

EPISCOPAL COMMUNITY  
SERVICES OF SAN FRANCISCO

JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT,  
CONSOLIDATED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

# **Episcopal Community Services of San Francisco**

## **Independent Auditors' Report, Consolidated Financial Statements and Supplementary Information**

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A Century Strong

## **Independent Auditors' Report**

THE BOARD OF DIRECTORS  
EPISCOPAL COMMUNITY SERVICES OF SAN FRANCISCO  
San Francisco, California

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of **EPISCOPAL COMMUNITY SERVICES OF SAN FRANCISCO (ECS)**, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to ECS's preparation and fair presentation of the consolidated 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 ECS'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ECS as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited ECS's June 30, 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 16, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Hood & Strong LLP*

San Francisco, California  
November 11, 2019

# Episcopal Community Services of San Francisco and Affiliates

## Consolidated Statement of Financial Position

June 30, 2019 (With comparative totals for 2018)

	ECS	Canon Kip II	Canon Barcus	275 10th St	Eliminations	2019 Consolidated	2018 Consolidated
<b>Assets:</b>							
Cash and cash equivalents	\$ 2,067,740	\$ 646,102	\$ 296,616	\$ 330,048		\$ 3,340,506	\$ 1,472,463
Grants and contracts receivable	2,801,249					2,801,249	3,811,693
Contributions receivable	279,597					279,597	300,670
Other receivables	12,115	112,713	12,225	23,937		160,990	825,603
Prepaid expenses and other current assets	549,631					549,631	406,731
Investments	3,727,168					3,727,168	3,480,021
Restricted cash			1,572,733	1,124,835		2,697,568	2,454,612
Affiliate receivables	586,916	123,580	68,474	30,957	\$ (809,927)	-	
Fixed assets, net	298,321	18,146,536	11,483,570	22,214,395		52,142,822	52,516,416
Investment in affiliates	(339,305)				339,305	-	
Other assets	282,586	84,893		34,817		402,296	413,584
<b>Total assets</b>	<b>\$ 10,266,018</b>	<b>\$ 19,113,824</b>	<b>\$ 13,433,618</b>	<b>\$ 23,758,989</b>	<b>\$ (470,622)</b>	<b>\$ 66,101,827</b>	<b>\$ 65,681,793</b>
<b>Liabilities:</b>							
Accounts payable and accrued expenses	\$ 3,054,863	\$ 93,584	\$ 150,908	\$ 186,224		\$ 3,485,579	\$ 4,740,328
Affiliate payables	223,011	529,490	39,463	17,963	\$ (809,927)		
Line of credit	2,500,000					2,500,000	1,710,000
Deferred revenue and contract advances	364,145	668	1,988			366,801	1,442,811
Deferred developer fee	455,749					455,749	455,749
Notes payable, net		20,705,217	8,512,806	17,083,760		46,301,783	42,524,227
Accrued interest on notes payable		851,706	3,337,711	1,767,195		5,956,612	6,369,844
Tenant security deposits		32,668	19,352	28,055		80,075	71,578
<b>Total liabilities</b>	<b>6,597,768</b>	<b>22,213,333</b>	<b>12,062,228</b>	<b>19,083,197</b>	<b>(809,927)</b>	<b>59,146,599</b>	<b>57,314,537</b>
<b>Net Assets:</b>							
Without donor restrictions							
Undesignated	1,963,342	(3,099,509)	1,371,390	4,675,792	(2,947,673)	1,963,342	1,842,057
Board designated	259,428					259,428	259,428
Non-controlling interests					3,286,978	3,286,978	4,925,965
<b>Total net assets without donor restrictions</b>	<b>2,222,770</b>	<b>(3,099,509)</b>	<b>1,371,390</b>	<b>4,675,792</b>	<b>339,305</b>	<b>5,509,748</b>	<b>7,027,450</b>
With donor restrictions	1,445,480					1,445,480	1,339,806
<b>Total net assets</b>	<b>3,668,250</b>	<b>(3,099,509)</b>	<b>1,371,390</b>	<b>4,675,792</b>	<b>339,305</b>	<b>6,955,228</b>	<b>8,367,256</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,266,018</b>	<b>\$ 19,113,824</b>	<b>\$ 13,433,618</b>	<b>\$ 23,758,989</b>	<b>\$ (470,622)</b>	<b>\$ 66,101,827</b>	<b>\$ 65,681,793</b>

See accompanying notes to financial statements.

# Episcopal Community Services of San Francisco and Affiliates

## Consolidated Statement of Activities and Changes in Net Assets

Year Ending June 30, 2019 (With comparative totals for 2018)

