

***THE PHILADELPHIA VETERANS
MULTI-SERVICE & EDUCATION Center, INC.***

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2010

**THE PHILADELPHIA VETERANS MULTI-SERVICE
& EDUCATION CENTER, INC.**

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2010

Audited Financial Statements

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Philadelphia Veterans Multi-Service
& Education Center, Inc.
Philadelphia, Pennsylvania

I have audited the accompanying statement of financial position of **The Philadelphia Veterans Multi-Service & Education Center, Inc.**, as of June 30, 2010, and the related statement of activities, and statement of cash flows for the year then ended. These financial statements are the responsibility of the *Center's* management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the *United States of America* and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and the *City of Philadelphia Subrecipient Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Also, an audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *The Philadelphia Veterans Multi-Service & Education Center, Inc.*, as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the *United States of America*.

In accordance with *Governmental Auditing Standards*, I have issued a report dated October 25, 2010, on my consideration of the *Center's* internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of this audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of *The Philadelphia Veterans Multi-Service & Education Center, Inc.*, taken as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analyses and is not a required part of the financial statements of the *Center*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analyses as required by the U. S. Office of Management and Budget and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and, is not a required part of the basic financial statements of the *Center*. Such 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, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and any other additional procedures in accordance with auditing standards generally accepted in the *United States of America*. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Supplemental information presented for the City of Philadelphia is for additional analyses only and is not a required part of the basic financial statements.

Robert F. Burock

ROBERT F. BUROCK, CPA

Bala Cynwyd, Pennsylvania
October 25, 2010

**THE PHILADELPHIA VETERANS
MULTI-SERVICE & EDUCATION CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTALS</u>
<u>REVENUES:</u>			
Contract revenues	\$ 10,000	\$ 2,730,668	\$ 2,740,668
Resident fees	-	222,912	222,912
Grant awards	17,089	89,039	106,128
Fund-raising and contributions	267,940	2,600	270,540
Rental income	115,200	-	115,200
HUD program and other government grants	-	238,124	238,124
Other income	3,288	-	3,288
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>3,450,205</u>	(<u>3,450,205</u>)	<u>-</u>
Total revenues	<u>3,863,722</u>	(<u>166,862</u>)	<u>3,696,860</u>
<u>EXPENSES:</u>			
<i>Program Services:</i>			
Training	728,417	-	728,417
Housing / Homeless	<u>2,721,788</u>	<u>-</u>	<u>2,721,788</u>
Total program services	<u>3,450,205</u>	<u>-</u>	<u>3,450,205</u>
<i>Supporting Services</i>			
Management and general	410,830	-	410,830
Fund-raising	<u>18,635</u>	<u>-</u>	<u>18,635</u>
Total supporting services	<u>429,465</u>	<u>-</u>	<u>429,465</u>
Total expenses	3,879,670	-	3,879,670
Change in net assets	(15,948)	(166,862)	(182,810)
Net assets - July 1, 2009	<u>759,482</u>	<u>730,758</u>	<u>1,490,240</u>
Net assets - June 30, 2010	<u>\$ 743,534</u>	<u>\$ 563,896</u>	<u>\$ 1,307,430</u>

See accompanying notes to financial statements.

**THE PHILADELPHIA VETERANS
MULTI-SERVICE & EDUCATION CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

Cash flows from operating activities:

Contract revenues and grant awards	\$ 3,059,129
Resident fees	227,733
Fund-raising and contributions	311,936
Rental income	126,800
Other income	3,288
Cash paid for personnel, programs, and operations	(3,723,715)
Cash paid for fund-raising	(18,635)
Interest paid	(<u>26,499</u>)
Cash (used) by operations	(<u>39,963</u>)

Cash flows from financing activities:

Proceeds from line of credit	130,000
Principal repayment of mortgage payable	(<u>64,109</u>)
Cash provided by financing activities	<u>65,891</u>

Cash flows from investing activities:

Purchase of fixed assets	(<u>32,429</u>)
Cash (used) by investing activities	(<u>32,429</u>)

Net change in cash (6,501)

Cash balance – July 1, 2009 92,888

Cash balance – June 30, 2010 \$ 86,387

See accompanying notes to financial statements.

**THE PHILADELPHIA VETERANS
MULTI-SERVICE & EDUCATION CENTER, INC.
RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH FLOWS FROM OPERATING ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Cash flows from operating activities:

Change in net assets	\$ (182,810)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	65,082
Change in investments	(27)
Change in receivables	40,154
Change in prepaid expenses and security deposits	15,006
Change in payables and other liabilities	30,760
Change in deferred income	(<u>8,128</u>)
Cash (used) by operations	(<u>39,963</u>)

See accompanying notes to financial statements.

