-
Staff recruitment	486	238	245	-	807	2,081	55
Insurance	2,230	2,230	27,419	7,806	23,419	24,534	1,115
Telephone and utilities	28,298	7,931	62,366	5,414	7,541	27,543	14,974
Postage and photocopier	-	-	8,564	-	5,145	-	-
Staff travel and training	590	2,389	7,601	1,323	2,905	20,229	433
Office supplies	16,308	4,491	2,900	2,553	2,861	9,901	2,029
Legal and audit fees	565	565	5,922	1,974	5,923	13,851	282
Publicity and printing	-	-	-	-	-	724	-
Appeals/special events	-	-	3,342	-	-	-	2,196
Other	32,663	110,343	28,397	4,575	176,545	15,935	193
Total expenses before depreciation	365,168	285,646	1,791,009	1,134,131	1,036,917	1,898,554	64,644
Depreciation	59,204	16,303	103,646	9,267	-	35,945	1,511
Total functional expenses	\$ 424,372	\$ 301,949	\$ 1,894,655	\$ 1,143,398	\$ 1,036,917	\$ 1,934,499	\$ 66,155

<u>HUB Center</u>	<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>2016</u>	<u>2015</u>
\$ 90,369	\$ 21,506	\$ 110,583	\$ 74,841	\$ 4,233,552	\$ 615,978	\$ 260,273	\$ 876,251	\$ 5,109,803	\$ 4,968,699
26,871	6,083	32,882	22,253	1,219,476	180,230	77,393	257,623	1,477,099	1,473,489
117,240	27,589	143,465	97,094	5,453,028	796,208	337,666	1,133,874	6,586,902	6,442,188
-	-	-	-	91,462	66,731	-	66,731	158,193	193,694
-	-	-	-	-	-	-	-	-	122,835
-	-	-	-	539,701	53,217	-	53,217	592,918	565,290
2,159	-	5,162	-	143,638	65,931	56,409	122,340	265,978	180,292
63	-	652	-	4,627	4,648	-	4,648	9,275	6,588
2,230	1,115	2,231	4,462	98,791	36,626	2,231	38,857	137,648	133,178
1,885	-	2,510	5,264	163,726	13,668	4,342	18,010	181,736	135,266
-	-	-	433	14,142	38,056	-	38,056	52,198	56,605
1,480	-	834	6,320	44,104	29,671	11,514	41,185	85,289	90,825
1,109	-	1,097	3,783	47,032	-	2,316	2,316	49,348	19,552
565	282	565	1,120	31,614	24,515	565	25,080	56,694	130,231
-	-	-	-	724	170,283	500	170,783	171,507	89,581
-	-	-	615	6,153	28	37,157	37,185	43,338	34,783
3,930	18,767	8,888	143,056	543,292	155,348	20,099	175,447	718,739	576,631
130,661	47,753	165,404	262,147	7,182,034	1,454,930	472,799	1,927,729	9,109,763	8,777,539
4,028	-	3,981	9,026	242,911	83,392	7,877	91,269	334,180	349,571
<u>\$ 134,689</u>	<u>\$ 47,753</u>	<u>\$ 169,385</u>	<u>\$ 271,173</u>	<u>\$ 7,424,945</u>	<u>\$ 1,538,322</u>	<u>\$ 480,676</u>	<u>\$ 2,018,998</u>	<u>\$ 9,443,943</u>	<u>\$ 9,127,110</u>

EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA

SCHEDULE OF FUNCTIONAL EXPENSES

Year ended June 30, 2015

	Program Services				
	Parenting SYS & WFD	Foster Care	Housing FaSST	St. Barnabas Mission	Homemaker Services
PERSONNEL EXPENSES					
Salaries	\$ 269,988	\$ 181,176	\$ 416,899	\$ 1,308,263	\$ 1,156,170
Payroll taxes and employee benefits	<u>81,212</u>	<u>54,496</u>	<u>125,400</u>	<u>384,616</u>	<u>389,319</u>
Total personnel expenses	351,200	235,672	542,299	1,692,879	1,545,489
OPERATING EXPENSES					
Building contracts and other contract services	25,259	1,465	2,930	104,889	13,108
Specific assistance:					
Board/foster care	-	122,835	-	-	-
Other	-	3,951	488,769	57,570	-
Consultant fees	-	-	50,904	1,260	12,869
Staff recruitment	269	343	99	514	3,117
Insurance	11,854	2,970	3,056	27,730	23,702
Telephone and utilities	12,902	1,673	2,585	75,076	14,533
Postage and photocopier	11,514	668	1,336	10,782	5,975
Staff travel and training	3,160	1,374	1,175	4,962	29,528
Office supplies	3,990	231	463	2,522	2,071
Legal and audit fees	2,986	749	770	6,370	50,267
Publicity and printing	-	-	-	-	15,598
Appeals/special events	-	-	-	4,334	-
Other	<u>81,781</u>	<u>5,720</u>	<u>3,344</u>	<u>25,822</u>	<u>12,659</u>
Total expenses before depreciation	504,915	377,651	1,097,730	2,014,710	1,728,916
Depreciation	<u>72,374</u>	<u>4,198</u>	<u>8,395</u>	<u>96,507</u>	<u>37,555</u>
Total functional expenses	<u>\$ 577,289</u>	<u>\$ 381,849</u>	<u>\$ 1,106,125</u>	<u>\$ 2,111,217</u>	<u>\$ 1,766,471</u>