	2019								
	ECS			Canon Kip II	Canon Barcus	275 10th St	Eliminations	Total	2018 Total
	Without Donor Restrictions	With Donor Restrictions	Total						
<b>Recurring Support and Revenue:</b>									
Contributions and foundation grants	\$ 1,590,459	\$ 477,752	\$ 2,068,211					\$ 2,068,211	\$ 1,927,246
Contributions, gifts-in-kind	834,557		834,557					834,557	793,761
Government grants and contracts	32,258,327		32,258,327					32,258,327	26,554,601
Rental income	2,533,219		2,533,219	\$ 1,804,047	\$ 1,632,905	\$ 1,702,352	\$ (1,749,860)	5,922,663	6,478,373
Other program income	1,164,532		1,164,532				(381,353)	783,179	590,816
Interest income	66,991		66,991		100	251		67,342	30,820
Other income	262,596		262,596	(66,209)	16,505	30,573	13,925	257,390	137,412
Release of donor restrictions	372,078	(372,078)	-					-	-
<b>Total recurring support and revenue</b>	<b>39,082,759</b>	<b>105,674</b>	<b>39,188,433</b>	<b>1,737,838</b>	<b>1,649,510</b>	<b>1,733,176</b>	<b>(2,117,288)</b>	<b>42,191,669</b>	<b>36,513,029</b>
<b>Expenses:</b>									
Program services	34,042,894		34,042,894	1,270,868	1,186,792	1,510,978	(2,131,213)	35,880,319	31,945,659
Supporting services	4,853,034		4,853,034					4,853,034	3,817,244
<b>Total operating expense</b>	<b>38,895,928</b>		<b>38,895,928</b>	<b>1,270,868</b>	<b>1,186,792</b>	<b>1,510,978</b>	<b>(2,131,213)</b>	<b>40,733,353</b>	<b>35,762,903</b>
<b>Change in Net Assets from Operations</b>	<b>186,831</b>	<b>105,674</b>	<b>292,505</b>	<b>466,970</b>	<b>462,718</b>	<b>222,198</b>	<b>13,925</b>	<b>1,458,316</b>	<b>750,126</b>
Depreciation and interest	65,546		65,546	1,090,936	733,145	980,718		2,870,344	2,051,693
<b>Total expenses</b>	<b>38,961,474</b>		<b>38,961,474</b>	<b>2,361,804</b>	<b>1,919,937</b>	<b>2,491,696</b>	<b>(2,131,213)</b>	<b>43,603,697</b>	<b>37,814,596</b>
<b>Total Change in Net Assets</b>	<b>121,285</b>	<b>105,674</b>	<b>226,959</b>	<b>(623,966)</b>	<b>(270,427)</b>	<b>(758,520)</b>	<b>13,925</b>	<b>(1,412,028)</b>	<b>(1,301,567)</b>
<b>Net Assets, Beginning of year</b>	<b>2,101,485</b>	<b>1,339,806</b>	<b>3,441,291</b>	<b>(2,475,543)</b>	<b>1,641,817</b>	<b>5,434,312</b>	<b>325,380</b>	<b>8,367,256</b>	<b>9,668,823</b>
<b>Net Assets, End of year</b>	<b>\$ 2,222,770</b>	<b>\$ 1,445,480</b>	<b>\$ 3,668,250</b>	<b>(3,099,509)</b>	<b>\$ 1,371,390</b>	<b>\$ 4,675,792</b>	<b>\$ 339,305</b>	<b>\$ 6,955,228</b>	<b>\$ 8,367,256</b>

See accompanying notes to financial statements.

# Episcopal Community Services of San Francisco and Affiliates

## Consolidated Statement of Functional Expenses

Year Ending June 30, 2019 (with comparative totals for 2018)

	Shelters	Supportive Housing	Education Employment Services	Senior Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	2019 Total	2018 Total
Salaries	\$ 7,602,166	\$ 5,323,465	\$ 1,205,287	\$ 311,218	\$ 14,442,136	\$ 2,241,599	\$ 494,394	\$ 2,735,993	\$ 17,178,129	\$ 14,533,251
Employee benefits and other payroll related costs	2,637,391	1,575,006	384,036	113,354	4,709,787	517,733	106,762	624,495	5,334,282	5,217,456
Professional services	132,473	844,859	2,094	166	979,592	622,916	173,788	796,704	1,776,296	1,383,978
Training and conferences	46,920	30,857	9,394	4,970	92,141	133,675	9,211	142,886	235,027	106,774
Marketing and printing	36,030	42,897	15,679	2,963	97,569	12,400	74,906	87,306	184,875	205,418
Food products	13,171	95,090	559,838	491	668,590				668,590	684,699
Food products, gifts-in-kind	118,766	586,477	1,682	127,632	834,557				834,557	793,761
Operating costs - affiliates		3,587,285			3,587,285				3,587,285	3,281,096
Supplies and services	1,964,067	870,317	105,102	44,166	2,983,652	52,267	17,822	70,089	3,053,741	2,439,257
Vehicle and transportation	9,525	335	6,609		16,469	165		165	16,634	13,388
Occupancy	1,110,141	5,212,457	33,707		6,356,305	68,026		68,026	6,424,331	5,869,882
Telecommunications	97,877	100,399	18,876	6,414	223,566	40,623	12,653	53,276	276,842	232,441
Insurance	57,687	43,513	19,218	3,836	124,254	8,505	1,947	10,452	134,706	121,135
Equipment and maintenance	264,365	458,340	5,280	1,079	729,064	26,898	4,666	31,564	760,628	719,789
Other	6,844	15,747	11,336	1,425	35,352	73,851	61,372	135,223	170,575	103,709
Interest - operations						96,855		96,855	96,855	56,869
Inter-program services	1,173,038		(1,173,038)						-	-
<b>Total expenses before depreciation and interest</b>	<b>15,270,461</b>	<b>18,787,044</b>	<b>1,205,100</b>	<b>617,714</b>	<b>35,880,319</b>	<b>3,895,513</b>	<b>957,521</b>	<b>4,853,034</b>	<b>40,733,353</b>	<b>35,762,903</b>
Depreciation and interest		2,856,023	847	1,740	2,858,610	11,734		11,734	2,870,344	2,051,693
<b>Total Expenses</b>	<b>\$ 15,270,461</b>	<b>\$ 21,643,067</b>	<b>\$ 1,205,947</b>	<b>\$ 619,454</b>	<b>\$ 38,738,929</b>	<b>\$ 3,907,247</b>	<b>\$ 957,521</b>	<b>\$ 4,864,768</b>	<b>\$ 43,603,697</b>	<b>\$ 37,814,596</b>

See accompanying notes to financial statements.

# Episcopal Community Services of San Francisco and Affiliates

## Consolidated Statement of Cash Flows

<i>June 30, 2019 (With comparative totals for 2018)</i>	2019	2018
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (1,412,028)	\$ (1,301,567)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Donated stock	(55,333)	(192,447)
Depreciation and amortization	1,868,569	1,378,421
Loss on disposal of fixed assets	44,946	
Net realized gain on investments and other assets	(25,386)	(5,576)
Changes in operating assets and liabilities:		
Receivables	1,696,130	(2,880,783)
Prepaid and other current assets	(56,353)	(62,349)
Deposit to restricted cash	(242,956)	219,650
Other assets	(75,260)	2,481
Accounts payable and accrued expenses	(1,246,251)	55,249
Deferred revenue and contract advances	(1,076,010)	(1,658,707)
Accrued interest on notes payable	879,258	566,938
<b>Net cash provided (used) by operating activities</b>	<b>299,326</b>	<b>(3,878,690)</b>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sales of investments	1,927,923	600,405
Proceeds from disposition of other assets	64,871	
Purchases of investments	(2,094,351)	(972,388)
Additions to fixed assets	(432,897)	(97,990)
<b>Net cash used by investing activities</b>	<b>(534,454)</b>	<b>(469,973)</b>
<b>Cash Flows from Financing Activities:</b>		
Borrowings on notes payable	1,313,171	
Payments on notes payable		(178,052)
Borrowings and payments on line of credit	790,000	1,710,000
<b>Net cash provided by financing activities</b>	<b>2,103,171</b>	<b>1,531,948</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>1,868,043</b>	<b>(2,816,715)</b>
<b>Cash and Cash Equivalents, Beginning of year</b>	<b>1,472,463</b>	<b>4,289,178</b>
<b>Cash and Cash Equivalents, End of year</b>	<b>\$ 3,340,506</b>	<b>\$ 1,472,463</b>
<b>Supplemental Cash Flow Information:</b>		
Interest paid	\$ 114,415	\$ 228,393
<b>Noncash investing and financing activities:</b>		
Assets acquired by assuming long-term liabilities	\$ 1,171,895	\$ 8,673,023
Interest added to principal balance of notes payable	\$ 1,290,581	\$ 2,643,452

See accompanying notes to financial statements.



# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

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### Note 1 - Nature of Organization:

Episcopal Community Services of San Francisco (ECS) is a nonprofit organization incorporated in the State of California. ECS helps homeless and very low-income adults and families move with dignity toward greater stability and housing by providing compassionate, individualized services and access to comprehensive resources in the community. ECS has served more than 13,000 single adults and people in families during the year ended June 30, 2019 with programs in five service areas: interim housing (shelters and navigation centers), supportive housing, the single adult coordinated entry system, education and workforce development, and services for seniors and adults with disabilities.

#### Shelters

**The Sanctuary** and **Next Door** shelters accommodate up to 534 men and women each day and night of the year. Clean bedding, hot showers, and nutritious meals help residents meet their immediate needs, while ECS's staff offers behavioral health services, on-site medical care through a partnership with the Department of Public Health and activities focused on helping shelter residents address their longer-term housing needs and other challenges that contribute to their homeless situation.

**The Interfaith Shelter** is a collaborative, volunteer-supported effort with the San Francisco Interfaith Council and congregations throughout the City, offering overnight lodging and meals for 60-100 homeless adults each night during the winter months.

In November 2018 ECS closed the **Mission Street Navigation Center** as the site is being developed for affordable housing. ECS opened the **Bryant Navigation Center** on December 24, 2018, the **Bryant Homeless Property Program** and continues to manage the **Central Waterfront Navigation Center**. Designed to engage men and women, many living in encampments, who until now have resisted shelter placement, these two Navigation Centers serve up to 148 guests at a time in a low-demand setting, accepting of "partners, pets, and possessions," while embracing them with wrap-around health, social and financial services and housing placement services. The **Bryant Homeless Property Program** can serve up to 500 homeless clients who can store their property for up to 6 months in a clean, safe and secure environment.

Through its **Shelter Treatment Access and Resource Team (SF START)**, ECS provides behavioral health services not only at ECS's shelters but also at the other single adult shelters in San Francisco.

# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

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### Adult Coordinated Entry

In July 2018, ECS was chosen as the lead provider for the **SF Single Adult Coordinated Entry System**. The SF Coordinated Entry System serves as the gateway for people experiencing homelessness in the city to be matched with the services they need. This critical system was designed to provide a clear, standardized, citywide system to assess and prioritize the needs of people living on the streets, as well as a streamlined process to connect them to solutions to help them exit homelessness.

ACE is essential to effectively assess and identify the most vulnerable individuals prioritizing them for housing. Those homeless that are not prioritized for housing are offered Problem Solving services. Problem Solvers primarily provide eligible clients with conflict resolution mediation; financial assistance; housing opportunities not funded under the SF Homeless Response System; education and job training.

Those who are prioritized for city-funded housing as a result of the assessment are offered navigation services. ECS's "navigators" help clients complete housing applications and connect those sleeping on the streets with a bed in a Navigation Center, a temporary housing facility that provides on-site case management, streamlined access to social services and medical care, and assisted entry into pathways to permanent housing.

Clients who move into housing are offered stabilization services, such as medical care or employment support, which help them transition into and maintain their new housing.

### Supportive Housing

In the year ended June 30, 2019, ECS provided support services to more than 1,400 individuals at thirteen permanent housing sites. Services include on-site case management, vocational counseling, and access to health care for formerly homeless and extremely low-income adults and families, many of whom are dealing with mental health or physical disabilities, substance use issues, literacy challenges, and/or vocational barriers. Services are geared toward ensuring housing retention, building community, and enhancing individual well-being.

ECS is sponsor and developer of three of the facilities, serving 104 single adults at **Canon Kip Community House**, 47 formerly homeless families at **Canon Barcus Community House**, and 134 men and women at **Bishop Swing Community House**. ECS also provides services for single adults at its master-leased sites—**The Elm** (82 units), **The Mentone** (71 units), **The Hillsdale** (84 units), **The Alder** (117 units), **The Crosby** (124 units) and **The Henry** (121 units); for single adults at Mercy Housing California's **The Rose** (75 units); and for 50 formerly homeless families at Mercy's **1180 4<sup>th</sup> Street Apartments**, **The Auburn** (121 units) and **The Minna Lee** (50 units). ECS opened a fourteenth site, **455 Fell St**, with 108 total units in September 2019.

# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

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### Education and Workforce Development

ECS provides comprehensive education and workforce development services to thoroughly prepare low-income, unemployed people, and the working poor to enter fields that offer opportunities for earning wages above the poverty level and to provide all who wish to further their education, including those with cognitive/learning disabilities, with the right tools for their success. ECS offers three training opportunities: the CHEFS culinary training program, Hospitality for All training to prepare students for hotel employment and training to become a shelter worker in the San Francisco shelter system. All workforce development training tracks provide job training, job searches, job placement and job retention services.

### Services for Seniors and Adults with Disabilities

Canon Kip Senior Center has served 1,483 unduplicated homeless or low-income seniors (aged 60 and above) and adults with disabilities during the year ended June 30, 2019. Services include a daily, nutritious lunch, recreational and social activities to reduce isolation, support groups, educational workshops relevant to the interests and case management of ECS's seniors and adults with disabilities.

## **Note 2 - Summary of Significant Accounting Policies:**

The financial statements are prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States (U.S. GAAP).

