

Financial Statements and Report of  
Independent Certified Public  
Accountants

**St. John's Hospice**

June 30, 2019 and 2018

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
St. John's Hospice

We have audited the accompanying financial statements of St. John's Hospice, which comprise the statements of financial position as of June 30, 2019 and 2018, 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 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 St. John's Hospice as of June 30, 2019 and 2018, and the results of its activities and changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other matter***Supplementary information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The 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.



Philadelphia, Pennsylvania  
March 27, 2020

St. John's Hospice

STATEMENTS OF FINANCIAL POSITION

June 30,

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
Current assets		
Accounts receivable - City of Philadelphia	\$ 271,115	\$ 124,108
Pledges receivable - Office of Development, United Way, net	18,569	17,997
Client escrow funds	18,195	26,184
Prepaid expenses and other assets	<u>31,466</u>	<u>29,296</u>
Total current assets	<u>339,345</u>	<u>197,585</u>
Property, plant and equipment, net	564,610	596,391
Investments	<u>4,474,355</u>	<u>4,226,078</u>
Total assets	<u><u>\$ 5,378,310</u></u>	<u><u>\$ 5,020,054</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 25,948	\$ 27,343
Salaries and wages payable	51,581	48,257
Client escrow funds	18,195	26,184
Due to Catholic Social Services	<u>2,054,845</u>	<u>1,007,033</u>
Total current liabilities	<u>2,150,569</u>	<u>1,108,817</u>
Net assets		
Without donor restrictions	<u>3,227,741</u>	<u>3,911,237</u>
Total net assets	<u>3,227,741</u>	<u>3,911,237</u>
Total liabilities and net assets	<u><u>\$ 5,378,310</u></u>	<u><u>\$ 5,020,054</u></u>

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

St. John's Hospice

STATEMENTS OF ACTIVITIES

Years ended June 30,

	<u>2019</u>	<u>2018</u>
<b>Operating revenue</b>		
Governmental revenue	\$ 685,690	\$ 701,608
Contributed food	369,350	312,080
Contributions		
Donations	580,618	691,784
Legacies and bequests	4,024	24,305
United Way	21,803	95,638
Catholic Charities Appeal	25,000	100,000
Baumeister Trust	-	55,168
Other revenues	-	65,000
	<u>1,686,485</u>	<u>2,045,583</u>
<b>Operating expenses</b>		
Salaries, wages and other payroll costs	1,501,955	1,485,770
Administrative and general expenses	780,707	637,043
Occupancy	174,467	168,083
Direct expenses of care	161,129	127,950
	<u>2,618,258</u>	<u>2,418,846</u>
Deficiency in operating revenue under operating expenses	<u>(931,773)</u>	<u>(373,263)</u>
<b>Other revenue</b>		
Investment return, net	<u>248,277</u>	<u>367,514</u>
	<u>248,277</u>	<u>367,514</u>
Change in net assets	(683,496)	(5,749)
<b>Net assets</b>		
Beginning of year	<u>3,911,237</u>	<u>3,916,986</u>
End of year	<u>\$ 3,227,741</u>	<u>\$ 3,911,237</u>

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

St. John's Hospice

STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (683,496)	\$ (5,749)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	64,695	58,748
Net realized and unrealized gains on investments	(63,952)	(318,113)
Changes in operating assets and liabilities		
Accounts receivable - City of Philadelphia	(147,007)	(51,588)
Accounts receivable - other	-	15,257
Pledges receivable - Office of Development, United Way	(572)	2,364
Prepaid expenses and other assets	(2,170)	(2,394)
Accounts payable and accrued expenses	(1,395)	(19,115)
Salaries and wages payable	3,324	3,261
Due to Catholic Social Services	1,047,812	452,599
	<u>217,239</u>	<u>135,270</u>
Net cash provided by operating activities		
<b>Cash flows from investing activities</b>		
Capital expenditures	(32,914)	(8,811)
Purchases of investments	(184,325)	(130,718)
Proceeds from note receivable - Archdiocese of Philadelphia	-	4,259
	<u>(217,239)</u>	<u>(135,270)</u>
Net cash used in investing activities		
Change in cash and cash equivalents	-	-
<b>Cash</b>		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>

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

## St. John's Hospice

### NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

#### NOTE A - ORGANIZATION

In existence since 1963, the Saint John's Hospice and Good Shepherd Programs provide support for thousands of homeless men each year. Services to residents and visiting clients include hot meals, case management, food, clothing, showers, medical and psychological care, social services, and a stable mailing address. Incorporated in July of 2015, the Saint John's and Good Shepherd Programs (collectively, "St. John's Hospice") is a separate 501(c)(3) organization of the Archdiocese of Philadelphia.