					Support Services				
<u>Health Care Services</u>	<u>OST Programs</u>	<u>Volunteer Services</u>	<u>Education Initiatives</u>	<u>HUB Center</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total</u>
\$ 80,320	\$ 471,962	\$ 124,082	\$ 16,727	\$ 60,637	\$ 4,086,224	\$ 633,193	\$ 249,282	\$ 882,475	\$ 4,968,699
<u>29,660</u>	<u>100,732</u>	<u>38,083</u>	<u>5,031</u>	<u>18,239</u>	<u>1,226,788</u>	<u>185,551</u>	<u>61,150</u>	<u>246,701</u>	<u>1,473,489</u>
109,980	572,694	162,165	21,758	78,876	5,313,012	818,744	310,432	1,129,176	6,442,188
1,151	483	3,781	249	1,151	154,466	36,226	3,002	39,228	193,694
-	-	-	-	-	122,835	-	-	-	122,835
-	-	-	-	-	550,290	15,000	-	15,000	565,290
-	7,645	-	-	-	72,678	65,512	42,102	107,614	180,292
663	844	79	-	-	5,928	540	120	660	6,588
2,223	20,558	5,924	2,223	2,223	102,463	28,492	2,223	30,715	133,178
727	2,870	2,998	160	557	114,081	19,733	1,452	21,185	135,266
525	5,484	1,800	113	525	38,722	16,514	1,369	17,883	56,605
667	2,966	3,519	-	888	48,239	35,714	6,872	42,586	90,825
182	3,074	602	39	182	13,356	5,722	474	6,196	19,552
560	5,180	15,523	560	560	83,525	46,146	560	46,706	130,231
-	-	2,215	-	-	17,813	35,884	35,884	71,768	89,581
-	-	2,829	-	74	7,237	-	27,546	27,546	34,783
<u>15,985</u>	<u>90,686</u>	<u>149,150</u>	<u>2,055</u>	<u>7,618</u>	<u>394,820</u>	<u>170,943</u>	<u>10,868</u>	<u>181,811</u>	<u>576,631</u>
132,663	712,484	350,585	27,157	92,654	7,039,465	1,295,170	442,904	1,738,074	8,777,539
<u>3,298</u>	<u>-</u>	<u>10,832</u>	<u>712</u>	<u>3,298</u>	<u>237,169</u>	<u>103,800</u>	<u>8,602</u>	<u>112,402</u>	<u>349,571</u>
<u>\$ 135,961</u>	<u>\$ 712,484</u>	<u>\$ 361,417</u>	<u>\$ 27,869</u>	<u>\$ 95,952</u>	<u>\$ 7,276,634</u>	<u>\$ 1,398,970</u>	<u>\$ 451,506</u>	<u>\$ 1,850,476</u>	<u>\$ 9,127,110</u>



**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, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2016.

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
October 27, 2016



**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, 2016, and have issued our report thereon dated October 27, 2016. 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 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
October 27, 2016**

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, 2016								
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 Education	233,308	-	-	-	-	233,308			
67	U.S. Dept. of Housing and Urban Development	499,200	-	-	-	-	499,200			
71	State Government (Specify)	-	-	-	-	-	-			
72	Comm. Of PA, Dept. of Public Welfare	174,029	-	-	-	-	174,029			
73	Medicaid	580,117	-	-	-	-	580,117			
74	Phila. DHS	853,400	388,000	50,000	311,100	104,300	-			
75	Phila. DHS Comm. Block Grants	-	-	-	-	-	-			
76	Phila. Office of Supportive Housing	714,459	-	-	-	-	714,459			
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)	130,550	-	-	-	-	130,550			
87	Endowment Funds	-	-	-	-	-	-			
88	Rental Income	-	-	-	-	-	-			
89	Foundations	440,174	-	-	-	-	440,174			
90	United Way	-	-	-	-	-	-			
91	Program Income	239,237	-	-	-	-	239,237			
92	Donations/Misc Income	1,866,647	-	-	-	-	1,866,647			
93	Client Fee	-	-	-	-	-	-			
95	Grand Total	5,731,121	388,000	50,000	311,100	104,300	4,877,721			