### a. Principles of Consolidation

The accompanying financial statements reflect the consolidation of the individual financial statements of ECS and its affiliates, Canon Barcus Associates (CBA), Canon Kip Associates II (CKA II), and 275 10th Street Associates, limited partnerships, known collectively as the housing entities. CBA is the owner of Canon Barcus Community House. CKA II purchased Canon Kip Community House on 14th of December 2016 and became its owner. 275 10th Street Associates is the owner of the Bishop Swing Community House. ECS appoints the members of the Boards of Directors of Canon Barcus, Inc. (CBI), the managing general partner of CBA, and of Canon Kip, Inc. (CKI), the managing general partner of CKA II. CBI holds a 0.1% equity interest in CBA and CKI holds a .01% equity interest in CKA II. 275 10th Street, LLC, of which ECS is the sole member, serves as the general partner of 275 10th Street Associates and holds a 0.01% interest in the partnership. During the year ended June 30, 2019, ECS Housing Corporation was created to be the Managing entity for 275 10th Street LLC.

Consolidated financial statements are required because of the relationships among the housing entities. All significant intercompany accounts and transactions have been eliminated in the consolidation.

# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

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### b. Description of Net Assets

ECS reports information regarding its financial position and activities according to two classes of net assets: net assets without restrictions and net assets with donor restrictions.

*Net Assets without donor restrictions* - The portion of net assets that are not restricted by donor-imposed stipulations. The board of directors has designated \$259,428 for future operations.

*Net Assets with donor restrictions* - The portion of net assets the use of which by ECS is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of ECS.

### c. Recognition of Revenue

Contributions are recognized at their fair value when the donor makes an unconditional promise to give to ECS. Donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using market discount rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

During the year ended June 30, 2017 ECS recorded a pledge of a charitable remainder trust, which consists of a remainder interest in a diverse portfolio of investments under trust, currently valued at \$282,586. The trustee is the Episcopal Church in the Diocese of California.

Total food donations received for various program services during the fiscal year 2019 were recognized in the Consolidated Statement of Activities and Changes in Net Assets at their fair value of \$834,557.

Government grants and contracts, rental and other program income, are recognized when earned. Amounts received in advance are recorded as advances until earned.

ECS uses the allowance method to determine uncollectible receivables. The allowance is based upon prior years' experience and management's analysis of specific promises made.

# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

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d. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, ECS considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Restricted cash represents developer fees received subject to restrictions from other parties regarding the future use of such cash, tenant security deposits, replacement reserves, and operating reserves.

e. Investments

Investments are valued at fair value. Gains and losses that result from market fluctuations are recognized in the Consolidated Statement of Activities and Changes in Net Assets in the period such fluctuations occur. Dividend and interest income are accrued when earned.

f. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ECS classifies its financial assets and liabilities measured at fair value on a recurring basis based on a fair value hierarchy with three levels of inputs. Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the School's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the assets and liabilities measured at fair value.

ECS has measured its money market mutual funds at Level 1.

g. Fixed Assets

Fixed assets consisting of furniture, equipment and leasehold improvements are recorded at cost, or if donated, at the fair value at the date of the gift. Depreciation and amortization have been provided using the straight-line method over the estimated useful lives (three to ten years) of the related assets.

# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

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### h. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain amounts. Accordingly, actual results could differ from those estimates.

### i. Income Taxes

ECS is a tax-exempt organization under the provisions of the Internal Revenue Code, Section 501(c)(3), and the California Revenue and Taxation Code, Section 23701(d). Accordingly, no provision for federal and state income taxes has been reflected in these financial statements.

Management evaluated ECS's tax positions and concluded that ECS had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

### j. Functional Allocation of Expenses

The costs of providing program services, management and general and fundraising activities have been summarized on a functional basis in the Consolidated Statement of Activities and Changes in Net Assets. Management and general expenses by function have been allocated among program and supporting services classifications utilizing an indirect cost rate based on direct costs such as salaries, depreciation, and professional fees established in the simplified allocation method.

### k. Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with ECS's consolidated financial statements for the year ended June 30, 2018 from which the summarized information was derived.

### l. Subsequent Events

ECS evaluated subsequent events through November 11, 2019, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements other than Note 6.

# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

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### m. Recent Accounting Pronouncements

#### *Pronouncement Adopted*

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit, which changes presentation and disclosure requirements for nonprofit entities to provide more relevant information about their resources (and the changes in those resources) to donors, granters, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes, investment return, expenses, and liquidity. Accordingly, the accounting change has been retrospectively applied to all periods presented with the exception of the omission of prior year liquidity and availability of resource information as permitted by the ASU.

#### *Pronouncements Effective in the Future*

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The new standard will supersede much of the existing authoritative literature for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their balance sheet for all leases with lease terms longer than twelve months. The FASB will be effective for ECS, for its fiscal year beginning after December 15, 2019 with early application permitted. Entities are required to use modified retrospective application for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements with the option to elect certain transition reliefs. ECS is currently evaluating the impact of this pronouncement on its financial statements.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The ASU clarifies and improves current guidance about whether a transfer of assets, or reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It provides a framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The amendments in the ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2018. ECS is currently evaluating the impact of this pronouncement on its financial statements.

### **Note 3 - Investments:**

ECS has investments of money market mutual funds carrying a fair value and cost of \$3,727,168 at June 30, 2019.

# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

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### Note 4 - Fixed Assets:

Fixed assets at June 30, 2019 were as follows:

Land	\$ 4,684,708
Site improvements	998,784
Building and building improvements	60,589,720
Leasehold improvements	2,836,116
Furniture and equipment	2,582,388
Vehicles	59,510
Construction in process	60,137
	<hr/>
Subtotal	71,811,363
	<hr/>
Less: accumulated depreciation	(19,668,541)
	<hr/>
	\$ 52,142,822

Depreciation expense for the year ended June 30, 2019 was \$1,868,569.

### Note 5 - Line of Credit:

At June 30, 2019, ECS had a \$5,000,000 line of credit with First Republic Bank, which is secured by ECS's grants and contracts receivable balances. Interest is payable monthly at prime rate (5.5% at June 30, 2019), and the outstanding balance as of June 30, 2019 is \$2,500,000 and a maturity date of March 20, 2020.

### Note 6 - Affiliates and Notes Payable:

a. Canon Kip, Inc., Canon Kip Associates, L.P. and Canon Kip Associates II, L.P.

