

Financial Statements and Report of Independent  
Certified Public Accountants in Accordance with OMB  
Circular A-133

**Philadelphia Corporation for Aging**

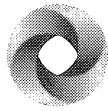
June 30, 2010 and 2009

# Contents

	<b>Page</b>
Report of Independent Certified Public Accountants	4
Financial statements	
Statements of financial position	6
Statements of activities	7
Statements of cash flows	9
Notes to financial statements	10
Supplemental information	
Schedule 1 - Schedule of Expenditures of Federal, State and City Awards	22
Note to Schedule of Expenditures of Federal, State and City Awards	25
Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26
Report of Independent Certified Public Accountants 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 and the <i>City of Philadelphia Subrecipient Audit Guide</i>	28
Schedule of Findings and Questioned Costs	30
Schedule of Prior Year Audit Findings	32
Schedule 2 - Schedule of Costs By Cost Center and Funding Source	33
Schedule 3 - Schedule of Aging Block Grant Cost and Funding Type	34
Schedule 4 - Schedule of Program Income Activity	35
Schedule 5 - Schedule of Budgeted and Incurred Costs - Title V	36
Schedule 6 - Schedule of Pre-Admission Assessment Expenditures	37

# Contents - Continued

	<b>Page</b>
Schedule 7 - Schedule of Waiver Expenditures	38
Schedule 8 - Domiciliary Care Program Contract Number 09-20604-01 - Schedule of Adjustments on Summary of Program Activities	39
Schedule 9 - Domiciliary Care Program Contract Number 09-20604-01 - Contract Reconciliation Schedule	40
Schedule 10 - Community Development Block Grant Senior Housing Assistance Repair Program (SHARP) Contract Number 100147 - Contract Year 2010 - Schedule of Sources and Status of Funds	41
Schedule 11 - Community Development Block Grant Senior Housing Assistance Repair Program (SHARP) Contract Number 100147 - Contract Year 2010 - Schedule of Program Expenditures	42
Schedule 12 - Community Development Block Grant Senior Housing Assistance Repair Program (SHARP) Contract Number 100147 - Contract Year 2010 - Contract Reconciliation Schedule	43
Schedule 13 - Community Development Block Grant Senior Housing Assistance Repair Program (SHARP) Contract Number 090114 - Contract Year 2009 - Schedule of Sources and Status of Funds	44
Schedule 14 - Community Development Block Grant Senior Housing Assistance Repair Program (SHARP) Contract Number 090114 - Contract Year 2009 - Schedule of Program Expenditures	45
Schedule 15 - Community Development Block Grant Senior Housing Assistance Repair Program (SHARP) Contract Number 090114 - Contract Year 2009 - Contract Reconciliation Schedule	46



# Grant Thornton

Audit • Tax • Advisory

**Grant Thornton LLP**

2001 Market Street, Suite 3100  
Philadelphia, PA 19103-7080

T 215.561.4200

F 215.561.1066

[www.GrantThornton.com](http://www.GrantThornton.com)

## **Report of Independent Certified Public Accountants**

Board of Directors  
Philadelphia Corporation for Aging

We have audited the accompanying statements of financial position of Philadelphia Corporation for Aging (the Corporation) as of June 30, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Philadelphia Corporation for Aging as of and for the year ended June 30, 2009 were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated December 8, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants, 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's Subrecipient Audit Guide*. Those standards and the *City of Philadelphia's Subrecipient Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 financial statements referred to above present fairly, in all material respects, the financial position of Philadelphia Corporation for Aging as of June 30, 2010, and its activities and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2010, on our consideration of the Corporation'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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying Schedule of Expenditures of Federal, State and City Awards for the year ended June 30, 2010 and Schedules 2 through 15 are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the *City of Philadelphia's Subrecipient Audit Guide*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The supplementary Schedules 5, 11 and 14, which include budgetary information, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Grant Thornton LLP

Philadelphia, Pennsylvania

December 13, 2010

Philadelphia Corporation for Aging

STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS	2010	2009
Cash and cash equivalents	\$10,617,396	\$12,182,689
Accounts receivable		
Commonwealth of Pennsylvania	7,581,721	6,766,851
Federal, city, and other	1,821,672	1,650,933
Prepaid expenses	864,030	825,501
Fixed assets		
Land	3,335,373	3,335,373
Building	21,183,858	21,183,858
Building improvements	11,504,415	15,301,712
Vehicles	2,202,625	2,189,492
Furniture and equipment	3,161,008	3,483,951
Computer equipment	12,718,695	12,263,493
Total fixed assets	54,105,974	57,757,879
Less accumulated depreciation	(32,628,359)	(34,638,526)
Fixed assets, net	21,477,615	23,119,353
Bond issuance costs, net	927,347	1,160,808
	<u>\$43,289,781</u>	<u>\$45,706,135</u>
LIABILITIES AND NET ASSETS		
Accounts payable		
Trade	\$ 2,619,936	\$ 2,487,273
Subcontractors	4,590,812	5,058,821
Other	661,361	593,941
Accrued expenses	13,961,406	9,929,129
Deferred revenue	1,711,968	1,985,066
Bonds payable	18,975,000	19,430,000
	<u>42,520,483</u>	<u>39,484,230</u>
Net assets		
Unrestricted	691,033	6,040,248
Temporarily restricted	78,265	181,657
	<u>769,298</u>	<u>6,221,905</u>
Total net assets	<u>769,298</u>	<u>6,221,905</u>
Total liabilities and net assets	<u>\$43,289,781</u>	<u>\$45,706,135</u>

The accompanying notes are an integral part of these statements.

Philadelphia Corporation for Aging

STATEMENT OF ACTIVITIES

Year ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Public support and revenue			
Public support			
Federal, state, and city grants	\$93,489,001	\$ -	\$93,489,001
Local contributions	120,620	-	120,620
Revenue			
In-kind contributions	171,356	-	171,356
Client revenues	1,473,100	-	1,473,100
Foundation and other revenue	567,230	161,531	728,761
Revenue from building operations	984,780	-	984,780
Interest income	56,119	-	56,119
Net assets released from restriction	264,923	(264,923)	-
Total public support and revenue	<u>97,127,129</u>	<u>(103,392)</u>	<u>97,023,737</u>
Expenses			
Center/direct service subcontractor costs	42,488,983	-	42,488,983
Salaries	29,501,539	-	29,501,539
Payroll taxes	2,303,411	-	2,303,411
Medical and fringe benefits	5,933,232	-	5,933,232
Workers' compensation insurance	305,532	-	305,532
Retirement plans	2,908,956	-	2,908,956
Bond interest expense - building	1,085,029	-	1,085,029
Cost of building operations	523,833	-	523,833
Building repairs and maintenance	969,927	-	969,927
General business insurance	374,761	-	374,761
Telephone	443,172	-	443,172
Postage and shipping	119,522	-	119,522
Supplies and printing	1,063,620	-	1,063,620
Repairs and maintenance of equipment	1,081,422	-	1,081,422
Operating costs of vehicles	339,273	-	339,273
Professional fees	2,662,384	-	2,662,384
Local staff travel and meetings	885,067	-	885,067
Other operating expenses	1,995,019	-	1,995,019
Depreciation and amortization	2,965,485	-	2,965,485
Total expenses	<u>97,950,167</u>	<u>-</u>	<u>97,950,167</u>
Change in net assets before other changes	(823,038)	(103,392)	(926,430)
Other changes in pension and other benefits liability	<u>(4,526,177)</u>	<u>-</u>	<u>(4,526,177)</u>
Change in net assets	(5,349,215)	(103,392)	(5,452,607)
Net assets			
Beginning of year	<u>6,040,248</u>	<u>181,657</u>	<u>6,221,905</u>
End of year	<u>\$ 691,033</u>	<u>\$ 78,265</u>	<u>\$ 769,298</u>

The accompanying notes are an integral part of this statement.

