

VETERANS MULTI-SERVICE CENTER, INC.

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

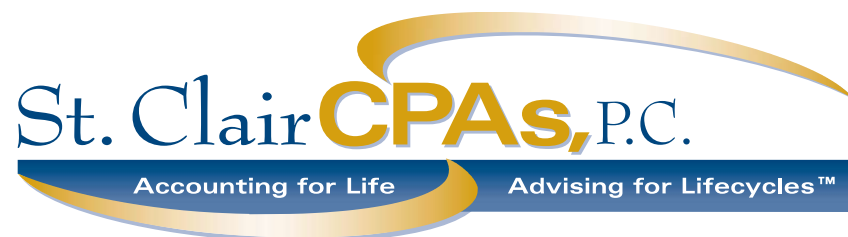
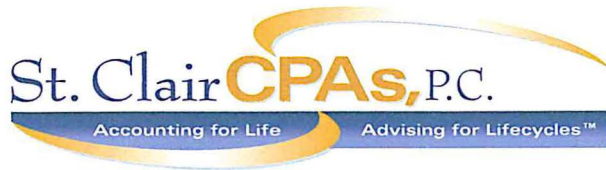


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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Veterans Multi-Service Center, Inc.
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Veterans Multi-Service Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *City of Philadelphia Subrecipient Audit Guide*. 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 Veterans Multi-Service Center, Inc. as of June 30, 2017 and 2016, 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

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Additionally, the accompanying schedules of Reconciliation of Agency Reported Expenditures / Revenues to Audit – HUD Continuum of Care and Reconciliation of Agency Reported Expenditures / Revenues to Audit – HUD Rapid Re-housing are presented for purposes of additional analysis as required by the *City of Philadelphia Subrecipient Audit Guide* and are not a required part of the financial statements. 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 audits 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 other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017, on our consideration of Veterans Multi-Service Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Veterans Multi-Service Center, Inc.'s internal control over financial reporting and compliance.

At. Clair CPAs, P.C.

Certified Public Accountants

Merchantville, New Jersey
December 21, 2017

VETERANS MULTI-SERVICE CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and restricted cash	\$ 1,269,618	\$ 331,066
Grants and contracts receivable	860,709	1,175,752
Pledges receivable	53,066	79,351
Inventory	63,552	57,314
Prepaid expenses	<u>80,561</u>	<u>65,943</u>
TOTAL CURRENT ASSETS	<u>2,327,506</u>	<u>1,709,426</u>
PROPERTY AND EQUIPMENT, net of accumulated depreciation	<u>1,362,615</u>	<u>1,472,783</u>
OTHER ASSETS		
Artwork	17,000	17,000
Capitalized loan fees, net of accumulated amortization	-	3,097
Gift cards	100,000	-
Security deposits	<u>11,200</u>	<u>11,250</u>
TOTAL OTHER ASSETS	<u>128,200</u>	<u>31,347</u>
	<u>\$ 3,818,321</u>	<u>\$ 3,213,556</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 404,326	\$ 422,051
Accounts payable	335,951	275,536
Accrued expenses	126,354	182,470
Deferred income	<u>59,997</u>	<u>70,438</u>
TOTAL CURRENT LIABILITIES	<u>926,628</u>	<u>950,495</u>
OTHER LIABILITIES		
Security deposits held in escrow	<u>15,995</u>	<u>16,048</u>
TOTAL OTHER LIABILITIES	<u>15,995</u>	<u>16,048</u>
TOTAL LIABILITIES	<u>942,623</u>	<u>966,543</u>
NET ASSETS		
Unrestricted	2,123,639	1,923,391
Temporarily restricted	<u>752,059</u>	<u>323,622</u>
TOTAL NET ASSETS	<u>2,875,698</u>	<u>2,247,013</u>
	<u>\$ 3,818,321</u>	<u>\$ 3,213,556</u>

See accompanying notes.

