

Financial Statements and Report of  
Independent Certified Public  
Accountants

**St. John's Hospice**

June 30, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, and the results of its activities 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  
January 5, 2021

**St. John's Hospice**

**STATEMENTS OF FINANCIAL POSITION**

**June 30,**

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
Current assets		
Cash	\$ 503,956	\$ -
Accounts receivable - City of Philadelphia	151,076	271,115
Pledges receivable - Office of Development, United Way, net	18,569	18,569
Client escrow funds	18,195	18,195
Prepaid expenses and other assets	34,006	31,466
Total current assets	<u>725,802</u>	<u>339,345</u>
Property, plant and equipment, net	503,603	564,610
Investments	<u>4,613,363</u>	<u>4,474,355</u>
Total assets	<u><u>\$ 5,842,768</u></u>	<u><u>\$ 5,378,310</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities	\$	
Accounts payable and accrued expenses	40,413	\$ 25,948
Salaries and wages payable	66,538	51,581
Program advance	14,857	-
Loan payable	501,950	-
Client escrow funds	18,195	18,195
Due to Catholic Social Services	1,910,392	2,054,845
Total current liabilities	<u>2,552,345</u>	<u>2,150,569</u>
Net assets		
Without donor restrictions	<u>3,290,423</u>	<u>3,227,741</u>
Total net assets	<u>3,290,423</u>	<u>3,227,741</u>
Total liabilities and net assets	<u><u>\$ 5,842,768</u></u>	<u><u>\$ 5,378,310</u></u>

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

**St. John's Hospice**

**STATEMENTS OF ACTIVITIES**

**Years ended June 30,**

	<b>2020</b>	<b>2019</b>
<b>Operating revenue</b>		
Governmental revenue	\$ 651,961	\$ 685,690
Contributed food	405,040	369,350
Contributions		
Donations	806,970	580,618
Legacies and bequests	561,422	4,024
United Way	85,143	21,803
Catholic Charities Appeal	25,000	25,000
	<u>2,535,536</u>	<u>1,686,485</u>
Total operating revenue		
<b>Operating expenses</b>		
Salaries, wages and other payroll costs	1,566,097	1,501,955
Administrative and general expenses	758,050	780,707
Occupancy	155,970	174,467
Direct expenses of care	131,745	161,129
	<u>2,611,862</u>	<u>2,618,258</u>
Total operating expenses		
Deficiency in operating revenue under operating expenses	<u>(76,326)</u>	<u>(931,773)</u>
<b>Other revenue</b>		
Investment return, net	139,008	248,277
	<u>139,008</u>	<u>248,277</u>
Total other revenue		
Change in net assets	62,682	(683,496)
<b>Net assets</b>		
Beginning of year	<u>3,227,741</u>	<u>3,911,237</u>
End of year	<u><u>\$ 3,290,423</u></u>	<u><u>\$ 3,227,741</u></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>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 62,682	\$ (683,496)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	64,728	64,695
Net realized and unrealized losses (gains) on investments	37,171	(63,952)
Changes in operating assets and liabilities		
Accounts receivable - City of Philadelphia	120,039	(147,007)
Pledges receivable - Office of Development, United Way	-	(572)
Program advance	14,857	-
Prepaid expenses and other assets	(2,540)	(2,170)
Accounts payable and accrued expenses	14,465	(1,395)
Salaries and wages payable	14,957	3,324
Due to Catholic Social Services	(144,453)	1,047,812
	<u>181,906</u>	<u>217,239</u>
Net cash provided by operating activities		
<b>Cash flows from investing activities</b>		
Capital expenditures	(3,721)	(32,914)
Purchases of investments	(176,179)	(184,325)
	<u>(179,900)</u>	<u>(217,239)</u>
Net cash used in investing activities		
<b>Cash flows from financing activities</b>		
Proceeds from loan payable	501,950	-
	<u>501,950</u>	<u>-</u>
Net cash provided by financing activities		
Change in cash and cash equivalents	503,956	
<b>Cash</b>		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u><u>\$ 503,956</u></u>	<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, 2020 and 2019**

**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**

***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.

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, 2020 and 2019.



## **St. John's Hospice**

### **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

#### ***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, 2020 and 2019.

#### ***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 included in the statements of activities as a component of investment return, net.

#### ***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.

## **St. John's Hospice**

### **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

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.