## Philadelphia Corporation for Aging

## STATEMENT OF ACTIVITIES

Year ended June 30, 2009

	Unrestricted	Temporarily restricted	Total
Public support and revenue			
Public support			
Federal, state, and city grants	\$92,764,823	\$ -	\$92,764,823
Local contributions	164,043	-	164,043
Revenue			
In-kind contributions	132,587	-	132,587
Client revenues	1,134,440	-	1,134,440
Foundation and other revenue	597,148	163,533	760,681
Revenue from building operations	1,060,863	-	1,060,863
Interest income	119,526	-	119,526
Net assets released from restriction	196,676	(196,676)	-
Total public support and revenue	<u>96,170,106</u>	<u>(33,143)</u>	<u>96,136,963</u>
Expenses			
Center/direct service subcontractor costs	41,714,066	-	41,714,066
Salaries	28,753,075	-	28,753,075
Payroll taxes	2,181,581	-	2,181,581
Medical and fringe benefits	5,548,348	-	5,548,348
Workers' compensation insurance	242,125	-	242,125
Retirement plans	2,779,610	-	2,779,610
Bond interest expense - building	1,114,640	-	1,114,640
Cost of building operations	418,602	-	418,602
Building repairs and maintenance	792,232	-	792,232
General business insurance	376,438	-	376,438
Telephone	389,582	-	389,582
Postage and shipping	123,620	-	123,620
Supplies and outside printing	1,310,245	-	1,310,245
Repairs and maintenance of equipment	988,600	-	988,600
Operating costs of vehicles	323,817	-	323,817
Professional fees	2,632,499	-	2,632,499
Local staff travel and meetings	865,323	-	865,323
Other operating expenses	2,499,339	-	2,499,339
Depreciation and amortization	2,736,540	-	2,736,540
Total expenses	<u>95,790,282</u>	<u>-</u>	<u>95,790,282</u>
Change in net assets before other changes	379,824	(33,143)	346,681
Other changes in pension and other benefits liability	(4,211,854)	-	(4,211,854)
Transition adjustment due to adoption of measurement date provision	<u>(617,411)</u>	<u>-</u>	<u>(617,411)</u>
Change in net assets	(4,449,441)	(33,143)	(4,482,584)
Net assets			
Beginning of year	<u>10,489,689</u>	<u>214,800</u>	<u>10,704,489</u>
End of year	<u>\$ 6,040,248</u>	<u>\$ 181,657</u>	<u>\$ 6,221,905</u>

The accompanying notes are an integral part of this statement.

Philadelphia Corporation for Aging

STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Change in net assets	\$ (5,452,607)	\$ (4,482,584)
Adjustments to reconcile change in net assets (deficiency) to net cash (used in) provided by operating activities		
Depreciation and amortization	2,965,485	2,736,540
Other changes in pension and other benefits liability	4,526,177	4,211,854
Transition adjustment due to adoption of measurement date provision	-	617,411
Changes in assets and liabilities		
Restricted cash	-	71,388
Accounts receivable	(985,609)	(172,860)
Prepaid expenses	(38,529)	(65,994)
Accounts payable	(267,926)	92,623
Accrued expenses	(493,900)	(778,208)
Deferred revenue	<u>(273,098)</u>	<u>(32,184)</u>
Net cash (used in) provided by operating activities	(20,007)	2,197,986
Cash flows from investing activities		
Purchases of fixed assets, net	<u>(1,090,286)</u>	<u>(1,341,524)</u>
Net cash used in investing activities	(1,090,286)	(1,341,524)
Cash flows from financing activities		
Payments on bonds payable	<u>(455,000)</u>	<u>(425,000)</u>
Net cash used in financing activities	<u>(455,000)</u>	<u>(425,000)</u>
Net (decrease) increase in cash and cash equivalents	(1,565,293)	431,462
Cash and cash equivalents at beginning of year	<u>12,182,689</u>	<u>11,751,227</u>
Cash and cash equivalents at end of year	<u>\$10,617,396</u>	<u>\$12,182,689</u>
Supplemental cash flow information		
Noncash operating activity		
In-kind contributions	<u>\$ 171,356</u>	<u>\$ 132,587</u>
Interest paid	<u>\$ 1,085,029</u>	<u>\$ 1,114,640</u>

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

NOTE A - CORPORATE ORGANIZATION AND PURPOSE

Philadelphia Corporation for Aging (the Corporation) was formed on January 26, 1973, as a Pennsylvania nonprofit corporation, primarily for the purpose of planning, coordinating, and administering service programs for the elderly people of the City of Philadelphia. These activities have been funded principally through grants under Title III of the Older Americans Act of 1965 and the Pennsylvania State Lottery. These funds are administered as a block grant by the Commonwealth of Pennsylvania. The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for certain unrelated business income for which the Corporation may be liable for taxes.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The financial statements of the Corporation have been prepared in accordance with accounting principles generally accepted in the United States for not-for-profit organizations. Not-for-profit accounting requires that net assets, revenues, expenses, and gains and losses be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions.

Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions recognized as net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are placed in service.

2. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions relate to the determination of allowance for doubtful useful lives of property and equipment, and actuarial estimates for the postretirement benefit plans. Actual results could differ from those estimates.

3. Cash and Cash Equivalents

Restricted cash represents unexpended bond proceeds that are held by a trustee.

The Corporation has a cash management program with its bank to maximize its investment earnings. Under this program, all available cash earns competitive interest while remaining 100% liquid.

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010 and 2009

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Fixed Assets

The cost of vehicles, furniture and equipment, and buildings and improvements is capitalized and depreciated on a straight-line basis over their useful lives, which are three years for vehicles, five years for furniture and equipment, and twenty-five years for buildings. Depreciation expense was \$2,732,024 and \$2,666,188 for the years ended June 30, 2010 and 2009, respectively. Disposition of assets or changes in use during the grant period will, in the absence of a specific waiver, entitle the federal government to recapture a portion of the funding supplied for such improvements based on current value. To date, no such amounts have been subject to recapture.

5. Bond Issuance Costs

Bond issuance costs are amortized using the effective interest method over the life of the related bond issue, and are recorded in depreciation and amortization expense. The accumulated amortization totaled \$831,454 and \$597,993 at June 30, 2010 and 2009, respectively.

6. Grant Revenue Recognition and Deferred Revenue

The policy of the Corporation is to recognize revenue based upon either incurring related expenses under a contract or grant or completion of contract compliance. Deferred revenue represents funds that are received before the revenue recognition criteria have been met.

7. In-Kind and Client Revenues

The Corporation supports subrecipient organizations who then provide services to the elderly. The Corporation records the amount funded or contributed to the program by the subrecipient as in-kind contribution revenue and a corresponding amount in the respective expense category.