VETERANS MULTI-SERVICE CENTER, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
UNRESTRICTED NET ASSETS		
UNRESTRICTED REVENUES AND SUPPORT		
Fundraising and contributions	\$ 1,487,271	\$ 1,247,615
Resident fees	228,194	196,384
Rental income	162,002	150,871
Thrift shop	312,970	331,459
Other income	<u>107,092</u>	<u>164,299</u>
TOTAL UNRESTRICTED REVENUES AND SUPPORT	2,297,529	2,090,628
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of program restrictions	<u>8,842,919</u>	<u>8,440,282</u>
TOTAL UNRESTRICTED REVENUES AND OTHER SUPPORT	<u>11,140,448</u>	<u>10,530,910</u>
EXPENSES		
Program	10,379,451	9,939,248
Fundraising	160,264	211,507
General and administrative	<u>400,485</u>	<u>392,997</u>
TOTAL EXPENSES	<u>10,940,200</u>	<u>10,543,752</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>200,248</u>	<u>(12,842)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	756,422	106,841
Contract revenues - Department of Veterans Affairs	7,087,010	6,872,457
Contract revenues - Department of Labor	562,050	523,937
Contract revenues - City of Philadelphia	521,962	520,246
Contract revenues - Department of Housing	300,187	296,363
Contract revenues - Department of Homeland Security (FEMA)	18,725	-
Grant awards	25,000	25,000
Other support	-	22,475
Net assets released from restrictions	<u>(8,842,919)</u>	<u>(8,440,282)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>428,437</u>	<u>(72,963)</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS	628,685	(85,805)
NET ASSETS, BEGINNING	<u>2,247,013</u>	<u>2,332,818</u>
NET ASSETS, ENDING	<u>\$ 2,875,698</u>	<u>\$ 2,247,013</u>

See accompanying notes.

VETERANS MULTI-SERVICE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	<u>Homeless Veteran Programs</u>	<u>Employment and Training Programs</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
EXPENSES					
Administrative fees - general	\$ 67,938	\$ -	\$ -	\$ -	\$ 67,938
Advertising and promotion	6,181	-	20,742	2,039	28,962
Bad debt expense	-	-	11,380	-	11,380
Depreciation and amortization	116,777	-	-	26,051	142,828
Employee benefits	494,396	46,743	4,172	9,286	554,597
Equipment rental and repair	154,460	5,800	904	28,107	189,271
Food and entertainment	-	-	7,290	-	7,290
Insurance	95,456	14,821	953	22,945	134,175
Interest	20,571	-	-	443	21,014
Materials and supplies	69,217	1,075	117	-	70,409
Office expenses	60,378	3,319	25,696	24,140	113,533
Payroll taxes	381,894	34,860	1,982	11,890	430,626
Postage	853	-	-	-	853
Production expense	386,879	-	-	-	386,879
Professional fees	225,346	19,013	53,685	42,550	340,594
Program costs	3,333,698	14,143	-	19,522	3,367,363
Rent and occupancy	553,150	21,041	6,626	55,985	636,802
Retirement plan	84,225	7,004	1,015	29,220	121,464
Salaries and wages	3,630,194	335,976	25,702	113,698	4,105,570
Telephone	66,958	2,500	-	10,120	79,578
Training expense	6,067	29,376	-	-	35,443
Travel and meetings	62,763	26,379	-	4,489	93,631
	<u>\$ 9,817,401</u>	<u>\$ 562,050</u>	<u>\$ 160,264</u>	<u>\$ 400,485</u>	<u>\$ 10,940,200</u>

See accompanying notes.

VETERANS MULTI-SERVICE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	<u>Homeless Veteran Programs</u>	<u>Employment and Training Programs</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
EXPENSES					
Administrative fees - general	\$ 69,387	\$ -	\$ -	\$ -	\$ 69,387
Advertising and promotion	6,003	-	100,629	-	106,632
Bad debt expense	-	-	19,024	-	19,024
Depreciation and amortization	119,863	-	-	27,102	146,965
Employee benefits	480,109	43,609	3,971	12,841	540,530
Equipment rental and repair	120,524	7,900	815	28,083	157,322
Food and entertainment	-	-	6,987	-	6,987
Insurance	121,499	16,271	-	28,096	165,866
Interest	22,004	-	-	1,291	23,295
Materials and supplies	114,379	1,500	2,323	-	118,202
Office expenses	45,298	4,500	12,372	11,915	74,085
Payroll taxes	382,901	31,482	1,648	8,682	424,713
Postage	466	-	-	-	466
Production expense	347,734	-	32,206	-	379,940
Professional fees	233,190	17,000	-	46,249	296,439
Program costs	3,025,120	15,601	-	18,113	3,058,834
Rent and occupancy	543,830	18,000	7,204	49,172	618,206
Retirement plan	64,021	7,479	780	2,389	74,669
Salaries and wages	3,555,263	308,335	23,127	116,362	4,003,087
Telephone	71,390	2,300	-	12,592	86,282
Training expenses	22,710	25,527	-	-	48,237
Travel and meetings	69,498	24,555	421	30,110	124,584
	<u>\$ 9,415,189</u>	<u>\$ 524,059</u>	<u>\$ 211,507</u>	<u>\$ 392,997</u>	<u>\$ 10,543,752</u>

See accompanying notes.

