Financial Statements and Report of Independent Certified Public Accountants

St. Vincent's Orphans' Asylum of Tacony

June 30, 2013 and 2012

Contents

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Report of Independent Certified Public Accountants

Board of Directors
St. Vincent's Orphans' Asylum of Tacony
Philadelphia, Pennsylvania

Report on the financial statements

We have audited the accompanying financial statements of St. Vincent's Orphans' Asylum of Tacony (the "Organization"), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and changes in net assets 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 St. Vincent's Orphans' Asylum of Tacony as of June 30, 2013 and 2012, 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.

Grant Thornton LLP

Philadelphia, Pennsylvania

December 9, 2013

St. Vincent's Orphans' Asylum of Tacony

STATEMENT OF FINANCIAL POSITION

June 30, 2013

ASSETS	Unrestricted	Permanently restricted	Total
Current assets			
Cash	$ 7,930	$ -	$ 7,930
Accounts receivable - DHS and CBH, less allowance of $15,000	258,733	-	258,733
Accounts receivable - other governmental	62,115	-	62,115
Pledges receivable - Office of Development, United Way, net	9,509	-	9,509
Prepaid expenses and other assets	46,973	-	46,973
Total current assets	385,260	-	385,260
Property, plant and equipment, net	40,116	-	40,116
Long-lived assets held for sale, net	1,770,237	-	1,770,237
Investments	-	1,222,378	1,222,378
Total assets	$ 2,195,613	$ 1,222,378	$ 3,417,991
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued expenses	$ 58,148	$ -	$ 58,148
Salaries and wages payable	235,000	-	235,000
Due to Archdiocese of Philadelphia - Catholic Social Services	675,249	-	675,249
Total current liabilities	968,397	-	968,397
Net assets			
Unrestricted	1,227,216	-	1,227,216
Permanently restricted	-	1,222,378	1,222,378
Total net assets	1,227,216	1,222,378	2,449,594
Total liabilities and net assets	$ 2,195,613	$ 1,222,378	$ 3,417,991

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

St. Vincent's Orphans' Asylum of Tacony

STATEMENT OF FINANCIAL POSITION

June 30, 2012

ASSETS	Unrestricted	Permanently restricted	Total
Current assets			
Cash	$ 10,000	$ -	$ 10,000
Accounts receivable - DHS and CBH, less allowance of $75,000	239,289	-	239,289
Accounts receivable - other governmental	75,930	-	75,930
Accounts receivable - other	15,751	-	15,751
Pledges receivable - Office of Development, United Way, net	9,940	-	9,940
Prepaid expenses and other assets	2,707	-	2,707
Total current assets	353,617	-	353,617
Property, plant and equipment, net	2,042,609	-	2,042,609
Long-lived assets held for sale, net	-	-	-
Investments	-	1,136,492	1,136,492
Total assets	$ 2,396,226	$ 1,136,492	$ 3,532,718
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued expenses	$ 130,914	$ -	$ 130,914
Salaries and wages payable	199,136	-	199,136
Due to Archdiocese of Philadelphia - Catholic Social Services	731,551	-	731,551
Total current liabilities	1,061,601	-	1,061,601
Net assets			
Unrestricted	1,334,625	-	1,334,625
Permanently restricted	-	1,136,492	1,136,492
Total net assets	1,334,625	1,136,492	2,471,117
Total liabilities and net assets	$ 2,396,226	$ 1,136,492	$ 3,532,718

