

Financial Statements and Report of
Independent Certified Public Accountants

**Catholic Social Services of the
Archdiocese of Philadelphia**

June 30, 2016 and 2015

Contents

	Page
Report of Independent Certified Public Accountants	3
Financial statements	
Statements of financial position	5
Statements of activities	7
Statements of cash flows	9
Notes to financial statements	10
Supplementary information	
Schedule of revenue	27
Schedule of operating expenses	29



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Report of Independent Certified Public Accountants

Board of Directors
Catholic Social Services of the Archdiocese of Philadelphia
Philadelphia, Pennsylvania

Report on the financial statements

We have audited the accompanying financial statements of Catholic Social Services of the Archdiocese of Philadelphia (the “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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 auditing standards generally accepted in the United States of America. Those standards 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 Organization’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 Organization’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.

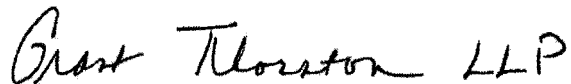
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Social Services of the Archdiocese of Philadelphia as of June 30, 2016 and 2015, and its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of revenue and operating expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary 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. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, flowing style.

Philadelphia, Pennsylvania

February 27, 2017

STATEMENT OF FINANCIAL POSITION

June 30, 2016

ASSETS	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Current assets				
Cash and cash equivalents	\$ 4,022,075	\$ 12,824	\$ 12,875	\$ 4,047,774
Accounts receivable - public agencies, less allowance of \$68,241	1,906,849	-	-	1,906,849
Accounts receivable - Archdiocese of Philadelphia	-	700,000	-	700,000
Accounts receivable - other	275,230	-	-	275,230
Related party note receivable - Archdiocese of Philadelphia	171,226	-	-	171,226
Pledges receivable - Office of Development, United Way, net	44,891	-	-	44,891
Prepaid expenses and other assets	651,551	-	-	651,551
Escrow client funds	28,871	-	-	28,871
Due from affiliated institutions	11,071,358	-	-	11,071,358
Total current assets	<u>18,172,051</u>	<u>712,824</u>	<u>12,875</u>	<u>18,897,750</u>
Noncurrent assets				
Accounts receivable - Archdiocese of Philadelphia	-	2,450,000	-	2,450,000
Property, plant and equipment, net	3,612,784	-	-	3,612,784
Related party note receivable - Archdiocese of Philadelphia, net of current portion	7,480,931	-	-	7,480,931
Investments - Board designated	3,987,875	-	-	3,987,875
Investments	-	114,952	-	114,952
Trusts held by third parties	-	-	271,631	271,631
Total assets	<u>\$ 33,253,641</u>	<u>\$ 3,277,776</u>	<u>\$ 284,506</u>	<u>\$ 36,815,923</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued expenses	\$ 972,841	\$ -	\$ -	\$ 972,841
Salaries and wages payable	631,395	-	-	631,395
Program advances	164,466	-	-	164,466
Escrow client funds	28,871	-	-	28,871
Total current liabilities	<u>1,797,573</u>	<u>-</u>	<u>-</u>	<u>1,797,573</u>
Long-term related party loans payable	13,300,000	-	-	13,300,000
Total liabilities	15,097,573	-	-	15,097,573
Net assets				
Unrestricted	18,156,068	-	-	18,156,068
Temporarily restricted	-	3,277,776	-	3,277,776
Permanently restricted	-	-	284,506	284,506
Total net assets	<u>18,156,068</u>	<u>3,277,776</u>	<u>284,506</u>	<u>21,718,350</u>
Total liabilities and net assets	<u>\$ 33,253,641</u>	<u>\$ 3,277,776</u>	<u>\$ 284,506</u>	<u>\$ 36,815,923</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT OF FINANCIAL POSITION

June 30, 2015

ASSETS	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Current assets				
Cash and cash equivalents	\$ 11,749,647	\$ 322,824	\$ 12,875	\$ 12,085,346
Accounts receivable - public agencies, less allowance of \$70,000	1,041,432	-	-	1,041,432
Accounts receivable - Archdiocese of Philadelphia	-	350,000	-	350,000
Accounts receivable - other	184,934	-	-	184,934
Related party note receivable - Archdiocese of Philadelphia	135,190	-	-	135,190
Pledges receivable - Office of Development, United Way, net	72,715	-	-	72,715
Prepaid expenses and other assets	369,310	-	-	369,310
Escrow client funds	39,623	-	-	39,623
Due from affiliated institutions	5,940,891	-	-	5,940,891
	<u>19,533,742</u>	<u>672,824</u>	<u>12,875</u>	<u>20,219,441</u>
Noncurrent assets				
Accounts receivable - Archdiocese of Philadelphia	-	2,800,000	-	2,800,000
Property, plant and equipment, net	4,021,392	-	-	4,021,392
Related party note receivable - Archdiocese of Philadelphia, net of current portion	8,470,828	-	-	8,470,828
Investments - Board designated	5,877,004	-	-	5,877,004
Investments	-	120,637	-	120,637
Trusts held by third parties	-	-	263,080	263,080
	<u>\$ 37,902,966</u>	<u>\$ 3,593,461</u>	<u>\$ 275,955</u>	<u>\$ 41,772,382</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued expenses	\$ 1,394,555	\$ -	\$ -	\$ 1,394,555
Salaries and wages payable	667,188	-	-	667,188
Program advances	252,414	-	-	252,414
Escrow client funds	39,623	-	-	39,623
	<u>2,353,780</u>	<u>-</u>	<u>-</u>	<u>2,353,780</u>
Long-term related party loans payable	<u>13,300,000</u>	<u>-</u>	<u>-</u>	<u>13,300,000</u>
	15,653,780	-	-	15,653,780
Net assets				
Unrestricted	22,249,186	-	-	22,249,186
Temporarily restricted	-	3,593,461	-	3,593,461
Permanently restricted	-	-	275,955	275,955
	<u>22,249,186</u>	<u>3,593,461</u>	<u>275,955</u>	<u>26,118,602</u>
Total liabilities and net assets	<u>\$ 37,902,966</u>	<u>\$ 3,593,461</u>	<u>\$ 275,955</u>	<u>\$ 41,772,382</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT OF ACTIVITIES

