

**THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES**

**FINANCIAL STATEMENTS, SINGLE AUDIT REPORT,  
AND SUPPLEMENTAL INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2022**

THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2022

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# *Zelenkofske Axlerod LLC*

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## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Command Finance Council  
The Salvation Army  
Eastern Pennsylvania and Delaware Division  
Philadelphia, Pennsylvania

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

#### ***Opinion***

We have audited the accompanying financial statements of The Salvation Army Greater Philadelphia Activities, which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Salvation Army Greater Philadelphia Activities as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Salvation Army Greater Philadelphia Activities, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Salvation Army Greater Philadelphia Activities' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



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Eastern Pennsylvania and Delaware Division  
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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and standards applicable to financial audits in the City of Philadelphia Subrecipient Audit Guide will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and standards applicable to financial audits in the City of Philadelphia Subrecipient Audit Guide we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Salvation Army Greater Philadelphia Activities' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Salvation Army Greater Philadelphia Activities' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



# *Zelenkofske Axelrod LLC*

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## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal, State, and City Awards and the various supplemental information schedules required by the City of Philadelphia Subrecipient Audit Guide as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the various supplemental information schedules as listed in the Table of Contents are fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards* and standards applicable to financial audits in the City of Philadelphia Subrecipient Audit Guide, we have also issued our report dated March 28, 2023, on our consideration of The Salvation Army Greater Philadelphia Activities' 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 solely 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Salvation Army Greater Philadelphia Activities' internal control over financial reporting and compliance.

*Zelenkofske Axelrod LLC*

ZELENKOFSCHE AXELROD LLC

Jamison, Pennsylvania  
March 28, 2023

THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2022 AND 2021

ASSETS

Operating:	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 23,260,757	\$ 24,983,362
Accounts Receivable	5,672,573	5,382,531
Inventory	20,852	26,243
Right-of-Use-Operating	777,838	564,752
Prepaid Expense and Deferred Charges	384,701	367,025
Total Operating	<u>30,116,721</u>	<u>31,323,913</u>
Investments:		
Investments, at Fair Value	122,220,042	145,045,340
Beneficial Interest in Trusts Held by Others	<u>12,797,562</u>	<u>16,311,628</u>
Total Investments	<u>135,017,604</u>	<u>161,356,968</u>
Land, Buildings and Equipment:		
Land	3,043,525	3,133,757
Buildings, Less Accumulated Depreciation of \$39,526,498 and \$37,503,836 in 2022 and 2021, respectively	58,098,552	60,181,462
Furniture, Fixtures and Equipment, Less Accumulated Depreciation of \$1,081,441 and \$1,158,337 in 2022 and 2021 respectively	215,857	164,389
Construction in Progress	<u>2,755,752</u>	<u>1,578,206</u>
Total Land, Buildings and Equipment	<u>64,113,686</u>	<u>65,057,814</u>
Total Assets	<u>\$ 229,248,011</u>	<u>\$ 257,738,695</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts Payable and Accrued Expenses	\$ 4,009,049	\$ 4,709,488
Lease Liability-Operating	785,288	571,237
Intra-Salvation Army Loans Payable	<u>2,772,042</u>	<u>5,632,542</u>
Total Liabilities	<u>7,566,379</u>	<u>10,913,267</u>
Net Assets:		
Net Assets Without Donor Restriction		
General Operating	18,165,034	15,547,107
Board Designated	17,880,720	17,495,490
Land, Building and Equipment	<u>64,113,686</u>	<u>65,032,831</u>
Total Net Assets Without Restriction	<u>100,159,440</u>	<u>98,075,428</u>
Net Assets With Donor Restriction		
Amounts to Be Held in Perpetuity	84,559,313	88,042,880
Other Restrictions	<u>36,962,879</u>	<u>60,707,120</u>
Total Net Assets With Donor Restriction	<u>121,522,192</u>	<u>148,750,000</u>
Total Net Assets	<u>221,681,632</u>	<u>246,825,428</u>
Total Liabilities and Net Assets	<u>\$ 229,248,011</u>	<u>\$ 257,738,695</u>

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

THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2022 and 2021

	2022			2021		
	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total	Net Assets Without Donor Restriction	Net Assets With Donor Restriction	Total
Support and Revenues						
Public Support:						
Received Directly						
Contributions	\$ 5,888,433	\$ -	\$ 5,888,433	\$ 6,037,838	\$ -	\$ 6,037,838
Donations-in-Kind and Contributed Services	1,579,728	-	1,579,728	1,232,076	-	1,232,076
Legacies and Bequests	2,547,321	166,763	2,714,084	1,570,226	1,472,112	3,042,338
Special Events	119,938	-	119,938	205,357	-	205,357
Total Received Directly	10,135,420	166,763	10,302,183	9,045,497	1,472,112	10,517,609
Received Indirectly						
Allocated by Federated Fund-Raising Organizations	19,079	-	19,079	29,020	-	29,020
Total Public Support	10,154,499	166,763	10,321,262	9,074,517	1,472,112	10,546,629
Fees and Grants From Government Agencies	15,661,810	-	15,661,810	15,240,801	-	15,240,801
Other Revenues						
Program and Service Fees	14,430,348	219,184	14,649,532	13,603,750	225,359	13,829,109
Sales to Public	470,507	-	470,507	435,997	-	435,997
Investment Return, Net	(550,343)	(22,175,864)	(22,726,207)	2,498,659	30,705,454	33,204,113
Gain on Sale/Disposal of Land, Building and Equipment	(41,487)	-	(41,487)	1,034,262	-	1,034,262
Other	148,615	-	148,615	180,346	-	180,346
Grants from Territorial Headquarters	1,801,918	-	1,801,918	6,420,757	-	6,420,757
Total Other Revenues	16,259,558	(21,956,680)	(5,697,122)	24,173,771	30,930,813	55,104,584
Net Assets Released from Restriction	5,437,891	(5,437,891)	-	4,748,813	(4,748,813)	-
Total Support and Revenues	47,513,758	(27,227,808)	20,285,950	53,237,902	27,654,112	80,892,014
Expenses						
Program Services:						
Corps Community Center Services	13,959,347	-	13,959,347	14,225,609	-	14,225,609
Residential and Institutional Services	5,164,583	-	5,164,583	5,075,505	-	5,075,505
Foster Care Services	1,818,648	-	1,818,648	1,957,342	-	1,957,342
Developmental Disabilities Programs	17,657,141	-	17,657,141	18,351,372	-	18,351,372
Other Social Services	3,629,929	-	3,629,929	2,315,589	-	2,315,589
Total Program Services	42,229,648	-	42,229,648	41,925,417	-	41,925,417
Supporting Services:						
Management and General Fund Raising	2,643,281	-	2,643,281	3,251,618	-	3,251,618
	556,817	-	556,817	682,332	-	682,332
Total Supporting Services	3,200,098	-	3,200,098	3,933,950	-	3,933,950
Total Expenses	45,429,746	-	45,429,746	45,859,367	-	45,859,367
Changes in Net Assets	2,084,012	(27,227,808)	(25,143,796)	7,378,535	27,654,112	35,032,647
Net Assets at Beginning of Year	98,075,428	148,750,000	246,825,428	90,696,893	121,095,888	211,792,781
Net Assets at End of Year	\$ 100,159,440	\$ 121,522,192	\$ 221,681,632	\$ 98,075,428	\$ 148,750,000	\$ 246,825,428

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

THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Changes in Net Assets	\$ (25,143,796)	\$ 35,032,647
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	2,706,782	2,485,151
Unrealized Loss (Gain) on Investments	25,598,923	(22,328,013)
Realized Loss (Gain) on Investments	(4,648,305)	(10,979,771)
Change in Beneficial Interest in Trusts Held by Others	3,514,066	-
Loss (Gain) on Disposal of Fixed Assets	58,212	(1,034,262)
Changes in Operating Assets and Liabilities		
Accounts Receivable	(290,042)	2,087,584
Inventory	5,391	491
Change in Right of Use, Operating	(213,086)	(564,752)
Prepaid Expense and Deferred Charges	(17,676)	(102,729)
Accounts Payable and Accrued Expenses	(700,439)	(4,465,410)
Other Liabilities	<u>214,051</u>	<u>855,392</u>
Total Adjustments	<u>26,227,877</u>	<u>(34,046,319)</u>
Net Cash Provided by Operating Activities	<u>1,084,081</u>	<u>986,328</u>
Cash Flows from Investing Activities		
Proceeds from Sale of Assets	(735,643)	1,302,238
Purchase of Land, Buildings, and Equipment	(1,085,264)	(4,920,698)
Purchase of Investments	-	(1,729,295)
Proceeds from Sale/Purchases of Investments	<u>1,874,721</u>	<u>9,174,995</u>
Net Cash Provided by Investing Activities	<u>53,814</u>	<u>3,827,240</u>
Cash Flows from Financing Activities		
Change in Intra-Salvation Army Loans Payable	<u>(2,860,410)</u>	<u>1,621,304</u>
Net Cash Provided by (Used in) Financing Activities	<u>(2,860,410)</u>	<u>1,621,304</u>
Change in Cash and Cash Equivalents	(1,722,515)	6,434,872
Cash and Cash Equivalents - Beginning of Year	<u>24,983,272</u>	<u>18,548,490</u>
Cash and Cash Equivalents - End of Year	<u>\$ 23,260,757</u>	<u>\$ 24,983,362</u>