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

St. Vincent's Orphans' Asylum of Tacony

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2013

	Unrestricted	Permanently restricted	Total
Operating revenue			
Governmental revenue	$ 3,032,199	$ -	$ 3,032,199
Contributed services	58,514	-	58,514
Fees for service	76,787	-	76,787
Total operating revenue	3,167,500	-	3,167,500
Operating expenses			
Salaries, wages and other payroll costs	2,982,793	-	2,982,793
Administrative and general	578,528	-	578,528
Occupancy	404,443	-	404,443
Direct expenses of children	286,860	-	286,860
Depreciation	239,135	-	239,135
Bad debt recovery	(60,000)	-	(60,000)
Total operating expenses	4,431,759	-	4,431,759
Deficiency of operating revenue under operating expenses	(1,264,259)	-	(1,264,259)
Other revenue (expenses)			
Donations, bequests, trusts and other	1,057,248	-	1,057,248
Catholic Charities Appeal	75,000	-	75,000
Dividend and interest income	-	7,673	7,673
Net realized gains on investments	-	13,702	13,702
Net unrealized gains on investments	-	89,113	89,113
Net assets released from restriction	24,602	(24,602)	-
Total other revenue	1,156,850	85,886	1,242,736
Change in net assets	(107,409)	85,886	(21,523)
Net assets			
Beginning of year	1,334,625	1,136,492	2,471,117
End of year	$ 1,227,216	$ 1,222,378	$ 2,449,594

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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2012

	Unrestricted	Permanently restricted	Total
Operating revenue			
Governmental revenue	$ 3,347,678	$ -	$ 3,347,678
Contributed services	85,043	-	85,043
Fees for service	86,479	-	86,479
Total operating revenue	3,519,200	-	3,519,200
Operating expenses			
Salaries, wages and other payroll costs	3,193,703	-	3,193,703
Administrative and general	650,931	-	650,931
Occupancy	487,132	-	487,132
Direct expenses of children	399,224	-	399,224
Depreciation	286,305	-	286,305
Bad debt expense	75,000	-	75,000
Total operating expenses	5,092,295	-	5,092,295
Deficiency of operating revenue under operating expenses	(1,573,095)	-	(1,573,095)
Other revenue (expenses)			
Donations, bequests and trusts	907,857	-	907,857
Catholic Charities Appeal	75,000	-	75,000
Dividend and interest income	-	8,898	8,898
Net realized losses on investments	-	(7,349)	(7,349)
Net unrealized losses on investments	-	(89,185)	(89,185)
Total other revenue (expenses)	982,857	(87,636)	895,221
Change in net assets	(590,238)	(87,636)	(677,874)
Net assets			
Beginning of year	1,924,863	1,224,128	3,148,991
End of year	$ 1,334,625	$ 1,136,492	$ 2,471,117

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

St. Vincent's Orphans' Asylum of Tacony

STATEMENTS OF CASH FLOWS

Year ended June 30,

	2013	2012
Cash flows from operating activities		
Change in net assets	$ (21,523)	$ (677,874)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	239,135	286,305
Net unrealized (gains) losses on investments	(89,113)	89,185
Net realized (gains) losses on investments	(13,702)	7,349
Bad debt (recovery) expense	(60,000)	75,000
Changes in operating assets and liabilities		
Accounts receivable - DHS	40,556	599,332
Accounts receivable - other governmental	13,815	36,733
Accounts receivable - other	15,751	121,292
Pledges receivable - Office of Development, United Way	431	(11,025)
Prepaid expenses and other assets	(44,266)	46,266
Due to Archdiocese of Philadelphia - Catholic Social Services	(56,302)	(623,654)
Accounts payable and accrued expenses	(72,766)	55,454
Salaries and wages payable	35,864	20,564
Net cash (used in) provided by operating activities	(12,120)	24,927
Cash flows from investing activities		
Capital expenditures	(6,879)	(18,564)
Purchases and sales of investments, net	16,929	(6,363)
Net cash provided by (used in) investing activities	10,050	(24,927)
Change in cash	(2,070)	-
Cash		
Beginning of year	10,000	10,000
End of year	$ 7,930	$ 10,000

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

NOTE A - ORGANIZATION

St. Vincent's Orphans' Asylum of Tacony (the "Organization") provides residential, maternity and mother/baby programs to adolescent girls. Services are provided in five group homes located throughout Philadelphia.

The accompanying financial statements include programs operated and administered by St. Vincent's Orphans' Asylum of Tacony.

Catholic Charities of the Archdiocese of Philadelphia, operating as Catholic Social Services of the Archdiocese of Philadelphia ("CSS") 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. CSS functions as a self-contained entity and maintains separate financial statements for each of its operations.