Year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Operating revenue				
Governmental revenue	\$ 8,691,576	\$ -	\$ -	\$ 8,691,576
Fees for services	4,761,537	-	-	4,761,537
Rental income	375,503	-	-	375,503
Contributed rent	649,300	-	-	649,300
Contributed services and goods	1,614,030	-	-	1,614,030
Net assets released from restrictions	466,507	(466,507)	-	-
Total operating revenue	<u>16,558,453</u>	<u>(466,507)</u>	<u>-</u>	<u>16,091,946</u>
Operating expenses				
Salaries, wages and other payroll costs	12,730,349	-	-	12,730,349
Administrative and general expenses	8,647,809	-	-	8,647,809
Occupancy	2,315,055	-	-	2,315,055
Depreciation	614,134	-	-	614,134
Interest	532,000	-	-	532,000
Direct expenses of care	1,365,473	-	-	1,365,473
Total operating expenses	<u>26,204,820</u>	<u>-</u>	<u>-</u>	<u>26,204,820</u>
Deficiency of operating revenue under operating expenses	<u>(9,646,367)</u>	<u>(466,507)</u>	<u>-</u>	<u>(10,112,874)</u>
Other revenue (expense)				
Appropriation from Catholic Charities Appeal	3,485,804	-	-	3,485,804
Donations/bequests/other	2,093,963	148,909	-	2,242,872
Dividend and interest income	47,861	512	-	48,373
Net realized and unrealized (losses) gains on investments	(74,379)	1,401	8,551	(64,427)
Total other revenue	<u>5,553,249</u>	<u>150,822</u>	<u>8,551</u>	<u>5,712,622</u>
Change in net assets	(4,093,118)	(315,685)	8,551	(4,400,252)
Net assets				
Beginning of year	<u>22,249,186</u>	<u>3,593,461</u>	<u>275,955</u>	<u>26,118,602</u>
End of year	<u>\$ 18,156,068</u>	<u>\$ 3,277,776</u>	<u>\$ 284,506</u>	<u>\$ 21,718,350</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT OF ACTIVITIES

Year ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Operating revenue				
Governmental revenue	\$ 10,761,921	\$ -	\$ -	\$ 10,761,921
Fees for services	4,560,915	-	-	4,560,915
Rental income	336,537	-	-	336,537
Contributed rent	552,500	-	-	552,500
Contributed services and goods	1,437,850	-	-	1,437,850
Net assets released from restrictions	<u>236,609</u>	<u>(236,609)</u>	<u>-</u>	<u>-</u>
Total operating revenue	<u>17,886,332</u>	<u>(236,609)</u>	<u>-</u>	<u>17,649,723</u>
Operating expenses				
Salaries, wages and other payroll costs	14,351,270	-	-	14,351,270
Administrative and general expenses	5,632,823	-	-	5,632,823
Occupancy	2,174,602	-	-	2,174,602
Depreciation	655,597	-	-	655,597
Interest	532,000	-	-	532,000
Direct expenses of care	<u>1,516,509</u>	<u>-</u>	<u>-</u>	<u>1,516,509</u>
Total operating expenses	<u>24,862,801</u>	<u>-</u>	<u>-</u>	<u>24,862,801</u>
Deficiency of operating revenue under operating expenses	<u>(6,976,469)</u>	<u>(236,609)</u>	<u>-</u>	<u>(7,213,078)</u>
Other revenue (expense)				
Appropriation from Catholic Charities Appeal	3,546,917	-	-	3,546,917
Contribution revenue - Archdiocese of Philadelphia	350,000	3,150,000	-	3,500,000
Donations/bequests/other	2,873,052	310,000	-	3,183,052
Distribution to other facilities	(81,609)	-	-	(81,609)
Dividend and interest income	83,603	673	814	85,090
Net realized and unrealized gains (losses) on investments	<u>46,456</u>	<u>608</u>	<u>(3,733)</u>	<u>43,331</u>
Total other revenue (expense)	<u>6,818,419</u>	<u>3,461,281</u>	<u>(2,919)</u>	<u>10,276,781</u>
Change in net assets	(158,050)	3,224,672	(2,919)	3,063,703
Net assets				
Beginning of year	<u>22,407,236</u>	<u>368,789</u>	<u>278,874</u>	<u>23,054,899</u>
End of year	<u>\$ 22,249,186</u>	<u>\$ 3,593,461</u>	<u>\$ 275,955</u>	<u>\$ 26,118,602</u>

The accompanying notes are an integral part of this financial statement.