The Corporation receives cash payments from elderly recipients of services, which cover a portion of the cost of the services being provided to them. These are recorded as client revenues in the statements of activities.

8. Advertising Costs

Advertising costs are expensed as incurred and totaled approximately \$260,000 and \$470,000 for the years ended June 30, 2010 and 2009, respectively.

9. Reclassification

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

(Continued)

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010 and 2009

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

10. Recently Adopted Accounting Standards

In June 2009, the Financial Accounting Standards Board (FASB) issued an accounting pronouncement establishing the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities. This guidance was effective for financial statements issued for periods ending after September 15, 2009. On the effective date, all accounting and reporting standards were superseded. The Corporation adopted the presentation for the annual period ended June 30, 2010, as required, and adoption did not have a material impact on the Corporation's financial statements.

In December 2008, the FASB issued amended authoritative guidance for employers' disclosures about pensions and other postretirement benefits, which requires disclosures to provide users of financial statements an understanding of investment allocation decisions, major categories of plan assets, inputs and valuation techniques used to measure fair value of plan assets, effect of fair value measurements using significant unobservable inputs on changes in plan assets and significant concentrations of risk within plan assets. The guidance is effective for financial statements issued for fiscal years ending after December 15, 2009. The Corporation adopted this guidance as of June 30, 2010 and did not have a material impact on the financial condition and results of its activities. Expanded disclosures are included in Note F.

11. Subsequent Events

The Corporation has evaluated its June 30, 2010 financial statements for subsequent events through December 13, 2010, the date the financial statements were available to be issued. The Corporation is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

## NOTE C - DEBT

	<u>2010</u>	<u>2009</u>
Philadelphia Authority for Industrial Development (PAID) Taxable Revenue Bonds - 2001A, Revenue Bonds - 2001B (outstanding), principal payments ranging from \$485,000 to \$1,465,000 due on July 1 of each year through 2031 with interest due January 1 and July 1 of each year.	\$ 18,975,000	\$ 19,430,000
Current portion	<u>485,000</u>	<u>455,000</u>
Long-term portion	<u>\$ 18,490,000</u>	<u>\$ 18,975,000</u>

(Continued)

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010 and 2009

## NOTE C - DEBT - Continued

In April 2001, the Corporation issued \$22,255,000 in Philadelphia Authority for Industrial Development bonds insured by Ambac Insurance Corporation (Ambac), to purchase land and an office building located at 642 North Broad Street in Philadelphia, Pennsylvania. The 6.92% 2001A taxable revenue bonds mature in 2016. The 5.25% 2001B revenue bonds are broken into three groups for maturity: \$5.645 million mature in 2023, \$3.235 million mature in 2026, and \$6.625 million mature in 2031. The loan obligations of the Corporation are secured by a security interest in the revenues of the Corporation in favor of US Bank (the Trustee). Revenues are defined to include unrestricted revenues of the Corporation.

The Corporation is required to maintain certain financial covenants under the terms of the Loan Agreement including the maintenance of a minimum debt service coverage ratio and liquidity ratio. The Corporation is in compliance with all financial covenants at June 30, 2010 and 2009.

The fair value of the Corporation's long-term debt, estimated based on current rates offered for similar issues with similar security, terms, and maturities, approximates \$18,416,000 and \$20,303,000 at June 30, 2010 and 2009, respectively.

The aggregate amount of principal payments required for the next five fiscal years and thereafter is as follows:

2011	\$ 485,000
2012	520,000
2013	555,000
2014	595,000
2015	635,000
Thereafter	<u>16,185,000</u>
	<u>\$ 18,975,000</u>

The Corporation has a line of credit, which expires June 30, 2011 with a limit up to \$10,000,000, as defined. At June 30, 2010 and 2009, there were no amounts outstanding under the line of credit.

## NOTE D - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets include contributions whose use by the Corporation is limited by donor-imposed stipulations or legal restrictions that expire by passage of time or can be fulfilled and removed by actions of the Corporation pursuant to those stipulations. At June 30, 2010 and 2009, temporarily restricted net assets include gifts from foundations, which are required to be used for a specific program that benefits the elderly.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010 and 2009

## NOTE E - FUNCTIONAL EXPENSES

The costs of the activities and the services provided by the Corporation are presented by natural classification in the statements of activities. The costs of the activities and the services provided by the Corporation have also been allocated on a functional basis as follows:

	Year ended June 30,	
	<u>2010</u>	<u>2009</u>
Program services		
Long-term care	\$ 66,089,698	\$ 64,696,407
Environmental modifications	3,178,511	3,197,463
Community services	14,655,652	14,101,830
Access services	<u>7,808,238</u>	<u>7,961,979</u>
	91,732,099	89,957,679
Administrative support	<u>6,218,068</u>	<u>5,832,603</u>
	<u>\$ 97,950,167</u>	<u>\$ 95,790,282</u>

## NOTE F - RETIREMENT BENEFITS

The Corporation has a noncontributory defined benefit pension plan (the Plan) that covers virtually all full-time employees. Retirement benefits are based on years of service and level of compensation during either the last three years of employment or the highest three consecutive salary years occurring during the last ten years prior to retirement. The Corporation's funding policy is to contribute annually an amount equal to at least the minimum required contribution in accordance with minimum funding standards established by the Employee Retirement Income Security Act of 1974.

The Corporation adopted *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* provision regarding the elimination of an early measurement date for plan assets and obligations on July 1, 2008. The change in measurement date resulted in an increase in the pension liability and an adjustment to unrestricted net assets of \$617,411 for the year ended June 30, 2009.

The Corporation also provides postretirement life insurance benefits (Other Benefits) to full-time employees who meet minimum age and service requirements. The Corporation provides life insurance coverage equal to 100% of the retiree's final salary. The Corporation's current policy is to fund the cost of life insurance benefits on a pay-as-you-go basis.

(Continued)

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010 and 2009

## NOTE F - RETIREMENT BENEFITS - Continued

The following table presents a reconciliation of the beginning and ending balances of the projected obligations, the fair value of plan assets, and the funded status of the Plans at June 30:

	Pension benefits		Other benefits	
	2010	2009	2010	2009
Changes in benefit obligations				
Benefit obligation at beginning of year	\$ 40,183,239	\$ 37,671,404	\$ 2,749,509	\$ 2,972,280
Service cost	2,495,318	3,224,397	172,045	191,888
Interest cost	2,416,260	3,124,246	205,572	195,078
Actuarial loss (gain)	5,334,139	(2,901,750)	1,036,051	(532,737)
Benefits and expenses paid	<u>(1,563,778)</u>	<u>(935,058)</u>	<u>(4,515)</u>	<u>(77,000)</u>
Benefit obligation at end of year	<u>\$ 48,865,178</u>	<u>\$ 40,183,239</u>	<u>\$ 4,158,662</u>	<u>\$ 2,749,509</u>
Changes in plan assets				
Fair value of plan assets at beginning of year	\$ 35,729,278	\$ 37,039,164	\$ -	\$ -
Actual return on plan assets	4,219,738	(4,384,753)	-	-
Contributions by the Corporation	3,450,000	4,009,925	4,515	77,000
Benefits and expenses paid	<u>(1,563,778)</u>	<u>(935,058)</u>	<u>(4,515)</u>	<u>(77,000)</u>
Fair value of plan assets, end of year	<u>\$ 41,835,238</u>	<u>\$ 35,729,278</u>	<u>\$ -</u>	<u>\$ -</u>
Funded status - amount recognized in accrued expenses	<u>\$ (7,029,940)</u>	<u>\$ (4,453,961)</u>	<u>\$ (4,158,662)</u>	<u>\$ (2,749,509)</u>
Accumulated benefit obligation	<u>\$ 41,095,104</u>	<u>\$ 32,621,025</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Amounts recognized in accumulated net assets consist of				
Net actuarial loss (gain)	<u>\$ 12,675,833</u>	<u>\$ 9,185,708</u>	<u>\$ 542,050</u>	<u>\$ (494,001)</u>
Components of net periodic benefit costs				
Service cost	\$ 2,495,318	\$ 2,579,518	\$ 172,045	\$ 191,888
Interest cost	2,416,260	2,499,397	205,572	195,078
Expected return on assets	(2,890,797)	(2,846,724)	-	-
Recognized actuarial losses	<u>515,703</u>	<u>237,453</u>	<u>-</u>	<u>-</u>
Net periodic benefit cost	<u>\$ 2,535,854</u>	<u>\$ 2,460,644</u>	<u>\$ 377,617</u>	<u>\$ 386,966</u>