**THE PHILADELPHIA VETERANS MULTI-SERVICE
& EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 – DESCRIPTION OF ORGANIZATION

The *Philadelphia Veterans Multi-Service & Education Center, Inc.* is a non-profit corporation providing outreach, counseling, employability assessment, job training and placement, permanent housing, transitional living, and supportive services to veterans in the metropolitan Philadelphia area.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The Center has applied *Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, formerly Statement of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-for-Profit Organizations,”* during the fiscal year being reported upon. This requires the Center to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Center has no permanently restricted net assets as of June 30, 2010.

Basis of Accounting: The financial statements are prepared under the accrual basis of accounting, which recognizes revenues as earned, regardless of when they are received, and expenses as incurred, regardless of when they are paid. This is in accordance with generally accepted accounting principles.

Revenues: The Center recognizes most revenues on a fee-for-service basis with other sources being grants, contributions, fund-raising, and rental income.

Tax status - *The Philadelphia Veterans Multi-Service & Education Center, Inc.* is incorporated in the Commonwealth of Pennsylvania under provisions of the Non-Profit Corporation Law. Also, the corporation has been granted an exemption from federal corporate income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements have no provision for corporate income taxes.

Unrestricted net assets - Unrestricted net assets are available for use in general operations.

Allocation of expenses - The costs of providing various program and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated to program and supporting services, as illustrated in the schedule of functional expenses.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, 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

**THE PHILADELPHIA VETERANS MULTI-SERVICE
& EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates, and the differences may be material.

Subsequent Events: The *Center* has evaluated events and transactions for potential recognition and disclosure in these financial statements as of October 25, 2010, the date of issuance of this report. No matter reviewed appears to require disclosure.

NOTE 3 - PENSION PLAN

The *Center* provides a defined contribution pension plan for all eligible employees. The plan is governed by conditions established under Internal Revenue Code section 403(b). Plan contributions are invested at the direction of plan participants, in one or more funding options available to them under the plan. Plan contributions are held for the exclusive benefit of participants. All benefits are fully funded. The pension expense for the fiscal year ended June 30, 2010, was \$61,706.

NOTE 4 - FIXED ASSETS

Depreciation - All fixed assets are recorded at cost and are depreciated on the straight-line method of depreciation over the estimated useful lives of the assets. The building and renovations are being depreciated over a life of 40 years. Vehicles and equipment are being depreciated between 3 and 10 years. Land and works of art are not subject to depreciation.

The detail of fixed assets as of June 30, 2010, is as follows:

Land	\$	175,000
Building and renovations		1,872,774
Vehicles		142,776
Leasehold improvements		90,106
Equipment		31,341
Artwork		<u>17,000</u>
Sub-total		2,328,997
Less: accumulated depreciation		<u>706,813</u>
Fixed assets (net of Accum. Depr.)	\$	<u>1,622,184</u>

Fixed assets are tangible property used in the operations of a business, but which are not expected to be consumed or converted into cash in the ordinary course of events. Machinery and equipment, furniture and fixtures, and leasehold improvements comprise

**THE PHILADELPHIA VETERANS MULTI-SERVICE
& EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

the fixed assets of many organizations. They are considered “fixed” or “permanent” in that they will benefit an organization for more than one fiscal year. Their “cost” or “basis” is depreciated over the estimated useful lives of the assets. The annual provision for depreciation expense for the fiscal year ended June 30, 2010, was \$65,082.

NOTE 5 – INVESTMENTS

“Investments” are recorded at market value at June 30, 2010, which is in accordance with generally accepted accounting principles through the FASB ASC 958-320-50, formerly Financial Accounting Standards Board (FASB) Statement No. 124. The market value at June 30, 2010, was \$4,938, compared to a cost basis of \$2,843. This yielded a cumulative unrealized gain of \$2,095, of which \$27 occurred in the current fiscal year.

The computation of gain or loss is temporary and does not become realized until any or all of the portfolio holdings are liquidated. Upon liquidation, the “unrealized” gain or loss would become a “real” gain or “real” loss based upon then current market valuations.