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



THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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	<u>CORPS COMMUNITY CENTER SERVICES</u>	<u>RESIDENTIAL AND INSTITUTIONAL SERVICES</u>	<u>FOSTER CARE SERVICES</u>	<u>DEVELOPMENTAL DISABILITIES PROGRAMS</u>	<u>OTHER SOCIAL SERVICES</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL SUPPORTING SERVICES</u>	<u>TOTAL</u>
Salaries, Allowances and Taxes	\$ 4,479,881	\$ 2,808,181	\$ 851,608	\$ 11,487,169	\$ 774,001	\$ 20,400,840	\$ 205,167	\$ 239,851	\$ 445,018	\$ 20,845,858
Employee and Officer Benefits	1,079,830	633,068	192,092	2,498,873	186,149	4,590,012	41,739	25,285	67,024	4,657,036
Professional Fees	489,538	172,190	122,531	176,631	330,281	1,291,171	64,883	14,317	79,200	1,370,371
Supplies	313,801	174,175	8,836	460,847	68,824	1,026,483	5,789	609	6,398	1,032,881
Communications, Postage and Shipping	98,302	38,332	12,536	219,346	73,473	441,989	9,341	-	9,341	451,330
Occupancy, Furnishings and Equipment	2,746,782	919,139	75,711	1,321,532	256,883	5,320,047	194,414	25,739	220,153	5,540,200
Printing and Publications	104,457	103	10,740	6,522	107,543	229,365		246,518	246,518	475,883
Conferences, Meetings and Travel	330,950	34,868	36,136	522,506	37,037	961,497	15,201	1,978	17,179	978,676
Direct Assistance	1,403,247	345,532	372,329	45,987	518,750	2,685,845		-	-	2,685,845
World Services Support	66,936	-	-	-	-	66,936	33,000		33,000	99,936
Depreciation	2,408,017	19,544	-	83,585	60,635	2,571,781	135,001	-	135,001	2,706,782
Other Expenses	319,493	19,451	4,522	48,283	1,216,353	1,608,102	50,139	2,520	52,659	1,660,761
Support Service	118,113	-	131,607	785,860	-	1,035,580	1,888,607	-	1,888,607	2,924,187
	<u>\$ 13,959,347</u>	<u>\$ 5,164,583</u>	<u>\$ 1,818,648</u>	<u>\$ 17,657,141</u>	<u>\$ 3,629,929</u>	<u>\$ 42,229,648</u>	<u>\$ 2,643,281</u>	<u>\$ 556,817</u>	<u>\$ 3,200,098</u>	<u>\$ 45,429,746</u>
Total Expenses	\$ 13,959,347	\$ 5,164,583	\$ 1,818,648	\$ 17,657,141	\$ 3,629,929	\$ 42,229,648	\$ 2,643,281	\$ 556,817	\$ 3,200,098	\$ 45,429,746

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

THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>CORPS COMMUNITY CENTER SERVICES</u>	<u>RESIDENTIAL AND INSTITUTIONAL SERVICES</u>	<u>FOSTER CARE SERVICES</u>	<u>DEVELOPMENTAL DISABILITIES PROGRAMS</u>	<u>OTHER SOCIAL SERVICES</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL SUPPORTING SERVICES</u>	<u>TOTAL</u>
Salaries, Allowances and Taxes	\$ 4,977,498	\$ 2,840,377	\$ 918,140	\$ 11,535,537	\$ 1,077,077	\$ 21,348,629	\$ 257,770	\$ 337,704	\$ 595,474	\$ 21,944,103
Employee and Officer Benefits	1,252,261	701,126	251,538	2,673,924	269,090	5,147,939	50,996	28,672	79,668	5,227,607
Professional Fees	418,468	97,603	68,908	213,634	92,509	891,122	37,954	52,576	90,530	981,652
Supplies	287,646	105,798	15,481	457,147	67,482	933,554	8,145	7,548	15,693	949,247
Communications, Postage and Shipping	97,386	31,584	12,669	189,146	92,036	422,821	6,504	105,633	112,137	534,958
Occupancy, Furnishings and Equipment	2,720,909	835,335	82,104	1,322,489	138,023	5,098,860	162,296	17,450	179,746	5,278,606
Printing and Publications	96,684	-	3,887	4,550	49,716	154,837	-	128,372	128,372	283,209
Conferences, Meetings and Travel	308,044	31,743	17,379	510,454	38,110	905,730	12,570	898	13,468	919,198
Direct Assistance	1,020,491	296,168	412,469	22,746	461,370	2,213,244	-	-	-	2,213,244
World Services Support	69,312	-	-	-	-	69,312	14,503	-	14,503	83,815
Depreciation	2,228,854	19,498	-	70,190	30,176	2,348,718	136,433	-	136,433	2,485,151
Other Expenses	629,072	99,508	36,855	571,953	-	1,337,388	127,508	3,479	130,987	1,468,375
Support Service	118,984	16,765	137,912	779,602	-	1,053,263	2,436,939	-	2,436,939	3,490,202
	<u>\$ 14,225,609</u>	<u>\$ 5,075,505</u>	<u>\$ 1,957,342</u>	<u>\$ 18,351,372</u>	<u>\$ 2,315,589</u>	<u>\$ 41,925,417</u>	<u>\$ 3,251,618</u>	<u>\$ 682,332</u>	<u>\$ 3,933,950</u>	<u>\$ 45,859,367</u>
Total Expenses	\$ 14,225,609	\$ 5,075,505	\$ 1,957,342	\$ 18,351,372	\$ 2,315,589	\$ 41,925,417	\$ 3,251,618	\$ 682,332	\$ 3,933,950	\$ 45,859,367

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

THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022 AND 2021

NOTE 1: PURPOSE AND ORGANIZATION

The Salvation Army, founded in 1865, is a not-for-profit international religious organization and charitable movement organized and operated on a quasi-military pattern and is a branch of the Christian Church. Its memberships include officers (clergy), soldiers and adherents (laity), members of varied activity groups and volunteers who serve as advisors, associates, and committed participants in its service functions.

The Salvation Army is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended and is exempt from state income taxes under related state provisions.

The accompanying financial statements include all programs and operations of The Salvation Army Greater Philadelphia Activities Operating Unit of the Eastern Territory of the Salvation Army.

The Salvation Army Greater Philadelphia Activities Operating Unit of the Eastern Territory ("Organization") operates a variety of programs including Corps Community Centers that provide spiritual, educational, and recreational services; homeless and emergency shelters; residential and support employment for disabled adults; children's foster placement and adoption, children's day care centers; adult rehabilitation centers and substance abuse centers; emergency disaster services; assistance for the poor, disabled, and retired; jail and hospital visitation; and camping activities.

The Organization operates various programs in Philadelphia and the State of Delaware, and ten Corps Community Centers in the Counties of Philadelphia, Montgomery, and Delaware and are under the direction of The Salvation Army Eastern Pennsylvania and Delaware Division located in Philadelphia, Pennsylvania which is incorporated in the State of New York under The Salvation Army Eastern Territory with the corporate headquarters located in West Nyack, New York.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

A) General – Basis of Presentation

The accompanying financial statements have been prepared in accordance with the national accounting policies of The Salvation Army. These policies are consistent with accounting principles generally accepted in the United States of America (U.S. GAAP).

In order to observe restrictions which donors place on grants and other gifts, as well as designations made by the Board of Trustees/Directors, all assets, liabilities and support and revenue are accounted for in the following net asset classifications:

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A) General – Basis of Presentation (Continued)

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be designated for specific purposes or locations by actions of the Board of Trustees/Directors.

Net Assets With Donor Restrictions – Net assets that are subject to donor-imposed restrictions that will be fulfilled either by actions of The Salvation Army or the passage of time or that include a stipulation that assets provided be retained and invested in perpetuity while permitting The Salvation Army to use all or part of the investment return on these assets for specified or unspecified purposes.

B) Cash and Cash Equivalents

For purposes of these statements, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and have original maturities of three months or less.

C) Inventory

Inventory for goods purchased for resale is stated at the lower of weighted average cost or market. Inventory for goods donated for resale is recorded based on estimated fair value.

D) Amounts on Deposit at Territorial Headquarters

Territorial headquarters has the responsibility for investment activity for all units within the territory. The portfolios related to net assets with donor restrictions are maintained on a pooled “mutual fund” accounting basis with the total earnings, investment expenses, appreciation and depreciation, whether realized or unrealized, being allocated to each participating account on a pro rata basis.

Investment return earned on portfolios related to net assets without donor restrictions is distributed to the constituent accounts on the basis of a stated percentage of the monthly account balances during the year. Amounts so deposited may be withdrawn when required for use by the local units.

E) Property and Equipment

Land, buildings, and equipment, (with a purchase price of \$10,000 or more) are stated at cost or, if donated, at fair value at the date of donation.

F) Revenue Recognition

All items of support and revenue are stated on the accrual basis.