Catholic Social Services of the Archdiocese of Philadelphia

STATEMENTS OF CASH FLOWS

Year ended June 30,

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ (4,400,252)	\$ 3,063,703
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	614,134	655,597
Net realized and unrealized losses (gains) on investments	64,427	(43,331)
Changes in operating assets and liabilities		
Accounts receivable - public agencies	(865,417)	1,742,049
Accounts receivable - Archdiocese of Philadelphia	-	(3,150,000)
Accounts receivable - other	(90,296)	372,112
Pledges receivable - Office of Development, United Way	27,824	7,957
Prepaid expenses and other assets	(282,241)	147,282
Due to/from affiliated institutions	(5,130,467)	(5,405,484)
Accounts payable and accrued expenses	(421,714)	(565,195)
Salaries and wages payable	(35,793)	(42,885)
Program advances	<u>(87,948)</u>	<u>162,318</u>
Net cash used in operating activities	<u>(10,607,743)</u>	<u>(3,055,877)</u>
Cash flows from investing activities		
Capital expenditures	(205,526)	(483,825)
Purchases and sales of investments, net	1,821,836	(72,174)
Proceeds from note receivable - Archdiocese of Philadelphia	<u>953,861</u>	<u>174,088</u>
Net cash provided by (used in) investing activities	<u>2,570,171</u>	<u>(381,911)</u>
Decrease in cash and cash equivalents	(8,037,572)	(3,437,788)
Cash and cash equivalents		
Beginning of year	<u>12,085,346</u>	<u>15,523,134</u>
End of year	<u>\$ 4,047,774</u>	<u>\$ 12,085,346</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

NOTE A - ORGANIZATION

Catholic Charities of the Archdiocese of Philadelphia, operating as Catholic Social Services of the Archdiocese of Philadelphia (“Catholic Social Services”) established in 1919, is a multi-faceted social services organization whose departments offer a wide range of services to meet the needs of children, adults and families including adoption and foster care programs. Catholic Social Services functions as a self-contained entity and maintains separate financial statements for each of its operations.

The accompanying financial statements include programs operated and administered by Catholic Social Services.

The Archdiocese of Philadelphia (the “Archdiocese”) was proclaimed a Catholic diocese in 1808 and raised to an Archdiocese in 1875. The Archdiocese oversees the activities of the Roman Catholic Church (the “Church”) for the five counties of Philadelphia, Bucks, Chester, Delaware and Montgomery in the southeastern part of the Commonwealth of Pennsylvania and is operated in accordance with the provisions of the 1983 Code of Canon Law, as amended, of the Church. Catholic Social Services, which is related, is operated separately and distinctly from the Archdiocese of Philadelphia.

Catholic Charities Appeal, a separate legal corporation and a related organization, raises money for certain organizations within the Archdiocese, including Catholic Social Services.

Effective July 1, 2015, the operations of St. John’s Hospice which had been part of Catholic Social Services prior to this date, were moved to a separate legal entity. A contribution of assets that were utilized for the operations of St. John’s Hospice was made by Catholic Social Services on this date and consisted of the following:

Investments	\$ 1,884,599
Related party loan receivable - Archdiocese of Philadelphia	772,704
Property, plant and equipment	360,602
Contribution	<u>300,000</u>
Total	<u>\$ 3,317,905</u>

The contribution to St. John’s Hospice is reflected as part of administrative and general expenses on the statements of activities, for the year ended June 30, 2016.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). Catholic Social Services presents its financial statements in accordance with the guidance set forth by the Financial Accounting Standards Board ("FASB") in regard to *Financial Statements of Not-for-Profit Organizations*. Accordingly, Catholic Social Services' net assets and its revenues, expenses, gains and losses are classified into three categories, based on the existence or absence of donor-imposed restrictions. The categories are permanently restricted, temporarily restricted and unrestricted net assets.

Permanently restricted net assets include the historical dollar amounts of contributions, including pledges, trusts and remainder interests, which are required by donors to be permanently retained. Capital appreciation, if permanently restricted by the donor or a third party, is included in permanently restricted net assets.

Temporarily restricted net assets include contributions, including pledges, trusts, remainder interests, income and appreciation which can be expended but for which restrictions have not yet been met. Such restrictions include purpose restrictions where donors have specified the purpose for which the net assets are to be spent, or time restrictions imposed by donors or implied by the nature of the gift.

Unrestricted net assets are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.

The accompanying financial statements include programs operated and administered by Catholic Social Services. Excluded are certain institutions of the Archdiocese for which Catholic Social Services performs certain administrative and accounting functions, including the collection and remittance of unemployment compensation contributions, and for which separate accounts are maintained by Catholic Social Services and for which separate reports are issued. The excluded entities (affiliated institutions and group homes) are as follows:

St. Joseph Catholic Home for Children	St. Edmond's Home for Crippled Children
St. Francis-St. Joseph Homes for Children	Don Guanella Village
St. Vincent's Services for Women and Children	Divine Providence Village
St. Joseph's House for Homeless Industrious Boys	St. Gabriel's System
St. Vincent's Orphans' Asylum of Tacony	Catholic Community Services
St. John's Hospice	

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Use of Estimates

The preparation of financial statements in conformity with US 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 revenues and expenses during the reporting period. The most significant management estimates and assumptions include the allowance for doubtful accounts, useful lives of depreciable assets and the fair value of investments. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

Catholic Social Services considers investments in highly liquid securities, authorized by management, purchased with a maturity of three months or less from the date purchased, to be cash equivalents. Catholic Social Services maintains cash balances with financial institutions that at times may exceed Federal Deposit Insurance Corporation limits. Management does not believe the credit risk related to these deposits to be significant.