The ECS Board of Directors appoints the members of the Board of Directors of Canon Kip, Inc. (CKI). CKI is the managing General Partner of Canon Kip Associates, L.P. II (CKA II). CKI has a .01% ownership interest in CKA II. Until December 14, 2016 Canon Kip Associates owned and operated Canon Kip Community House, 104 units of supportive housing for formerly homeless adults (the Project), developed by ECS in 1994.

The project completed the low income housing tax credit compliance period on December 31, 2009. On January 1, 2010, National Equity Fund 1992 Limited Partnership, until then CKA's Limited Partner, withdrew from the partnership and ECS entered CKA as the new limited partner.



# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

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Canon Kip Associates II, L.P. was formed as a limited partnership on February 12, 2016, to acquire, rehabilitate, own and operate Canon Kip Community House. The initial Limited Partner was ECS. CKA II received a preliminary allocation of low income housing tax credits in June 2016. On December 14, 2016 ECS withdrew from the partnership and assigned its partnership interest to NEF Assignment Corporation. On that same date CKA transferred the Project, and associated debt, to CKA II as part of a major rehabilitation and re-syndication project for the property. The property underwent substantial rehabilitation which was completed in September 2018. During this development phase CKA II incurred costs, including governmental, legal and consulting fees, as well as construction costs. As of June 30, 2019 construction in process totaled \$60,137. During the year ended June 30, 2019, \$15,704,633 of assets were placed in service from the construction in process account. These costs were funded with the initial capital contributions received from the partners and with draws against notes payable. As of June 30, 2019, CKA II has no additional construction commitments for work to be performed after that date. This construction loan will be repaid after the end of construction with additional capital contributions from the Limited Partners and a \$3,000,000 note from the California Department of Housing and Community Development's Multifamily Housing Program (MHP).

CKA II is controlled by its General Partner, Canon Kip, Inc. ECS has guaranteed CKI's contractual obligations, including the continued management, development completion, loans, tax credit and operations of CKA II. Management believes that the likelihood of funding a material amount of any of these guarantees is remote.

CKA II, through the General Partner, has entered into a rental assistance payments contract with the City and County of San Francisco's Mayor's Office of Housing (MOH), whereby the project receives rent subsidies for housing eligible for low income individuals as in accordance with the MOH Shelter Plus Care Program through a grant provided to the City by the U.S. Department of Housing and Urban Development (HUD). The program requires that 80 units of residential housing be designated to provide affordable housing and social services to homeless person who are dually diagnosed with HIV/AIDS, mental health, or substance abuse issues. The contract expires at the termination of the grant from HUD to MOH, and was transferred to the partnership upon acquisition of the property.

Included in ECS's affiliate receivables are \$529,490 due to ECS from CKA II. Included in ECS's affiliate payables are \$123,580 in facilities expenses and subsidy payments due to CKA II from ECS. ECS's affiliate receivables include \$55,000 in support services fees, \$7,500 in asset management fees, and \$250,000 in developer fees in the year ended June 30, 2019. These amounts have been eliminated in consolidation. ECS received \$200,000 of the \$250,000 developer fee at the CKA II permanent loan closing in September 2019. At the permanent loan closing, the construction loan was paid off with a loan from the Affordable Housing Program (AHP) and a contribution of partner equity from the Limited Partner, NEF Assignment Corporation.

# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

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Notes payable for Canon Kip II are secured by the property and are due upon maturity unless otherwise noted. CKA II has recorded accrued interest expense of \$851,706 in conjunction with the notes payable, which consist of the following at June 30, 2019:

Note payable to the City and County of San Francisco (CDBG/HOME) in the maximum amount of \$5,743,396, and bears simple interest of 3% per annum. Annual payments shall be made subject to available net cash flow. The principal and unpaid accrued interest to be repaid in full on the 55 <sup>th</sup> anniversary of the project's "Conversion Date" of which is October 1, 2018.	\$ 5,743,396
Note payable to the California Department of Housing and Community Development (HCD/RHCP loan) in the original amount of \$3,240,581, and bears simple interest of 3% per annum. Annual payments shall be made subject to available net cash flow. The loan is due and payable in 2071.	3,240,581
Note payable to Silicon Valley Bank (AHP) in the maximum amount of \$1,030,000, is non-interest bearing, and is due and payable in 2074.	1,030,000
Silicon Valley Bank construction loan, in the maximum amount of \$11,643,964, bearing interest at a fixed rate of 2% per annum. Interest-only payments are due monthly. All principal and unpaid accrued interest was paid in full with the proceeds of the AHP loan on September 10, 2019. The loan is subject to possible extension and shall bear a fixed interest rate equal to the greater of the percentage obtained by adding 1% to the then current 2 year Treasury rate as published by the U.S. Department of Treasury, or 1.65% per annum.	10,736,320
Total	20,750,297
Less: Unamortized permanent loan costs	(45,080)
Total - net of unamortized permanent loan costs	\$ 20,705,217

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# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

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b. Canon Barcus, Inc. and Canon Barcus Associates, L.P.

The ECS Board of Directors appoints the members of the Board of Directors of Canon Barcus, Inc. (CBI). CBI is the managing General Partner of Canon Barcus Associates, L.P. (CBA), which owns Canon Barcus Community House, supportive housing for 47 formerly homeless families. CBI has a 0.1% ownership interest in CBA.

ECS earned a fee of \$455,749 for development of Canon Barcus Community House. The entire amount of the developer fee has been collected and invested in a government money market fund. The developer fee is restricted to fund the tax benefits guaranty and the operating deficit guaranty required by CBA's limited partner.

ECS has guaranteed CBI's contractual obligations, including continued management and operations of CBA.

ECS funded leasehold improvements and leases administrative and program facilities from CBA for \$1 per year. Included in ECS's affiliate receivables are \$39,463, due from CBA. Included in ECS's affiliate payables is \$68,474 due to CBA from ECS for facilities expenses. ECS's affiliate receivables include \$38,853 in asset and incentive management fees in the year ended June 30, 2019. These amounts have been eliminated in consolidation.