Support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions that are not fulfilled in the accounting period. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. All expenses are reported as decreases in net assets without donor restrictions.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F) Revenue Recognition (Continued)

Contributions subject to donor-imposed restrictions are recorded as revenue with donor restrictions. When the donor-imposed restriction has been fulfilled or the stipulated time period has elapsed, the net assets are reclassified as net assets without donor restrictions and reported as net assets released from restrictions. Contributions with restrictions that are met during the fiscal year in which they are received are recorded as revenue without donor restrictions. Conditional promises to give and intentions to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), The Salvation Army recognizes revenue when control of the promised goods or services are transferred to outside parties in an amount that reflects the consideration The Salvation Army expects to be entitled to in exchange for those goods or services. Revenue from sales to the public is recognized at the point in time of the sales transaction. Program and service fees are recognized as revenue as the services are provided.

The Salvation Army recognizes revenue from grants and contracts in accordance with Accounting Standards Update (ASU) 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, The Salvation Army evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, The Salvation Army applies guidance under ASC 606. If the transfer of assets is determined to be a contribution, The Salvation Army evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before The Salvation Army is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

G) Donations-in-Kind and Contributed Services

Material donations-in-kind items used in the Organization's programs and services (e.g., vehicle, free rent, equipment, etc.) and donated goods distributed (e.g., clothing, furniture, foodstuffs, etc.) are recorded at their estimated fair value as income when received and expensed at the time the items are placed into service or distributed.

Goods donated for sale in the Organization's adult rehabilitation centers and thrift stores are recorded as contributions and processed as donations-in-kind on the basis of a percentage of sales income determined by appraisal studies.

Contributed land, buildings, and equipment are recorded at fair value at the date of donation as support and revenue without donor restrictions unless the use of such contributed assets is restricted by a donor-imposed restriction.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G) Donations-in-Kind and Contributed Services (Continued)

Contributed services are reported as contributions at their fair value if such services 1) create or enhance nonfinancial assets, or 2) would typically need to be purchased if not provided by contribution, require specialized skills and are provided by individuals possessing such specialized skills. In addition, the appropriate value of donated services of individuals is recorded as an expense when such services qualify for cost reimbursement from third-party providers.

The Salvation Army has a significant number of volunteers who contribute meaningful amounts of time in furtherance of the Organization's mission. Such contributions do not meet generally accepted accounting criteria for recognition as contributed services and, accordingly, are not recorded in the statements of activities.

H) Expenses

All expenses are stated on the accrual basis and are presented in the accompanying statements of activities and the statements of functional expenses. Expenses directly attributable to a specific functional category are reported as expenses of those functional categories. Expenses attributable to more than one functional category are allocated across program services and supporting services using a variety of cost allocation techniques.

I) Depreciation

Depreciation is provided on buildings and equipment at straight line rates based on estimated service lives ranging from 4 to 40 years. A full year of depreciation is charged in the year of acquisition or completion of construction. No depreciation is charged in the year of disposition.

J) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

NOTE 3: RECENT ACCOUNTING PRONOUNCEMENTS

In September 2020, Financial Accounting Standards Board (FASB) issued ASU No. 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* to increase the transparency of contributed nonfinancial assets through enhancement to presentation and disclosure. The new guidance requires contributed nonfinancial assets to be presented as a separate line item on the statement of activities, apart from cash and other financial asset contributions. The guidance also requires disclosure of the types of contributed nonfinancial assets, and, for each category, information about whether the assets were monetized or utilize such assets, a description of donor-imposed restrictions associated with the contributions, and a description of the valuation techniques and principal market used to arrive at a fair value measure at initial recognition. In fiscal year 2022, the Salvation Army Greater Philadelphia Activities retrospectively adopted the provisions of ASU No. 2020-07.

NOTE 4: AMOUNTS ON DEPOSIT AT TERRITORIAL HEADQUARTERS

Salvation Army policy requires that the investment of assets for all centers of operation may be made only through the corporate portfolio under the administration of the Board of Trustees/Directors of the Eastern Territory of The Salvation Army. Assets that are restricted by donors for use in a center of operation are invested on a pooled mutual fund basis and receive total net rate of return. These invested assets are reflected as investments on the financial statements.

Assets which are remitted for investment by a center of operation or are designated for the use of a center of operation, receive various fixed rates of interest as determined by the Board of Trustees/Directors of the Eastern Territory of The Salvation Army. These assets are treated as cash equivalents in the financial statements.

NOTE 5: FAIR VALUE MEASUREMENTS

US GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

US GAAP establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on inputs as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the asset or liability;
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Inputs that are unobservable and significant to the overall fair value measurement of the asset or liability.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

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NOTE 5: FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments, at fair value and beneficial interest in trusts held by others as of September 30, 2022 and 2021:

Assets at Fair Value as of September 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ -	\$ -	\$ 122,220,042	\$ 122,220,042
Beneficial Interest in Trusts	<u>-</u>	<u>-</u>	<u>12,797,562</u>	<u>12,797,562</u>
Total Assets at Fair Value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,017,604</u>	<u>\$ 135,017,604</u>

Assets at Fair Value as of September 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ -	\$ -	\$ 145,045,340	\$ 145,045,340
Beneficial Interest in Trusts	<u>-</u>	<u>-</u>	<u>16,311,628</u>	<u>16,311,628</u>
Total Assets at Fair Value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,356,968</u>	<u>\$ 161,356,968</u>

The following table sets forth a summary of changes in the fair value of the Salvation Army's level 3 assets for fiscal year ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 161,356,968	\$ 134,439,160
Realized and Unrealized Gains	(20,952,391)	29,590,652
Dividends and Interest Income	1,677,755	1,743,659
Change in Value of Perpetual Trust	(3,453,008)	2,036,825
Purchases and Sales, Net	<u>(3,611,720)</u>	<u>(6,453,328)</u>
Balance, end of year	<u>\$ 135,017,604</u>	<u>\$ 161,356,968</u>

NOTE 6: INTRA-SALVATION ARMY LOAN PAYABLE

The Organization has a loan payable to The Salvation Army Divisional Headquarters in the amount of \$2,772,042 and \$5,632,542 at September 30, 2022 and 2021, respectively. The funds were used to fund the operations of the Organization. The loan is non-interest bearing, uncollateralized, and due on demand.

NOTE 7: PENSION, RETIREMENT AND POST-RETIREMENT BENEFIT PLANS

A) Employee Pension Plan

Eligible employees participate in The Salvation Army Pension Plan (the "Plan") with other Salvation Army territories which provides for death, disability and retirement benefits. The Plan is a defined contribution, money purchase plan.

Annual contributions to the Plan are based on a stipulated percentage (5.25% and 5.25% in fiscal years 2022 and 2021, respectively) of employees' salaries. The Greater Philadelphia Activities incurred \$689,779 and \$943,588 of expense under this plan in fiscal years 2022 and 2021, respectively.



NOTE 7: PENSION, RETIREMENT AND POST-RETIREMENT BENEFIT PLANS (CONTINUED)

B) Officers' Retirement Provision

The Salvation Army has a noncontributory retirement provision for Officers, which provides retirement benefits and certain health care and death benefits to retired officers, as defined by Salvation Army policy governing such benefits. The corporate headquarters has total responsibility for the administration of retirement benefits. Retirement allowances are determined based upon active officer allowances and length of service. Provision for these benefits is made principally by annual assessments to all centers of operation, by designated portions of legacy income, by earnings on assets designated for retirement benefits, and by special appropriations. Amounts charged to the Organization and included in expenses for this provision was \$143,972 in the fiscal year 2022, and \$172,500 in fiscal year 2021.

NOTE 8: ENDOWMENTS

The Organization has sole authority for the receipt management and investment of all endowment funds credited to units in the Eastern Territory. The endowment fund credited to the Organization consists of approximately 64 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees/Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees/Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Eastern Territory is subject to the New York Prudent Management of Institutional Funds Act ("NYPMIFA") and thus, classifies earnings in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees/Directors appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets and thus, classifies earnings in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees/Directors appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Trustees/Directors has interpreted NYPMIFA as not requiring the maintenance or purchasing power of the original gift amount contributed to the endowment fund, unless there are explicit donor restrictions to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Eastern Territory considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gifts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Eastern Territory has interpreted NYPMIFA to permit spending from underwater funds in

NOTE 8: ENDOWMENTS (CONTINUED)

accordance with prudent measures required under the law. Additionally, in accordance with NYPMIFA, the Board of Trustees/Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purpose of the organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effects of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the organization.
- The investment policies of the organization.

Spending Policy

The Eastern Territory has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior 20 quarters through the calendar year preceding the fiscal year in which the distribution is planned. In establishing this policy, the Eastern Territory considered the long-term expected return on its endowment. Accordingly, over the long term, the Eastern Territory expects its endowment assets to grow at a pace at least equal to inflation. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Return Objectives and Risk Parameters

The Eastern Territory has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees/Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate benchmarks without putting the assets at imprudent risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Eastern Territory relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Eastern Territory targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Underwater Endowment Funds

From time to time the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Organization to retain as a fund of perpetual duration.

The Organization has no underwater endowment funds as of September 30, 2022 and 2021.