4. Accounting for Long-Lived Assets

Catholic Social Services continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance may not be recoverable. When factors indicate that long-lived assets should be evaluated for possible impairment, Catholic Social Services uses an estimate of the related undiscounted operating income over the remaining life of the long-lived asset in measuring whether the long-lived asset is recoverable. The impairment loss on these assets is measured as the excess of the carrying amount of the asset over its fair value. Fair value is based on market prices where available, or discounted cash flows. Catholic Social Services believes that no revision to the remaining useful lives or write-down of long-lived assets were required at June 30, 2016 and 2015.

5. Escrow Client Funds

Catholic Social Services acts as trustee over funds held for its residents. Expenditures of resident funds are authorized by the residents or their families. Generally, the funds are used to cover the costs of personal items which are not covered by the daily general service charge or special charges. These funds are returned to the resident, family or estate upon discharge or death.

6. Investments

On April 30, 2015, various funds previously held in the Non-Pension Asset Portfolio (the "NPAP") were liquidated and re-invested with a newly hired investment company, SEI, a provider of institutional asset management services. SEI created two publicly traded Catholic Values mutual funds: the Catholic Values Equity Fund and the Catholic Values Fixed Income Fund ("Catholic Values Funds"), which provide Catholic institutions with high-quality investment products that align with their core values, without sacrificing diversification or return potential. Specifically, the Catholic Values Funds align with the investment directives set forth by the United States Conference of Catholic Bishops ("USCCB"). The Archdiocese appointed SEI Private Trust Company to act as custodian (the "Custodian") of the investments, which consist of certain cash and securities and are more fully described in Note C.

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments are reported at fair value. Realized gains and losses are reported to the participant monthly. Gains and losses created at the participant level due to sales are recorded in the specific participant accounts. Unrealized gains and losses are included in the statements of activities as net appreciation or depreciation in the fair value of investments.

7. Governmental Revenue

Catholic Social Services receives its funding through contracts with Pennsylvania, various cities and counties, federal programs and agreements with managed care and insurance organizations. These contracts/agreements generally fall into two categories: cost reimbursement and fee-for-service. The ultimate determination of amounts reimbursable under cost reimbursement contracts/agreements is based upon allowable costs to be reported and subject to audit by grantors and/or their agents.

Net program service revenues are from funding sources under cost reimbursement-type contracts for several of Catholic Social Services' programs. Catholic Social Services records revenues under such contracts as costs are incurred. For other programs, Catholic Social Services receives program service fees from funding sources under per diem-type contracts for certain programs and unit prices for outpatient services. Revenue for these programs is recorded when the services are provided. Retroactive adjustments are recorded in the period that final settlements are determined. Catholic Social Services recorded \$850,053 and \$1,942,923 as of June 30, 2016 and 2015, respectively, related to settlements received for fiscal years 2012 through 2015.

Catholic Social Services is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Government activity in the health care industry has increased with respect to investigations and allegations concerning possible violations of regulations by health care providers, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues of client services.

As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Management believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

8. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, Catholic Social Services reports the support as unrestricted. When a stipulated time restriction or purpose 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.

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions of long-lived assets received without donor stipulations are reported as unrestricted revenue at the fair value of the date of the gift. Contributions of other assets specified for the acquisition or construction of long-lived assets are reported as restricted support; those restrictions expire when the assets are placed in service.

Unconditional promises to give (“pledges”) are recorded as receivables and revenues within the appropriate net asset category, all of which will be collected within one year. See Note G for more information on pledges.

9. Allowance for Doubtful Accounts

Catholic Social Services continually monitors accounts receivable for collectability issues. The allowance is based upon management’s judgment and is determined by considering a number of factors, including the length of time accounts receivable are past due, Catholic Social Services’ previous loss history, the nature of the service provided and other pertinent factors. Catholic Social Services writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

10. Contributed Services, Goods and Rent

Contributed services and goods represents the difference between the stipend allowance paid for the religious personnel performing work for Catholic Social Services and the compensation which would be paid to lay persons possessing similar qualifications and performing similar work. In addition, contributed services and goods include food contributed to Catholic Social Services. Contributed rent includes rent on the premises used by Catholic Social Services which are owned by other entities within the Archdiocese and for which no rent is charged. These amounts are reported as both revenue and expenses in the statement of activities.

11. Property, Plant and Equipment

Land, buildings, building improvements, automobiles and equipment are capitalized at cost or at their fair market value if donated. Depreciation for fixed assets is computed on a straight-line basis over the estimated useful lives of the assets, which are as follows:

Building	20 years
Building improvements	20 years
Automobiles	5 years
Equipment	3 - 5 years

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*, to improve financial reporting by creating common revenue recognition guidance. The core principle of this guidance is that an entity should recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods and services at the date the performance obligation has occurred. ASU 2014-09 is effective for periods beginning after December 15, 2017. An entity will apply this update using either a full retrospective application, which applies the standard to each prior period presented, or under the modified retrospective application, in which an entity recognizes the cumulative effect of initially applying the new standard as an adjustment to the opening statement of financial position at the date of initial application. Catholic Social Services has not determined the impact of ASU 2014-09 at this time.

In August 2016, the FASB issued a new standard related to the presentation of financial statements of not-for-profit entities. This standard intends to make certain improvements to the current reporting requirements for not-for-profit entities including: (1) the presentation for two classes of net assets at the end of the period, rather than the currently required three classes, as well as the annual change in each of the two classes; (2) the removal of the requirement to present or disclose the indirect method (reconciliation) when using the direct method for the statement of cash flows; and (3) the requirement to provide various enhanced disclosures relating to various not-for-profit specific topics. The new standard is effective for annual financial statements beginning after December 15, 2017. Catholic Social Services has not determined the impact of the new standard at this time.