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. St. John's Hospice is one of the organizations.

The accompanying financial statements include programs operated and administered by St. John's Hospice.

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. St. John's Hospice, which is related, is operated separately and distinctly from the Archdiocese.

Catholic Charities Appeal, a separate legal corporation and a related organization, raises money for certain organizations within the Archdiocese, including St. John's Hospice.

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### ***Recently Adopted Accounting Pronouncement***

Effective July 1, 2018, St. John's Hospice adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This standard makes 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 previously required three classes, as well as the annual change in each of the two classes; (2) information about liquidity and the availability of resources; and (3) addresses the lack of consistency with expenses and investment return. St. John's Hospice's financial statements have been adjusted to reflect the new requirements. The standard has been applied retrospectively to all years presented, except for functional expenses which is only presented for 2019.

##### ***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"). St. John's Hospice presents its financial statements in accordance with the guidance set forth by the FASB in regard to *Financial Statements of Not-for-Profit Organizations*. Accordingly, St. John's Hospice's net assets and its revenues, expenses, gains and losses are classified into two categories, based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be designated for specific purposes by action of the Board of Directors.



**St. John's Hospice**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Net assets with donor restrictions include contributions, including pledges, trusts, remainder interests, income and appreciation, which can be expended but for which restrictions have not yet been met, or which are required by donors to be perpetually retained. 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. St. John's Hospice has no net assets with donor restrictions as of June 30, 2019 and 2018.

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

***Accounting for Long-Lived Assets***

St. John's Hospice 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, St. John's Hospice 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. St. John's Hospice believes that no revision to the remaining useful lives or write-down of long-lived assets were required at June 30, 2019 and 2018.

***Client Escrow Funds***

St. John's Hospice 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 that 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.

***Investments***

SEI, a provider of institutional asset management services, created two publicly traded Catholic Values mutual funds: the Catholic Values Equity Fund and the Catholic Values Fixed Income Fund (the "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.

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 a component of investment return, net.

**St. John's Hospice**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

***Governmental Revenue***

St. John's Hospice receives its funding through contracts with various City of Philadelphia governmental departments. 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 St. John's Hospice's programs. St. John's Hospice records revenues under such contracts as costs are incurred. For other programs, St. John's Hospice 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.

St. John's Hospice 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.

***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 net assets with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, St. John's Hospice reports the support as without donor restrictions. When a stipulated time restriction or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions of long-lived assets received without donor stipulations are reported as revenue without donor restrictions 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 support with donor restrictions; 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 F for more information on pledges.

***Allowance for Doubtful Accounts***

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

**St. John's Hospice**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

***Allocated Expenses - Archdiocese of Philadelphia - Catholic Social Services***

CSS provides administrative and accounting services for institutions and group homes, including St. John's Hospice. 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. Any difference between the allocation and the amount charged to the institutions and group homes during the year is considered a contribution of services from CSS.

***Property, Plant and Equipment***

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 lives of the assets, which are as follows:

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

***Liquidity and Availability of Resources***

Financial assets available for general expenditure, all of which are classified as net assets without donor restrictions, within one year of the statement of financial position date consist of the following:

	2019	2018
Accounts receivable	\$ 271,115	\$ 124,108
Investments	4,474,355	4,226,078
Assets available to management	4,745,470	4,350,186
Liabilities to be settled within one year		
Accounts payable and accrued expenses	(25,948)	(27,343)
Salaries and wages payable	(51,581)	(48,257)
Due to CSS	(2,054,845)	(1,007,033)
Assets available to management less liabilities to be settled within one year	\$ 2,613,096	\$ 3,267,553

CSS provides cash management services for St. John's Hospice, which includes the receipt of program revenues and payments of operating expenses. The cash activity is recorded through due to CSS, which is settle periodically.

St. John's Hospice

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

***Pending Accounting Pronouncements***

In May 2014, the FASB issued 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, 2018. 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. St. John's Hospice is evaluating the impact of ASU 2014-09 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.

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 has primary responsibility for determining fixed income to equity mix. The asset mix of the mutual funds is SEI's responsibility. Management of the Archdiocese is responsible for ensuring that asset investment allocations among the funds are maintained as determined by the Investment Committee of the Archdiocese of Philadelphia.

At June 30, 2019 and 2018, all investments are considered without donor restrictions.