(Continued)

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010 and 2009

## NOTE F - RETIREMENT BENEFITS - Continued

	<u>Pension benefits</u>		<u>Other benefits</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Other changes in pension and other benefits liability recognized in unrestricted net assets				
Current-year actuarial loss (gain)	\$ 3,490,125	\$ 5,041,407	\$ 1,036,051	\$ (532,737)
Recognized actuarial loss	<u>-</u>	<u>(296,816)</u>	<u>-</u>	<u>-</u>
Total recognized in unrestricted net assets	3,490,125	4,744,591	1,036,051	(532,737)
Decrease in accumulated unrestricted net assets due to adoption of measurement provision	<u>-</u>	<u>617,411</u>	<u>-</u>	<u>-</u>
Total recognized in net benefit cost and unrestricted net assets	<u>\$ 6,025,979</u>	<u>\$ 7,831,646</u>	<u>\$ 1,413,668</u>	<u>\$ (145,771)</u>

At June 30, 2010, the expected estimated amount from unrestricted net assets into net periodic benefit cost for the next year is:

	<u>Pension benefits</u>		<u>Other benefits</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net actuarial loss		\$ <u>909,967</u>		\$ <u>11,524</u>
Weighted-average assumptions used to determine benefit obligations at June 30				
Discount rate	5.60%	6.25%	5.60%	6.25%
Rate of increase in future compensation levels	3.50%	3.50%	3.50%	3.50%
Measurement date	June 30	June 30	June 30	June 30
Weighted-average assumptions used to determine net periodic benefit cost for the years ended June 30				
Discount rate	6.25%	6.25%	6.25%	6.25%
Rate of increase in future compensation levels	3.50%	3.50%	3.50%	3.50%
Expected long-term rate of return on assets	8.00%	8.00%	N/A	N/A

(Continued)

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010 and 2009

## NOTE F - RETIREMENT BENEFITS - Continued

The expected long-term rate of return on plan assets assumption of 8.0% was selected using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Based on the Corporation's investment policy for the pension plan in effect as of the beginning of fiscal year, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on historical 30-year period rolling averages. An average inflation rate within the range equal to 3.75% was selected and added to the real rate of return range to arrive at a best estimate range of 7.15%-9.35%. A rate near the midpoint of the best estimate range of 8.0% was selected.

Plan Assets

The Corporation's weighted-average asset allocations by asset category for the Plan are as follows:

	<u>2010</u>	<u>2009</u>
Asset category		
Cash equivalents	18%	19%
Fixed income	34	32
Equity securities	<u>48</u>	<u>49</u>
	<u>100%</u>	<u>100%</u>

The investment policy and strategy for the Plan assets has established guidelines for an asset mix that provides diversification to absorb risk while not sacrificing investment returns. The guidelines are developed as ranges for each asset class. These guidelines are 50% equity securities and 50% fixed income investments. This ratio is a central point of tendency with the actual ratio at any time possibly being higher or lower. Additionally, a liquid reserve amount will be maintained at all times in one or more cash equivalents.

(Continued)

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010 and 2009

## NOTE F - RETIREMENT BENEFITS - Continued

Fair Value of the Plan Assets

The following fair value hierarchy table presents information about each major category of the Plan's financial assets measured at fair value on a recurring basis as of June 30, 2010:

	<u>Fair value measurement at report date using</u>		
	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Valuation technique (1)</u>
Cash and cash equivalents	\$ 7,477,267	\$ 7,477,267	M
Fixed income (a)	14,416,590	14,416,590	M
Equity securities (b)	<u>19,941,381</u>	<u>19,941,381</u>	M
	<u>\$ 41,835,238</u>	<u>\$ 41,835,238</u>	

- (1) The three valuation techniques available are as follows: market approach (M), cost approach (C), and income approach (I).
- (a) Comprised of investment grade bonds of U.S. issuers from various industries.
- (b) Comprised of mutual funds investing in at least 90% of assets in common stock of companies with large market capitalizations similar to companies in the Standard & Poor's (S&P) 500 Index.

The Plan has no assets that are either Level 2 or Level 3 under the fair value hierarchy.

Cash Flows*Contributions*

Based on the funded status of the Plan as of June 30, 2010, the Corporation plans to contribute \$3,420,000 for the year ended June 30, 2011. This will be evaluated on a quarterly basis and is subject to change.

(Continued)

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2010 and 2009

## NOTE F - RETIREMENT BENEFITS - Continued

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	<u>Pension benefits</u>	<u>Other benefits</u>
2011	\$ 854,097	\$ 82,741
2012	1,000,665	91,670
2013	1,226,198	101,848
2014	1,477,098	114,936
2015	1,735,100	128,675
2015-2020	15,125,178	931,450

## NOTE G - BUILDING OPERATIONS

The Corporation rents office space in its corporate headquarters' building at 642 North Board Street in Philadelphia, Pennsylvania to unrelated third parties. Building operations and the net cost incurred by the Corporation can be summarized as follows:

	<u>Year ended June 30, 2010</u>	<u>2009</u>
Revenue from building tenants	\$ 984,780	\$ 1,060,863
Expenditures related to building operations		
Bond interest expense	1,085,029	1,114,640
Principal bond payment	455,000	425,000
Cost of building operations	<u>523,833</u>	<u>418,602</u>
Total expenditures related to building operations	<u>2,063,862</u>	<u>1,958,242</u>
Net cost of occupancy	\$ <u>1,079,082</u>	\$ <u>897,379</u>

Occupancy costs incurred by the Corporation are funded by various funding sources.

## NOTE H - COMMITMENTS AND CONTINGENCIES

The Corporation is subject to legal proceedings and claims that arise in the ordinary course of its operations. In the opinion of management, the amount of ultimate liability with respect to these actions would not materially affect the financial position of the Corporation.

(Continued)

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

June 30, 2010 and 2009

NOTE H - COMMITMENTS AND CONTINGENCIES - Continued

The use of grant monies received by the Corporation for funding certain programs or projects is subject to the compliance audits by disbursing government agencies and is subject to the requirements of OMB Circular A-133. The Corporation believes it is in compliance with all significant grant requirements.

