

**CORA SERVICES, INC. AND
THE CORA SERVICES
FOUNDATION**

Combined Financial Statements

June 30, 2015 and 2014

Kreischer
Miller

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CORA SERVICES, INC. AND THE CORA SERVICES FOUNDATION
June 30, 2015 and 2014

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Independent Auditors' Report

The Board of Directors of
CORA Services, Inc. and The CORA Services Foundation

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of CORA Services, Inc. and The CORA Services Foundation, which comprise the combined statements of financial position as of June 30, 2015, and the related combined statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *City of Philadelphia Subrecipient Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the organization's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of CORA Services, Inc. and The CORA Services Foundation as of June 30, 2015, and the combined changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter - 2014 Financial Statements

The combined financial statements of CORA Services, Inc. and The CORA Services Foundation for the year ended June 30, 2014, were audited by other auditors who expressed an unmodified opinion on those statements on October 29, 2014.

Other Matter - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined 2015 financial statements as a whole. The accompanying supplementary information on pages 16 through 22 is presented for purposes of additional analysis as required by the Department of Public Health in the City of Philadelphia and the *City of Philadelphia Subrecipient Audit Guide* and is also not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2015 on our consideration of CORA Services, Inc. and The CORA Services Foundation's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CORA Services, Inc. and The CORA Services Foundation's internal control over financial reporting and compliance.

Kreischer Miller

Horsham, Pennsylvania
October 21, 2015

CORA SERVICES, INC. AND THE CORA SERVICES FOUNDATION

Combined Statements of Financial Position June 30, 2015 and 2014

	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 233,177	\$ 464,091
Grants and contracts receivable, net of allowance of \$18,441 and \$10,271 in 2015 and 2014, respectively	2,627,084	1,963,971
Prepaid expenses	30,534	17,002
Total current assets	2,890,795	2,445,064
Property and equipment, net	6,916,992	6,942,668
	<u>\$ 9,807,787</u>	<u>\$ 9,387,732</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Line of credit	\$ 155,297	\$ -
Current portion of long-term debt	163,057	157,252
Accounts payable and accrued expenses	657,287	490,093
Accrued wages and compensated absences	1,494,134	1,352,036
Deferred revenue	150,129	73,175
Total current liabilities	2,619,904	2,072,556
Long-term debt, net of current portion	1,528,011	1,690,290
Total liabilities	4,147,915	3,762,846
Net assets:		
Unrestricted	5,559,337	5,514,948
Temporarily restricted	100,535	109,938
	<u>5,659,872</u>	<u>5,624,886</u>
	<u>\$ 9,807,787</u>	<u>\$ 9,387,732</u>

See accompanying notes to combined financial statements.

CORA SERVICES, INC. AND THE CORA SERVICES FOUNDATION

Combined Statements of Activities and Changes in Net Assets Years Ended June 30, 2015 and 2014

	2015		
	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grant and contracts	\$ 12,378,765	\$ -	\$ 12,378,765
Fees and services	1,227,037	-	1,227,037
Contributions and fundraising	184,378	45,000	229,378
Special events, net of expenses of \$33,828 and \$27,432 in 2015 and 2014, respectively	65,716	-	65,716
Interest income	260	-	260
Rental income	49,800	-	49,800
Net assets released from restrictions	54,403	(54,403)	-
	13,960,359	(9,403)	13,950,956
Expenses:			
Program services:			
Auxiliary services to nonpublic schools	4,911,642	-	4,911,642
Counseling and prevention/intervention	1,725,912	-	1,725,912
Other programs	4,832,609	-	4,832,609
	11,470,163	-	11,470,163
Supporting services:			
Management and general	1,576,270	-	1,576,270
Building maintenance and occupancy	753,004	-	753,004
Promotional and fundraising	116,533	-	116,533
	13,915,970	-	13,915,970
Change in net assets from operations	44,389	(9,403)	34,986
Gain on sale of property held for sale	-	-	-
Change in net assets	44,389	(9,403)	34,986
Net assets at beginning of year	5,514,948	109,938	5,624,886
Net assets at end of year	\$ 5,559,337	\$ 100,535	\$ 5,659,872

See accompanying notes to combined financial statements.