VETERANS MULTI-SERVICE CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 628,685	\$ (85,805)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Bad debt expense	11,380	19,024
Depreciation and amortization	142,828	146,965
Loss on sale of securities	-	897
Donated gift cards	(100,000)	-
(Increase) decrease in		
Grants and contracts receivable	303,663	(62,856)
Pledges receivable	26,285	1,031
Inventory	(6,238)	(14,024)
Prepaid expenses	(14,618)	21,917
Increase (decrease) in		
Accounts payable	60,416	58,703
Accrued expenses	(56,116)	(59,772)
Deferred income	(10,441)	18,845
Security deposits held in escrow	(53)	3,523
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>985,791</u>	<u>48,448</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(29,564)	(10,224)
Net security deposits refunded (placed)	50	(300)
Sale of securities	-	10,481
NET CASH USED BY INVESTING ACTIVITIES	<u>(29,514)</u>	<u>(43)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(17,725)	(16,813)
NET CASH USED BY FINANCING ACTIVITIES	<u>(17,725)</u>	<u>(16,813)</u>
NET INCREASE IN CASH AND RESTRICTED CASH	938,552	31,592
CASH AND RESTRICTED CASH, BEGINNING	<u>331,066</u>	<u>299,474</u>
CASH AND RESTRICTED CASH, ENDING	<u>\$ 1,269,618</u>	<u>\$ 331,066</u>
SUPPLEMENTARY DISCLOSURES		
Interest paid	<u>\$ 21,014</u>	<u>\$ 23,295</u>

See accompanying notes.

**VETERANS MULTI-SERVICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Veterans Multi-Service Center, Inc. (the Organization) was incorporated in May 1994 in Pennsylvania as a non-profit corporation. Veterans Multi-Service Center, Inc.'s mission is to provide outreach, counseling, employability assessment, job training and placement, permanent housing, transitional living, and supportive services to veterans in the metropolitan Philadelphia area. The Organization receives funding through various governmental agencies, the general public and program fees. The Organization changed its name from The Philadelphia Veterans Multi-Service & Education Center, Inc. to Veterans Multi-Service Center, Inc. on April 2, 2014.

Basis of Accounting and Presentation

The Organization's policy is to prepare its financial statements using the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of FASB ASC 958, *Presentation of Financial Statements for Not-for-Profit Organizations*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three (3) classes of net assets: (1) unrestricted net assets, (2) temporarily restricted net assets, and (3) permanently restricted net assets.

Unrestricted - Net assets which are free of donor-imposed restrictions; all revenues, gains and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted - Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations.

Permanently Restricted - Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. There are no permanently restricted net assets.

Functional Allocation of Expenses

The cost of providing the Organization's programming has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

VETERANS MULTI-SERVICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Restricted Cash

Highly liquid investments purchased with original maturities of three months or less are considered to be cash equivalents. There are no such investments included in cash for the years ended June 30, 2017 and 2016. Included in cash and restricted cash is \$15,995 and \$16,048 of cash held for security deposits for the years ended June 30, 2017 and 2016, respectively.

Grants, Contracts and Pledges Receivable and Allowance for Doubtful Accounts

The Organization provides an allowance for doubtful accounts equal to the estimated losses that will be incurred in the collection of all receivables. The estimated losses are based on a review of the current status of the existing receivables. No allowance for doubtful accounts was considered necessary by management, as all accounts were reviewed for collectability and any amounts deemed uncollectible by management were written off.

Program Fees and Program Fees Receivable and Allowance for Doubtful Accounts

The Organization records program fees that are collectible on a monthly basis by participants in the LZII and Walker House transitional housing programs. Fees are recorded as revenue based on the amounts billed. Tenant billings are based on the tenant's employment status and income level. Receivables are recorded for any amounts still outstanding at the fiscal year end. No allowance for doubtful accounts was considered necessary by management, as participant accounts were reviewed for collectability and any amounts deemed uncollectible by management are written off.

Inventory

Inventory is stated at the lower of cost or market. Market value is defined as the price at which the item is expected to sell, or retail price. Donated items are included at market value. Inventory consists of donated clothing, furniture, books and household goods.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values, which is based on quoted market prices, in the statement of financial position. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized, or as temporarily restricted until restrictions are met.

Property and Equipment and Depreciation

Property and equipment are recorded at cost, or if donated, at the approximate fair market value as of the date of donation. It is the Organization's policy to capitalize all expenditures which have a unit cost in excess of \$5,000, and a useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which ranges from 3-40 years. Donated property and equipment are recorded at their fair value on the date of receipt.

VETERANS MULTI-SERVICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services and Supplies

The Organization receives equipment and other supplies which are used in their various programs. These amounts are included in the statement of activities as revenues and support, and in the statement of functional expenses as applicable. In addition, individuals volunteer their professional time and assist the Organization, but these services did not meet the criteria for recognition as contributed services. No other services met the criteria for contributed services during the year. The Organization received donated goods and services of \$921,885 and \$752,262, respectively for the years ended June 30, 2017 and 2016, which are included in contributions revenue and equipment and office expense for the respective fiscal years.