At June 30, 2019 and 2018, St. John's Hospice held the following categories of investments:

	<u>2019</u>	<u>2018</u>
Catholic Values Equity Fund	\$ 3,230,029	\$ 2,989,867
Catholic Values Fixed Income Fund	<u>1,244,326</u>	<u>1,236,211</u>
	<u>\$ 4,474,355</u>	<u>\$ 4,226,078</u>

St. John's Hospice

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

**NOTE C - INVESTMENTS - Continued**

Investment return, net, is comprised of the following for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Dividends and interest income	\$ 184,325	\$ 49,401
Changes in unrealized gains and losses on investments	63,952	318,113
	<u>\$ 248,277</u>	<u>\$ 367,514</u>

**NOTE D - PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment and accumulated depreciation consist of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Buildings	\$ 71,800	\$ 71,800
Automobiles	23,734	23,734
Building improvements	612,034	612,034
Equipment	70,801	37,887
	<u>778,369</u>	<u>745,455</u>
Accumulated depreciation	<u>(213,759)</u>	<u>(149,064)</u>
	<u>\$ 564,610</u>	<u>\$ 596,391</u>

Depreciation expense of \$64,695 and \$58,748 was incurred for the years ended June 30, 2019 and 2018, respectively, and is included within administrative and general expenses in the statements of activities.

**NOTE E - ACCOUNTS RECEIVABLE - GOVERNMENTAL AGENCIES**

At June 30, 2019 and 2018, St. John's Hospice had uncollateralized accounts receivable from City of Philadelphia contracts of \$271,115 and \$124,108, respectively. These balances potentially subject St. John's Hospice to a concentration of credit risk. St. John's Hospice monitors its funding arrangements with the City of Philadelphia.

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

Pledges receivable were \$18,569 and \$17,997 at June 30, 2019 and 2018, respectively. Pledges receivable are expected to be realized in the following year.

St. John's Hospice

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

**NOTE G - 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 St. John's Hospice 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 St. John's Hospice by level within the fair value hierarchy, as of June 30, 2019 and 2018:

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
<u>2019</u>				
Assets				
Investments	\$ 4,474,355	\$ -	\$ -	\$ 4,474,355
Total assets	<u>\$ 4,474,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,474,355</u>
<u>2018</u>				
Assets				
Investments	\$ 4,226,078	\$ -	\$ -	\$ 4,226,078
Total assets	<u>\$ 4,226,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,226,078</u>

During the fiscal years ended June 30, 2019 and 2018, no investments were transferred between Levels 1, 2 or 3.

**St. John's Hospice**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE H - PENSION PLANS**

***Lay Employees' Retirement Plan - Frozen Effective June 30, 2014***

Through June 30, 2014, the eligible lay employees of St. John's Hospice 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. St. John's Hospice made annual contributions to the Plan at a rate of 5.9% of the salaries of eligible employees for both years ended June 30, 2019 and 2018. The amount expensed by St. John's Hospice for contributions to the Plan were \$57,983 and \$56,233 for the years ended June 30, 2019 and 2018, respectively. Separate accounts for vested benefits and pension fund assets are not maintained for each institution.

On November 5, 2013, the Archdiocese of Philadelphia Office for Financial Services ("OFS") announced that it would freeze the Plan effective June 30, 2014. All current employees at the time of the announced freeze retained benefits they had earned and continued to accrue benefits through the effective date. After the effective date, accrued pension benefits under the Plan do not increase for current employees for additional service or increases in pay after the freeze date.

***Archdiocese of Philadelphia 403(b) Retirement Plan***

The Archdiocese 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 2019 and 2018, the Archdiocese employer contribution rate was 4.5% of base salary for eligible employees. The contributions by St. John's Hospice into the 403(b) plan totaled \$44,225 and \$42,889 for the years ended June 30, 2019 and 2018, respectively.

**St. John's Hospice**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE I - RELATED PARTY TRANSACTIONS**

St. John's Hospice 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 St. John's Hospice. 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. Any difference between the allocation and the amount charged to the institution during the year is considered a contribution of services from CSS. CSS also manages the cash receipts and cash disbursements for related institutions and group homes, including St. John's Hospice. Net amounts due to/from CSS attributable to administrative and cash management activities, which are non-interest bearing, are generally settled on an annual basis. The amount due to CSS was \$2,054,845 and \$1,007,033 for the years ended June 30, 2019 and 2018, respectively.