NOTE C - INVESTMENTS

The investment in the Trustee Account and other investments are reported at fair value and consist of the following:

Catholic Values Equity Fund (or “fund”) - Invests in common stocks and is managed by SEI. The equity fund is valued at the closing price of the traded fund.

Catholic Values Fixed Income Fund (or “fund”) - Invests in mutual funds, corporate obligations, United States Treasury obligations and municipal obligations and is managed by SEI. The fixed income fund is valued at the closing price of the traded fund.

Liquidity Sub-Account (or “fund”) - Investments are liquid in nature and invested in short-duration U.S. government bonds.

Account holders have the option of six asset classifications in which to invest. The options include a short-duration U.S. government bond fund, a 100% fixed income bond fund and four equity funds with varying fixed income to equity mixes of 30/70, 50/50, 60/40 or 70/30. The Investment Committee of the Archdiocese of Philadelphia (“Investment Committee”) has primary responsibility for determining fixed income to equity mix. The asset mix of the mutual funds is SEI’s responsibility.

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE C - INVESTMENTS - Continued

At June 30, 2016 and 2015, Catholic Social Services' investments are summarized and classified as follows:

<u>2016</u>	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Investment in SEI	\$ 3,987,875	\$ 114,952	\$ -	\$ 4,102,827
<u>2015</u>	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Investment in SEI	\$ 5,877,004	\$ 120,637	\$ -	\$ 5,997,641

Prior to April 30, 2015, the investment in the Trustee Account consisted of investments in the NPAP and other investment accounts. For administrative and other needs, the Archdiocese formed the NPAP to pool together certain investments in order to more efficiently manage the investments of various entities and related organizations within the Archdiocese. The investments in the NPAP were held by a custodian and were managed based on sub-accounts as follows:

Equity Sub-Account (or "fund") - Invested in common stocks and was managed by multiple investment managers.

Fixed Income Sub-Account (or "fund") - Invested in mutual funds, corporate obligations, United States Treasury obligations and municipal obligations and was managed by multiple investment managers.

Liquidity Sub-Account (or "fund") - Investments were liquid in nature and used to buy and sell units of the equity and fixed income funds or for expected short-term needs.

The NPAP was unitized on a periodic basis to allow for the investment, at unit value, by entities in the NPAP. Catholic Social Services' investment in the NPAP is stated at unit value.

The Investment Committee has primary responsibility for determining the asset investment allocations to be used. Management of the Archdiocese is responsible for ensuring that asset investment allocations among the funds are maintained as determined by the Investment Committee.

At June 30, 2016 and 2015, Catholic Social Services held the following categories of investments:

	<u>2016</u>	<u>2015</u>
Catholic Values Equity Fund	\$ 1,984,854	\$ 3,322,703
Catholic Values Fixed Income Fund	842,908	1,422,189
Liquidity sub-account	<u>1,275,065</u>	<u>1,252,749</u>
	<u>\$ 4,102,827</u>	<u>\$ 5,997,641</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE D - TRUSTS HELD BY THIRD PARTIES

Catholic Social Services is the beneficiary of individual trusts held in perpetuity by third parties. At June 30, 2016 and 2015, the allocable fair value of these trusts was \$271,631 and \$263,080, respectively, and is recorded as trusts held by third parties in the accompanying statements of financial position. During fiscal year 2016, Catholic Social Services recognized unrestricted income of \$2,721 and permanently restricted appreciation of \$8,551 related to these trusts. During fiscal year 2015, Catholic Social Services recognized unrestricted income of \$3,511 and permanently restricted depreciation of \$2,919 related to these trusts.

NOTE E - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and accumulated depreciation consist of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land	\$ 131,134	\$ 202,934
Buildings and improvements	6,238,251	7,004,784
Automobiles	4,902,471	4,359,894
Equipment	<u>2,078,101</u>	<u>2,129,382</u>
	13,349,957	13,696,994
Accumulated depreciation	<u>(9,737,173)</u>	<u>(9,675,602)</u>
Property, plant and equipment, net	<u>\$ 3,612,784</u>	<u>\$ 4,021,392</u>

Depreciation expense of \$614,134 and \$655,597 was incurred for the years ended June 30, 2016 and 2015, respectively.

NOTE F - ACCOUNTS RECEIVABLE - PUBLIC AGENCIES

At June 30, 2016 and 2015, Catholic Social Services had uncollateralized accounts receivable from various public agencies, primarily Philadelphia Department of Human Services ("DHS") and various City of Philadelphia departments, of \$1,902,919 and \$1,041,432, respectively. These balances potentially subject Catholic Social Services to a concentration of credit risk. Catholic Social Services monitors its funding arrangements with DHS and other public agencies.

NOTE G - PLEDGES RECEIVABLE - OFFICE OF DEVELOPMENT, UNITED WAY

Pledges receivable - Office of Development, United Way were \$44,891 and \$72,715, respectively, net of an allowance of \$13,532 and \$21,920, respectively, for fiscal years 2016 and 2015. Pledges receivable are expected to be realized in the following year.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE H - RELATED PARTY NOTE RECEIVABLE - ARCHDIOCESE OF PHILADELPHIA

In June 2012, the Archdiocese of Philadelphia and related entities entered into several Term Loan Agreements with participating Archdiocesan entities to retire outstanding external debt obligations. The transaction resulted in the inter-diocesan Term Loan Receivables and Term Loan Payables totaling \$71,357,582 at participating Archdiocesan entities, which included a loan receivable of \$9,109,791 recorded by Catholic Social Services. The loan receivable was refinanced on July 1, 2014, with terms as described below.