#### ***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.

#### ***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.

**St. John's Hospice**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

***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

***Risks and Uncertainties***

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce, and financial markets globally. St. John's Hospice has been and continues to closely monitor the COVID-19 pandemic and its impact on the entity. Though the full impact of COVID-19 and the scope of any impact on St. John's Hospice's operations and financial condition cannot yet be determined, potential adverse consequences to St. John's Hospice of COVID-19 may include a decline in revenues and contributions, as well as a decrease in interest and investment income from St. John's Hospice's investment assets.

***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:

	June 30,	
	2020	2019
Cash	\$ 503,956	\$ -
Accounts receivable	151,076	271,115
Investments	4,613,363	4,474,355
Assets available to management	5,268,395	4,745,470
Liabilities to be settled within one year		
Accounts payable and accrued expenses	(40,413)	(25,948)
Salaries and wages payable	(66,538)	(51,581)
Due to CSS	(1,910,392)	(2,054,845)
Assets available to management less liabilities to be settled within one year	\$ 3,251,052	\$ 2,613,096

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, 2020 and 2019

**Pending Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers*, and subsequent amendments, 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, as amended, is effective for periods beginning after December 15, 2019. 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 and its amendments 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, 2020 and 2019, all investments are considered without donor restrictions.

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

	2020	2019
Catholic Values Equity Fund	\$ 3,249,706	\$ 3,230,029
Catholic Values Fixed Income Fund	1,363,657	1,244,326
	<u>\$ 4,613,363</u>	<u>\$ 4,474,355</u>

**St. John's Hospice**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

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

	2020	2019
Dividends and interest income	\$ 176,179	\$ 184,325
Changes in unrealized gains and losses on investments	(37,171)	63,952
Investment return, net	<u>\$ 139,008</u>	<u>\$ 248,277</u>

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

Property, plant and equipment and accumulated depreciation consist of the following at June 30, 2020 and 2019:

	2020	2019
Buildings	\$ 71,800	\$ 71,800
Automobiles	23,734	23,734
Building improvements	612,034	612,034
Equipment	74,522	70,801
	<u>782,090</u>	<u>778,369</u>
Accumulated depreciation	(278,487)	(213,759)
Property, plant and equipment, net	<u>\$ 503,603</u>	<u>\$ 564,610</u>

Depreciation expense of \$64,728 and \$64,695 was incurred for the years ended June 30, 2020 and 2019, respectively, and is included within administrative and general expenses in the statements of activities.

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

At June 30, 2020 and 2019, St. John's Hospice had uncollateralized accounts receivable from City of Philadelphia contracts of \$151,076 and \$271,115, 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 - 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.

**St. John's Hospice**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

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:

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value
<u>2020</u>				
Assets				
Investments	\$ 4,613,363	\$ -	\$ -	\$ 4,613,363
Total assets	<u>\$ 4,613,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,613,363</u>
<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>

During the fiscal years ended June 30, 2020 and 2019, no investments were transferred between Levels 1, 2 or 3.

**NOTE G – LOAN PAYABLE**

On April 20, 2020, St. John's Hospice was granted a loan (the "Loan") from a lender in the amount of \$501,950, pursuant to the Paycheck Protection Program ("PPP"), under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), which was enacted March 27, 2020. The PPP provides loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after the covered period as long as the borrower uses the loan proceeds for eligible purposes and certain conditions are met. The amount of the loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

**St. John's Hospice**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

The Loan, which was in the form of a note dated May 5, 2020, matures on May 15, 2022 and bears interest at a rate of 1% per annum with payments scheduled monthly beginning after a six-month deferral period to the extent the loans are not forgiven. The Loan may be prepaid at any time prior to maturity with no prepayment penalties. St. John's Hospice used the entire amount of the loan for qualifying expenses with the intent of applying for forgiveness of a substantial amount of the loan.

**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, 2020 and 2019. The amount expensed by St. John's Hospice for contributions to the Plan were \$59,596 and \$57,983 for the years ended June 30, 2020 and 2019, 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.

**St. John's Hospice**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

In fiscal years 2020 and 2019, 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 \$45,454 and \$44,225 for the years ended June 30, 2020 and 2019, respectively.

**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 \$1,910,392 and \$2,054,845 for the years ended June 30, 2020 and 2019, respectively.