Advertising and Promotion

All costs associated with advertising and promotion are expensed in the period incurred. Advertising and promotion expense for the years ended June 30, 2017 and 2016 was \$28,962 and \$106,632, respectively

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 certain 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 reported period. Actual results could differ from those estimates.

Income Taxes

The Organization was incorporated under the laws of the State of Pennsylvania and is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. As of June 30, 2017 the tax periods remaining open for examination are fiscal years ended June 30, 2014 through 2017.

Reclassification of Prior Year Presentation

Certain prior year award amounts have been reclassified as temporarily restricted and released from restriction. There has been no change in unrestricted or temporarily restricted net assets as of June 30, 2016.

Subsequent Events

The Organization has evaluated events or transactions that have occurred after June 30, 2017 (the financial statement date) through December 21, 2017, the date that the financial statements were available to be issued. During this period, the Organization did not have any material recognizable subsequent events that would require adjustment to, or disclosure in the financial statements.

VETERANS MULTI-SERVICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable consists solely of amounts pledged during the WMGK Radio-thon fundraiser held during the year. The Organization has reduced this amount to the balance it reasonably expects to collect within a year, therefore, no amounts are considered uncollectible.

NOTE 3 INVESTMENTS

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures* which establishes a framework for measuring fair value, the Organization measures fair value according to the following hierarchy:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs to the valuation methodology are inputs other than quoted market prices that are observable for the asset or liability;
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

Alternative investments are valued using comparative investment funds which are priced in accordance with the S & P 500 and U.S. Treasury Bills as applicable.

The Organization measures fair value of their domestic corporate stock using Level 1 inputs.

On June 28, 2016, the Organization sold all existing securities. For the year ended June 30, 2016, the securities were sold for \$10,577 and a loss of \$897 was recorded in the statement of activities in other income.

VETERANS MULTI-SERVICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land	\$ 175,000	\$ 175,000
Building and renovations	1,906,728	1,906,728
Leasehold improvements	167,885	153,784
Equipment	121,542	121,542
Vehicles	<u>401,983</u>	<u>386,520</u>
 Total	 2,773,138	 2,743,574
 Less accumulated depreciation	 <u>(1,410,523)</u>	 <u>(1,270,791)</u>
 Net property and equipment	 <u>\$ 1,362,615</u>	 <u>\$ 1,472,783</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$139,731 and \$143,587 respectively.

NOTE 5 ARTWORK

A mural was commissioned by the Organization and completed on June 30, 2010. All costs associated with the mural have been capitalized and are not being depreciated.

NOTE 6 INTANGIBLE ASSETS

On June 5, 2012 the Organization refinanced its existing mortgage. Settlement fees in connection with the refinance have been capitalized and have been amortized using the straight line method over the life of the loan, which was five (5) years. Amortization expense for the years ended June 30, 2017 and 2016 was \$3,097 and \$3,378, respectively. The loan fees were written off as of June 30, 2017.

NOTE 7 SECURITY DEPOSITS

Security deposits relate to payments due from residents of the LZII and Walker House transitional residence facilities located in Coatesville, PA. The Organization holds these deposits as a fiduciary until the residents leave the program or forfeit their deposit under the agreed terms.

VETERANS MULTI-SERVICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 8 NOTE PAYABLE

On June 5, 2012 the Organization entered into a \$300,000 line of credit agreement with an interest rate at the Wall Street Journal rate plus 1% with a floor of 4.25%, which was renewable on June 1, 2017. The line of credit was renewed until June 1, 2018. This line of credit is subject to a covenant and secured by the building, assets of the organization and future rents. There were no outstanding balances as of June 30, 2017 and 2016. The interest rate at June 30, 2017 was 5.25%.

NOTE 9 LONG-TERM DEBT

On June 5, 2012 the Organization refinanced their debt. The Organization entered into a \$485,000 mortgage with an interest rate of 4.9%. The original terms were 59 payments of principal and interest of \$3,191 monthly and one irregular last payment estimated at \$407,509 on or before June 1, 2017. This mortgage is subject to a covenant and secured by the building, assets of the business and future rents. The Organization extended this mortgage on June 22, 2017 for another year. The Organization must pay \$3,191 each month and one last irregular payment of \$387,679 on June 1, 2018. The outstanding balance on the mortgage is \$404,326 as of June 30, 2017.

NOTE 10 SECURITY DEPOSITS

Security deposits represent a deposit on the store front where the Organization operates its thrift shop, a deposit on the St. Augustine Church where the Organization holds an office and training workshop, a deposit on an office in State College, Pennsylvania, and a deposit on additional space for LZII.