The loans are collateralized by first priority mortgage liens encumbering the following Archdiocesan high school premises: Bonner-Prendergrast High School, Pope John Paul II High School, Bishop Shanahan High School and Archbishop Wood High School. In addition, the Archdiocese of Philadelphia pledges the High School Revenue associated with these specific schools. The loans carry a fixed interest rate of 4% amortized over 28 years, maturing on June 1, 2042.

The future principal amounts receivable on the loans at June 30, 2016 are as follows:

2017	\$ 171,226
2018	178,178
2019	185,413
2020	192,942
2021	200,776
Thereafter	<u>6,723,622</u>
	<u>\$ 7,652,157</u>

NOTE I - RELATED PARTY LOANS PAYABLE

As of June 30, 2016 and 2015, Catholic Social Services had loans payable of \$8,900,000 to St. Joseph's House for Homeless Industrious Boys and \$4,400,000 to St. Edmond's Home for Crippled Children. The loans payable shall bear interest on the unpaid outstanding principal at an annual rate of 4%. Catholic Social Services used proceeds from the loans to provide lines of credit to affiliated corporations to support cash flow needs. The line of credit to each affiliated organization shall bear interest on the unpaid outstanding principal at an annual rate of 4%. Balances of the lines of credit are included in due from affiliated institutions on the statements of financial position. The financial statements of Catholic Social Services include \$532,000 in interest income and \$532,000 in interest expense for the years ended June 30, 2016 and 2015 from these lending transactions. There is no repayment schedule associated with these loans.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE J - FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities as of the measurement date.
- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value calculations may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Catholic Social Services believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the fair values of the investments held by Catholic Social Services by level within the fair value hierarchy, as of June 30, 2016 and 2015:

<u>2016</u>	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
Assets				
Investment in SEI	\$ 4,102,827	\$ -	\$ -	\$ 4,102,827
Trusts held by third parties	<u>-</u>	<u>-</u>	<u>271,631</u>	<u>271,631</u>
Total of assets at June 30, 2016	<u>\$ 4,102,827</u>	<u>\$ -</u>	<u>\$ 271,631</u>	<u>\$ 4,374,458</u>

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE J - FAIR VALUE MEASUREMENTS - Continued

<u>2015</u>	Quoted prices in active markets <u>(Level 1)</u>	Significant other observable inputs <u>(Level 2)</u>	Significant unobservable inputs <u>(Level 3)</u>	Total fair value
Assets				
Investment in SEI	\$ 5,997,641	\$ -	\$ -	\$ 5,997,641
Trusts held by third parties	<u>-</u>	<u>-</u>	<u>263,080</u>	<u>263,080</u>
Total of assets at June 30, 2015	<u>\$ 5,997,641</u>	<u>\$ -</u>	<u>\$ 263,080</u>	<u>\$ 6,260,721</u>

The following table is a roll-forward of the statements of financial position amounts for financial instruments classified within Level 3 of the fair value hierarchy defined above:

	<u>Trusts held by third parties</u>
Fair value, July 1, 2014	\$ 278,874
Unrealized gains, net	(2,919)
Distributions	<u>(12,875)</u>
Fair value, June 30, 2015	263,080
Unrealized gain, net	11,272
Distributions	<u>(2,721)</u>
Fair value, June 30, 2016	<u>\$ 271,631</u>

During 2016 and 2015, no investments were transferred between levels 1, 2 or 3.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE K - PENSION PLANS

1. Lay Employees' Retirement Plan - frozen effective June 30, 2014

Through June 30, 2014, the eligible lay employees of Catholic Social Services were covered under the Archdiocese of Philadelphia Lay Employees' Retirement Plan (the "Plan"), which is a defined benefit pension plan covering substantially all lay employees of the Archdiocese, based on age and service requirements. The Plan is administered by the Trustees of the Plan. Catholic Social Services made annual contributions to the Plan at a rate of 4% of the salaries of eligible employees for each of the years ended June 30, 2016 and 2015. The amount expensed by Catholic Social Services for contributions to the Plan was \$305,675 and \$458,955 for the fiscal years ended June 30, 2016 and 2015, respectively. Separate accounts for vested benefits and pension fund assets are not maintained for each institution.

2. Archdiocese of Philadelphia 403(b) Retirement Plan

Effective July 1, 2014, the Archdiocese of Philadelphia established a 403(b) defined contribution plan. Under the 403(b) plan, and subject to statutory limits, all employees at least 18 years of age are immediately eligible to make voluntary deferred salary contributions into the 403(b) plan.

Employer contributions, which cover employees meeting the eligibility requirements below, are discretionary. The following are the eligibility requirements for the employer contributions:

- *Grandfathered Employees* - Any employee who was accruing benefits as an active participant in the Plan as of its freeze date of June 30, 2014 is a grandfathered employee and will be eligible to receive employer contributions beginning with the first payroll on or after September 1, 2014.
- *Non-Grandfathered Employees* - Non-grandfathered employees are eligible to receive the employer contribution beginning with the first payroll coinciding with or immediately following the completion of 1,000 hours of service during the 18-month period beginning July 1, 2014 through December 31, 2015. The employee must also have attained at least 18 years of age to be eligible. For a non-grandfathered employee hired prior to July 1, 2014 who does not meet the eligibility requirements for an employer contribution in the time frame described above, the period for determining whether or not one meets the 1,000-hour service requirement will shift to the calendar year beginning January 1, 2016.
- *Vesting* - Vesting in employer contributions to a 403(b) plan account will be immediate for any grandfathered employee who has completed 12 months of service as of June 30, 2014. Vesting in employer contributions for all other employees will take place after the completion of 12 months of service.