NOTE I - CONCENTRATION RISK

The Corporation receives revenues from the Commonwealth of Pennsylvania, Federal Government, City of Philadelphia, and other sources. State, federal, and city grants represent 95% of total public support and revenue for the years ended June 30, 2010 and 2009. There can be no assurance that payments under government programs will remain at levels comparable to present levels. However, the Corporation determines future spending and service levels based solely on the funding it receives such that expenditures will not exceed revenues.

SUPPLEMENTAL INFORMATION

Philadelphia Corporation for Aging

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS

Year ended June 30, 2010

Grantor/Pass-through grantor/Program title	Project abbreviation	Federal CFDA #	Funding stream—PCA's function	Grant #	Grant period	Cash received	Expenditures
<b>U.S. Department of Health and Human Services</b>							
Passed through the Pennsylvania Department of Aging							
Special Programs for the Aging: Title VII,	Title VII, Chapter 3	93.041	Pass-through	20100431	07/01/09 to 06/30/10	\$ 200,000	\$ 200,000
Programs for Prevention of Elder Abuse, Neglect and Exploitation							
Special Programs for the Aging: Title VII,	Title VII, Chapter 3	93.042	Pass-through	20100431	07/01/09 to 06/30/10	509,998	509,998
Long Term Care Ombudsman Services for Older Individuals							
Special Programs for the Aging: Title III							
Disease Prevention and Health Promotion Services	Title III, Part D	93.043	Pass-through	20100431	07/01/09 to 06/30/10	169,683	169,683
Health Promotion Program	Title III, Part D	93.043	Pass-through	20100431	07/01/09 to 06/30/10	75,985	75,985
Medication Management							
Total 93.043						245,668	245,668
<b>Aging Cluster:</b>							
Special Programs for the Aging: Title III, B	Title III, Part B	93.044	Pass-through	20100431	07/01/09 to 06/30/10	5,204,642	5,204,642
Grants for Supportive Services and Senior Center							
Special Programs for the Aging: Title III, C	Title III, Part C	93.045	Pass-through	20100431	07/01/09 to 06/30/10	5,138,777	5,138,777
Nutrition Services	NSIP	93.053	Pass-through	20100431	07/01/09 to 06/30/10	1,979,964	1,979,964
Nutrition Services Initiative Program	ARRA Congregate Meals	93.707	Pass-through	20100431	07/01/09 to 06/30/10	140,861	140,861
Aging Congregate Nutrition Services for States							
Total Aging Cluster						12,464,244	12,464,244
National Family Caregiver Support	Title III, Part E	93.052	Pass-through	20100431	07/01/09 to 06/30/10	2,223,701	2,223,701
Medicare Enrollment Assistance Program	Apprise MIPPA	93.071	Pass-through	20100431	07/01/09 to 06/30/10	28,645	28,645
Passed through the City of Philadelphia							
Social Services Block Grant	BH/NMR	93.667	Pass-through	09-20604	07/01/09 to 06/30/10	165,153	170,061
				05-20062-02	07/01/07 to 06/30/08	346	
Total 93.667						165,499	170,061

(Continued)

Philadelphia Corporation for Aging

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS - CONTINUED

Year ended June 30, 2010

Grantor/Pass-through grantor/Program title	Project abbreviation	Federal CFDA #	Funding stream—PCA's function	Grant #	Grant period	Cash received	Expenditures
Passed through the Pennsylvania Department of Aging Medical Assistance Program	Care Management over 60 Medicaid Waiver Program	93.778	Pass-through	SAP-4100036792	07/01/09 to 06/30/10	\$ 7,777,412	\$ 8,373,491
Health Care Financing Administration Community Based Care/Medical Assistance Title XIX	Title XIX	93.778	Pass-through	-	07/01/09 to 06/30/10	3,177,942	3,332,883
Medical Assistance Michael Dallas Waiver		93.778	Pass-through	-	07/01/09 to 06/30/10	56,760	54,880
Healthy Steps		93.778	Pass-through	20100431	07/01/09 to 06/30/10	14,350	14,350
Home Delivered Meals	ARRA - Home Delivered Meals	93.778	Pass-through	20100431	07/01/09 to 06/30/10	-	95,645
Direct Care Worker		93.778	Pass-through	20100431	07/01/09 to 06/30/10	104,880	104,880
Nursing Home Transitions Services		93.778	Pass-through	20100431	07/01/09 to 06/30/10	282,095	320,144
Information and Referral		93.778	Pass-through	20100431	07/01/09 to 06/30/10	344,542	344,542
Medicaid Preadmission Assessment		93.778	Pass-through	20100431	07/01/09 to 06/30/10	2,938,373	2,938,373
Total 93.778						14,696,354	15,579,188
Centers for Medicare and Medicaid Services (CMS), Research, Demonstrations and Evaluations	Title XI, Apprise	93.779	Pass-through	20100431	07/01/09 to 06/30/10	146,873	146,873
Total U.S. Department of Health and Human Services						30,680,982	31,568,378
U.S. Department of Housing and Urban Development Passed through the Philadelphia Office of Housing Development Corporation (OHDC)	SHARP	14.218	Subrecipient	100147	07/01/09 to 06/30/10	-	325,000
Community Development Block Grants / Entitlement Grants Sharp Home Repair Program Sharp Home Repair Program		14.218	Subrecipient	090114	07/01/08 to 06/30/09	325,000	-
Total U.S. Department of Housing and Urban Development						325,000	325,000
U.S. Department of Labor Passed through the Pennsylvania Department of Aging Senior Community Services Employment Program	Title V Title V Title V Stimulus Title V Stimulus	17.235	Pass-through	20100431	07/01/09 to 06/30/10	813,264	1,096,402
				20090431	07/01/08 to 06/30/09	546,011	-
				20100431	01/01/10 to 06/30/10	-	20,210
				20090431	04/01/09 to 06/30/10	209,292	236,232
Total U.S. Department of Labor						1,568,567	1,352,844

(Continued)

Philadelphia Corporation for Aging

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS - CONTINUED

Year ended June 30, 2010

Grantor/Pass-through grantor/Program title	Project abbreviation	Federal CFDA #	Funding stream—PCA's function	Grant #	Grant period	Cash received	Expenditures
<b>The Corporation for National and Community Service</b>							
Direct							
Senior Companion Program	SCP	94.016	Direct	09SCAPA004 06SCAPA003	07/01/09 to 06/30/10 07/01/08 to 06/30/09	\$ 195,435 63,843	\$ 238,229
Total 94.016						259,278	238,229
Retired and Senior Volunteer Program	RSVP	94.002	Direct	09SRAPA001	01/01/10 to 12/31/10	14,231	34,234
Retired and Senior Volunteer Program		94.002	Direct	09SRAPA001	01/01/09 to 12/31/09	55,503	40,132
Total 94.002						69,734	74,366
Total Corporation for National and Community Service						329,012	312,595
<b>Total Federal Awards</b>							
<b>Commonwealth of Pennsylvania</b>							
Direct:							
Pennsylvania Department of Aging							
Aging Block Grant				20100431	07/01/09 to 06/30/10	43,294,964	43,294,964
Tobacco Funds				2006331	07/01/09 to 06/30/10	-	-
Other PDA Funds				20100431	07/01/09 to 06/30/10	8,517,576	8,517,576
Over 60 Medicaid Waiver Program				SAP-4100036792	07/01/09 to 06/30/10	7,539,777	8,117,644
Total Commonwealth Awards						59,352,317	59,930,184
Total Federal, State and City Awards						\$ 92,255,878	\$ 93,489,001

See accompanying note to schedule of expenditures of federal, state and city awards.