NOTE 11 COMMITMENTS

The Organization leases two residential complexes through shared lease agreements. The agreements expired on December 26, 2011 and were considered month to month leases. The Organization executed a new lease agreement on September 19, 2012 which replaces the old lease agreements. Under the new lease terms, monthly base rent is \$26,602 per month plus a shared service fee of \$221. The lease term was from October 1, 2012 and expired September 30, 2017. The lease was renewed for another year as of October 1, 2017.

The Organization is also leasing additional office space. This lease commenced on July 1, 2014 and expired on June 30, 2016. This lease was renewed for two years and expires on June 30, 2018. Monthly base rent was \$1,100 and increased to \$1,250 on July 1, 2016.

The Organization also leases a thrift shop. This lease commenced on June 1, 2013 and expires on May 31, 2023. Monthly base rent is \$3,500 in year one and increases 2.5% each year.

The Organization leases two office spaces in Lock Haven, Pennsylvania on a month to month basis. The monthly base rents are \$350 and \$375.

The Organization leases office space in Millville, New Jersey. This lease commenced on October 1, 2015 and expired September 30, 2017. This lease was renewed until September 30, 2018. The monthly base rent is \$3,500.

The Organization leases office space in State College, Pennsylvania. The lease commenced on January 15, 2015, and expired on September 30, 2017. This lease was renewed until September 30, 2018. The monthly base rent is \$1,100.

VETERANS MULTI-SERVICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 11 COMMITMENTS (continued)

The Organization leases space in Chambersburg, Pennsylvania. The lease commenced on January 23, 2017, and expired on September 30, 2017. This lease was renewed until September 30, 2018. The monthly base rent is \$500.

The Organization leases space in Shippensburg, Pennsylvania. The lease commenced on October 1, 2015, and expired on September 30, 2017. This lease was not renewed. The monthly base rent was \$300.

The Organization also leases office equipment under a non-cancellable operating lease. This lease expires in September 2019.

Rent expense for the years ended June 30, 2017 and 2016 was \$462,492 and \$406,557, respectively.

Future minimum lease payments are as follows:

Years ending June 30,

2018	\$ 461,561
2019	162,404
2020	53,729
2021	50,029
2022	51,280
Thereafter	<u>48,081</u>
	<u>\$ 827,084</u>

NOTE 12 CONCENTRATION OF CREDIT RISK

Cash

The Organization maintains its cash balances at two banks located in Pennsylvania which may, at various times during the year, exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). The Organization believes it is not exposed to any significant credit risk on its cash.

Receivables

The Organization believes it is not exposed to any significant credit risk on its receivables.

NOTE 13 RETIREMENT PLAN

The Organization has a 401(k) retirement plan for all employees subject to age and length of service requirements. The Organization provides a 4% match on an eligible employees' salary effective June 25, 2011. Retirement plan expense for the years ended June 30, 2017 and 2016 was \$121,464 and \$74,669, respectively.

NOTE 14 CONTINGENT LIABILITY

A significant part of funding of the renovations to the Organization's facility at 213 – 217 North 4th Street in Philadelphia was provided 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 Organization meets certain contracted commitments. The Organization is required to continue operating the building as a non-profit social service organization for 20 years, through December 2019.

VETERANS MULTI-SERVICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 14 CONTINGENT LIABILITY (continued)

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, twelve months or \$71,029 has been amortized during the year ended June 30, 2017, leaving a lien balance of \$177,573 at June 30, 2017. The lien will be released in total in December 2019.

NOTE 15 GRANTS SUBJECT TO AUDIT

The Organization has received federal, state, and city grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

NOTE 16 OPERATING LEASE

The Organization entered into a non-cancelable lease on August 13, 2012 with Veterans Affairs (VA) to lease part of their 2nd floor as office space for the VA liaison. The lease term started on September 1, 2012 for five (5) years. The lease was renewed during 2017 for an additional five (5) years and expires August 31, 2022.

Future minimum rental payments to be received are as follows:

<u>Years ending June 30,</u>	
2018	\$ 131,200
2019	134,400
2020	134,400
2021	134,400
2022	134,400
Thereafter	<u>22,400</u>
	<u>\$ 691,200</u>

NOTE 17 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Philadelphia RDA - lien on building	\$ 177,573	\$ 248,602
Edison 64 Project	500,000	-
Training	-	10,000
Women's Center	27,089	12,767
Food and temporary assistance	4,291	50,397
Other funds restricted for use	5,606	1,856
Homelessness assistance fiscal year 2017-2018	<u>37,500</u>	<u>-</u>
	<u>\$ 752,059</u>	<u>\$ 323,622</u>