The transactions with the Archdiocese and CSS charged to expense for the fiscal years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Archdiocese of Philadelphia		
Insurance - auto and general	\$ 12,372	\$ 7,010
Lay employee pension contributions	57,983	56,233
	\$ 70,355	\$ 63,243
Catholic Social Services		
Allocated administrative and accounting costs	\$ 70,612	\$ 60,477
Information technology services	18,069	26,613
	\$ 88,681	\$ 87,090

Catholic Charities Appeal donated \$25,000 and \$100,000 to St. John's Hospice during the fiscal years ended June 30, 2019 and 2018, respectively.

Included in accounts payable and accrued expenses are certain related party amounts. These amounts are as follows at June 30, 2019 and 2018:

	2019	2018
Catholic Housing and Community Services	\$ 4,440	\$ 7,040

**NOTE J - INCOME TAX STATUS**

St. John's Hospice is a nonprofit corporation which has been granted exempt status from federal taxation under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been included in the accompanying financial statements.



St. John's Hospice

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019 and 2018

**NOTE J - INCOME TAX STATUS - Continued**

St. John's Hospice 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. St. John's Hospice has determined that there are no material uncertain tax positions requiring recognition in the financial statements at June 30, 2019 and 2018.

**NOTE K - FUNCTIONAL EXPENSES**

St. John's Hospice provides a variety of services. Expenses related to providing these services for the years ended June 30, 2019 and 2018 are as follows:

	<u>Program</u>	<u>Supporting Management and General</u>	<u>Total expenses year ended June 30, 2019</u>	<u>Total expenses year ended June 30, 2018</u>
Salaries, wages and other payroll costs	\$ 1,234,663	\$ 267,292	\$ 1,501,955	\$ 1,485,770
Administrative and general expenses	672,450	108,257	780,707	637,043
Occupancy	146,304	28,163	174,467	168,083
Direct expenses of care	161,129	-	161,129	127,950
Total expenses	<u>\$ 2,214,546</u>	<u>\$ 403,712</u>	<u>\$ 2,618,258</u>	<u>\$ 2,418,846</u>

Expenses are charged directly to the functions above except for key employee salaries and benefits, which are allocated based on estimated time performing activities for each respective function.

**NOTE L - SUBSEQUENT EVENTS**

Management has evaluated subsequent events for the year ended June 30, 2019, the date of the financial statements, through March 27, 2020, which is the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. While the disruption is currently expected to be temporary, there is uncertainty around the duration. Therefore, while we expect this matter to negatively impact our business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time. As a result, St. John's Hospice is leveraging its statement of net position and seeking ways to preserve its financial flexibility and to allow the organization to resume normal operations when the crisis passes and site closures are lifted.

SUPPLEMENTARY INFORMATION

**St. John's Hospice**  
**SCHEDULE OF REVENUE**  
**Year ended June 30, 2019**

Operating revenue	
Governmental revenue	
AACO	\$ 40,868
OESS	301,690
HOPWA	203,462
FEMA	46,458
Other	93,212
Contributed food	369,350
Donations	580,618
Legacies and bequests	4,024
United Way	21,803
Catholic Charities Appeal	<u>25,000</u>
Total operating revenue	<u>1,686,485</u>
Other revenue	
Dividends and interest income	184,325
Net realized and unrealized gains on investments	<u>63,952</u>
Total other revenue	<u>248,277</u>
Total revenue	<u><u>\$ 1,934,762</u></u>

St. John's Hospice

SCHEDULE OF OPERATING EXPENSES

Year ended June 30, 2019

Salaries, wages and other payroll costs	
Administration	\$ 188,307
Professional	182,655
Clerical	39,168
Maintenance and services	291,681
Residential care	408,793
FICA (employer's share)	84,961
Workers' compensation insurance	15,875
Unemployment tax	10,977
Employees' health and retirement benefits	279,538
Total salaries, wages and other payroll costs	<u>1,501,955</u>
Administrative and general expenses	
Administrative and accounting services allocated from Archdiocese of Philadelphia - Catholic Social Services	88,681
Professional fees	32,400
Telephone	22,655
Transportation	36,202
Equipment - replacement	26,757
General expenses and supplies	127,713
Postage	4,385
Charity	377,219
Depreciation	64,695
Total administrative and general expenses	<u>780,707</u>
Occupancy	
Repairs and maintenance - buildings and grounds	105,288
Utilities	69,179
Total occupancy	<u>174,467</u>
Direct expenses of care	
Food	138,593
Clothing	11,168
Medical and dental fees and supplies	1,984
Personal	9,384
Total direct expenses of care	<u>161,129</u>
Total operating expenses	<u>\$ 2,618,258</u>