2014		
Unrestricted	Temporarily Restricted	Total
\$ 11,641,884	\$ -	\$ 11,641,884
1,063,097	-	1,063,097
255,557	85,539	341,096
91,493	-	91,493
1,940	-	1,940
-	-	-
47,038	(47,038)	-
13,101,009	38,501	13,139,510
4,975,193	-	4,975,193
1,518,280	-	1,518,280
4,115,635	-	4,115,635
10,609,108	-	10,609,108
1,598,111	-	1,598,111
746,666	-	746,666
125,002	-	125,002
13,078,887	-	13,078,887
22,122	38,501	60,623
65,541	-	65,541
87,663	38,501	126,164
5,427,285	71,437	5,498,722
\$ 5,514,948	\$ 109,938	\$ 5,624,886

CORA SERVICES, INC. AND THE CORA SERVICES FOUNDATION

Combined Statement of Functional Expenses Year Ended June 30, 2015

	Program Services		
	Auxiliary Services to Nonpublic Schools	Counseling and Prevention/ Intervention	Other Programs
Salaries	\$ 3,319,986	\$ 1,283,295	\$ 3,199,784
Payroll taxes and fringe benefits	991,257	308,496	695,870
Total employee compensation	4,311,243	1,591,791	3,895,654
Consultants and professional fees	184,975	13,126	732,325
Occupancy	12,628	-	51,661
Supplies and other program related expenses	289,417	55,255	88,877
Equipment, rental, maintenance and repair	59,496	25,685	10,960
Automobile and travel	28,061	27,547	25,844
Insurance	-	-	-
Donations	-	-	-
Advertising	-	-	-
Telephone	25,822	6,896	18,114
Interest	-	-	-
Bad debt expense	-	-	-
	600,399	128,509	927,781
Depreciation	-	5,612	9,174
	600,399	134,121	936,955
Total expenses	\$ 4,911,642	\$ 1,725,912	\$ 4,832,609

Supporting Services			
Management and General	Building Maintenance and Occupancy	Promotional and Fundraising	Total
\$ 957,173	\$ 134,934	\$ -	\$ 8,895,172
210,460	34,772	-	2,240,855
1,167,633	169,706	-	11,136,027
173,765	1,260	98,367	1,203,818
-	189,238	-	253,527
61,213	2,955	12,135	509,852
58,601	29,557	-	184,299
5,091	2,904	31	89,478
72,077	31,940	-	104,017
-	-	6,000	6,000
11,032	-	-	11,032
9,542	22,907	-	83,281
12,316	67,247	-	79,563
5,000	-	-	5,000
408,637	348,008	116,533	2,529,867
-	235,290	-	250,076
408,637	583,298	116,533	2,779,943
\$ 1,576,270	\$ 753,004	\$ 116,533	\$ 13,915,970

CORA SERVICES, INC. AND THE CORA SERVICES FOUNDATION

Combined Statement of Functional Expenses Year Ended June 30, 2014

	Program Services		
	Auxiliary Services to Nonpublic Schools	Counseling and Prevention/ Intervention	Other Programs
Salaries	\$ 3,407,646	\$ 1,119,826	\$ 2,739,040
Payroll taxes and fringe benefits	1,023,539	286,039	641,731
Total employee compensation	4,431,185	1,405,865	3,380,771
Consultants and professional fees	150,000	12,960	542,508
Occupancy	34,896	-	47,386
Supplies and other program related expenses	260,807	54,285	81,273
Equipment, rental, maintenance and repair	47,527	14,258	10,557
Automobile and travel	26,389	20,664	24,983
Insurance	-	-	-
Donations	-	-	-
Advertising	-	-	1,108
Telephone	24,389	4,636	19,632
Interest	-	-	-
Bad debt expense	-	-	-
	544,008	106,803	727,447
Depreciation	-	5,612	7,417
	544,008	112,415	734,864
Total expenses	\$ 4,975,193	\$ 1,518,280	\$ 4,115,635

Supporting Services			
Management and General	Building Maintenance and Occupancy	Promotional and Fundraising	Total
\$ 968,922	\$ 136,802	\$ -	\$ 8,372,236
223,805	39,923	-	2,215,037
1,192,727	176,725	-	10,587,273
182,392	325	98,197	986,382
-	176,900	-	259,182
82,614	294	7,226	486,499
30,505	26,737	-	129,584
2,095	2,017	-	76,148
60,843	29,810	-	90,653
-	-	15,090	15,090
6,972	-	4,489	12,569
10,581	22,223	-	81,461
20,429	75,465	-	95,894
8,953	-	-	8,953
405,384	333,771	125,002	2,242,415
-	236,170	-	249,199
405,384	569,941	125,002	2,491,614
\$ 1,598,111	\$ 746,666	\$ 125,002	\$ 13,078,887