SUPPLEMENTARY INFORMATION

UNIFORM GUIDANCE REQUIREMENTS

**VETERANS MULTI-SERVICE CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Grant Period	Award Amount	Passed Through to Subrecipient	June 30, 2016		2017		June 30, 2017	
						Account Receivable	Unexpended Funds	Receipts	Expenditures	Account Receivable	Unexpended Funds
U.S. Department of Labor											
Homeless Veterans Reintegration Program	17.804		7/1/2016 - 6/30/2017	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000	-	\$ -
Incarcerated Veterans Transition Program	17.805		7/1/2016 - 6/30/2017	262,050	-	-	-	262,050	262,050	-	-
Total U.S. Department of Labor					-	-	-	562,050	562,050	-	-
U.S. Department of Housing and Urban Development											
Supportive Housing Program	14.235		1/1/2016 - 12/31/2016	308,346	-	33,392	-	189,794	156,402	-	-
Supportive Housing Program	14.235		1/1/2017 - 12/31/2017	313,334	-	-	-	120,479	143,785	23,306	-
Pass-Through City of Philadelphia											
Continuum of Care Program	14.238	PA-0027-L3T001306	7/1/2015 - 6/30/2016	336,540	-	53,080	-	53,080	-	-	-
Continuum of Care Program	14.238	PA-0072-L3T001508	7/1/2016 - 6/30/2017	330,120	-	-	-	248,224	332,624	84,400	-
Pass-Through City of Philadelphia											
Rapid Re-housing Program	14.267	PA-0619-L3T001200	7/1/2015 - 6/30/2016	198,591	-	55,792	-	55,792	-	-	-
Rapid Re-housing Program	14.267	PA-0619-L3T001502	7/1/2016 - 6/30/2017	192,335	-	-	-	153,200	189,338	36,138	-
Total U.S. Department of Housing and Urban Development					-	142,264	-	820,569	822,149	143,844	-
U.S. Department of Veterans Affairs											
VA Homeless Providers Grant And Per Diem Program	64.024		7/1/2015 - 6/30/2016	2,092,774	-	171,771	-	171,771	-	-	-
VA Homeless Providers Grant And Per Diem Program	64.024		7/1/2016 - 6/30/2017	1,528,227	-	-	-	2,061,035	2,245,700	184,665	-
Supportive Services for Veteran Families	64.033		10/1/2015 - 9/30/2016	2,027,140	-	284,071	-	837,388	553,317	-	-
Supportive Services for Veteran Families	64.033		10/1/2015 - 9/30/2016	1,000,000	-	239,427	-	505,614	266,187	-	-
Supportive Services for Veteran Families	64.033		10/1/2016 - 9/30/2017	2,047,411	340,990	-	-	1,468,606	1,514,063	45,457	-
Supportive Services for Veteran Families	64.033		10/1/2016 - 9/30/2017	1,010,000	-	-	-	779,556	784,162	4,606	-
Pass-Through Project H.O.M.E.											
Supportive Services for Veteran Families	64.033		10/1/2015 - 9/30/2016	1,559,239	-	260,866	-	647,087	386,221	-	-
Supportive Services for Veteran Families	64.033		10/1/2016 - 9/30/2017	1,553,024	-	-	-	707,705	1,122,623	414,918	-
Pass-Through Impact Services Corporation											
Supportive Services for Veteran Families	64.033		10/1/2015 - 9/30/2016	147,150	-	44,340	-	81,595	37,255	-	-
Supportive Services for Veteran Families	64.033		10/1/2016 - 9/30/2017	248,350	-	-	-	132,570	177,482	44,912	-
Total U.S. Department of Veterans Affairs					340,990	1,000,475	-	7,392,927	7,087,010	694,558	-
TOTAL					\$ 340,990	\$ 1,142,739	\$ -	\$ 8,775,546	\$ 8,471,209	\$ 838,402	\$ -

See accompanying notes to schedule of expenditures federal awards.