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NOTE 8: ENDOWMENTS (CONTINUED)

Endowment Net Asset Composition by Type of Fund  
As of September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 2,779,717	\$ -	\$ 2,779,717
Donor-Restricted Endowment Funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	71,761,751	71,761,751
Accumulated investment gains	-	33,767,479	33,767,479
Total Endowments	<u>\$ 2,779,717</u>	<u>\$ 105,529,230</u>	<u>\$ 108,308,947</u>

Endowment Net Asset Composition by Type of Fund  
As of September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	\$ 3,561,505	\$ -	\$ 3,561,505
Donor-Restricted Endowment Funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	71,731,252	71,731,252
Accumulated investment gains	-	57,353,730	57,353,730
Total Endowments	<u>\$ 3,561,505</u>	<u>\$ 129,084,982</u>	<u>\$ 132,646,487</u>

Changes in Endowment Fund Net Assets  
For the Fiscal Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,561,505	\$ 129,084,982	\$ 132,646,487
Investment return, net	(781,788)	(18,693,825)	(19,475,613)
Contributions	-	30,500	30,500
Appropriations of endowment assets for expenditure	-	(4,892,427)	(4,892,427)
Endowment net assets, end of year	<u>\$ 2,779,717</u>	<u>\$ 105,529,230</u>	<u>\$ 108,308,947</u>

Changes in Endowment Fund Net Assets  
For the Fiscal Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,445,984	\$ 104,553,029	\$ 106,999,013
Investment return, net	1,115,521	28,639,651	29,755,172
Contributions	-	85,420	85,420
Appropriations of endowment assets for expenditure	-	(4,193,118)	(4,193,118)
Endowment net assets, end of year	<u>\$ 3,561,505</u>	<u>\$ 129,084,982</u>	<u>\$ 132,646,487</u>

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NOTE 8: ENDOWMENTS (CONTINUED)

Description of Amounts Classified Net Assets with Donor Restrictions (Endowment Only):

	<u>Net Assets with Donor Restrictions</u>	
	2022	2021
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 71,761,751	\$ 71,731,252
Accumulated investment gains on endowment funds		
Without purpose restrictions	30,986,376	52,977,280
With purpose restrictions	<u>2,781,103</u>	<u>4,376,450</u>
Total endowment funds classified as net assets with donor restrictions	<u>\$ 105,529,230</u>	<u>\$ 129,084,982</u>

NOTE 9: NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions is comprised of undesignated and Board-designated amounts for the following purposes at September 30, 2022:

	<u>Net Assets without Donor Restrictions</u>	
	2022	2021
Operating	\$ 18,165,034	\$ 15,547,107
Program Purposes	10,687,822	3,136,626
Capital Purposes	4,578,798	10,957,008
Property Maintenance	1,102,533	1,469,314
Vehicle and Equipment Replacement	1,511,567	1,932,542
Land and Buildings	<u>64,113,686</u>	<u>65,032,831</u>
Total Net Assets without Donor Restrictions	<u>\$ 100,159,440</u>	<u>\$ 98,075,428</u>

NOTE 10: NET ASSET WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at September 30:

	<u>Net Assets with Donor Restrictions</u>	
	2022	2021
Subject to Expenditure for Specified Purpose or Future Period		
Senior Program	\$ 43,050	\$ 18,757
Building Maintenance	311,855	212,584
Welfare and Support for Needy Persons	1,256,566	1,256,140
Scholarships and Educational Grants	106,669	416,633
Children Services / Nursery	1,212,239	1,231,605
Time Restricted	<u>265,021</u>	<u>217,671</u>
Total Subject to Expenditure for Specified Purpose or Future Period	3,195,400	3,353,390
Endowments Subject to Spending Policy and Appropriation:		
Investment in Perpetuity (including amounts above original gift amount of \$71,761,751 in 2022 and \$71,731,252 in 2021) which once appropriated, is expendable to support:		
Children Services, Teenage Parent Support	324,276	383,271
Welfare and Support for Needy Persons	3,318,383	3,908,649
Missionary Support and Overseas	37,342	46,128
Scholarships and Educational Grants	987,134	1,162,446
Camp and Recreational Activities	3,562,541	4,321,565
Operating Activities	97,289,126	119,250,030
Other	<u>10,428</u>	<u>12,893</u>
Total Endowments Subject to Spending Policy and Appropriation	105,529,230	129,084,982
Not Subject to Appropriation or Expenditure		
Beneficial Interest in Perpetual Trust Held by a Third Party	<u>12,797,562</u>	<u>16,311,628</u>
Total Net Assets with Donor Restrictions	<u>\$ 121,522,192</u>	<u>\$ 148,750,000</u>

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NOTE 11: NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors during the fiscal year:

Net Assets Released from Restrictions

Purpose Restriction Accomplished:	<u>2022</u>	<u>2021</u>
Welfare and Support for Needy Persons	\$ 48,418	\$ 269,691
Scholarship/Children Services	47,359	94,096
Services to Seniors		-
Operating Activities	449,594	168,792
Counseling/Peer Training	94	43,371
Release of Appropriated Endowment Amounts without Purpose Restrictions:		
Operating/Program/Budgetary Purpose	4,779,938	4,070,190
Release of Appropriated Endowment Amount with Purpose Restrictions:		
Children Services/Teenage Parenting/Day Care Center	1,284	1,220
Welfare and Support for Needy Persons	857	816
Music/Camp/Aquatic Services	107,801	98,217
Worship Support	1,988	1,890
Capital Purpose	<u>558</u>	<u>530</u>
Net Assets Released from Restrictions	<u>\$ 5,437,891</u>	<u>\$ 4,748,813</u>

NOTE 12: LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of September 30, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of September 30. Amounts not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the Board of Trustees/Directors approves that action. However, amounts already appropriated from either the donor-restricted endowment or quasi-endowment for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

Financial assets, at September 30,	<u>2022</u>	<u>2021</u>
Operating Assets and Investments	\$ 165,134,322	\$ 192,680,881
Less Prepaid Expenses and Deferred Charges	(384,701)	(367,025)
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(4,701,990)	(4,859,981)
Subject to appropriation and satisfaction of donor restrictions	(32,260,888)	(55,847,139)
Investments held in annuity trust (or otherwise illiquid in one year)	(84,559,313)	(88,042,880)
Board designations:		
Amounts set aside for liquidity reserve (or other purposes)	<u>(19,647,144)</u>	<u>(23,170,263)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 23,580,286</u>	<u>\$ 20,393,593</u>

The Salvation Army is substantially supported by contributions from the general public. Because a donor's restriction requires resources to be used in a particular manner or in a future period, The Salvation Army must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of The Salvation Army's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, The Salvation Army invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, The Salvation Army also could draw upon its quasi-endowment fund.

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NOTE 13: CONCENTRATION OF CREDIT RISK

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents, accounts receivable, and investments. Cash and cash equivalents are maintained at federally insured financial institutions and credit exposure is limited to the amount of deposits at any one institution in excess of the federally insured limit. Receivables are due from a large number of government agencies, entities and individuals, thereby, diversifying the related concentration of credit risk. The Eastern Territory's investments do not represent significant concentrations of market risk as the Eastern Territory's investment portfolio is diversified among issuers.

NOTE 14: CONTINGENCIES AND COMMITMENTS

A) Legal Proceedings

The Salvation Army, in the normal course of its operations, is or could become a party to various legal proceedings and complaints, the majority of which are covered by insurance. While it is not feasible to predict the ultimate outcomes of such matters, management is not aware of any claims or contingencies, which are not covered by insurance that would have a material adverse effect on the statements of financial position, changes in net assets and cash flows of The Salvation Army.

B) Government Grants and Contracts

The Salvation Army receives grants and contracts from federal, state and local governments. Cost-reimbursement grant programs, including those subject to independent audit under the Office of Management and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, may be reviewed by grantor agencies. These audits and reviews could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, management believes that any costs ultimately disallowed would not materially affect the Organization's financial position.

C) Leases

The Organization is committed under noncancelable operating leases principally for residential purposes. Total rent expense associated with these leases was \$1,129,774 for the year ended September 30, 2022 and \$941,257 for the year ended September 30, 2021. Future minimum lease payments are as follows at September 30, 2022:

2023	\$	406,783
2024		319,033
2025		213,178
2026		149,089
2027		104,477
2028		27,026
	\$	<u>1,219,587</u>

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NOTE 15: RELATED PARTY TRANSACTIONS

The Organization is assessed an administrative charge by The Salvation Army Eastern Pennsylvania and Delaware Divisional Headquarters and the Eastern Territorial Headquarters for support services provided. Support services provided by Divisional and Territorial Headquarters include program, personnel, business, and social services. Expenses reflected for these services were \$2,924,188 in fiscal year 2022 and \$3,490,202 in fiscal year 2021.

Employees of The Salvation Army are provided health benefits under a self-insured program, which is administered by a third-party claims administrator. Amounts charged to the Organization and included in expenses were \$3,717,167 in fiscal year 2022 and \$4,295,782 in fiscal year 2021.

The Salvation Army maintains self-insurance programs for general liability, automobile, workers compensation and property coverage. The programs, which are administered by the Eastern Territory Headquarters are intended to provide coverage for claims arising in all centers of operation. Amounts charged to the Organization and included in expenses were \$1,066,869 in fiscal year 2022 and \$531,710 in fiscal year 2021.

NOTE 16: ACCOUNTING FOR INCOME TAXES

The Salvation Army recognizes or derecognizes a tax position based on whether the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Salvation Army has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. The Salvation Army has determined that as of September 30, 2022 there was no material uncertain tax positions that require recognition or disclosure in the financial statements.