Notes payable are secured by the property and assignment of rents and project income unless otherwise noted. CBA has recorded accrued interest expense of \$3,337,711 in conjunction with the notes payable which consist of the following at June 30, 2019:

Note payable to the City and County of San Francisco in the original amount of \$1,122,250, is non-interest bearing and matures on January 7, 2053.	\$ 1,122,250
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Note payable to the Successor Agency to the San Francisco Redevelopment Agency, in the original amount of \$689,406, bears interest of 3% per annum through maturity in August 2050, and requires payment of principal and interest from 67% of surplus cash, if any, from the prior year's operations. Payment to the Successor Agency to the San Francisco Redevelopment Agency note from surplus cash is subordinate to certain other obligations, including payment of any deferred developer fee or partnership management fee.	689,406
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# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

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Note payable to First Republic Bank dated February 10, 2003 and in the original amount of \$200,000. The loan is interest free, and payments of principal are deferred until maturity in 2033. Upon completion of the loan term without violation of the Requirements, the entire amount of the loan will be forgiven.	200,000
Note payable to the city and County of San Francisco in the original amount of \$7,997,539. The loan agreement states varying interest rates and terms for specified loan amounts and matures in August 2049.	6,538,222
<hr/>	
Total	8,549,878
Less: Unamortized permanent loan costs	(37,072)
<hr/>	
Total - net of unamortized permanent loan costs	\$ 8,512,806

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c. 275 10<sup>th</sup> Street LLC and 275 10<sup>th</sup> Street Associates, L.P.

ECS is sponsor and developer of Bishop Swing Community House (BSCH), supportive housing for 134 formerly homeless men and women. Ownership of the development, located at 275 10th Street, is held by 275 10th Street Associates, L.P. (The Partnership), which completed construction in July 2009. The Partnership holds a 70-year lease with a 34-year option to extend on the land owned by the Successor Agency to the San Francisco Redevelopment Agency.

275 10th Street, LLC, of which ECS is the sole member, is the General Partner of 275 10<sup>th</sup> Street Associates, L.P. and holds a 0.01% equity position in the project. During the year ended June 30, 2019, ECS Housing Corporation was created to be the Managing entity for 275 10<sup>th</sup> Street, LLC. ECS has guaranteed 275 10<sup>th</sup> Street, LLC's contractual obligations, including the continued management and operations of the development. 275 10<sup>th</sup> Street Associates, L.P. has funded an operating reserve to cover any unexpected shortfall in operations.

The Partnership holds long-term deferred payment loans from the San Francisco Mayor's Office of Housing and Community Development, the Successor Agency to the San Francisco Redevelopment Agency, and the California Department of Housing and Community Development.

# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

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Enterprise Community Investment, Inc. brought in Bank of America Housing Fund VII Limited Partnership, LLP as the Limited Partner in 2008. In June 2011, The Partnership was granted its Low-Income Tax Credit Allocation and Certification, Form 8609, at which time the Limited Partner paid in its final equity contribution, bringing its total investment in The Project to \$13,700,433.

ECS earned a fee of \$697,500 for development of Bishop Swing Community House. The entire amount of the developer fee has been collected, and \$497,500 remains invested in a government money market account to fund restricted developer activities and guaranties required by the investors.

Included in ECS's affiliate receivables are \$17,963 due from 275 10<sup>th</sup> Street Associates, L.P. for asset management, partnership management and facilities expenses. These amounts have been eliminated in consolidation. Included in ECS's affiliate payables are \$30,957 due from ECS for facilities expenses.

Notes payable are secured by the property and are not due until maturity unless otherwise noted. 275 10th Street Associates has recorded accrued interest expense of \$1,767,195 in conjunction with the notes payable, which consist of the following at June 30, 2019:

Note payable to the City and County of San Francisco Mayor's Office of Housing and Community Development for two HOME loans in the original amount of \$1,932,585, is non-interest bearing and matures on June 27, 2060.	\$ 1,932,585
Note payable to the City and County of San Francisco Mayor's Office of Housing and Community Development for Affordable Housing Funds (AHF) in the original amount of \$5,141,107, is non-interest bearing and matures November 28, 2062.	2,942,774
Note payable to the Successor Agency to the San Francisco Redevelopment Agency, in the original amount of \$5,250,000, is non-interest bearing and matures November 27, 2067.	5,250,000

# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

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Note payable to the Department of Housing and Community Development for Multifamily Housing Program in the original amount of \$7,000,000, bears interest of 3% per annum through maturity on February 10, 2065, and requires payments in the amount of 0.42% per annum on the unpaid principal balance of the loan payable annually through the February 10, 2039, and commencing on the 30th anniversary of annual loan payments per terms of promissory note.	7,000,000
<hr/>	
Total	17,125,359
Less: Unamortized permanent loan costs	(41,599)
<hr/>	
Total - net of unamortized permanent loan costs	\$ 17,083,760

Additionally, 275 10th Street LLC carries a note payable to Silicon Valley Bank in the original amount of \$675,000. The AHP loan is interest free, and principal payments are deferred until maturity, which is 15 years from the date of project completion. Upon completion of the loan term without violation of loan requirements, the entire amount of the loan will be forgiven. The LLC contributed these funds to the Partnership as a capital contribution in December 2008.

Notes payable consist of the below at June 30, 2019:

Canon Kip II	\$ 20,705,217
Canon Barcus	8,512,806
275 10 <sup>th</sup> Street	17,083,760
<hr/>	
Total	\$ 46,301,783

Interest payable consists of the following at June 30, 2019:

Canon Kip II	\$ 851,706
Canon Barcus	3,337,711
275 10 <sup>th</sup> Street	1,767,195
<hr/>	
Total	\$ 5,956,612

# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

Interest expense consists of the following at June 30, 2019:

Canon Kip II	\$ 429,874
Canon Barcus	259,987
275 10 <sup>th</sup> Street	210,912
<hr/>	
Total	\$ 900,773

### Note 7 - Commitments and Contingencies:

#### Operating Leases

ECS is obligated under certain leases of its facilities through March 31, 2026, and lease options for an additional ten years (one time). ECS is also obligated under several office equipment leases extending through August 31, 2024.

Total future lease obligations are as follows:

Year ending June 30,

2020	\$ 5,469,000
2021	5,043,000
2022	5,156,000
2023	5,272,000
2024	5,353,000
Thereafter	9,156,000
<hr/>	
	\$ 35,449,000

Rental expense for the year ended June 30, 2019 was \$5,106,000.