NOTE 6 – CONTINGENT LIABILITY

A significant part of funding of the renovations to the *Center's* facility at 213 – 217 North 4th Street in Philadelphia was done by various federal agencies. The Philadelphia Redevelopment Authority (RDA) administered some of these renovation funds and has issued a lien against the building until the *Center* meets certain contracted commitments. The *Center* is required to continue operating the building as a non-profit social service organization for 20 years, through December 2019.

The total lien amount was \$710,290. Through December 2009, the first ten years of the lien, the amount remained unchanged. In years 11 – 20, the amount is amortized annually at 10% of the lien amount. Accordingly, six months or \$35,515 has been amortized during the period January 1, 2010, through June 30, 2010, leaving a lien balance of \$674,775 as of June 30, 2010. The lien will be released in total in December 2019.

NOTE 7 – MORTGAGE PAYABLE

A Philadelphia office of a national bank provided financing for the acquisition and renovation costs for its facility at 213 - 217 North 4th Street in Philadelphia. The commercial mortgage terms are computed and adjusted every five years. The rate computation is 80% of the then current 5-year treasury yield + 2.50%. The rate through August 31, 2010, was 5.08%. The monthly payment was \$6,638. On September 1, 2010, the rate was re-set for the final 5-year period of the 15-year mortgage term. The new rate of interest is 3.68% with a monthly payment of \$6,438. The current and long-term portions are \$58,937, and \$303,530, respectively, for a total mortgage of \$362,467.

**THE PHILADELPHIA VETERANS MULTI-SERVICE
& EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Maturities of long-term debt for the five years succeeding June 30, 2010, are as follows:

<u>Fiscal Year Ended</u>	<u>Annual Maturity</u>
June 30, 2011	\$ 58,937
June 30, 2012	67,215
June 30, 2013	69,731
June 30, 2014	72,340
June 30, 2015	75,048
Thereafter	19,196

The mortgage is secured by the building and its related capital improvements.

NOTE 8 – LINE OF CREDIT PAYABLE

The mortgage lender mentioned in note 7 provides a \$300,000 line of credit to the *Center*. The interest rate on the line is based upon the BBA LIBOR Daily Floating Rate plus 5.25%. A floating rate adjusts on a daily basis. The one-day rate on June 30, 2010, for informational purposes, was 0.30563%. This rate plus the 5.25% premium yielded an annualized day rate of 5.55563%. The line of credit was renewed on December 18, 2009, and has a renewal date of December 31, 2010. The balance owed at June 30, 2010, was \$130,000. The line is secured by the equipment, fixtures, inventories, and receivables of the *Center*.

NOTE 9 – NET ASSET CATEGORIES

The *Center* has applied *Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, "Financial Statements of Not-for-Profit Organizations,"* during the fiscal year being reported upon.

Unrestricted Net Assets are those available for general use by the organization. This supporting category includes the functions necessary to secure proper administrative functioning of the organization, maintain an adequate work environment, and manage the financial responsibilities of the organization.

Temporarily Restricted Net Assets contain grantor-imposed restrictions that expire upon the passage of time or once specific actions are undertaken by the organization. These net assets are then released and reclassified to unrestricted net assets, from which they are expended. During the year ended June 30, 2010, \$3,450,205 of temporarily restricted net assets were transferred to unrestricted net assets and expended in fulfillment of grant-imposed restrictions.

**THE PHILADELPHIA VETERANS MULTI-SERVICE
& EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Permanently Restricted Net Assets are those that the donor stipulates must be maintained by an organization in perpetuity. Permanently restricted net assets increase when organizations receive contributions for which donor-imposed restrictions limiting an organization's use of an asset or its economic benefits neither expire with the passage of time nor can be removed by an organization's meeting certain requirements.

The *Center* has no permanently restricted net assets as of the fiscal year ended June 30, 2010.

NOTE 10 - DEFERRED INCOME

Financial funds received in advance of services being rendered are referred to as deferred income, which is a liability to the *Center*. The *Center* received grant awards that have not been fully earned as of June 30, 2010. As this money was received in advance of services being rendered by the *Center* as of June 30, 2010, the *Center* did not yet meet the grant conditions. Therefore, the \$66,872 is a deferred income at the fiscal year end. As services are rendered in the next fiscal year, income will be recognized and the liability will be reduced accordingly.

NOTE 11 - PLEDGES RECEIVABLE

The *Center* was the beneficiary of a local "radio-thon" in June 2010. Pledges from the event totaled \$57,526. In accordance with FASB ASC 958-605-20, formerly FASB Statement No. 116, "*Accounting for Contributions Received and Contributions Made*," the *Center* has recognized the pledges as current fiscal year income. At June 30, 2010, \$13,608 remained as a pledges receivable balance on the statement of financial position. This amount was fully collected as of the date of this report, October 25, 2010.