NOTE 17: EMPLOYEE MEDICAL PLANS

Employees of the Organization are provided health benefits under a self-insured program which is administered by a third-party claim administrator and maintained by the Salvation Army Eastern Territorial Headquarters. The employee medical plan is funded by assessments made to all centers of operations, based on premium rates for all employees eligible for participation. The amount charged to the Organization and included in expenses for this plan was \$3,717,167 for the year ended September 30, 2022 and \$4,295,782 for the year ended September 30, 2021.

NOTE 18: OFFICERS' SICK BENEFIT AND BURIAL FUND

The Salvation Army Eastern Territory provides certain health care and death benefits for active Salvation Army officers including officers of the Organization through the Officers' Sick Benefit and Burial Fund as defined by the national Salvation Army policy. The Salvation Army Eastern Territory has total responsibility for the administration of the Officers' Sick Benefit and Burial Fund. All active Salvation Army officers and their eligible dependents are eligible for these benefits. The amount charged to the Organization and included in expenses for this plan was \$243,000 for the year ended September 30, 2022 and, \$310,517 for the year ended September 30, 2021, respectively.

THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2022 AND 2021

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NOTE 19: RECLASSIFICATION

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on reported results of operations.

NOTE 20: RISKS AND UNCERTAINTIES

As the effects of the Coronavirus pandemic continue to evolve and are dependent upon future developments, the impact of the Coronavirus on the Organization's operations and financial results are uncertain at this time.

NOTE 21: SUBSEQUENT EVENTS

The Organization has evaluated the need for disclosures and/or adjustments resulting from subsequent events through March 28, 2023, the date the financial statements were available to be issued. During this period, there were no subsequent events that required recognition and/or disclosure in the financial statements.



**SUPPLEMENTAL  
INFORMATION**

**THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND CITY AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Pass-through Grantor's Number	Grant Period	Expenditures
<b>Federal Awards:</b>				
<b><u>U.S. Department of Agriculture</u></b>				
Pass-through Commonwealth of Pennsylvania Department of Education				
Child and Adult Care Food Program - Citadel Daycare	10.558	300-46-745-0	10/1/2021 - 9/30/2022	\$ 7,301
Child and Adult Care Food Program - Norristown Shelter	10.558	300-46-745-0	10/1/2021 - 9/30/2022	21,504
<b>Total CFDA # 10.558</b>				<b>28,805</b>
Child and Adult Care Food Program				
Su Child and Adult Care Food Program - Day Care Center - Citadel Corps	10.559	-	10/1/2020 - 9/30/2021	1,358
Total Child and Adult Care Food Program - Day Care Center - Citadel Corps	10.559	-	10/1/2019 - 9/30/2020	868
<b>Total CFDA # 10.559</b>				<b>2,226</b>
<b>Total U.S. Department of Housing and Urban Development</b>				<b>31,031</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Pass-through Montgomery County				
Community Development Block Grants	14.218	B-21-03-206	10/1/2021 - 9/30/2022	140,100
<b>Total CFDA # 14.218</b>				<b>140,100</b>
Pass-through City of Philadelphia Office of Homeless Services				
Emergency Solutions Grant Program	14.231	1420211	10/1/2021 - 9/30/2022	465,805
<b>Total CFDA # 14.231</b>				<b>465,805</b>
Continuum of Care Program	14.267	PA0070L3T002013	10/1/2021 - 1/31/2022	72,548
Continuum of Care Program	14.267	PA0070L3T002114	2/1/2022 - 9/30/2022	150,558
Continuum of Care Program	14.267	PA0059L3T001912	10/1/2021 - 12/31/2021	81,072
Continuum of Care Program	14.267	PA0059L3T002013	1/1/2022 - 9/30/2022	241,766
Continuum of Care Program	14.267	PA0136L3T042013	10/1/2021 - 9/30/2022	314,101
<b>Total CFDA # 14.267</b>				<b>860,045</b>
<b>Total U.S. Department of Housing and Urban Development</b>				<b>1,465,950</b>
<b><u>U.S. Department of Justice</u></b>				
Services for Trafficking Victims	16.320	2020-VT-BX-0092	10/1/2021 - 9/30/2022	264,673
Services for Trafficking Victims	16.320	2020-VT-BX-0036	10/1/2021 - 9/30/2022	148,845
<b>Total CFDA # 16.320</b>				<b>413,518</b>
<b>Total U.S. Department of Justice</b>				<b>413,518</b>
<b><u>U.S. Department of Health and Human Services</u></b>				
Pass-through City of Philadelphia Dept of Human Services				
Foster Care Title IV-E	93.658	2120084	10/1/2021 - 9/30/2022	8,115
<b>Total CFDA # 93.658</b>				<b>8,115</b>
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	-	10/1/2021 - 9/30/2022	75,394
Pass-through Commonwealth of PA/Department of Human Services				
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	-	10/1/2021 - 9/30/2022	482,240
Pass-through State of Delaware/Department of Health & Social Services				
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	-	10/1/2021 - 9/30/2022	69,279
<b>Total CFDA # 93.498</b>				<b>626,913</b>
<b>Total U.S. Department of Health and Human Services</b>				<b>635,028</b>

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

**THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND CITY AWARDS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Pass-through Grantor's Number	Award Period	Expenditures
<b><u>U.S. Department of Homeland Security</u></b>				
Emergency Food and Shelter National Board Program - Eliza Shirley	97.024	-	10/1/2021 - 9/30/2022	62,625
Emergency Food and Shelter National Board Program - Norristown	97.024	-	10/1/2021 - 9/30/2022	74,591
Emergency Food and Shelter National Board Program - Kroc	97.024	-	10/1/2021 - 9/30/2022	50,000
<b>Total CFDA # 97.024</b>				<b>187,216</b>
<b>Total U.S. Department of Homeland Security</b>				<b>187,216</b>
<b>Total Federal Awards</b>				<b>2,732,743</b>
<b><u>State Awards:</u></b>				
<b><u>Commonwealth of Pennsylvania</u></b>				
Pass-through City of Philadelphia Dept of Human Services Foster Care - Act 148		2120084	10/1/2021 - 9/30/2022	19,475
New Day Victim Advocate		2020486	10/1/2021 - 9/30/2022	43,200
Pass-through City of Philadelphia Office of Homeless Services Emergency and Temporary Housing		1920211	10/1/2021 - 6/30/2022	67,426
Pass-through County of Montgomery Homeless Prevention Program		H-21-05-501	10/1/2021 - 6/30/2022	121,213
Homeless Prevention Program		H-22-05-501	7/1/2022 - 9/30/2022	69,660
<b>Total State Awards</b>				<b>320,974</b>
<b><u>City Awards:</u></b>				
Department of Human Services Foster Care		2120084	10/1/2021 - 9/30/2022	4,869
New Day Victim Advocate		2020486	10/1/2021 - 9/30/2022	82,762
Pass-through Philadelphia Health Management Corp		SY22	10/1/2021 - 9/30/2022	70,903
Office of Homeless Services Eliza Shirley/Red Shield Residence/PAD Program		1920211	10/1/2021 - 6/30/2022	1,726,003
Eliza Shirley/Red Shield Residence/PAD Program		1920211	7/1/2022 - 9/30/2022	965,587
Department of Behavioral Health/IntellectualdisAbilities Services (DBHIDS) New Day Drop In			10/1/2021 - 9/30/2022	164,624
<b>Total City Awards</b>				<b>3,014,747</b>
<b>Total Federal, State, and City Awards</b>				<b>\$ 6,068,464</b>
* Denotes Program Tested as Major				
Note: No federal money was passed through to subrecipients				

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

THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL,  
STATE, AND CITY AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1: GENERAL INFORMATION

The accompanying Schedule of Expenditures of Federal, State, and City Awards present the activities in all the federal, state, and city award programs of The Salvation Army Greater Philadelphia Activities. All awards received directly from federal agencies, as well as awards passed through other governmental agencies are included on the schedule.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal, State, and City Awards are presented using the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to federal funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

NOTE 3: INDIRECT COST RATE

The Salvation Army has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
DEVELOPMENTAL DISABILITIES PROGRAM  
STATEMENT OF SUPPORT, REVENUE AND EXPENDITURES BY COUNTY  
FOR THE YEAR ENDED SEPTEMBER 30, 2022 (10/1/2021 - 9/30/2022)