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS**

Year ended June 30, 2010

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal, State and City Awards (the Schedule) includes the grant activity of Philadelphia Corporation for Aging (the Corporation) and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and the *City of Philadelphia's Subrecipient Audit Guide*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



Audit • Tax • Advisory

Grant Thornton LLP  
2001 Market Street, Suite 3100  
Philadelphia, PA 19103-7080

T 215.561.4200  
F 215.561.1066  
www.GrantThornton.com

**Report of Independent Certified Public Accountants 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  
Philadelphia Corporation for Aging

We have audited the financial statements of Philadelphia Corporation for Aging (the Corporation) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 13, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion.

A deficiency in internal control over financial reporting 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 over financial reporting, 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.

Our consideration of internal control would not necessarily identify all deficiencies in internal control over financial reporting that might be material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in the Corporation's internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board of Directors, others within the Corporation, 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.

A handwritten signature in cursive script that reads "Grant Thornton LLP".

Philadelphia, Pennsylvania

December 13, 2010



Audit • Tax • Advisory

Grant Thornton LLP  
2001 Market Street, Suite 3100  
Philadelphia, PA 19103-7080

T 215.561.4200  
F 215.561.1066  
www.GrantThornton.com

**Report of Independent Certified Public Accountants 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  
and the *City of Philadelphia Subrecipient Audit Guide***

Board of Directors  
Philadelphia Corporation for Aging

Compliance

We have audited the compliance of Philadelphia Corporation for Aging (the Corporation) 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 its major federal programs for the year ended June 30, 2010. The Corporation'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, contracts and grants applicable to its major federal program is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants; 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, OMB Circular A-133 and the *City of Philadelphia Subrecipient Audit Guide* 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 Corporation'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. Our audit does not provide a legal determination of the Corporation's compliance with those requirements.

In our opinion, Philadelphia Corporation for Aging complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing audit procedures for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion of the effectiveness of the Corporation's internal control over compliance. Accordingly, we express no such opinion.

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 is a deficiency, or a 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.

Our consideration of internal control would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in the Corporation's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

This report is intended solely for the information and use of management, the Board of Directors, others within the Corporation, federal, state and city awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Grant Thornton LLP*

Philadelphia, Pennsylvania

December 13, 2010

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year ended June 30, 2010

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(s) identified that are not considered to be material weakness(es)?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(s) identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  yes  no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
17.235	Senior Community Service Employment Program
93.052	National Family Caregiver Support
93.778	Medical Assistance Program
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations
94.016	Foster Grandparent/Senior Companion Cluster - Senior Companion Program
93.044, 93.045, 93.053, 93.707	Aging Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  yes  no

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

Year ended June 30, 2010

**Section II - Financial Statement Finding Section**

No matters required to be reported.

**Section III - Federal Award Findings and Questioned Costs**

No matters required to be reported.

Philadelphia Corporation for Aging

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

Year ended June 30, 2010

None noted.

Philadelphia Corporation for Aging

SCHEDULE OF COSTS BY COST CENTER AND FUNDING SOURCE

Year ended June 30, 2010

	Approved block grant	Block grant actual	Federal program income	County cash	Local in-kind contribution	Other PDA grants	Other	Total costs (1)
AAA administration	\$ 7,062,788	\$ 7,062,788	\$ -	\$ 28,142	\$ -	\$ 1,566,836	\$ 96,034	\$ 8,753,800
Home-delivered meals	4,902,451	4,902,451	-	-	-	-	2,155,472	7,057,923
Congregate meals	5,407,441	5,407,441	314,201	-	-	-	470	5,722,112
Senior Community Center Services	5,225,755	5,221,275	-	-	-	-	109,567	5,330,842
Employment services	288,211	288,211	-	-	150,315	1,285,202	-	1,723,728
Volunteer services	120,829	120,829	-	-	7,556	-	419,106	547,491
Transportation	2,777,172	2,777,172	47,178	-	-	-	801,067	3,625,417
Legal assistance	471,744	471,744	-	-	-	-	-	471,744
Ombudsman	526,609	526,609	-	-	-	-	-	526,609
Information and referral	3,870,892	3,870,892	-	-	-	-	163,255	4,034,147
Home health	6,738	6,738	-	-	-	-	-	6,738
Personal care	10,308,795	10,308,795	-	-	-	-	871,274	11,180,069
Personal assistance services	2,141,545	2,141,545	-	-	-	-	64,848	2,206,393
Attendant care	1,685,345	1,620,727	-	-	-	-	-	1,620,727
Overnight shelter and supervision	11,303	11,303	-	-	-	-	1,250	12,553
Environmental modifications	2,289,262	2,289,262	-	296,858	-	-	531,905	3,118,025
Medical equipment/supplies	470,694	470,694	-	-	-	11,715	141,828	624,237
Home support	3,137,202	3,137,202	-	-	-	-	282,398	3,419,600
Adult day care	577,782	577,782	-	-	-	-	101,988	679,770
Counseling	140,207	140,207	-	-	-	-	-	140,207
Assessments	8,924,515	8,924,515	-	-	-	-	-	8,924,515
Care management	5,232,498	5,232,498	-	-	-	14,453,116	191,104	19,876,718
Protective service	1,857,725	1,857,725	-	-	-	-	-	1,857,725
Domiciliary care	777,638	777,638	-	-	-	-	-	777,638
Guardianship	602,755	602,755	-	-	-	-	-	602,755
Consumer reimbursement	2,651,044	2,651,044	-	-	-	-	-	2,651,044
Provider Certification	-	-	-	-	-	593,705	-	593,705
<b>Total costs</b>	<b>\$ 71,468,940</b>	<b>\$ 71,399,842</b>	<b>\$ 361,379</b>	<b>\$ 325,000</b>	<b>\$ 157,871</b>	<b>\$ 17,910,574</b>	<b>\$ 5,931,566</b>	<b>\$ 96,086,232</b>

(1) This schedule differs from the Statement of Activities because this schedule is based on funding, and therefore, fixed asset additions are expensed, no depreciation is recorded, and only the actual employer pension contribution is expensed.