NOTE 12 – ACCRUED VACATION AND PERSONAL LEAVE

The *Center* is applying FASB ASC 710, formerly "*Statement of Financial Accounting Standards*" No. 43 (SFAS) to recognize the liability for accrued vacation and personal leave pay. The statement requires an employer to accrue a liability for employees' compensation of future absences when the following conditions are met:

- 1 - The employees' rights to receive compensation for future absences are attributable to services already rendered.
- 2 - The rights vest or accumulate.
- 3 - Payment of the compensation is probable.
- 4 - The amount of the payment is reasonably estimated.

The *Center* has met the criteria. The accrued vacation and personal leave liabilities at June 30, 2010 totaled \$17,286.

**THE PHILADELPHIA VETERANS MULTI-SERVICE
& EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 12 – SECURITY DEPOSITS HELD AS FIDUCIARY

The *Center* has contracts administered by the City of Philadelphia's *Office of Supportive Housing*. The contracts are funded by the federal government under Title IV, Subtitle C, as amended, of the McKinney – Vento Homeless Assistance Act of 1987, under the U. S. Department of Housing and Urban Development.

Some of these contracts are with landlords who provide permanent housing to veterans. Most rental arrangements are subsidized by the grant on a monthly basis. In addition, the *Center* advances a rental deposit to the landlord. This deposit may be forfeited if damages occur at the property. As of June 30, 2010, the *Center* had a total of \$25,710 in security deposits being held by landlords. This is recognized as an "other asset" on the statement of financial position. A liability for the same amounts also exists, as these balances, if returned to the *Center*, are to be returned to the city.

NOTE 13 – CASH AND EQUIVALENTS

The organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Balances stated at fair value, at June 30, 2010, include:

Cash – checking	\$ 68,016
Bank money market account	<u>18,371</u>
Total investments	\$ <u>86,387</u>

Cash equivalents consist of a non-interest bearing commercial, nonprofit checking account, and an interest paying money market account with no restriction as to access by the organization.



**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

***Board of Directors
The Philadelphia Veterans Multi-Service
& Education Center, Inc.
Philadelphia, Pennsylvania***

I have audited the financial statements of ***The Philadelphia Veterans Multi-Service & Education Center, Inc.***, as of and for the year ended June 30, 2010, and have issued my report thereon dated October 25, 2010. I conducted my audit in accordance with auditing standards generally accepted in the *United States of America* and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the *Center's* internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the *Center's* internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the *Center's* internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the *Center's* financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance that the *Center's* financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the use of the *Center*, various grantors, their authorized representatives, and federal awarding agencies and pass-through entities, and should not be used by anyone other than these specified parties.

Robert F. Burock

ROBERT F. BUROCK, CPA

Bala Cynwyd, Pennsylvania
October 25, 2010



**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

***Board of Directors
The Philadelphia Veterans Multi-Service
& Education Center, Inc.
Philadelphia, Pennsylvania***

Compliance

I have audited the compliance of ***The Philadelphia Veterans Multi-Service & Education Center, Inc.***, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the *Center's* major federal programs for the year ended June 30, 2010. The *Center's* major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contract agreements, and grants applicable to each of its major federal programs is the responsibility of the *Center's* management. My responsibility is to express an opinion on the *Center's* compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *City of Philadelphia Subrecipient Audit Guide*. Those standards, and OMB Circular A-133, require that I plan and perform the audit to obtain reasonable assurance whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the *Center's* compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the *Center's* compliance with those requirements.

In my opinion, the *Center* complied, in all material respects, with the requirements, referred to above, that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the *Center* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contract agreements, and grants applicable to federal programs. In planning and performing my audit, I considered the *Center's* internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the *Center's* internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the *Center*, various grantors, their authorized representatives, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Robert F. Burock