	STATE OF DELAWARE			STATE OF PENNSYLVANIA						
	Supported		DE	RESIDENTIAL	SUPPORTED	COMMUNITY	TOTAL	BASE	PA	GRAND
	<u>Residential</u>	<u>Employment</u>	<u>TOTAL</u>	<u>SERVICES</u>	<u>EMPLOYMENT</u>	<u>PARTICIPATION</u>	<u>WAIVER SERVICES</u>	<u>BUCKS CNTY</u>	<u>TOTAL</u>	<u>TOTAL</u>
<i>Public support, and revenue:</i>										
<i>Public Support:</i>										
Contributions	304	5,085	5,389	6,869	4,000		10,869		10,869	16,258
Fees from Governmental agencies	7,024,238	666,967	7,691,205	482,240			482,240	152,909	635,149	8,326,354
Fees from Gov't prior yr/Other				26,943	171	1,187	28,301	378	28,679	28,679
<i>Other revenue:</i>										
Program service fees	366,466	10,689	377,155	10,919,836	68,256	502,433	11,490,525	7,355	11,497,880	11,875,035
Sundry Income		6,340	6,340							6,340
Interest income	13,027	2,390	15,417	45,212	286	1,991	47,489	635	48,124	63,541
<i>Total other revenue</i>	379,493	19,419	398,911	10,965,047	68,543	504,424	11,538,014	7,990	11,546,004	11,944,915
<i>Total public support and revenue</i>	7,404,035	691,471	8,095,506	11,481,100	72,713	505,611	12,059,424	161,278	12,220,701	20,316,207
<i>Expenses:</i>										
Salaries	3,955,372	387,314	4,342,686	5,685,200	29,710	260,098	5,975,008	68,552	6,043,560	10,386,246
Employee benefits	1,033,687	130,891	1,164,577	1,204,995	34,465	72,593	1,312,053	22,243	1,334,296	2,498,873
Payroll taxes	419,146	40,646	459,793	603,084	2,986	26,886	632,956	8,174	641,130	1,100,923
Professional fees	55,896	10,376	66,272	102,400	754	3,263	106,417	3,941	110,358	176,631
Supplies	217,164	12,378	229,542	227,074	66	1,553	228,693	2,611	231,305	460,847
Telephone	79,318	19,093	98,411	108,946	1,416	4,567	114,928	1,689	116,617	215,027
Postage and shipping	1,889	1,893	3,783	482	5	42	529	7	536	4,319
Occupancy	334,547	66,534	401,081	804,555	317	18,939	823,811	17,048	840,859	1,241,939
Equipment	29,780	2,465	32,244	46,768	37	205	47,010	339	47,349	79,593
Printing	3,705	279	3,984	2,361	23	120	2,504	34	2,537	6,522
Travel	173,104	6,209	179,313	245,499	17,779	74,819	338,097	4,696	342,793	522,106
Conferences, conven., and mtgs.			0		400		0		0	-
Special assistance	1,054	27,150	28,204	18,034			18,034	-251	17,783	45,987
Membership dues	2,375	2,400	4,775	9,528	93	490	10,111	137	10,248	15,023
Awards and grants			0				0		0	-
Sundry/ Misc. Expense	10,201	2,096	12,297	19,464	240	947	20,651	311	20,962	33,259
Depreciation			0	73,602	1,304	6,365	81,270	2,315	83,585	83,585
Support service - Admin	298,002	22,300	320,303	432,829	4,237	22,254	459,319	6,238	465,558	785,860
Transfer To/From Fund		3,341	3,341				0		0	3,341
<i>Total expense</i>	6,615,242	735,364	7,350,606	9,584,820	93,832	493,140	10,171,792	138,084	10,309,876	17,660,481
<i>Excess (deficiency) of public support and rev over</i>	788,793	(43,893)	744,900	1,896,280	(21,119)	12,470	1,887,632	23,194	1,910,826	2,655,726

THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
STATEMENT OF ACTIVITIES  
FOR FOSTER CARE PROGRAMS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022 (10/1/2021 – 9/30/2022)

	Placement	Adoption/CARES Program	Total
<b><u>Revenue:</u></b>			
Public support and revenue:			
Public Support:			
Contributions	127,210	34,688	161,898
Fund Raising	26,800	6,617	33,417
Total public support	154,010	41,305	195,315
Fees from governmental agencies:			
Bucks County	67,808	0	67,808
Lehigh County	667,205	13,370	680,575
Berks County	49,248	0	49,248
Montgomery County	115,155	8,390	123,545
Armstrong County	13,143	713	13,856
Lebanon County	34,830	0	34,830
Delaware County	17,585	0	17,585
Northampton County	207,730	508	208,238
State of South Dakota	5,100	0	5,100
City of Philadelphia - DHS	29,312	0	29,312
York County	5,103	0	5,103
Commonwealth of Pennsylvania	17,917	0	17,917
Adoption Fees		0	0
Total fees from governmental Agencies	1,230,136	22,981	1,253,117
Program service fees	1,800	11,217	13,017
Adoption fees		175,800	175,800
Miscellaneous revenue	47,693	0	47,693
Total other revenue	49,493	187,017	236,510
<b>Total Revenue</b>	<b>1,433,639</b>	<b>251,303</b>	<b>1,684,942</b>
<b><u>Expenses:</u></b>			
Salaries	706,912	67,945	774,857
Employee Benefits	158,361	33,732	192,093
Payroll Taxes	69,881	6,870	76,751
Professional Fees	27,770	94,761	122,531
Supplies	4,855	3,981	8,836
Telephone	7,688	1,820	9,508
Postage	2,354	674	3,028
Occupancy	56,225	13,438	69,663
Equipment	4,849	1,199	6,048
Printing	9,063	1,677	10,740
Travel	17,534	9,470	27,004
Conferences	6,256	2,875	9,131
Specific assist	371,046	1,283	372,329
Membership dues	2,609	652	3,261
Awards/Tuition	0	0	0
Sundry	1,081	182	1,263
Bad Debt	0	0	0
Support Service to DHQ	132,952	(1,345)	131,607
<b>Total Expense</b>	<b>1,579,436</b>	<b>239,214</b>	<b>1,818,650</b>
<b>Beginning net assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net surplus/(deficit)</b>	<b>(145,797)</b>	<b>12,089</b>	<b>(133,708)</b>
<b>Ending net assets</b>	<b>(145,797)</b>	<b>12,089</b>	<b>(133,708)</b>

**THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
STATEMENT OF ACTIVITIES  
FOR FOSTER CARE PROGRAMS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022 (10/1/2021-9/30/2022)**

	Placement	Adoption Program/ CARES	BUCKS CNTY	LEHIGH CNTY	BERKS CNTY	MONTGOMERY CNTY	Armstrong County	LEBANON CNTY	NORTHAMPTON CNTY	PHILADELPHIA CNTY	YORK CNTY	STATE OF SOUTH DAKOTA	DELAWARE COUNTY	Placement Total	Adoption Program/C ARES	Grand Total
<b>Revenue:</b>																
Public support and revenue:																
Public Support:																
Contributions	127,210	34,688	7,116	70,016	5,168	12,084	1,379	3,655	21,800	3,076	536	535	1,845	127,210	34,688	161,898
Fund Raising	26,800	6,617	1,499	14,750	1,089	2,546	291	770	4,592	648	113	113	389	26,800	6,617	33,417
Total public support	154,010	41,305	8,615	84,766	6,257	14,630	1,670	4,425	26,392	3,724	649	648	2,234	154,010	41,305	195,315
Fees from governmental agencies:																
Bucks County	67,808		67,808											67,808	0	67,808
Lehigh County	667,205	13,370		667,205										667,205	13,370	680,575
Berks County	49,248				49,248									49,248	0	49,248
Montgomery County	115,155	8,390				115,155								115,155	8,390	123,545
Armstrong County	13,143	713					13,143							13,143	713	13,856
Lebanon County	34,830							34,830						34,830	0	34,830
Delaware County	17,585												17,585	17,585	0	17,585
Northampton County	207,730	508							207,730					207,730	508	208,238
State of South Dakota	5,100											5,100		5,100	0	5,100
City of Philadelphia - DHS	29,312									29,312				29,312	0	29,312
York County	5,103										5,103			5,103	0	5,103
Commonwealth of Pennsylvania	17,917			5,909	3,007			0	4,464				4,537	17,917	0	17,917
Total fees from governmental Agencies	1,230,136	22,981	67,808	673,114	52,255	115,155	13,143	34,830	212,194	29,312	5,103	5,100	22,122	1,230,136	22,981	1,253,117
Program service fees	1,800	11,217	101	991	73	171	20	52	308	44	8	6	26	1,800	11,217	13,017
Adoption fees		175,800					0						0		175,800	175,800
Investment/Miscellaneous Revenue	47,693		2,668	26,250	1,938	4,531	517	1,370	8,173	1,153	201	200	692	47,693	0	47,693
Total other revenue	49,493	187,017	2,769	27,241	2,011	4,702	537	1,422	8,481	1,197	209	206	718	49,493	187,017	236,510
<b>Total Revenue</b>	<b>1,433,639</b>	<b>251,303</b>	<b>79,192</b>	<b>785,121</b>	<b>60,523</b>	<b>134,487</b>	<b>15,350</b>	<b>40,677</b>	<b>247,067</b>	<b>34,233</b>	<b>5,961</b>	<b>5,954</b>	<b>25,074</b>	<b>1,433,639</b>	<b>251,303</b>	<b>1,684,942</b>
<b>Expenses:</b>																
Salaries	706,912	67,945	39,543	389,084	28,719	67,153	7,664	20,311	121,139	17,094	2,976	2,974	10,255	706,912	67,945	774,857
Employee Benefits	158,361	33,732	8,858	87,162	6,434	15,044	1,717	4,550	27,137	3,829	667	666	2,297	158,361	33,732	192,093
Payroll Taxes	69,881	6,870	3,909	38,463	2,839	6,638	758	2,008	11,974	1,690	294	294	1,014	69,881	6,870	76,751
Professional Fees	27,770	94,761	1,553	15,285	1,128	2,638	301	798	4,759	671	117	117	403	27,770	94,761	122,531
Supplies	4,855	3,981	272	2,672	197	461	53	140	832	117	20	21	70	4,855	3,981	8,836
Telephone	7,688	1,820	430	4,231	312	730	83	221	1,317	186	32	34	112	7,688	1,820	9,508
Postage	2,354	674	132	1,296	96	224	26	68	401	57	10	10	34	2,354	674	3,028
Occupancy	56,225	13,438	3,145	30,946	2,284	5,341	610	1,615	9,634	1,360	237	237	816	56,225	13,438	69,663
Equipment	4,849	1,199	271	2,669	197	461	53	139	831	117	20	21	70	4,849	1,199	6,048
Printing	9,063	1,677	507	4,988	368	861	98	260	1,553	219	38	40	131	9,063	1,677	10,740
Travel	17,534	9,470	981	9,651	712	1,666	190	504	3,004	424	74	74	254	17,534	9,470	27,004
Conferences	6,256	2,875	350	3,443	254	594	68	180	1,072	151	27	26	91	6,256	2,875	9,131
Specific assist	371,046	1,283	27,254	156,128	19,487	44,268	4,516	11,164	80,750	14,482	2,973	4	10,020	371,046	1,283	372,329
Membership dues	2,609	652	146	1,436	106	248	28	75	447	63	11	11	38	2,609	652	3,261
Awards	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sundry	1,081	182	60	595	44	103	12	31	184	26	5	5	16	1,081	182	1,263
Bad Debt			0	0	0	0	0	0	0	0	0	0	0	0	0	0
Support Service to DHQ	132,952	(1,345)	7,437	73,177	5,401	12,630	1,441	3,820	22,783	3,215	560	559	1,929	132,952	(1,345)	131,607
<b>Total Expense</b>	<b>1,579,436</b>	<b>239,214</b>	<b>94,848</b>	<b>821,226</b>	<b>68,578</b>	<b>159,060</b>	<b>17,618</b>	<b>45,884</b>	<b>287,817</b>	<b>43,701</b>	<b>8,061</b>	<b>5,093</b>	<b>27,550</b>	<b>1,579,436</b>	<b>239,214</b>	<b>1,818,650</b>
<b>Beginning net assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net surplus/(deficit)</b>	<b>(145,797)</b>	<b>12,089</b>	<b>(15,656)</b>	<b>(36,105)</b>	<b>(8,055)</b>	<b>(24,573)</b>	<b>(2,268)</b>	<b>(5,207)</b>	<b>(40,750)</b>	<b>(9,468)</b>	<b>(2,100)</b>	<b>861</b>	<b>(2,476)</b>	<b>(145,797)</b>	<b>12,089</b>	<b>(133,708)</b>
<b>Ending net assets</b>	<b>(145,797)</b>	<b>12,089</b>	<b>(15,656)</b>	<b>(36,105)</b>	<b>(8,055)</b>	<b>(24,573)</b>	<b>(2,268)</b>	<b>(5,207)</b>	<b>(40,750)</b>	<b>(9,468)</b>	<b>(2,100)</b>	<b>861</b>	<b>(2,476)</b>	<b>(145,797)</b>	<b>12,089</b>	<b>(133,708)</b>

THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
RED SHIELD RESIDENCE/ELIZA SHIRLEY HOUSE/PAD  
CITY OF PHILADELPHIA  
OFFICE OF HOMELESS SERVICES  
REPORT OF REVENUE BY FUNCTIONAL PROGRAM  
FOR THE YEAR ENDED SEPTEMBER 30, 2022 (10/1/2021 - 9/30/2022)

Revenue	Red Shield Residence	Eliza Shirley	PAD	Total All Functions
Federal Government				
EFSP	\$ 62,625	\$ -	\$ -	\$ 62,625
USDA	1,358			1,358
Government - State/City/County (Specify)				0
Philadelphia OHS	1,500,498	1,359,129	365,194	3,224,821.35
Other:				
Private Fund-Raising (Donations)	17,176	6,385		23,561
Archdiocese of Philadelphia	63,719	32,423		96,142
United Ways				0
Salvation Army - Funding	101,206	79,990	33,276	214,471
Sale of Supplies/Client Fees	2,266	4,124		6,389
Grand Total	1,748,847	1,482,051	398,470	3,629,368
Supportive Services				
Salaries and Wages	849,882	665,730	143,550	1,659,161
Fringe Benefits and Taxes	285,137	265,921	32,492	583,551
Staff Travel	3,622	14,540		18,162
Training/Conference	230	0	0	230
Rent/Occupancy	0	0		0
Building Maint/Repairs	215,280	92,943		308,223
Insurance	29,124	13,629	2,905	45,658
Supplies	22,431	12,544	17,078	52,053
Fixed Assets	16,351	17,379	26,389	60,119
Food	38,760	31,934	2,665	73,359
Participants Transportation	10,189	0		10,189
Moving Cost	0	31		31
Professional Services	21,660	14,467		36,128
Other Participant Services	2,129	4,933	44,465	51,528
Sub-Total: Supportive Services	1,494,795	1,134,052	269,544	2,898,392
Operating Expenses				
Salaries	0	79,883		79,883
Fringe Benefits	0	16,684	0	16,684
Rent/Occupancy	0	0	27,916	27,916
Utilities	72,507			72,507
Communication	2,460	16,800	4,357	23,617
Fixed Assets	0	0	0	0
Licenses	0	0		0
Contract Services	0	0	0	0
Professional Services	160,834	146,448	4,661	311,943
Consumable Supplies	38,800	22,542		61,343
Staff Travel			55,219	55,219
Other Operating Cost	-113,027	0	37,079	-75,948
Other Transfer	0	0		0
Sub-Total: Operating Expenses	161,575	282,357	129,232	573,164
Administrative Costs				
Personnel	28,499	65,199		93,698
Benefits	13,750	26,653		40,402
Su-Total: Administration	42,248	91,852	0	134,100
Grand Total Allowable Expenses	1,698,618	1,508,262	398,776	3,605,656
Grand Total Nonallowable Expense/over contract	50,229	(26,210)	(307)	23,712
Grand Total All Expenses	1,748,847	1,482,052	398,469	3,629,368



**THE SALVATION ARMY**  
**GREATER PHILADELPHIA ACTIVITIES**  
**ELIZA SHIRLEY/REDSHIELD RESIDENCE/PAD Combo**  
**OFFICE OF SUPPORTIVE HOUSING**  
**CITY OF PHILADELPHIA CONTRACT NUMBER - 1920211-06**  
**RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES**  
**TO AUDITED EXPENDITURES/REVENUES**  
**FOR THE PERIOD OF JULY 1, 2022 TO SEPTEMBER 30, 2022**  
**FISCAL YEAR ENDED 9/30/2022**

	<i>Amount Reported on Fiscal Report</i>	<i>(A) Other Adjustments</i>	<i>(B) Amount Per Audit</i>
<b>Expenditures by cost center:</b>			
Total Supportive Services	\$ 822,825	\$ -	\$ 822,825
Total Operating Expenses	140,055	-	140,055
Total Administration Costs	28,894	-	28,894
Total Other Transfers	-	-	-
<b>Total Expenditures by Cost Center</b>	<b>991,774</b>	<b>-</b>	<b>991,774</b>
<b>Funding Sources:</b>			
Restricted Donations/Foundations	5,150	-	5,150
Other Program Fees	15,282	-	15,282
EFSP/USDA Commodities	63,983	-	63,983
City of Philadelphia, OSH	619,625	-	619,625
The Salvation Army Funding	186,571	-	186,571
Sales of Supplies/Other	1,531	-	1,531
	-	-	-
<b>Total Funding</b>	<b>892,142</b>	<b>-</b>	<b>892,142</b>
<b>Excess of expenditures over funding sources</b>	<b>\$ 99,632</b>	<b>\$ -</b>	<b>\$ 99,632</b>

(A) First year budget was prepared using estimates which according to generally accepted accounting principles in the United States of America are allowable. Management makes estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

Methodology used for budget purposes and reporting to Ohs was based on the first year program funding assumptions. Reporting and reconciliation to Ohs is based on contract year (7/1 to 6/30). The organization's fiscal closing is 9/30.

(B) Amount funded under contract is in accordance with OSH guidelines.

**THE SALVATION ARMY**  
**GREATER PHILADELPHIA ACTIVITIES**  
**ELIZA SHIRLEY/REDSHIELD RESIDENCE/PAD Combo**  
**OFFICE OF SUPPORTIVE HOUSING**  
**CITY OF PHILADELPHIA CONTRACT NUMBER - 1920211-06**  
**RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES**  
**TO AUDITED EXPENDITURES/REVENUES**  
**FOR THE PERIOD OF JULY 1, 2022 TO SEPTEMBER 30, 2022**  
**FISCAL YEAR ENDED 9/30/2022**

**Explanation of Other Adjustments:**

<b><u>Budget Category</u></b>	<b><u>Adjustment Explanation</u></b>	<b><u>Adjustment Amount</u></b>
<u>Expenditures Adjustment:</u>	Based on actual expense	\$ -
Total Supportive Services	Based on actual expense	-
Total Operating Expenses	Based on actual expense	-
Total Administration Costs	Based on actual expense	-
Total Other Transfers	Based on actual expense	-
<b>Total Expenditure Adjustment</b>		<b>\$ -</b>

(A) First year budget was prepared using estimates which according to generally accepted accounting principles in the United States of America are allowable. Management makes estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

Methodology used for budget purposes and reporting to OHS was based on the first year program funding assumptions. Reporting and reconciliation to OHS is based on contract year (7/1 to 6/30). The organization's fiscal closing is 9/30.