Philadelphia Corporation for Aging

**SCHEDULE OF AGING BLOCK GRANT COST AND FUNDING TYPE**

Year ended June 30, 2010

	Regular block grant	Pre-admission assessment	Family caregiver - state	Family caregiver - federal	NSIP	Apprise	Health promotion	Attendant care	Other	Total block grant
AAA administration	\$ 5,956,683	\$ 632,133	\$ 177,483	\$ 296,489	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,062,788
Home-delivered meals	3,912,469	-	-	-	989,982	-	-	-	-	4,902,451
Congregate meals	5,105,461	-	-	-	-	-	-	-	301,980	5,407,441
Senior Community Center Services	4,889,240	-	-	-	-	-	240,969	-	91,066	5,221,275
Employment services	288,211	-	-	-	-	-	-	-	-	288,211
Volunteer services	120,829	-	-	-	-	-	-	-	-	120,829
Transportation	2,777,172	-	-	-	-	-	-	-	-	2,777,172
Legal assistance	471,744	-	-	-	-	-	-	-	-	471,744
Ombudsman	516,609	-	-	-	-	-	-	-	10,000	526,609
Information and referral	3,000,156	689,084	-	-	-	107,007	-	-	74,645	3,870,892
Home health	6,738	-	-	-	-	-	-	-	-	6,738
Personal care	9,714,459	-	-	-	-	-	-	-	594,336	10,308,795
Personal assistance services	2,141,545	-	-	-	-	-	-	-	-	2,141,545
Attendant care	-	-	-	-	-	-	-	1,620,727	-	1,620,727
Overnight shelter and supervision	11,303	-	-	-	-	-	-	-	-	11,303
Environmental modifications	2,289,262	-	-	-	-	-	-	-	-	2,289,262
Medical equipment/supplies	470,694	-	-	-	-	-	-	-	-	470,694
Home support	3,137,202	-	-	-	-	-	-	-	-	3,137,202
Adult day care	577,782	-	-	-	-	-	-	-	-	577,782
Counseling	140,207	-	-	-	-	-	-	-	-	140,207
Assessments	3,798,918	5,000,116	46,988	78,493	-	-	-	-	-	8,924,515
Care management	3,461,081	-	557,694	931,628	-	-	-	-	282,095	5,232,498
Protective service	1,857,725	-	-	-	-	-	-	-	-	1,857,725
Domiciliary care	777,638	-	-	-	-	-	-	-	-	777,638
Guardianship	602,755	-	-	-	-	-	-	-	-	602,755
Consumer reimbursement	-	-	992,713	1,658,331	-	-	-	-	-	2,651,044
	<u>\$56,025,883</u>	<u>\$ 6,321,333</u>	<u>\$1,774,878</u>	<u>\$2,904,941</u>	<u>\$ 989,982</u>	<u>\$ 107,007</u>	<u>\$ 240,969</u>	<u>\$1,620,727</u>	<u>\$1,354,122</u>	<u>\$71,399,842</u>

## Philadelphia Corporation for Aging

## SCHEDULE OF PROGRAM INCOME ACTIVITY

Year ended June 30, 2010

	<u>Federal</u>	Commonwealth of <u>Pennsylvania</u>	<u>Total</u>
July 1, 2009 balance	\$ 361,379	\$ 5,973,924	\$6,335,303
Amounts received, 2009-2010	<u>349,650</u>	<u>974,078</u>	<u>1,323,728</u>
	711,029	6,948,002	7,659,031
Less applied revenue	<u>361,379</u>	<u>1,096,696</u>	<u>1,458,075</u>
June 30, 2010 balance	<u>\$ 349,650</u>	<u>\$ 5,851,306</u>	<u>\$6,200,956</u>

## Philadelphia Corporation for Aging

## SCHEDULE OF BUDGETED AND INCURRED COSTS - TITLE V

Year ended June 30, 2010

Cost category	Budget amount	Costs	Cost under (over) budget
Administration	\$ 67,141	\$ 67,141	\$ -
Wages and fringe benefits	1,072,967	1,072,967	-
Other enrollee costs	363,051	363,051	-
Total	\$1,503,159	\$ 1,503,159	\$ -
Federal share	\$1,352,844	\$ 1,352,844	\$ -
Local share	150,315	150,315	-
Total	\$1,503,159	\$ 1,503,159	\$ -

## Philadelphia Corporation for Aging

## SCHEDULE OF PRE-ADMISSION ASSESSMENT EXPENDITURES

Year ended June 30, 2010

	<u>Administrative</u>	<u>Comprehensive assessments</u>	<u>OBRA screen</u>	<u>Information and referral</u>	<u>Total</u>
Personnel					
Salaries	\$ 390,752	\$ 4,507,520	\$ 95,246	\$ 620,038	\$ 5,613,556
Fringe benefits	<u>163,034</u>	<u>1,904,676</u>	<u>40,247</u>	<u>260,225</u>	<u>2,368,182</u>
Total personnel	<u>553,786</u>	<u>6,412,196</u>	<u>135,493</u>	<u>880,263</u>	<u>7,981,738</u>
Occupancy					
Rent	16,440	162,932	3,443	22,466	205,281
Other	<u>15,363</u>	<u>178,852</u>	<u>3,772</u>	<u>24,913</u>	<u>222,900</u>
Total occupancy	<u>31,803</u>	<u>341,784</u>	<u>7,215</u>	<u>47,379</u>	<u>428,181</u>
Communication	9,445	95,201	2,006	13,675	120,327
Supplies and equipment	14,315	140,297	2,961	24,116	181,689
Transportation	10,527	67,011	1,409	6,162	85,109
Contract services	8,797	95,082	2,189	20,827	126,895
Other operating expenses					
Training	112	1,324	28	253	1,717
Other	<u>3,348</u>	<u>68,007</u>	<u>833</u>	<u>23,746</u>	<u>95,934</u>
Total operating expenses	<u>3,460</u>	<u>69,331</u>	<u>861</u>	<u>23,999</u>	<u>97,651</u>
Indirect costs	-	-	-	-	-
Fixed assets	-	-	-	-	-
Total expenditures	<u>\$ 632,133</u>	<u>\$ 7,220,902</u>	<u>\$ 152,134</u>	<u>\$1,016,421</u>	<u>\$ 9,021,590</u>
75/25 FED	\$ -	\$ 336,856	\$ 152,134	\$ -	\$ 488,990
50/50 FED	632,133	4,511,126	-	689,084	5,832,343
Other	-	<u>2,372,920</u>	-	<u>327,337</u>	<u>2,700,257</u>
Total	<u>\$ 632,133</u>	<u>\$ 7,220,902</u>	<u>\$ 152,134</u>	<u>\$1,016,421</u>	<u>\$ 9,021,590</u>

## Philadelphia Corporation for Aging

**SCHEDULE OF WAIVER EXPENDITURES**

Year ended June 30, 2010

	<u>AAA administration</u>	<u>Care management</u>	<u>Provider certification</u>	<u>Total</u>
Personnel				
Salaries	\$ 917,254	\$ 8,741,717	\$ 328,492	\$ 9,987,463
Fringe benefits	<u>380,581</u>	<u>3,624,466</u>	<u>138,886</u>	<u>4,143,933</u>
Total personnel	1,297,835	12,366,183	467,378	14,131,396
Occupancy	68,642	654,569	24,195	747,406
Communications	11,309	107,121	4,705	123,135
Supplies and equipment	29,699	282,429	11,244	323,372
Transportation	24,239	236,689	3,001	263,929
Contract services	46,403	390,581	68,288	505,272
Other operating expenses	21,067	205,303	3,010	229,380
Fixed assets	<u>-</u>	<u>155,361</u>	<u>11,884</u>	<u>167,245</u>
Total expenditures	<u>\$ 1,499,194</u>	<u>\$ 14,398,236</u>	<u>\$ 593,705</u>	<u>\$ 16,491,135</u>
50/50 FED	\$ 1,499,194	\$ 14,398,236	\$ 593,705	\$ 16,491,135
75/25 FED	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,499,194</u>	<u>\$ 14,398,236</u>	<u>\$ 593,705</u>	<u>\$ 16,491,135</u>