In fiscal years 2016 and 2015, the Archdiocese employer contribution rate was 4.5% of base salary for eligible employees. The contributions by Catholic Social Services into the 403(b) plan totaled \$401,296 and \$357,702 for the years ended June 30, 2016 and 2015, respectively.

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE K - PENSION PLANS - Continued

3. Other contributions

Catholic Social Services also makes contributions to the various orders of the religious personnel who provide services at its institutions. The amount of expense related to these contributions was \$44,392 and \$48,612 for the years ended June 30, 2016 and 2015, respectively.

NOTE L - RELATED PARTY TRANSACTIONS

Catholic Social Services leases certain facilities and equipment, utilized in the delivery of its services, from the Archdiocese and is covered under various insurance and retirement plans administered by the Archdiocese. The transactions with the Archdiocese and affiliates charged to expense for the fiscal years ended June 30, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Rental of facilities	\$ 491,655	\$ 473,468
Rental of facility - contributed	649,300	552,506
Insurance	116,969	124,910
Lay employee pension contributions	305,675	458,955
Religious employee pension contributions	44,392	48,612
Archdiocese human resources office	213,000	226,000
Information technology services	<u>176,361</u>	<u>277,028</u>
	<u>\$ 1,997,352</u>	<u>\$ 2,161,479</u>

Included in operating expenses of Catholic Social Services are allocable expenses for administrative and accounting services provided to the affiliated institutions and group homes described in Note B. For fiscal years 2016 and 2015, respectively, fees for services revenue included in operating revenue includes \$2,476,462 and \$2,276,800, respectively, of revenue received from affiliated institutions and group homes for these services. In addition, Catholic Social Services leases automobiles to the affiliated institutions and group homes.

Catholic Social Services is the beneficiary of a \$3,500,000 donation from an Archdiocese of Philadelphia related entity, Catholic Health Care Services. The funds are being held by Catholic Health Care Services to be distributed over ten years at a rate of \$350,000 per year. Catholic Social Services received the first distribution of \$350,000 during the fiscal year ended June 30, 2015. The remaining receivable is presented within Accounts receivable - Archdiocese of Philadelphia on the statements of financial position as of June 30, 2016 and 2015.

Catholic Charities Appeal donated \$3,485,804 and \$3,546,917 to Catholic Social Services for the fiscal years ended June 30, 2016 and 2015, respectively.

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE L - RELATED PARTY TRANSACTIONS - Continued

Included in accounts receivable - other are certain related party amounts. These amounts are as follows for June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Catholic Health Care Services	\$ 118,545	\$ 40,252
Archdiocese of Philadelphia	122,883	103,775

Included in accounts payable and accrued expenses are certain related party amounts. These amounts are as follows for June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Catholic Health Care Services	\$ 117,788	\$ 213,141
Archdiocese of Philadelphia	22,572	315,830

NOTE M - INCOME TAX STATUS

Catholic Social Services is a nonprofit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code.

Catholic Social Services follows the accounting guidance for uncertainties in income tax positions, which requires that a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. Catholic Social Services has determined that there are no material uncertain tax positions requiring recognition in the financial statements at June 30, 2016 and 2015.

NOTE N - FUNCTIONAL EXPENSES

Catholic Social Services provides a variety of services. Expenses related to providing these services for the years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Program expenses	\$ 22,010,165	\$ 20,820,841
Support services	<u>4,194,655</u>	<u>4,041,960</u>
Total expenses	<u>\$ 26,204,820</u>	<u>\$ 24,862,801</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE O - REVENUE EARNING EQUIPMENT

Catholic Social Services purchases automobiles and leases them at cost to institutions and group homes under its direction. For the years ended June 30, 2016 and 2015, \$295,092 and \$252,633, respectively, was received as rental income from the institutions and group homes.

Future lease payments due to Catholic Social Services are as follows:

2017	\$ 226,832
2018	<u>117,546</u>
	<u>\$ 344,378</u>

NOTE P - COMMITMENTS

Catholic Social Services has entered into various operating lease agreements primarily for the rental of office space, some of which are with other entities also operating under the auspices of the Archdiocese of Philadelphia. Rental expense for the fiscal years ended June 30, 2016 and 2015 was \$491,655 and \$473,460, respectively. There are no future minimum rental payments on leases with initial or remaining terms of one year or more at June 30, 2016.

NOTE Q - PERMANENTLY AND TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Receivable from Archdiocese of Philadelphia	\$ 3,150,000	\$ 3,150,000
Counseling services and charitable work	12,824	22,824
Campaign for Human Development	114,952	120,637
St. John's Hospice infrastructure	<u>-</u>	<u>300,000</u>
Total temporarily restricted net assets	<u>\$ 3,277,776</u>	<u>\$ 3,593,461</u>

Permanently restricted net assets at June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Trusts held by third parties	\$ 271,631	\$ 263,080
Cash held for trust	<u>12,875</u>	<u>12,875</u>
Total permanently restricted net assets	<u>\$ 284,506</u>	<u>\$ 275,955</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2016 and 2015

NOTE R - SUBSEQUENT EVENTS

Management has evaluated subsequent events for the year ended June 30, 2016, the date of the financial statements, through February 27, 2017, which is the date the financial statements were available to be issued. Pursuant to the requirements, there were no events or transactions occurring during the subsequent event reporting period which require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUE

