

Financial Statements and Report of
Independent Certified Public
Accountants

St. John's Hospice

June 30, 2021 and 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
St. John's Hospice

Report on the financial statements

We have audited the accompanying financial statements of St. John's Hospice (the "Entity"), which comprise the statements of financial position as of June 30, 2021 and 2020, 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, 2021 and 2020, and the changes in its 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 matters*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 audits 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 27, 2022

St. John's Hospice

STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash	\$ 4,712	\$ 503,956
Accounts receivable - City of Philadelphia	158,354	151,076
Pledges receivable - Office of Development, United Way	-	18,569
Client escrow funds	18,195	18,195
Prepaid expenses and other assets	<u>28,223</u>	<u>34,006</u>
Total current assets	<u>209,484</u>	<u>725,802</u>
Property, plant and equipment, net	635,777	503,603
Investments	<u>6,067,657</u>	<u>4,613,363</u>
Total assets	<u><u>\$ 6,912,918</u></u>	<u><u>\$ 5,842,768</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 86,078	\$ 40,413
Salaries and wages payable	62,846	66,538
Program advance	-	14,857
Loan payable	-	501,950
Client escrow funds	18,195	18,195
Due to Catholic Social Services	<u>1,933,036</u>	<u>1,910,392</u>
Total current liabilities	<u>2,100,155</u>	<u>2,552,345</u>
Net assets		
Without donor restrictions	<u>4,812,763</u>	<u>3,290,423</u>
Total net assets	<u>4,812,763</u>	<u>3,290,423</u>
Total liabilities and net assets	<u><u>\$ 6,912,918</u></u>	<u><u>\$ 5,842,768</u></u>

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

St. John's Hospice

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years ended June 30,

	2021	2020
Operating revenue		
Governmental revenue	\$ 735,212	\$ 651,961
Forgiveness of loan	501,950	-
Contributed food	452,400	405,040
Contributions:		
Donations	890,684	806,970
Legacies and bequests	8,613	561,422
United Way/Other	29,611	85,143
Catholic Charities Appeal	25,000	25,000
	<u>2,643,470</u>	<u>2,535,536</u>
 Total operating expenses		
	<u>2,643,470</u>	<u>2,535,536</u>
Operating expenses		
Salaries, wages and other payroll costs	1,460,362	1,566,097
Administrative and general expenses	874,160	758,050
Occupancy	182,623	155,970
Direct expenses of care	90,097	131,745
	<u>2,607,242</u>	<u>2,611,862</u>
 Total operating expenses		
	<u>2,607,242</u>	<u>2,611,862</u>
 Surplus in operating revenue over operating expenses		
	<u>36,228</u>	<u>(76,326)</u>
 Other revenue		
Investment return, net	1,454,294	139,008
Gain on sale of asset	31,818	-
	<u>1,486,112</u>	<u>139,008</u>
 Total other revenue		
	<u>1,486,112</u>	<u>139,008</u>
 CHANGE IN NET ASSETS	 1,522,340	 62,682
 Net assets		
Beginning of year	<u>3,290,423</u>	<u>3,227,741</u>
 End of year	<u><u>\$ 4,812,763</u></u>	<u><u>\$ 3,290,423</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>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,522,340	\$ 62,682
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	65,910	64,728
Gain on disposal of fixed assets	(31,818)	-
Forgiveness of loan	(501,950)	-
Net realized and unrealized (gains) losses on investments	(1,454,294)	37,171
Changes in operating assets and liabilities:		
Accounts receivable - City of Philadelphia	(7,278)	120,039
Pledges receivable - Office of Development, United Way	18,569	-
Program advance	(14,857)	14,857
Prepaid expenses and other assets	5,783	(2,540)
Accounts payable and accrued expenses	45,665	14,465
Salaries and wages payable	(3,692)	14,957
Due to Catholic Social Services	22,644	(144,453)
Net cash (used in) provided by operating activities	<u>(332,978)</u>	<u>181,906</u>
Cash flows from investing activities:		
Capital expenditures	(198,084)	(3,721)
Proceeds received from sale of fixed assets	31,818	-
Purchases of investments	-	(176,179)
Net cash used in investing activities	<u>(166,266)</u>	<u>(179,900)</u>
Cash flows from financing activities:		
Proceeds from loan payable	-	501,950
Net cash provided by financing activities	<u>-</u>	<u>501,950</u>
Change in cash and cash equivalents	<u>(499,244)</u>	<u>503,956</u>
Cash, beginning of year	<u>503,956</u>	<u>-</u>
Cash, end of year	<u><u>\$ 4,712</u></u>	<u><u>\$ 503,956</u></u>

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

St. John's Hospice
NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

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 ("U.S. 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, 2021 and 2020.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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

St. John's Hospice

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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, 2021 and 2020.