Contract and grant agreements require the fulfillment of certain conditions as set forth in the grant instruments. Failure to fulfill the conditions could result in return of the funds to the grantors. ECS deems this contingency remote. Management is of the opinion that ECS has complied with the terms of all contracts and grants. ECS has provided certain guaranties in conjunction with its relationships with CK Associates II, CB Associates, and 275 10<sup>th</sup> Street Associates. Management is of the opinion that ECS will not be called on to fulfill any of the guaranties based upon the current operations of these entities.

#### Litigation

ECS is contingently liable in connection with litigation claims arising in the normal course of its operations. ECS and its legal counsel believe that the outcome of such matters will not have a significant effect on its financial position or results of activities.

# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

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### Construction

As discussed in Note 6 - a above, CKA II has no additional construction commitments for work to be performed after June 30, 2019. CKA II is controlled by its General Partner, Canon Kip, Inc. ECS has guaranteed CKI's contractual obligations, including the continued management, development completion, loans, tax credit and operations of CKA II. Management believes that the likelihood of funding a material amount of any of these guarantees is remote.

### **Note 8 - Net Assets with Restrictions:**

Net assets with restrictions of \$1,445,480 are available for use in ECS's culinary programs in accordance with the donors' intent. Net assets of \$372,078 were used in accordance with the donors' intent during the year ended June 30, 2019.

### **Note 9 - Employee Benefit Plan:**

ECS has a 403(b) defined contribution plan that was established in July 2004. All employees are eligible to participate in the plan. ECS reinstated employer matching contributions effective January 9, 2015 and employer contributions effective January 8, 2016. Employees must meet certain criteria in order to receive a discretionary employer match and employer contribution. ECS total matching contributions were \$365,311 for the year ended June 30, 2019.

### **Note 10 - Concentration of Risk:**

Financial instruments which subject ECS to concentrations of credit risk consist principally of cash deposits, grants and contracts receivable.

ECS and its affiliates have cash deposits in financial institutions in excess of federally insured limits of approximately \$5,144,000 at June 30, 2019. Grants and contracts receivable represent unsecured amounts due from federal, state and local governmental agencies.



# Episcopal Community Services of San Francisco

## Notes to Consolidated Financial Statements

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### Note 11 - Availability of Financial Assets and Liquidity:

ECS's financial assets available within one year of June 30, 2019 for general expenditures are as follows:

Financial assets at year-end:

Cash and cash equivalents	\$ 2,067,740
Grants and contracts receivable	2,801,249
Contributions receivable	279,597
Investments	3,727,168
<hr/>	
Total financial assets	8,875,754
Less amounts not available to be used within one year:	
Net assets with donor restrictions	1,445,480
Board designated net assets	259,428
<hr/>	
Financial assets available to meet general expenditures over the next twelve months	\$ 7,170,846

ECS has excluded the financial assets of its affiliates from this disclosure.

ECS's working capital and cash flows have seasonal variations during the year mostly attributable to the annual cash advances received from the City and County of San Francisco at the beginning of the fiscal year and to the concentration of private donations received during the second and fourth fiscal quarters. To manage liquidity ECS maintains a line of credit of \$5 million with a bank. See note 5.



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## Independent Auditors' Report on Supplementary Information

THE BOARD OF DIRECTORS  
EPISCOPAL COMMUNITY SERVICES  
OF SAN FRANCISCO  
San Francisco, California

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole of **EPISCOPAL COMMUNITY SERVICES OF SAN FRANCISCO (ECS)** as of and for the year ended June 30, 2019, which is presented in the preceding section of this report. The accompanying supplementary information as of and for the year ended June 30, 2019 is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

*Hood & Strong LLP*

San Francisco, California  
November 11, 2019

# Episcopal Community Services of San Francisco

## Schedule of Financial Position (See Independent Auditors' Report on Supplementary Information)

<i>June 30, 2019 (with comparative totals for 2018)</i>	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 2,067,740	\$ 1,104,866
Grants and contracts receivable	3,092,961	4,114,011
Prepaid expenses and other assets	832,217	775,864
Investments	3,727,168	3,480,021
Investment in affiliates	586,916	307,804
Fixed assets, net	298,321	188,159
<b>Total assets</b>	<b>\$ 10,605,323</b>	<b>\$ 9,970,725</b>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 3,277,873	\$ 2,600,309
Line of credit	2,500,000	1,710,000
Deferred revenue, contract advances and developer fees	819,895	1,893,746
<b>Total liabilities</b>	<b>6,597,768</b>	<b>6,204,055</b>
<b>Net Assets:</b>		
Without donor restrictions		
Unrestricted	2,302,647	2,167,436
Board designated	259,428	259,428
<b>Total net assets without donor restrictions</b>	<b>2,562,075</b>	<b>2,426,864</b>
<b>With donor restrictions</b>	<b>1,445,480</b>	<b>1,339,806</b>
<b>Total net assets</b>	<b>4,007,555</b>	<b>3,766,670</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,605,323</b>	<b>\$ 9,970,725</b>

# Episcopal Community Services of San Francisco

## Schedule of Activities and Changes in Net Assets (See Independent Auditors' Report on Supplementary Information)

*Year Ended June 30, 2019 (with comparative totals for 2018)*

	2019			2018 Total
	Without Restrictions	With Restrictions	Total	
<b>Support and Revenue:</b>				
Contributions and foundation grants	\$ 2,425,016	\$ 477,752	\$ 2,902,768	\$ 2,721,007
Government grants and contracts	32,258,327		32,258,327	26,554,601
Rental income and program fees	3,697,750		3,697,750	3,228,716
Interest and other income	343,514		343,514	56,371
Release of donor restrictions	372,078	(372,078)	-	-
<b>Total support and revenue</b>	<b>39,096,685</b>	<b>105,674</b>	<b>39,202,359</b>	<b>32,560,695</b>
<b>Expenses:</b>				
Program services	34,042,894		34,042,894	28,664,564
Management and general	3,895,513		3,895,513	3,067,671
Fundraising	957,521		957,521	749,573
Depreciation	65,546		65,546	61,551
<b>Total expenses</b>	<b>38,961,474</b>	<b>-</b>	<b>38,961,474</b>	<b>32,543,359</b>
<b>Change in Net Assets</b>	<b>135,211</b>	<b>105,674</b>	<b>240,885</b>	<b>17,336</b>
<b>Net Assets, Beginning of year</b>	<b>2,426,864</b>	<b>1,339,806</b>	<b>3,766,670</b>	<b>3,749,334</b>
<b>Net Assets, End of year</b>	<b>\$ 2,562,075</b>	<b>\$ 1,445,480</b>	<b>\$ 4,007,555</b>	<b>\$ 3,766,670</b>