ROBERT F. BUROCK, CPA

Bala Cynwyd, Pennsylvania
October 25, 2010

**THE PHILADELPHIA VETERANS MULTI-SERVICE
& EDUCATION CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

SUMMARY OF AUDIT FINDINGS

1. The auditor's report expresses an unqualified opinion on the financial statements of *The Philadelphia Veterans Multi-Service & Education Center, Inc.*
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the *Center*, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major programs were disclosed during the audit of the major federal award programs.
6. The auditor's report on compliance for the major federal award programs expresses an unqualified opinion on all major federal programs.
7. No reportable audit findings in major programs were disclosed during the audit. This disclosure is made in accordance with Section 510(a) of OMB Circular A-133.
8. The programs tested as major programs included:
 - U. S. Department of Veteran Affairs "*VA Homeless Providers Grant and Per Diem Program*" under CFDA No. 64.024, and
 - U. S. Department of Labor "*Homeless Veterans Reintegration Project*" under CFDA No. 17.805.
9. The threshold for distinguishing Types A and B programs was \$ 300,000.
10. The *Center* was determined to be a high-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None.

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None.

***THE PHILADELPHIA VETERANS MULTI-SERVICE
& EDUCATION CENTER, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010***

No findings and questioned costs relative to federal awards were reported in the prior year's audit report. Accordingly, no follow-up reporting is presented.

**THE PHILADELPHIA VETERANS MULTI-SERVICE
& EDUCATION CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Grantor</u>	<u>CFDA No.</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>
Federal awards:			
<u>Direct programs:</u>			
U. S. Department of Veterans Affairs "VA Homeless Providers Grant And Per Diem Program"	64.024	-	\$ 1,631,889
U. S. Department of Labor "Homeless Veterans Reintegration Project"	17.805	-	300,000
U. S. Department of Housing and Urban Development "Supportive Housing Program"	14.235	-	238,124
U. S. Department of Labor "Workforce Investment Act" Earmark	17.261	-	<u>71,725</u>
<i>Total direct programs</i>			<u>2,241,738</u>
<u>Pass-through programs:</u>			
U. S. Department of Housing and Urban Development ARRA "Homeless Prevention and Rapid Re-housing Program" pass-thru the City of Philadelphia	14.262	-	214,305
U. S. Department of Housing and Urban Development "Shelter Plus Care" thru City of Philadelphia	14.238	PA-0027-03T000801	148,059
U. S. Department of Labor ARRA "WIA Program" flow-thru PA Dept. of Labor & Industry	17.258	NOO 194-08-001	91,966
U. S. Department of Labor: ARRA "Employment Service," flow-through the PA Dept. of Labor & Industry	17.207	194-08	89,234

**THE PHILADELPHIA VETERANS MULTI-SERVICE
& EDUCATION CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Grantor</u>	<u>CFDA No.</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>
U. S. Department of Labor ARRA "PWDC Program" flow-thru PA Dept. of Labor & Industry	17.258	NOO 194-08-001	88,259
U. S. Department of Homeland Security "Emergency Food and Shelter Program" thru United Way	97.024	LRO ID#731000-053	<u>20,926</u>
Total pass-through programs			<u>652,749</u>
Total Expenditures of Federal Awards			\$
<u>2,894,487</u>			

**THE PHILADELPHIA VETERANS MULTI-SERVICE
& EDUCATION CENTER, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1 - BASIS OF PRESENTATION

The *Philadelphia Veterans Multi-Service & Education Center, Inc.* is a non-profit corporation providing outreach, counseling, employability assessment, job training and placement, permanent housing, transitional living, and supportive services to veterans in the metropolitan Philadelphia area.

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the *Philadelphia Veterans Multi-Service & Education Center, Inc.* The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This schedule presents only a selected portion of the operations of the *Philadelphia Veterans Multi-Service & Education Center, Inc.*, and is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the *Philadelphia Veterans Multi-Service & Education Center, Inc.*

Funding provided through the *American Recovery and Reinvestment Act of 2009* (ARRA) is identified within the report with the program prefix ARRA.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

See accompanying notes to schedule of expenditures of federal awards.