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.

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

St. John's Hospice

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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.

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

St. John's Hospice

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Risks and Uncertainties

In March 2020, the World Health Organization declared COVID-19, the disease caused by the novel coronavirus, a pandemic, which started to and continues to spread throughout the United States of America. The primary focus as the effects of COVID-19 began to affect St. John's Hospice was the health and safety of the consumers in its care and employees. St. John's Hospice implemented various measures to provide the safest possible environment within its facilities during this pandemic and will continue to do so. Additionally, in response to the pandemic, St. John's Hospice incurred additional costs for testing, personal protective equipment, third party contract services and other operating costs associated with ensuring consumer and employee safety while operating during a pandemic.

Consumer volumes were reduced as various COVID-19 policies were implemented by St. John's Hospice and federal, state and local governments. The lunch program was shifted from in-person dining to a boxed, grab-and-go lunch. Referrals from the City of Philadelphia reduced significantly. Limited capacity, lunch time, in-person dining has resumed, and the City of Philadelphia referrals have increased slightly.

The impact of the COVID-19 pandemic did not have a material effect on St. John's Hospice financial results during the years ended June 30, 2021 and 2020. Management continues to actively monitor the effect of COVID-19 to operating revenues and expenses and based on the continuing uncertainties of COVID-19, it is unable to determine if it will have a material impact on its operations for the year ending June 30, 2022.

St. John's Hospice has begun to see increases to its consumer volumes, however volumes have not returned to pre-pandemic levels. Management believes that the adverse impact that COVID-19 will have on our future operations and financial results will depend upon many factors, most of which are beyond management's capability to control or predict.

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,	
	2021	2020
Cash	\$ 4,712	\$ 503,956
Accounts receivable	158,354	151,076
Investments	6,067,657	4,613,363
Assets available to management	6,230,723	5,268,395
Liabilities to be settled within one year		
Accounts payable and accrued expenses	(86,078)	(40,413)
Salaries and wages payable	(62,846)	(66,538)
Due to CSS	(1,933,036)	(1,910,392)
Assets available to management less liabilities to be settled within one year	\$ 4,148,763	\$ 3,251,052

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 settled periodically.

St. John's Hospice

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Recently Adopted Accounting Pronouncements

St. John's Hospice adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended, using the retrospective method of application to all contracts existing on July 1, 2020. The core principle of the standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of the standard had no material impact on St John's Hospice's current or historical financial position, results of operations or cash flows. Additionally, management does not anticipate that the standard will have a material impact on the amount or timing of when St. John's Hospice recognizes revenue prospectively. However, in accordance with the standard, St. John's Hospice now recognizes its previously reported provision for bad debts, as a direct reduction to revenues as an implicit pricing concession, instead of separately as bad debt expense. St. John's Hospice's revenue recognition and accounts receivable policies are more fully described above.

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, 2021 and 2020, all investments are considered without donor restrictions.

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

	2021	2020
Catholic Values Equity Fund	\$ 4,303,995	\$ 3,249,706
Catholic Values Fixed Income Fund	1,763,662	1,363,657
	<u>\$ 6,067,657</u>	<u>\$ 4,613,363</u>

St. John's Hospice

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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

	2021	2020
Dividends and interest income	\$ 180,039	\$ 176,179
Changes in unrealized gains (losses) on investments	1,274,255	(37,171)
Investment return, net	<u>\$ 1,454,294</u>	<u>\$ 139,008</u>

NOTE D - PROPERTY, PLANT AND EQUIPMENT

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

	2021	2020
Buildings	\$ 71,801	\$ 71,800
Automobiles	103,753	23,734
Building improvements	724,034	612,034
Equipment	80,586	74,522
	<u>980,174</u>	<u>782,090</u>
Accumulated depreciation	<u>(344,397)</u>	<u>(278,487)</u>
Property, plant and equipment, net	<u>\$ 635,777</u>	<u>\$ 503,603</u>

Depreciation expense was \$65,910 and \$64,728 for the years ended June 30, 2021 and 2020, respectively, and is included within administrative and general expenses in the statements of activities.