REPORT OF FUNCTIONAL EXPENDITURES Year Ended June 30, 2016		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	4,849,530	501,187	25,248	350,559	157,180	3,815,356		
1	Administration	-	-	-	-	-	-		
2	Professional	-	-	-	-	-	-		
3	Clerical	-	-	-	-	-	-		
4	Maintenance & Services	-	-	-	-	-	-		
5	Childcare & Activities	-	-	-	-	-	-		
6	F.I.C.A. (Employer Share)	373,273	28,976	768	20,760	9,583	313,186		
7	Unemployment Compensation	57,900	2,382	352	3,220	1,486	50,460		
8	Workmen's Compensation	131,599	3,323	386	3,532	1,630	122,728		
9	Employee Benefits	836,934	107,068	4,173	45,081	24,438	656,174		
10	Other (Specify)	-	-	-	-	-	-		
11	Total Social Services and Child Care	6,249,236	642,936	30,927	423,152	194,317	4,957,904		
30	TOTAL SALARIES AND WAGES	6,249,236	642,936	30,927	423,152	194,317	4,957,904		
	OPERATING EXPENSE AND ADMIN.								
31	Prof. Fees & Contract Payments	265,698	60,501	832	8,750	4,300	191,315		
32	Supplies	56,307	2,945	28	2,160	899	50,275		
33	Telephone	39,505	2,229	83	1,591	1,066	34,536		
34	Postage & Shipping	15,058	1,103	79	1,297	547	12,032		
35	Local Transportation	55,317	2,928	116	2,138	913	49,222		
36	Outside Printing etc	37,140	2,106	152	3,212	1,412	30,258		
37	Conferences, conventions & meetings	18,458	897	65	966	648	15,882		
38	Subscriptions, publications	-	-	-	-	-	-		
39	Membership dues	-	-	-	-	-	-		
40	Awards & grants	-	-	-	-	-	-		
41	Equip. Furn. & Mtr. Vehicle rentals	-	-	-	-	-	-		
42	Equip. Furn. & Mtr. Vehicle Depr. & Amort.	-	-	-	-	-	-		
43	Fundraising	480,676	-	-	-	-	480,676		
44	Other (Specify)	-	-	-	-	-	-		
44a	Insurance	135,417	10,894	1,338	13,189	5,401	104,595		
44b	Marketing	171,007	14,359	1,035	9,470	4,372	141,771		
44c	Miscellaneous	704,821	17,677	19,711	44,902	22,179	600,352		
45	Total Social Services & Child Care	1,979,404	115,639	23,439	87,675	41,737	1,710,914		
	OCCUPANCY								
50	Office Rent	18,650	-	-	-	-	18,650		
52	Building & Grounds Maint. & Repairs	158,193	5,627	405	4,270	1,713	146,178		
53	Utilities	119,239	4,338	-	-	-	114,901		
56	Depreciation	326,303	16,299	507	4,638	2,141	302,718		
58	Total Social Services & Child Care	622,385	26,264	912	8,908	3,854	582,447		
62	TOTAL OCCUPANCY EXPENSE	622,385	26,264	912	8,908	3,854	582,447		
	CHILDREN'S DIRECT EXPENSE								
63	Food or Board Payments	494,177	-	-	-	-	494,177		
65	Clothing, Cleaning & Repairing	71,933	323	323	2,960	1,366	66,961		
66	Activities, Recreation and Camp	-	-	-	-	-	-		
70	Other (Specify) Specific Assistance	26,808	-	-	-	-	26,808		
71	Total Social Services & Child Care	592,918	323	323	2,960	1,366	587,946		
75	TOTAL CHILDREN'S DIRECT	592,918	323	323	2,960	1,366	587,946		
	GRAND TOTAL EXPENSES								
76	CHILD CARE & SOCIAL SERVICES	9,443,943	785,162	55,601	522,695	241,274	7,839,211		
81	GRAND TOTAL ALL EXPENSES	9,443,943	785,162	55,601	522,695	241,274	7,839,211		



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

**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, 2016, and have issued our report thereon dated October 27, 2016. 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 reconciliation 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
October 27, 2016**

**EPISCOPAL COMMUNITY SERVICES OF THE DIOCESE OF PENNSYLVANIA
OFFICE OF SUPPORTIVE HOUSING (OSH)
CITY OF PHILADELPHIA CONTRACT NUMBER 15-20133-01**

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

JULY 1, 2015 TO JUNE 30, 2016

<u>Contract Categories</u>	<u>Cumulative Expenses</u>				<u>Other Adjustments</u>				<u>Remaining Balance</u>			
	<u>Supportive Services</u>	<u>Admin Costs</u>	<u>Leasing</u>	<u>OSH Match</u>	<u>Supportive Services</u>	<u>Admin Costs</u>	<u>Leasing</u>	<u>OSH Match</u>	<u>Supportive Services</u>	<u>Admin Costs</u>	<u>Leasing</u>	<u>OSH Match</u>
Direct Personnel	\$648,327	\$ -	\$ -	\$648,327	\$ -	\$ -	\$ -	\$ -	\$648,327	\$ -	\$ -	\$648,327
Fringe Benefits	<u>181,673</u>	<u>-</u>	<u>-</u>	<u>181,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,673</u>	<u>-</u>	<u>-</u>	<u>181,673</u>
Total	<u>\$830,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$830,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$830,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$830,000</u>