CORA SERVICES, INC. AND THE CORA SERVICES FOUNDATION

Combined Statements of Cash Flows Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 34,986	\$ 126,164
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	250,076	249,199
Increase in allowance for doubtful accounts	8,170	-
Gain on sale of property held for sale	-	(65,541)
(Increase) decrease in assets:		
Grants and contracts receivable	(671,283)	598,203
Prepaid expenses	(13,532)	106,545
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	167,194	(215,195)
Accrued wages and compensated absences	142,098	(233,757)
Deferred revenue	76,954	(71,690)
Net cash provided by (used in) operating activities	(5,337)	493,928
Cash flows from investing activities:		
Proceeds from sale of property	-	127,441
Purchase of property and equipment	(224,400)	-
Net cash provided by (used in) investing activities	(224,400)	127,441
Cash flows from financing activities:		
Borrowings (repayments) on the line of credit, net	155,297	(742,700)
Repayments of long-term debt	(156,474)	(162,366)
Net cash used in financing activities	(1,177)	(905,066)
Net decrease in cash and cash equivalents	(230,914)	(283,697)
Cash and cash equivalents, beginning of year	464,091	747,788
Cash and cash equivalents, end of year	\$ 233,177	\$ 464,091
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 77,500	\$ 103,638

See accompanying notes to combined financial statements.

CORA SERVICES, INC. AND THE CORA SERVICES FOUNDATION

Notes to Combined Financial Statements June 30, 2015 and 2014

(1) Organization

CORA Services, Inc. (CORA) is a not-for-profit human services agency which provides counseling and educational programs to children and their families in the Greater Philadelphia community primarily through contracts with various governmental agencies, school districts, and other not-for-profit organizations. CORA serves over 16,000 children each year in over 180 non-public, public, and charter school systems, as well as in multiple community locations.

CORA is affiliated with The CORA Services Foundation (the Foundation) through common management and Board of Directors' membership. The Foundation supports the stated purposes of CORA Services, Inc. The Foundation's Board of Directors has the authority to make contributions to other not-for-profit organizations that provide services similar to CORA in the community.

(2) Summary of Significant Accounting Policies

Principles of Combination

The combined financial statements include the accounts of CORA and the Foundation, which are affiliated organizations (collectively, the Organization). All significant intercompany transactions have been eliminated.

Basis of Accounting

The Organization prepares its combined financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for Not-for-Profit Organizations. The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Financial Statement Presentation

The Organization is required to report information regarding its combined statements of financial position and activities according to three classes of net assets as follows:

Unrestricted net assets – Net assets not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by action of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Continued...

CORA SERVICES, INC. AND THE CORA SERVICES FOUNDATION

Notes to Combined Financial Statements June 30, 2015 and 2014

(2) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with initial maturities of three months or less to be cash equivalents.

Grants and Contracts Receivable and Allowance for Doubtful Accounts:

Grants and contracts receivable are periodically reviewed by management for collectability. Bad debts are provided for on the allowance method based on historical experience and management's evaluation of outstanding receivables. Accounts are written off when they are deemed uncollectible.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at approximate fair value at the date of the gift. Improvements to property and plant in excess of \$10,000, that materially improve the assets useful lives, and purchases of equipment in excess of \$5,000 are capitalized and recognized in the combined statements of financial position. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from three to forty years. When assets are disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss from such dispositions is included in income.

Revenue Recognition

Contributions are recognized as revenues in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. Conditional promises to give are not included as revenue until the conditions on which they depend are substantially met.

Revenue from exchange contracts with governmental and nongovernmental funding agencies is recognized when services have been provided or as costs are incurred based upon either units of service rendered or costs incurred, as appropriate to a specific contract.

Deferred revenue includes amounts received for summer programs to be conducted in the following fiscal year. Expenses related to these programs have been recorded as prepaid expenses at year end.

Continued...

CORA SERVICES, INC. AND THE CORA SERVICES FOUNDATION

Notes to Combined Financial Statements June 30, 2015 and 2014

(2) Summary of Significant Accounting Policies, Continued

Contributed Services

Individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs. An amount has not been recognized in the accompanying statements of activities for these volunteer efforts because they do not meet the recognition criteria under Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 958-605-15, *Revenue Recognition*.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying combined statements of activities and changes in net assets. Accordingly, certain expenses have been allocated among the programs and supporting services as determined by management.

Concentration of Credit Risk

The Organization maintains cash balances at three financial institutions; these balances, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk.

Income Taxes

CORA is a not-for-profit social services agency and the Foundation is a not-for-profit foundation. The Internal Revenue Service (IRS) has classified each organization as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability, if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the combined financial statements.

CORA and the Foundation file Federal Form 990. With few exceptions, CORA and the Foundation are no longer subject to examination by the IRS or state and local taxing authorities for years before 2012.

Continued...

CORA SERVICES, INC. AND THE CORA SERVICES FOUNDATION

Notes to Combined Financial Statements June 30, 2015 and 2014

(2) Summary of Significant Accounting Policies, Continued

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the years ended June 30, 2015 and 2014 were \$11,032 and \$12,569, respectively.