NOTE E - ACCOUNTS RECEIVABLE - GOVERNMENTAL AGENCIES

At June 30, 2021 and 2020, St. John's Hospice had uncollateralized accounts receivable from City of Philadelphia contracts of \$158,354 and \$151,076, 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, 2021 and 2020

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>2021</u>				
Assets				
Investments	\$ 6,067,657	\$ -	\$ -	\$ 6,067,657
Total assets	<u>\$ 6,067,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,067,657</u>
<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>

During the fiscal years ended June 30, 2021 and 2020, 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 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. Entities receiving these funds can request for the loan to be forgiven in its entirety assuming the proceeds have been used as outlined in the guidelines. 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. The loan was forgiven by the Small Business Administration ("SBA") in 2021 and is recorded as revenue on the statement of activities and changes in net assets for the year ended June 30, 2021.

St. John's Hospice

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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, 2021 and 2020. The amount expensed by St. John's Hospice for contributions to the Plan were \$55,123 and \$59,596 for the years ended June 30, 2021 and 2020, 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 2021 and 2020, 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 \$42,043 and \$45,454 for the years ended June 30, 2021 and 2020, 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.

St. John's Hospice

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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 \$1,933,036 and \$1,910,392 for the years ended June 30, 2021 and 2020, respectively.

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

	<u>2021</u>	<u>2020</u>
Archdiocese of Philadelphia		
Insurance - auto and general	\$ 11,772	\$ 10,526
Lay employee pension contributions	<u>55,123</u>	<u>57,596</u>
	<u>\$ 66,895</u>	<u>\$ 70,122</u>
Catholic Social Services		
Allocated administrative and accounting costs	\$ 76,165	\$ 70,369
Information technology services	<u>31,240</u>	<u>27,503</u>
	<u>\$ 107,405</u>	<u>\$ 97,872</u>

Catholic Charities Appeal donated \$25,000 to St. John's Hospice during the fiscal years ended June 30, 2021 and 2020.

Included in accounts payable and accrued expenses are related party amounts payable to Catholic Housing and Community Services. The amounts are \$6,740 and \$9,263 at June 30, 2021 and 2020.

NOTE J - INCOME TAX STATUS

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.

St. John's Hospice is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. St. John's Hospice 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 has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

St. John's Hospice

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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:

	2021		
	Program	Supporting Management and General	Total Expenses Year Ended June 30, 2021
Salaries, wages and other payroll costs	\$ 889,249	\$ 571,113	\$ 1,460,362
Administrative and general expenses	532,297	341,863	874,160
Occupancy	111,203	71,420	182,623
Direct expenses of care	90,097	-	90,097
Total expenses	<u>\$ 1,622,846</u>	<u>\$ 984,396</u>	<u>\$ 2,607,242</u>

	2020		
	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>

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, 2021 through January 27, 2022, 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, 2021

Operating revenue

Governmental revenue

Philadelphia Department of Public Health, AIDS Activities Coordinating Office	\$	42,866
City of Philadelphia Office of Emergency Shelter and Service		312,469
Housing Opportunities for Persons with AIDS		184,999
Federal Emergency Management Agency		129,332
Philly Fight grant revenue		65,546
Contributed food		452,400
Forgiveness of loan		501,950
Donations		890,684
Legacies and bequests		8,613
United Way and other		29,611
Catholic Charities Appeal		<u>25,000</u>

Total operating revenue		<u>2,643,470</u>
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Other revenue

Investment return, net		1,454,294
Gain on sale of investment		<u>31,818</u>

Total other revenue		<u>1,486,112</u>
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Total revenue	\$	<u><u>4,129,582</u></u>
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St. John's Hospice

SCHEDULE OF OPERATING EXPENSES

Year ended June 30, 2021

Salaries, wages and other payroll costs

Administration	\$ 180,436
Professional	214,759
Clerical	40,195
Maintenance and services	192,059
Residential care	485,863
FICA (employer's share)	80,672
Workers' compensation insurance	27,298
Employees' health and retirement benefits	<u>239,080</u>
Total salaries, wages and other payroll costs	<u>1,460,362</u>

Administrative and general expenses

Administrative and accounting services allocated from Archdiocese of Philadelphia - Catholic Social Services	107,405
Professional fees	58,208
Telephone	18,635
Transportation	10,368
Equipment - replacement	7,120
General expenses and supplies	116,243
Postage	6,259
Charity	484,012
Depreciation	<u>65,910</u>
Total administrative and general expenses	<u>874,160</u>

Occupancy

Repairs and maintenance - buildings and grounds	118,002
Utilities	<u>64,621</u>
Total occupancy	<u>182,623</u>

Direct expenses of care

Food	75,159
Clothing	7,379
Medical and dental fees and supplies	981
Personal items	<u>6,578</u>
Total direct expenses of care	<u>90,097</u>
Total operating expenses	<u><u>\$ 2,607,242</u></u>