## Philadelphia Corporation for Aging

Domiciliary Care Program  
 Contract Number 09-20604-01

**SCHEDULE OF ADJUSTMENTS ON SUMMARY OF PROGRAM ACTIVITIES**

Year ended June 30, 2010

<u>Category</u>	<u>Total per invoice</u>	<u>Total per audit</u>	<u>Adjustment/ difference</u>
Operating Administration	\$ 229,448 <u>17,006</u>	\$ 229,448 <u>17,006</u>	\$ - <u>-</u>
Total	246,454	246,454	-
Funded by other revenue	<u>76,393</u>	<u>76,393</u>	<u>-</u>
Net funded by Office of BH/MR	<u>\$ 170,061</u>	<u>\$ 170,061</u>	<u>\$ -</u>

Philadelphia Corporation for Aging

Domiciliary Care Program  
 Contract Number 09-20604-01

**CONTRACT RECONCILIATION SCHEDULE**

Year ended June 30, 2010

PAC code	Total eligible costs		Revenue	Net to be funded	Ineligible cost	Total budget allocation
	Personnel	Operating Administration Total				
Domiciliary care 0100-2093	\$ -	\$ 161,035 \$ 14,212	\$ 33,128	\$ 142,119	\$ -	\$ 142,119
Community Service Consultant (Training) 0100-0294	-	68,413 2,794	43,265	27,942	-	27,942
	\$ -	\$ 229,448 \$ 17,006	\$ 76,393	\$ 170,061	\$ -	\$ 170,061

## Philadelphia Corporation for Aging

Community Development Block Grant  
 Senior Housing Assistance Repair Program (SHARP)  
 Contract Number 100147 Contract Year 2010

## SCHEDULE OF SOURCES AND STATUS OF FUNDS

Year ended June 30, 2010

	Grant	Program income (1)	Total
Total contract	\$ 325,000	\$ -	\$ 325,000
Less			
Funds drawn down - prior fiscal year	-	-	-
Funds drawn down - current fiscal year	-	-	-
Total funds drawn down (A)	-	-	-
Total funds still available for draw down	325,000	-	325,000
Less:			
Funds applied - prior fiscal year	-	-	-
Funds applied - current fiscal year	325,000	-	325,000
Total funds applied and invoiced (B)	325,000	-	325,000
Total funds due from funding source (B-A)	325,000	-	325,000
Total funds available for disposition	\$ -	\$ -	\$ -

(1) The Schedule of Program Income, required by the City of Philadelphia's *Subrecipient Audit Guide*, Section 4150.04, is not included in this report, because there was no program income earned by this program.

## Philadelphia Corporation for Aging

Community Development Block Grant  
 Senior Housing Assistance Repair Program (SHARP)  
 Contract Number 100147 Contract Year 2010

**SCHEDULE OF PROGRAM EXPENDITURES**

Year ended June 30, 2010

Category	Final approved budget	Program expenditures		
		Prior year(s)	Current year	Cumulative costs
Administrative costs				
Personnel	\$ 199,000	\$ -	\$ 199,000	\$ 199,000
Fringe benefits	76,815	-	76,815	76,815
Consulting/temp workers	-	-	-	-
Travel/parking	21,043	-	21,043	21,043
Occupancy	-	-	-	-
Consumable supplies	-	-	-	-
Administrative allocation	<u>28,142</u>	<u>-</u>	<u>28,142</u>	<u>28,142</u>
Total administrative	<u>325,000</u>	<u>-</u>	<u>325,000</u>	<u>325,000</u>
Development costs				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 325,000</u>	<u>\$ -</u>	<u>\$ 325,000</u>	<u>\$ 325,000</u>

## Philadelphia Corporation for Aging

Community Development Block Grant  
 Senior Housing Assistance Repair Program (SHARP)  
 Contract Number 100147 Contract Year 2010

**CONTRACT RECONCILIATION SCHEDULE**

Year ended June 30, 2010

	<u>Amount per books and records</u>	<u>Amount on June 30, 2010 "Subrecipient Invoice"</u>	<u>Difference</u>
Contract amount	\$ 325,000	\$ 325,000	\$ -
Program income			
Current year	-	-	-
Cumulative	-	-	-
Program cost			
Current year	325,000	325,000	-
Cumulative	325,000	325,000	-
Funds drawn down			
Current year	-	-	-
Cumulative	<u>-</u>	<u>-</u>	<u>-</u>
Balance due the Corporation	<u>\$ 325,000</u>	<u>\$ 325,000</u>	<u>\$ -</u>

## Philadelphia Corporation for Aging

Community Development Block Grant  
 Senior Housing Assistance Repair Program (SHARP)  
 Contract Number 090114 Contract Year 2009

**SCHEDULE OF SOURCES AND STATUS OF FUNDS**

Year ended June 30, 2010

	Grant	Program income (1)	Total
Total contract	\$ 325,000	\$ -	\$ 325,000
Less			
Funds drawn down - prior fiscal year	-	-	-
Funds drawn down - current fiscal year	325,000	-	325,000
Total funds drawn down (A)	325,000	-	325,000
Total funds still available for draw down	-	-	-
Less			
Funds applied - prior fiscal year	325,000	-	325,000
Funds applied - current fiscal year	-	-	-
Total funds applied and invoiced (B)	325,000	-	325,000
Total funds due from funding source (B-A)	-	-	-
Total funds available for disposition	\$ -	\$ -	\$ -

(1) The Schedule of Program Income, required by the City of Philadelphia's *Subrecipient Audit Guide*, Section 4150.04, is not included in this report, because there was no program income earned by this program.

## Philadelphia Corporation for Aging

Community Development Block Grant  
 Senior Housing Assistance Repair Program (SHARP)  
 Contract Number 090114 Contract Year 2009

**SCHEDULE OF PROGRAM EXPENDITURES**

Year ended June 30, 2010

Category	Final approved budget	Program expenditures		
		Prior year(s)	Current year	Cumulative costs
Administrative costs				
Personnel	\$ 199,000	\$ 199,000	\$ -	\$ 199,000
Fringe benefits	76,815	76,815	-	76,815
Consulting/temp workers	-	-	-	-
Travel/parking	21,043	21,043	-	21,043
Occupancy	-	-	-	-
Consumable supplies	-	-	-	-
Administrative allocation	28,142	28,142	-	28,142
Total administrative	325,000	325,000	-	325,000
Development costs				
Construction (AMP call-backs)	-	-	-	-
Total development	-	-	-	-
Total expenditures	\$ 325,000	\$ 325,000	\$ -	\$ 325,000

## Philadelphia Corporation for Aging

Community Development Block Grant  
 Senior Housing Assistance Repair Program (SHARP)  
 Contract Number 090114 Contract Year 2009

**CONTRACT RECONCILIATION SCHEDULE**

Year ended June 30, 2010

	<u>Amount per books and records</u>	<u>Amount on June 30, 2010 "Subrecipient Invoice"</u>	<u>Difference</u>
Contract amount	\$ 325,000	\$ 325,000	\$ -
Program income			
Current year	-	-	-
Cumulative	-	-	-
Program cost			
Current year	-	-	-
Cumulative	325,000	325,000	-
Funds drawn down			
Current year	325,000	325,000	-
Cumulative	<u>325,000</u>	<u>325,000</u>	<u>-</u>
Balance due the Corporation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>