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. The Organization, 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 the Organization.

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"). The Organization 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, the Organization's net assets and 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.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 fair values of investments. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

The Organization 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. For the years ended June 30, 2013 and 2012, the Organization possessed only petty cash held on site.

4. Accounting for Long-Lived Assets

The Organization 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, the Organization 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. The Organization believes that no revision to the remaining useful lives or write-down of long-lived assets were required at June 30, 2013 and 2012.

5. Investments

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investments could occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

The investments are held within a pool of investments with the Archdiocese or within trusts held by third parties.

Unrealized gains and losses arising from increases or decreases in fair value are recognized in the period in which they occur. Realized gains and losses on the sale of investments are determined on the trade date. Dividend and interest income are accrued as earned.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Governmental Revenue

The Organization 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 to 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 the Organization's programs. The Organization records revenues under such contracts as costs are incurred.

For other programs, the Organization 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.

The Organization 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.

7. 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, the Organization 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 statements of activities and changes in net assets as net assets released from restrictions.

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 F for more information on pledges.

(Continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Allowance for Doubtful Accounts

The Organization 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, the Organization's previous loss history, the nature of the service provided and other pertinent factors. The Organization writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

9. Contributed Services

Contributed services represent the difference between the stipend allowance paid for the religious personnel performing work for the Organization and the compensation which would be paid to lay persons possessing similar qualifications and performing similar work. In addition, contributed services represent rent on the premises used by the Organization.

10. Allocated Expenses - Archdiocese of Philadelphia - Catholic Social Services

CSS provides administrative and accounting services for related institutions and group homes, including the Organization. The total expenses incurred by CSS in providing services are accumulated and allocated on a pro rata basis to the institutions and group homes. The allocated amount is reported as an administrative and general expense in the statements of activities and changes in net assets. Any difference between the allocation and the amount charged to the institution during the year is considered a contribution of services from CSS.

11. Property, plant and equipment

Land, buildings, building improvements 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 life of the assets, which are as follows:

Building	20 years
Building improvements	20 years
Furniture and equipment	3-5 years
Automobiles	3-5 years
Computer	3-5 years

NOTE C - INVESTMENTS

The Organization's investments at June 30, 2013 and 2012 are summarized and classified as follows:

2013	Unrestricted	Permanently Restricted	Total
Trusts held by third parties	$ -	$ 1,222,378	$ 1,222,378
	$ -	$ 1,222,378	$ 1,222,378
2012			
Trusts held by third parties	$ -	$ 1,136,492	$ 1,136,492
	$ -	$ 1,136,492	$ 1,136,492

NOTE D - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and accumulated depreciation at June 30, 2013 and 2012 consist of:

	2013	2012
Land	$ -	$ 61,800
Building	-	1,283,509
Building improvements	-	5,130,054
Furniture and equipment	464,363	461,400
Automobiles	10,450	10,450
Computer	217,393	213,477
	692,206	7,160,690
Accumulated depreciation	(652,090)	(5,118,081)
Property, plant and equipment, net	$ 40,116	$ 2,042,609

Depreciation expense of $239,135 and $286,305 was incurred for the years ended June 30, 2013 and 2012, respectively.

The Organization entered into a real estate sales agreement on September 26, 2012 for the sale of the land, buildings, and building improvements located at 7201 Milnor Street, Philadelphia, Pennsylvania, for a proposed sales price of $5,000,000. The estimated settlement date of the sales agreement is April 24, 2014. Accordingly, the Organization has classified the assets included within the sales agreement as assets held for sale as of June 30, 2013, amounting to $1,770,237.