Year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Operating revenue				
Governmental revenue				
Foster family care	\$ 1,821,249	\$ -	\$ -	\$ 1,821,249
Nutritional program	826	-	-	826
Office of Supportive Housing (OSH)	254,469	-	-	254,469
Life Skills - Delaware County	8,700	-	-	8,700
Bucks County Post Partum Counseling	75,000	-	-	75,000
Office of Addictive Services	515,756	-	-	515,756
SWAN	161,000	-	-	161,000
FEMA	37,500	-	-	37,500
Parenting program	72,412	-	-	72,412
AIDS Activity Coordinating Office - (MCO)	90,170	-	-	90,170
Out of School Programs	1,617,457	-	-	1,617,457
Housing Opportunities for People with AIDS (HOPWA)	194,767	-	-	194,767
Office of Behavioral Health	1,783,419	-	-	1,783,419
Benefit Access Program	152,457	-	-	152,457
OSH - Office of Supportive Housing	125,467	-	-	125,467
Delaware County - Alternative Solutions	202,085	-	-	202,085
Housing resource coordinator	97,210	-	-	97,210
Children's Trust	37,250	-	-	37,250
Supportive Services for Veterans	385,661	-	-	385,661
Project Women in Need (WIN)	592,031	-	-	592,031
Casa Del Carmen Day Care	402,878	-	-	402,878
Miscellaneous	<u>63,812</u>	<u>-</u>	<u>-</u>	<u>63,812</u>
Total governmental revenue	<u>8,691,576</u>	<u>-</u>	<u>-</u>	<u>8,691,576</u>
Fees for services				
Service charges to institutions and group homes	2,476,462	-	-	2,476,462
Adoption board and fees	28,374	-	-	28,374
Private clients	627,083	-	-	627,083
Program fees	209,723	-	-	209,723
Tuition	392,073	-	-	392,073
Daycare	141,903	-	-	141,903
Summer camp fees	271,863	-	-	271,863
Miscellaneous	<u>614,056</u>	<u>-</u>	<u>-</u>	<u>614,056</u>
Total fees for services revenue	<u>4,761,537</u>	<u>-</u>	<u>-</u>	<u>4,761,537</u>

Catholic Social Services of the Archdiocese of Philadelphia

SCHEDULE OF REVENUE - CONTINUED

Year ended June 30, 2016

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Contributed services and goods				
Rental	\$ 649,300	\$ -	\$ -	\$ 649,300
Food/clothing/religious	1,614,030	-	-	1,614,030
Released from restrictions	<u>466,507</u>	<u>(466,507)</u>	<u>-</u>	<u>-</u>
Total contributed services and goods	<u>2,729,837</u>	<u>(466,507)</u>	<u>-</u>	<u>2,263,330</u>
Rental income	<u>375,503</u>	<u>-</u>	<u>-</u>	<u>375,503</u>
Total operating revenue	<u>16,558,453</u>	<u>(466,507)</u>	<u>-</u>	<u>16,091,946</u>
Other revenue				
Appropriation from CCA	3,485,804	-	-	3,485,804
Other investments				
Dividend and interest income	47,861	512	-	48,373
Net realized/unrealized losses on investments	(74,419)	1,401	8,591	(64,427)
Donations and bequests	1,092,203	148,909	-	1,241,112
Contributions receivable - Archdiocese of Philadelphia				
Segui Trust	83,365	-	-	83,365
Interest income	320,146	-	-	320,146
United Way donor option	227,215	-	-	227,215
Distribution to affiliated organization	-	-	-	-
Miscellaneous trusts/foundations	<u>371,034</u>	<u>-</u>	<u>-</u>	<u>371,034</u>
Total other revenue	<u>5,553,209</u>	<u>150,822</u>	<u>8,591</u>	<u>5,712,622</u>
Total revenue	<u>\$ 22,111,662</u>	<u>\$ (315,685)</u>	<u>\$ 8,591</u>	<u>\$ 21,804,568</u>

SCHEDULE OF EXPENSES

Year ended June 30, 2016

Salaries, wages and other payroll costs	
Administrative	\$ 3,368,933
Professional	3,623,809
Clerical	465,104
Maintenance and services	482,653
Direct residential care	1,548,404
Employer's share of social security tax	665,372
Workers' compensation insurance	45,398
Unemployment compensation fund	133,922
Employees' health and retirement benefits	<u>2,396,754</u>
Total salaries, wages and other payroll costs	<u>12,730,349</u>
Administrative and general expenses	
Professional fees	1,669,410
Data processing	159,957
Supplies and postage	646,178
Telephone	258,593
Local transportation	246,668
Conference, conventions and meetings	20,646
Staff development	74,046
Dues and subscriptions	43,587
Outside printing	23,908
Equipment	121,337
Equipment rental	11,154
Bad debt expense	3,075
Charity and donations	2,108,778
Donation to St. John's Hospice	3,260,472
Depreciation	<u>614,134</u>
Total administrative and general expenses	<u>9,261,943</u>
Cost of occupancy	
Share of maintenance costs of Diocesan Office Center and other rentals	1,140,954
Insurance	78,824
Interest expense	532,000
Utilities	355,303
Janitorial and maintenance, service contracts and building repairs	<u>739,974</u>
Total cost of occupancy	<u>2,847,055</u>
Direct expenses of care	
Board paid to foster families	1,005,748
Medical and dental fees and supplies	7,636
Food	218,014
Clothing	103
Activities, recreation, education and other	<u>133,972</u>
Total direct expenses of care	<u>1,365,473</u>
Total expenses	<u>\$ 26,204,820</u>