**Episcopal Community Services of San Francisco**  
**Schedule of Functional Expenses**  
(See Independent Auditors' Report on Supplementary Information)

Year Ended June 30, 2019 (with comparative totals for 2018)

	Sanctuary	Next Door	Navigation Center	Central Waterfront	5th & Bryant	SF Start	Adult Coordinated Entry	Total Shelters, Nav Centers & ACE	Supportive Housing	Education & Employment Services	Senior Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	2019 Total	2018 Total
Salaries	\$ 1,480,488	\$ 2,021,298	\$ 342,129	\$ 920,974	\$ 676,905	\$ 433,850	\$ 1,726,522	\$ 7,602,166	\$ 5,323,465	\$ 1,205,287	\$ 311,218	\$ 14,442,136	\$ 2,241,599	\$ 494,394	\$ 2,735,993	\$ 17,178,129	\$ 14,533,251
Employee benefits and other payroll related costs	507,584	821,410	134,015	323,187	187,667	162,268	501,260	2,637,391	1,575,006	384,036	113,354	4,709,787	517,733	106,762	624,495	5,334,282	5,217,457
Professional services	593	1,280	279	18,788	621	43,448	67,464	132,473	844,859	2,094	166	979,592	622,916	173,788	796,704	1,776,296	1,383,978
Training and conferences	3,122	2,497	4,192	5,713	1,407	8,613	21,376	46,920	30,857	9,394	4,970	92,141	133,675	9,211	142,886	235,027	106,774
Marketing / Printing Expenses	4,917	4,912	1,584	13,045	4,352	88	7,132	36,030	42,897	15,679	2,963	97,569	12,400	74,906	87,306	184,875	205,418
Food products	5,733	3,886		3,389		3	160	13,171	95,090	559,838	491	668,590			-	668,590	684,698
Food products, gifts-in-kind		118,766						118,766	586,477	1,682	127,632	834,557			-	834,557	793,762
Supplies and services	115,479	80,088	43,360	261,077	19,147	2,078	1,442,838	1,964,067	870,317	105,102	44,166	2,983,652	52,267	17,822	70,089	3,053,741	2,439,257
Vehicle and transportation	4,886	4,639						9,525	335	6,609		16,469	165		165	16,634	13,388
Occupancy	706,377	8,150		69,656	56,725	14,446	254,787	1,110,141	5,212,457	33,707		6,356,305	68,026		68,026	6,424,331	5,869,882
Telecommunications	9,836	16,308	1,064	7,448	5,857	30,225	27,139	97,877	100,399	18,876	6,414	223,566	40,623	12,653	53,276	276,842	232,441
Insurance	16,125	19,065		11,455		4,023	7,556	58,224	43,513	19,218	3,836	124,791	8,505	1,947	10,452	135,243	121,135
Equipment and maintenance	4,435	36,928		496	9,971	39	211,959	263,828	458,340	5,280	1,079	728,527	26,898	4,666	31,564	760,091	710,789
Bad debt expense								-						28,346	28,346	14,738	
Other	3,550	809		1,600	800		85	6,844	15,747	11,336	1,425	35,352	73,851	33,026	106,877	142,229	88,971
Operating costs - affiliates								-	1,749,860			1,749,860				1,749,860	-
Interest - operations								-				-	96,855		96,855	96,855	56,868
Inter-program services	468,326	704,712						1,173,038		(1,173,038)		-			-	-	-
Total expenses before depreciation	3,331,451	3,844,748	526,623	1,636,828	963,452	699,081	4,268,278	15,270,461	16,949,619	1,205,100	617,714	34,042,894	3,895,513	957,521	4,853,034	38,895,928	32,481,807
Depreciation									51,225	847	1,740	53,812	11,734		11,734	65,546	61,551
Total expenses	3,331,451	3,844,748	526,623	1,636,828	963,452	699,081	4,268,278	15,270,461	17,000,844	1,205,947	619,454	34,096,706	3,907,247	957,521	4,864,768	38,961,474	32,543,358
Recovery of administrative costs	364,308	406,144	57,898	178,753	105,021	78,759	340,158	1,531,041	1,603,966	257,366	53,780	3,446,153	(3,446,153)		(3,446,153)	-	-
	\$ 3,695,759	\$ 4,250,892	\$ 584,521	\$ 1,815,581	\$ 1,068,473	\$ 777,840	\$ 4,608,436	\$ 16,801,502	\$ 18,604,810	\$ 1,463,313	\$ 673,234	\$ 37,542,859	\$ 461,094	\$ 957,521	\$ 1,418,615	\$ 38,961,474	\$ 32,543,358

# Episcopal Community Services of San Francisco

## Schedule of Cash Flows

(See Independent Auditors' Report on Supplementary Information)

<i>Year Ended June 30, 2019 (with comparative totals for 2018)</i>	2019	2018
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 240,885	\$ 17,337
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Donated stock	(55,333)	(192,447)
Depreciation	65,546	61,551
Net realized gain/loss on investments	(25,386)	(55,666)
Net realized loss on other assets		50,090
Changes in operating assets and liabilities:		
Receivables	1,021,050	(2,241,839)
Investment in affiliates	(306,658)	30,988
Prepaid expenses and other assets	(56,353)	(62,349)
Accounts payable and accrued expenses	705,111	578,840
Deferred revenue and contract advances	(1,073,852)	(1,639,320)
Net cash provided (used) by operating activities	515,010	(3,452,815)
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sales of investments	1,927,923	600,405
Proceeds from disposition of other assets	64,871	
Purchases of investments	(2,094,351)	(972,388)
Additions to fixed assets	(240,579)	(36,411)
Net cash used by investing activities	(342,136)	(408,394)
<b>Cash Flows from Financing Activities:</b>		
Borrowings and payments on line of credit	790,000	1,710,000
Net cash provided by financing activities	790,000	1,710,000
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	962,874	(2,151,209)
<b>Cash and Cash Equivalents, Beginning of year</b>	1,104,866	3,256,075
<b>Cash and Cash Equivalents, End of year</b>	\$ 2,067,740	\$ 1,104,866
<b>Supplemental Cash Flow Information:</b>		
Interest paid	\$ 85,015	\$ 56,869