(Continued)

NOTE D - PROPERTY, PLANT AND EQUIPMENT - Continued

The carrying amounts, net of accumulated depreciation, as of June 30, 2013 of assets held for sale and subject to disposal per the proposed sale agreement are as follows:

Land	$ 61,800
Building	495,111
Building improvements	1,213,326
Total	$ 1,770,237

NOTE E - ACCOUNTS RECEIVABLE - DHS AND OTHER GOVERNMENTAL AGENCIES

At June 30, 2013 and 2012, the Organization had uncollateralized accounts receivable from various public agencies, primarily the Philadelphia Department of Human Services ("DHS") and Community Behavioral Health ("CBH"), of $258,733 and $239,289, respectively. The receivable due from other governmental agencies was $62,115 and $75,930 as of June 30, 2013 and 2012, respectively. These balances potentially subject the Organization to a concentration of credit risk. The Organization monitors its funding arrangements with DHS, CBH, and other agencies.

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

Pledges receivable - Office of Development, United Way totaled $9,509 and $9,940, net of an allowance of $2,839 and $2,968 for fiscal years 2013 and 2012, respectively. Pledges receivable are expected to be realized over the following year.

NOTE G - FAIR VALUE MEASUREMENTS

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.

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.

(Continued)

NOTE G - FAIR VALUE MEASUREMENTS - Continued

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 the Trustee Account of the Archdiocese of Philadelphia 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.

Fair value for Level 3 is based on valuation techniques that trade infrequently or not at all. Trusts held by third parties are considered to be Level 3 in the fair value hierarchy and valued using the market approach of the underlying holdings.

The following table presents the fair values of the investments held by the Organization by level within the fair value hierarchy, as of June 30, 2013 and 2012:

2013	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
Assets				
Trusts held by third parties	$ -	$ -	$ 1,222,378	$ 1,222,378
Total assets	$ -	$ -	$ 1,222,378	$ 1,222,378
2012				
Assets				
Trusts held by third parties	$ -	$ -	$ 1,136,492	$ 1,136,492
Total assets	$ -	$ -	$ 1,136,492	$ 1,136,492

(Continued)

NOTE G - FAIR VALUE MEASUREMENTS - Continued

The following table is a rollforward of the statement of financial position amounts for financial instruments classified within Level 3 of fair value hierarchy defined above:

	Trusts held by third parties
Fair value July 1, 2011	$ 1,224,128
Unrealized losses, net	(20,775)
Transfers out	(66,861)
Fair value July 1, 2012	1,136,492
Unrealized gains, net	144,670
Transfers out	(58,784)
Fair value June 30, 2013	$ 1,222,378

NOTE H - PENSION PLAN

The eligible lay employees of the Organization are covered under the Archdiocese of Philadelphia Lay Employees' Retirement Plan (the "Plan"), which is a defined benefit pension plan that covers substantially all lay employees, once age and service requirements are met, of the Archdiocese, its institutions and parishes. The Plan is administered by the Trustees of the Lay Employees' Retirement Plan. The Organization made annual contributions to the Plan at a rate of 5% for each of the years ended June 30, 2013 and 2012 of the salaries of eligible employees. The amount of expense related to the Plan was $88,804 and $88,524 for the fiscal years ended June 30, 2013 and 2012, respectively. Separate accounts for vested benefits and pension fund assets are not maintained for each institution.

The Organization also makes contributions to the various orders of the religious personnel who provide service at their facilities. The amount of expense related to these contributions was $-0- and $24,800 for the years ended June 30, 2013 and 2012, respectively.

NOTE I - RELATED PARTY TRANSACTIONS

The Organization 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.

CSS provides administrative and accounting services for related institutions and group homes, including the Organization. The total expenses incurred by CSS in providing services are accumulated and allocated on a pro rata basis to the institutions and group homes. The allocated amount is reported as an administrative and general expense in the statements of activities and changes in net assets. Any difference between the allocation and the amount charged to the institution during the year is considered a contribution of services from CSS.

(Continued)

NOTE I - RELATED PARTY TRANSACTIONS - Continued

Repayment of amounts due to CSS is expected when cash is available. The amount due to CSS was $675,249 and $731,551 at June 30, 2013 and 2012, respectively.