VETERANS MULTI-SERVICE CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

	Federal C.F.D.A. Number	Pass-Through Grantor's Number	Grant Period	Award Amount	Passed Through to Subrecipient	June 30, 2015		2016		June 30, 2016	
						Account Receivable	Unexpended Funds	Receipts	Expenditures	Account Receivable	Unexpended Funds
U.S. Department of Labor											
Homeless Veterans Reintegration Program	17.804		7/1/2015 - 6/30/2016	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000	-	\$ -
Incarcerated Veterans Transition Program	17.804		10/1/2015 - 9/30/2016	223,937	-	-	-	223,937	223,937	-	-
Total U.S. Department of Labor					-	-	-	523,937	523,937	-	-
U.S. Department of Housing and Urban Development											
Supportive Housing Program	14.235		1/1/2015 - 12/31/2015	306,390	-	70,721	-	217,036	146,315	-	-
Supportive Housing Program	14.235		1/1/2016 - 12/31/2016	308,346	-	-	-	116,656	150,048	33,392	-
Pass-Through City of Philadelphia Continuum of Care Program	14.238	PA-0027-L3T001306	7/1/2015 - 6/30/2016	336,540	-	52,421	-	321,217	321,876	53,080	-
Continuum of Care Program Rapid Re-housing Program	14.267	PA-0619-L3T001200	7/1/2015 - 6/30/2016	198,591	-	83,809	-	226,387	198,370	55,792	-
Total U.S. Department of Housing and Urban Development						206,951	-	881,296	816,609	142,264	-
U.S. Department of Veterans Affairs											
VA Homeless Providers Grant And Per Diem Program	64.024		7/1/2014 - 6/30/2015	-	-	178,248	-	178,248	-	-	-
VA Homeless Providers Grant And Per Diem Program	64.024		7/1/2015 - 6/30/2016	2,092,774	-	-	-	1,921,003	2,092,774	171,771	-
Supportive Services for Veteran Families	64.033		10/1/2014 - 9/30/2015	1,027,140	-	249,452	5,938	383,973	140,459	-	-
Supportive Services for Veteran Families	64.033		10/1/2014 - 9/30/2015	1,000,000	-	145,154	-	430,672	285,518	-	-
Supportive Services for Veteran Families	64.033		10/1/2014 - 9/30/2015	1,000,000	-	153,760	933	515,210	362,383	-	-
Supportive Services for Veteran Families	64.033		10/1/2015 - 9/30/2016	2,027,140	356,369	-	-	1,312,975	1,597,046	284,071	-
Supportive Services for Veteran Families	64.033		10/1/2015 - 9/30/2016	1,000,000	-	-	-	491,695	731,122	239,427	-
Pass-Through Project H.O.M.E. Supportive Services for Veteran Families	64.033		10/1/2014 - 9/30/2015	1,558,930	-	123,448	-	475,521	352,073	-	-
Supportive Services for Veteran Families	64.033		10/1/2015 - 9/30/2016	1,559,239	-	-	-	881,623	1,142,489	260,866	-
Pass-Through Impact Services Corporation Supportive Services for Veteran Families	64.033		10/1/2014 - 9/30/2015	155,400	-	-	-	35,922	35,922	-	-
Supportive Services for Veteran Families	64.033		10/1/2015 - 9/30/2016	147,150	-	32,585	-	120,916	132,671	44,340	-
Total U.S. Department of Veterans Affairs					356,369	882,647	6,871	6,747,758	6,872,457	1,000,475	-
TOTAL					\$ 356,369	\$ 1,089,598	\$ 6,871	\$ 8,152,991	\$ 8,213,003	\$ 1,142,739	\$ -

See accompanying notes to schedule of expenditures federal awards.

VETERANS MULTI-SERVICE CENTER, INC.
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017 AND 2016

NOTE A BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal Awards (the schedules) include the federal award activity of Veterans Multi-Service Center, Inc., under programs of the federal government for the years ended June 30, 2017 and 2016. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedules present only a selected portion of the operations of Veterans Multi-Service Center, Inc., they are not intended to and do not present the financial position, changes in net assets, or cash flows of Veterans Multi-Service Center, Inc.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

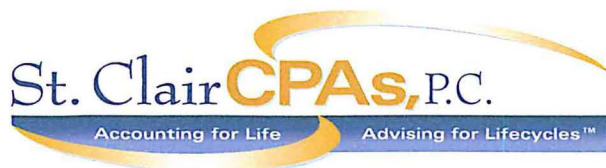
- (1) Expenditures reported on the accompanying Schedule of Expenditures of Federal Awards are reported using the accrual basis of accounting, which is described in Note 1 to the Organization's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented when available.

NOTE C INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE D SUBRECIPIENTS

The Organization provided funds to subrecipients in the amount of \$340,990 and \$356,369 for the years ended June 30, 2017 and 2016, respectively.



**INDEPENDENT AUDITORS' 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***

To the Board of Directors of
Veterans Multi-Service Center, Inc.
Philadelphia, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Veterans Multi-Service Center, Inc. (the Organization) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Veterans Multi-Service Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

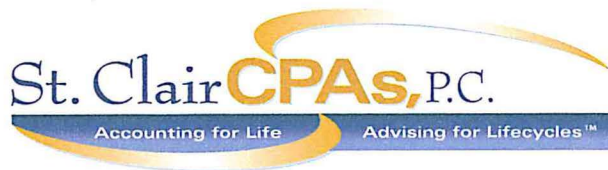
As part of obtaining reasonable assurance about whether Veterans Multi-Service Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

At. Clair CPAs, P.C.
Certified Public Accountants

Merchantville, New Jersey
December 21, 2017



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Veterans Multi-Service Center, Inc.
Philadelphia, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Veterans Multi-Service Center, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2017. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance), and the *City of Philadelphia Subrecipient Audit Guide*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and a material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

At. Clair CPAs, P.C.