The transactions with the Archdiocese and CSS charged to expense for the fiscal years ended June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Archdiocese of Philadelphia		
Insurance - auto and general	\$ 10,526	\$ 12,372
Lay employee pension contributions	<u>57,596</u>	<u>57,983</u>
	<u>\$ 70,122</u>	<u>\$ 70,355</u>
Catholic Social Services		
Allocated administrative and accounting costs	\$ 70,369	\$ 70,612
Information technology services	<u>27,503</u>	<u>18,069</u>
	<u>\$ 97,872</u>	<u>\$ 88,681</u>

Catholic Charities Appeal donated \$25,000 to St. John's Hospice during the fiscal years ended June 30, 2020 and 2019.

Included in accounts payable and accrued expenses are certain related party amounts. These amounts are as follows at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Catholic Housing and Community Services	\$ 9,263	\$ 4,440



**St. John's Hospice**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

**NOTE J - INCOME TAX STATUS**

St. John's Hospice is recognized as exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code ("IRC"), except on activities unrelated to their exempt purposes. The organization has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions.

St. John's Hospice follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The organization has determined that there are no material uncertain tax positions that require recognition or disclosure in its consolidated financial statements.

**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, are as follows:

	Program	Supporting management and general	Total expenses year ended June 30, 2020
Salaries, wages and other payroll costs	\$ 1,284,047	\$ 282,050	\$ 1,566,097
Administrative and general expenses	712,932	45,118	758,050
Occupancy	127,544	28,426	155,970
Direct expenses of care	131,745	-	131,745
Total expenses	<u>\$ 2,256,268</u>	<u>\$ 355,594</u>	<u>\$ 2,611,862</u>

	Program	Supporting management and general	Total expenses year ended June 30, 2019
Salaries, wages and other payroll costs	\$ 1,234,663	\$ 267,292	\$ 1,501,955
Administrative and general expenses	672,450	108,257	780,707
Occupancy	146,304	28,163	174,467
Direct expenses of care	161,129	-	161,129
Total expenses	<u>\$ 2,214,546</u>	<u>\$ 403,712</u>	<u>\$ 2,618,258</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.

**St. John's Hospice**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

**NOTE L - SUBSEQUENT EVENTS**

Management has evaluated subsequent events for the year ended June 30, 2020 through January 5, 2021, 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

**St. John's Hospice**

**SCHEDULE OF REVENUE**

**Year ended June 30, 2020**

Operating revenue	
Governmental revenue	
Philadelphia Department of Public Health, AIDS Activities Coordinating Office	\$ 40,162
City of Philadelphia Office of Emergency Shelter and Service	306,341
Housing Opportunities for Persons with AIDS	164,155
Federal Emergency Management Agency	62,182
Other	79,121
Contributed food	405,040
Donations	806,970
Legacies and bequests	561,422
United Way and Other	85,143
Catholic Charities Appeal	<u>25,000</u>
Total operating revenue	<u>2,535,536</u>
Other revenue	
Investment return, net	<u>139,008</u>
Total other revenue	<u>139,008</u>
Total revenue	<u><u>\$ 2,674,544</u></u>

**St. John's Hospice**

**SCHEDULE OF OPERATING EXPENSES**

**Year ended June 30, 2020**

Salaries, wages and other payroll costs	
Administration	\$ 177,930
Professional	273,517
Clerical	40,299
Maintenance and services	250,489
Residential care	469,493
FICA (employer's share)	88,815
Workers' compensation insurance	15,703
Employees' health and retirement benefits	249,851
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Total salaries, wages and other payroll costs	1,566,097
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Administrative and general expenses	
Administrative and accounting services allocated from Archdiocese of Philadelphia - Catholic Social Services	97,872
Professional fees	18,009
Telephone	18,459
Transportation	13,946
Equipment - replacement	8,111
General expenses and supplies	119,527
Postage	1,650
Charity	415,748
Depreciation	64,728
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Total administrative and general expenses	758,050
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Occupancy	
Repairs and maintenance - buildings and grounds	85,355
Utilities	70,615
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Total occupancy	155,970
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Direct expenses of care	
Food	111,945
Clothing	6,924
Medical and dental fees and supplies	2,022
Personal	10,854
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Total direct expenses of care	131,745
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Total operating expenses	<u><u>\$ 2,611,862</u></u>