(B) Amount funded under contract is in accordance with OSH guidelines.

**THE SALVATION ARMY**  
**GREATER PHILADELPHIA ACTIVITIES**  
**ELIZA SHIRLEY/REDSHIELD RESIDENCE/PAD Combo**  
**OFFICE OF SUPPORTIVE HOUSING**  
**CITY OF PHILADELPHIA CONTRACT NUMBER - 1920211-06**  
**RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES**  
**TO AUDITED EXPENDITURES/REVENUES**  
**FOR THE PERIOD OF JULY 1, 2022 TO SEPTEMBER 30, 2022**  
**FISCAL YEAR ENDED 9/30/2022**

<u><b>Budget Category</b></u>	<u><b>Adjustment Explanation</b></u>	<u><b>Adjustment Amount</b></u>
<b><i>Funding Source Adjustments:</i></b>		
Restricted Donations/Foundations	none	\$ -
Other Program Fees	none	-
EFSP/USDA Commodities	none	-
City of Philadelphia, OSH	none	-
The Salvation Army Funding	none	-
Sales of Supplies/Other	none	-
<b>Total Funding Source Adjustments</b>		<b>\$ -</b>

(A) First year budget was prepared using estimates which according to generally accepted accounting principles in the United States of America are allowable. Management makes estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

Methodology used for budget purposes and reporting to OHS was based on the first year program funding assumptions. Reporting and reconciliation to OHS is based on contract year (7/1 to 6/30). The organization's fiscal closing is 9/30.

(B) Amount funded under contract is in accordance with OSH guidelines.

**TO AUDITED EXPENDITURES/REVENUES  
PERIOD OF OCTOBER 1, 2021 TO JUNE 30, 2022  
FISCAL YEAR END 9/30/2022**

	<b><u>Amount Reported on Fiscal Report</u></b>	<b><u>(A) Other Adjustments</u></b>	<b><u>(B) Amount Per Audit</u></b>
<b><i>Expenditures by cost center:</i></b>			
Total Supportive Services	2,075,568	0	2,075,568
Total Operating Expenses	433,109	0	433,109
Total Administration Costs	105,206	0	105,206
Total Other Transfers	0		0
<b>Total Expenditures by Cost Center</b>	<b>2,613,883</b>	<b>0</b>	<b>2,613,883</b>
<b><i>Funding Sources:</i></b>			
Restricted Donations/Foundations	18,411	0	18,411
Other Program Fees	80,860	0	80,860
EFSP/USDA Commodities	0	0	0
City of Philadelphia, OHS	2,605,196	0	2,605,196
The Salvation Army Funding	27,900		27,900
Sales of Supplies/Other	4,858	0	4,858
<b>Total Funding</b>	<b>2,737,225</b>	<b>0</b>	<b>2,737,225</b>
<b><i>Excess of expenditures over funding sources</i></b>	<b>-123,342</b>	<b>0</b>	<b>-123,342</b>

Note: First year budget was prepared using estimates which according to generally accepted accounting principles in the United States of America are allowable. Management makes estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

Methodology used for budget purposes and reporting to OHS was based on the first year program funding assumptions. Reporting and reconciliation to OHS is based on contract years. The organizations fiscal year end is 9/30.

**THE SALVATION ARMY**  
**GREATER PHILADELPHIA ACTIVITIES**  
**ELIZA SHIRLEY/RED SHIELD RESIDENCE/PAD -Combo**  
**OFFICE OF SUPPORTIVE HOUSING**  
**CITY OF PHILADELPHIA CONTRACT NUMBER - 1920211-07**  
**RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES**  
**TO AUDITED EXPENDITURES/REVENUES**  
**PERIOD OF OCTOBER 1, 2021 TO JUNE 30, 2022**  
**FISCAL YEAR END 9/30/2022**

**Explanation of Other Adjustments:**

<b><u>Budget Category</u></b>	<b><u>Adjustment Explanation</u></b>	<b><u>Adjustment Amount</u></b>
<b><u>Expenditures Adjustment:</u></b>		
Total Supportive Services	Based on actual expense	\$ -
Total Operating Expenses	Based on actual expense	-
Total Administration Costs	Based on actual expense	-
Total Other	Based on actual expense	-
<b>Total Expenditure Adjustment</b>		<b>\$ -</b>

Note: First year budget was prepared using estimates which according to generally accepted accounting principles in the United States of America are allowable. Management makes estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

Methodology used for budget purposes and reporting to OHS

was based on the previous years program funding assumptions. Reporting and reconciliation to OHS is based on contract year (7/1 to 6/30). The organizations fiscal closing is 9/30.

**THE SALVATION ARMY**  
**GREATER PHILADELPHIA ACTIVITIES**  
**ELIZA SHIRLEY/RED SHIELD RESIDENCE/PAD -Combo**  
**OFFICE OF SUPPORTIVE HOUSING**  
**CITY OF PHILADELPHIA CONTRACT NUMBER - 1920211-07**  
**RECONCILIATION OF AGENCY REPORTED EXPENDITURES/REVENUES**  
**TO AUDITED EXPENDITURES/REVENUES**  
**PERIOD OF OCTOBER 1, 2021 TO JUNE 30, 2022**  
**FISCAL YEAR END 9/30/2021**

<u><b>Budget Category</b></u>	<u><b>Adjustment Explanation</b></u>	<u><b>Adjustment Amount</b></u>
<b><i>Funding Source Adjustments:</i></b>		
Restricted Donations/Foundations	none	\$ -
EFSP/USDA Commodities	none	-
City of Philadelphia. OSH	none	-
The Salvation Army Funding	none	-
Sales of Supplies/Other	none	-
<b>Total Funding Source Adjustments</b>		<b>\$ -</b>

Note: First year budget was prepared using estimates which according to generally accepted accounting principles in the United States of America are allowable. Management makes estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results was based on the first year program funding assumptions. Reporting and reconciliation to OHS is based on contract years. The organizations fiscal year end is 9/30.



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

INDEPENDENT AUDITOR'S REPORT

Command Finance Council  
The Salvation Army  
Eastern Pennsylvania and Delaware Division  
Philadelphia, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, standards applicable to financial audits in the City of Philadelphia Subrecipient Audit Guide, the financial statements of The Salvation Army Greater Philadelphia Activities, which comprise the statement of financial position as of September 30, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Salvation Army Greater Philadelphia Activities' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Salvation Army Greater Philadelphia Activities' internal control. Accordingly, we do not express an opinion on the effectiveness of The Salvation Army Greater Philadelphia Activities' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



***Zelenkofske Axelrod LLC***

**CERTIFIED PUBLIC ACCOUNTANTS**

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

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Command Finance Council  
The Salvation Army  
Eastern Pennsylvania and Delaware Division

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Salvation Army Greater Philadelphia Activities' 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* and standards applicable to financials audits in the City of Philadelphia Subrecipient Audit Guide.

### **Purpose of This Report**

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

*Zelenkofske Axelrod LLC*

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania  
March 28, 2023





REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

**INDEPENDENT AUDITOR'S REPORT**

Command Finance Council  
The Salvation Army  
Eastern Pennsylvania and Delaware Division  
Philadelphia, Pennsylvania

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Salvation Army Greater Philadelphia Activities' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Salvation Army Greater Philadelphia Activities' major federal programs for the year ended September 30, 2022. the Salvation Army Greater Philadelphia Activities' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Salvation Army Greater Philadelphia Activities' complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and standards applicable to financial audits in the City of Philadelphia Subrecipient Audit Guide. Our responsibilities under those standards, the Uniform Guidance, and standards applicable to financial audits in the City of Philadelphia Subrecipient Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Salvation Army Greater Philadelphia Activities and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Salvation Army Greater Philadelphia Activities' compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Salvation Army Greater Philadelphia Activities' federal programs.



Command Finance Council  
The Salvation Army  
Eastern Pennsylvania and Delaware Division

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Salvation Army Greater Philadelphia Activities' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, standards applicable to financial audits in the City of Philadelphia Subrecipient Audit Guide, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Salvation Army Greater Philadelphia Activities' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, standards applicable to financial audits in the City of Philadelphia Subrecipient Audit Guide and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Salvation Army Greater Philadelphia Activities' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Salvation Army Greater Philadelphia Activities' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Salvation Army Greater Philadelphia Activities' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



# *Zelenkofske Axelrod LLC*

**CERTIFIED PUBLIC ACCOUNTANTS**

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Command Finance Council  
The Salvation Army  
Eastern Pennsylvania and Delaware Division

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Zelenkofske Axelrod LLC*

ZELENKOFSCHE AXELROD LLC

Jamison, Pennsylvania  
March 28, 2023

THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Section I - Summary of Auditors' Results:

*Financial Statements*

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ yes    X no
- Significant deficiency(ies) identified? \_\_\_ yes    X none reported

Noncompliance material to financial statements noted?

\_\_\_ yes    X no

*Federal Awards*

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? \_\_\_ yes    X no

Identification of Major Programs:

<u>Federal Agency</u>	<u>Federal CFDA Number</u>	<u>Program Name</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development	14.267	Continuum of Care Program	\$ 860,045

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?

X yes    \_\_\_ no

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

THE SALVATION ARMY  
GREATER PHILADELPHIA ACTIVITIES  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

None reported.