Certified Public Accountants

Merchantville, New Jersey
December 21, 2017

**VETERANS MULTI-SERVICE CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017 AND 2016**

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Veterans Multi-Service Center, Inc. were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal awards programs are reported in the Report on Compliance for Each Major Program and Report on Internal Control over Compliance Requirements for Federal Awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance).
5. The auditors' report on compliance for the major federal award programs for the Organization expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The following programs were tested as major programs:
 - U.S. Department of Veterans Affairs "*VA Homeless Providers Grant and Per Diem Program*" under CFDA No. 64.024
 - U.S. Department of Housing and Urban Development "*Continuum of Care Program*" under CFDA No. 14.267
8. The threshold for distinguishing types A and B programs was \$750,000.
9. The Organization was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

None

VETERANS MULTI-SERVICE CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
JUNE 30, 2017 AND 2016

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**VETERANS MULTI-SERVICE CENTER, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017 AND 2016**

FINDINGS FINANCIAL STATEMENT AUDIT

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

CITY OF PHILADELPHIA AUDIT REQUIREMENTS

VETERANS MULTI-SERVICE CENTER, INC.
OFFICE OF SUPPORTIVE HOUSING (HUD)
CITY OF PHILADELPHIA CONTRACT NO. 16-20553
HUD CONTINUUM OF CARE - FREEDOM'S GATE GRANT NO. PA0027L3T001508
RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES TO AUDIT
FOR THE GRANT PERIOD JULY 1, 2016 THROUGH JUNE 30, 2017

<u>Budget Categories</u>	<u>Agency Total Contract Expenditures</u>	<u>Adjustments</u>	<u>Amount per Audit</u>
Personnel services			
Salaries	\$ 8,430	\$ -	\$ 8,430
Fringe benefits	2,049	-	2,049
Sub-total: Personnel services	<u>10,479</u>	<u>-</u>	<u>10,479</u>
Operating Expenses			
Rent, occupancy and utilities	975	-	975
Communications and telephone	4,239	-	4,239
Supplies	1,921	-	1,921
Sub-total: Operating Expenses	<u>7,135</u>	<u>-</u>	<u>7,135</u>
Administrative Costs			
Insurance	1,200	-	1,200
Sub-total: Administrative costs	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Participants			
Rental assistance	315,464	-	315,464
Sub-total: Participants	<u>315,464</u>	<u>-</u>	<u>315,464</u>
Total OSH Contract Expenditures	<u>334,278</u>	<u>-</u>	<u>334,278</u>
City of Philadelphia, OSH	332,624	-	332,624
Total Funding	<u>332,624</u>	<u>-</u>	<u>332,624</u>
Excess of funding sources over expenditures	<u>\$ 1,654</u>	<u>\$ -</u>	<u>\$ 1,654</u>

VETERANS MULTI-SERVICE CENTER, INC.
OFFICE OF SUPPORTIVE HOUSING (HUD)
CITY OF PHILADELPHIA CONTRACT NO. 17-20437
HUD SHELTER CONTINUUM OF CARE - FREEDOM'S GATE GRANT NO. PA0027L3T001508
RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES TO AUDIT
FOR THE GRANT PERIOD JULY 1, 2016 THROUGH JUNE 30, 2017

<u>Budget Categories</u>	<u>Agency Total Contract Expenditures</u>	<u>Adjustments</u>	<u>Amount per Audit</u>
Personnel services			
Salaries	\$ 52,174	\$ -	\$ 52,174
Fringe benefits	<u>15,385</u>	<u>-</u>	<u>15,385</u>
Sub-total: Personnel services	<u>67,559</u>	<u>-</u>	<u>67,559</u>
Administrative Costs			
Fees	<u>8,637</u>	<u>-</u>	<u>8,637</u>
Sub-total: Administrative Costs	<u>8,637</u>	<u>-</u>	<u>8,637</u>
Participants			
Rental assistance	<u>116,523</u>	<u>-</u>	<u>116,523</u>
Sub-total: Participants	<u>116,523</u>	<u>-</u>	<u>116,523</u>
Total OSH Contract Expenditures	<u>192,719</u>	<u>-</u>	<u>192,719</u>
City of Philadelphia, OSH	<u>189,338</u>	<u>-</u>	<u>189,338</u>
Total Funding	<u>189,338</u>	<u>-</u>	<u>189,338</u>
Excess of expenditures over funding sources	<u>\$ 3,381</u>	<u>\$ -</u>	<u>\$ 3,381</u>