The transactions with the Archdiocese and CSS charged to expense for the years ended June 30, 2013 and 2012 were as follows:

	2013	2012
Archdiocese of Philadelphia		
Insurance and general	$ 93,091	$ 91,226
Lay employee pension contributions	88,804	88,524
Religious employee pension contributions	-	24,800
Rental of facilities	40,800	38,400
	$ 222,695	$ 242,950
Archdiocese of Philadelphia - Catholic Social Services		
Automobile leases	$ 7,488	$ 19,738
Allocated administrative and accounting costs	132,084	132,084
Information technology expenses	43,692	54,631
	$ 183,264	$ 206,453

Catholic Charities Appeal donated $75,000 and $75,000 to the Organization for the fiscal years ended June 30, 2013 and 2012, respectively.

The Organization received $476,774 and $426,511 from St. Joseph Catholic Home for Children and $361,340 and $267,220 from St. Vincent's Services for Women and Children during the years ended June 30, 2013 and 2012, respectively. The amounts are included in donations, bequests and trusts.

Included in accounts payable are certain related party amounts. These amounts are as follows for June 30, 2013 and 2012:

	2013	2012
Catholic Health Care Services	$ 16,174	$ 17,817
Archdiocese of Philadelphia	795	41,543

NOTE J - INCOME TAX STATUS

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

The Organization 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. The Organization has determined that there are no uncertain tax positions requiring recognition in the financial statements at June 30, 2013. The tax years ended June 30, 2010, 2011 and 2012 are still open to audit for both federal and state purposes.

NOTE K - FUNCTIONAL EXPENSES

The Organization provides treatment and residential placement services to young men, women and children. These services are provided in community-based residential group homes and campus facilities. Day care services are also provided. The program expenses and support services for the years ended June 30, 2013 and 2012 are as follows:

	2013	2012
Program expenses	$ 3,663,327	$ 4,187,985
Support services	768,432	904,310
	$ 4,431,759	$ 5,092,295

NOTE L - FUNDING

The Organization provides residential care and treatment for dependent children. Reimbursement of these services is provided primarily by DHS at a fixed per diem rate for each day of childcare.

	July 1, 2012 thru June 30, 2013
Group home intensive	$ 180.44
Shelter	180.44
Mother and baby	197.44

NOTE M - COMMITMENTS

The Organization annually enters into various operating lease agreements for the rental of facilities, some of which are with other entities also operating under the auspices of the Archdiocese. Lease expense associated with these operating lease agreements was $40,800 and $38,400 for the fiscal years ended June 30, 2013 and 2012, respectively. As of June 30, 2013, there are no future minimum rental payments.

NOTE N - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2013 and 2012 consisted of:

	2013	2012
Trusts held by third parties	$ 1,222,378	$ 1,136,492
Total permanently restricted net assets	$ 1,222,378	$ 1,136,492

NOTE O - SUBSEQUENT EVENTS

The Organization evaluated its June 30, 2013 financial statements for subsequent events through December 9, 2013, the date the financial statements were available to be issued.

On June 30, 2013, St. Vincent's Orphans' Asylum of Tacony ceased operations. The group homes, assets, programs, and residents were transferred to St. Francis-St. Joseph Homes for Children effective July 1, 2013 and will continue ongoing operations under St. Francis-St. Joseph Homes for Children. As a result of the merger, 22 employees were terminated from employment with the Organization on June 30, 2013, 11 of which were eligible for severance. Severed employees will receive a week of pay for every year of service provided to the Organization, leading the Organization to accrue $94,840 of severance payable within salaries and wages payable as of June 30, 2013. Effective July 1, 2013, the St. Vincent's Home Corporation will continue as a supporting organization to Catholic Social Services' operational entities.

On November, 5, 2013, the Archdiocese announced that it would freeze the Lay Employee Retirement Plan effective June 30, 2014. All current employees will retain benefits they have earned and will continue to accrue benefits through the effective date of the freeze. After the date of the freeze, accrued pension benefits under the Plan will not increase for current employees with additional service or increases in pay after the freeze date. The Archdiocese intends to establish a defined contribution plan on July 1, 2014 for all eligible employees.

The Organization is not aware of any subsequent event other than those previously disclosed in the financial statements which would require recognition or disclosure in the financial statements.