THE PHILADELPHIA VETERANS MULTI-SERVICE & EDUCATION CENTER, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	<i>Program Services</i>			<i>Supporting Services</i>			<u>GRAND TOTALS</u>
	<u>TRAINING</u>	<u>HOUSING / HOMELESS</u>	<u>TOTAL PROGRAM</u>	<u>MANAGEMENT & GENERAL</u>	<u>FUND- RAISING</u>	<u>TOTAL SUPPORT</u>	
<u>EXPENSES:</u>							
Personnel and fringe benefits	\$ 480,211	\$ 1,402,192	\$ 1,882,403	\$ 247,373	\$ -	\$ 247,373	\$ 2,129,776
Program costs	176,918	744,015	920,933	16,837	-	16,837	937,770
Occupancy	28,998	394,195	423,193	40,612	-	40,612	463,805
Office, supplies, and telephone	8,224	46,551	54,775	42,277	-	42,277	97,052
Depreciation	-	60,029	60,029	5,053	-	5,053	65,082
Professional	26,370	36,701	63,071	27,546	-	27,546	90,617
Fund-raising	-	-	-	-	18,635	18,635	18,635
Insurance	7,696	15,925	23,621	18,789	-	18,789	42,410
Interest expense	-	22,180	22,180	3,203	-	3,203	25,383
Other	-	-	-	9,140	-	9,140	9,140
Total expenses	<u>\$ 728,417</u>	<u>\$ 2,721,788</u>	<u>\$ 3,450,205</u>	<u>\$ 410,830</u>	<u>\$ 18,635</u>	<u>\$ 429,465</u>	<u>\$ 3,879,670</u>

See supplemental reporting information in the auditor's report.

**THE PHILADELPHIA VETERANS MULTI-SERVICE
& EDUCATION CENTER, INC.
CITY OF PHILADELPHIA SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

CITY OF PHILADELPHIA SUPPLEMENTAL INFORMATION

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**THE PHILADELPHIA VETERANS
MULTI-SERVICE & EDUCATION CENTER, INC.
CITY OF PHILADELPHIA CONTRACTS
STATEMENT OF SOURCE AND STATUS OF FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>HUD PA0027- C3T000801</u>	<u>HUD FUNDS 10-20276</u>
Total Contract	\$ 296,760	\$ 410,885
Less:		
Funds drawn down - current fiscal year	<u>127,940</u>	<u>158,891</u>
Total funds drawn down	<u>127,940</u>	<u>158,891</u>
Funds still available for drawn down	<u>168,820</u>	<u>251,994</u>
Total funds drawn down	127,940	158,891
Add:		
Program income	<u>-</u>	<u>-</u>
Total funds received	127,940	158,891
Less:		
Funds applied - current fiscal year	<u>154,096</u>	<u>214,305</u>
Total funds applied	<u>154,096</u>	<u>214,305</u>
Total funds due from funding source	<u>26,156</u>	<u>55,414</u>
Total funds available for disposition	<u>\$ 142,664</u>	<u>\$ 196,580</u>

See supplemental reporting information in the auditor's report.

**THE PHILADELPHIA VETERANS
MULTI-SERVICE & EDUCATION CENTER, INC.
CITY OF PHILADELPHIA CONTRACTS
STATEMENT OF PROGRAM EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010**

Accrued expenses July 1, 2009, through June 30, 2010

	HUD PA0027- <u>C3T000801</u>	HUD FUNDS <u>10-20276</u>
<u>EXPENSES:</u>		
Personnel costs	\$ 4,354	\$ 83,822
Rental assistance	139,520	111,597
Security deposits	4,185	-
Other	<u>-</u>	<u>18,886</u>
 Total expenses	 \$ <u>148,059</u>	 \$ <u>214,305</u>

See supplemental reporting information in the auditor's report.

**THE PHILADELPHIA VETERANS
MULTI-SERVICE & EDUCATION CENTER, INC.
CITY OF PHILADELPHIA CONTRACTS
STATEMENT OF PROGRAM INCOME
FOR THE YEAR ENDED JUNE 30, 2010**

<u>PROGRAM INCOME:</u>	HUD PA0027- <u>C37000801</u>	HUD FUNDS <u>10-20276</u>
None	\$ _____ -	\$ _____ -
Total program income	\$ <u>_____ -</u>	\$ <u>_____ -</u>

See supplemental reporting information in the auditor's report.

**THE PHILADELPHIA VETERANS
MULTI-SERVICE & EDUCATION CENTER, INC.
CITY OF PHILADELPHIA CONTRACTS
RECONCILIATION SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>HUD PA0027- C3T000801</u>	<u>HUD PA0027- 10-20276</u>
Total Contract	\$ 296,760	\$ 410,885
Less:		
Funds drawn down - current fiscal year	<u>127,940</u>	<u>158,891</u>
Total funds drawn down per invoices	<u>127,940</u>	<u>158,891</u>
Less:		
Program costs - current fiscal year	<u>154,096</u>	<u>214,305</u>
Total program costs per books	<u>154,096</u>	<u>214,305</u>
Total funds receivable from City	<u>\$ 26,156</u>	<u>\$ 55,414</u>

See supplemental reporting information in the auditor's report.