Use of Estimates

The preparation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has performed an evaluation of subsequent events through October 21, 2015, which is the date the combined financial statements were available to be issued.

(3) Property and Equipment

Property and equipment consist of the following at June 30:

	2015	2014
Land	\$ 260,000	\$ 260,000
Building	8,590,214	8,590,214
Equipment	362,948	263,435
Building improvements	193,186	68,299
	<hr/> 9,406,348	<hr/> 9,181,948
Accumulated depreciation	(2,489,356)	(2,239,280)
	<hr/> \$ 6,916,992	<hr/> \$ 6,942,668

Depreciation expense for the years ended June 30, 2015 and 2014 was \$250,076 and \$249,199, respectively.

CORA SERVICES, INC. AND THE CORA SERVICES FOUNDATION

Notes to Combined Financial Statements June 30, 2015 and 2014

(4) Line of Credit

CORA has a \$2,000,000 demand line of credit which bears interest at the bank's prevailing prime rate, but not less than 4% (3.25% at June 30, 2015). The line of credit matures on December 31, 2015 and is collateralized by substantially all of the assets of CORA. The amount outstanding at June 30, 2015 is \$155,297. The credit agreement requires that CORA maintain certain financial covenants to be tested annually. As of June 30, 2015, CORA is in compliance with the financial covenants.

Effective September 1, 2015, the availability under the line of credit was increased to \$3,500,000.

(5) Long-Term Debt

	2015	2014
Mortgage note payable, due in monthly payments of \$9,091, including interest at 4.77%; collateralized by a first mortgage on real estate and personal property; mortgage matures in October 2025. The interest rate will be adjusted January 2019 in accordance with the terms of the note. The note is subject to a declining prepayment fee ranging from 5% to 1%.	\$ 873,711	\$ 938,822
Mortgage note payable, due in monthly payments of \$4,547; interest is calculated at a variable floating interest rate equal to 65% of prime rate (2.11% at June 30, 2015), collateralized by a second mortgage on real estate and personal property; mortgage matures in October 2025.	497,830	541,235
Mortgage note payable, due in monthly payments of \$5,004, including interest at 3.5%; collateralized by a third mortgage on real estate; mortgage matures in June 2021. The note is subject to a prepayment fee of 0.5% of the amount prepaid.	319,527	367,485
	1,691,068	1,847,542
Current portion	(163,057)	(157,252)
Long-term portion	\$ 1,528,011	\$ 1,690,290

Continued...

CORA SERVICES, INC. AND THE CORA SERVICES FOUNDATION

Notes to Combined Financial Statements June 30, 2015 and 2014

(5) Long-Term Debt, Continued

Future annual principal payments on long-term-debt as of June 30, 2015 are as follows:

Year Ending June 30	Amount
2016	\$ 163,057
2017	169,131
2018	175,453
2019	182,034
2020	188,882
Thereafter	812,511
	<u>\$ 1,691,068</u>

(6) Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2015 and 2014 are available for the following purposes:

	July 1, 2014	Contributions	Release from Restrictions	June 30, 2015
Program activities	\$ 447	\$ -	\$ 447	\$ -
Emergency assistance	8,845	5,000	2,271	11,574
Construction of LaSalle day care	10,092	-	-	10,092
Resource center operation	34,622	-	7,113	27,509
Day care tuition assistance	48,710	-	44,572	4,138
Early years and intensive prevention	-	40,000	-	40,000
Child abuse prevention	3,125	-	-	3,125
Strategic planning	4,097	-	-	4,097
	<u>\$ 109,938</u>	<u>\$ 45,000</u>	<u>\$ 54,403</u>	<u>\$ 100,535</u>

	July 1, 2013	Contributions	Release from Restrictions	June 30, 2014
Program activities	\$ 588	\$ -	\$ 141	\$ 447
Emergency assistance	9,445	-	600	8,845
Construction of LaSalle day care	10,092	-	-	10,092
Resource center operation	-	35,539	917	34,622
Day care tuition assistance	35,000	50,000	36,290	48,710
Child abuse prevention	12,215	-	9,090	3,125
Strategic planning	4,097	-	-	4,097
	<u>\$ 71,437</u>	<u>\$ 85,539</u>	<u>\$ 47,038</u>	<u>\$ 109,938</u>

CORA SERVICES, INC. AND THE CORA SERVICES FOUNDATION

Notes to Combined Financial Statements June 30, 2015 and 2014

(7) Contingencies

The Organization receives funding from various pass-through entities. Until the financial information required by these entities is accepted, costs incurred for program services are subject to review and possible disallowance. In management's opinion, such disallowed costs, if any, would not be material to the Organization's combined financial statements.

(8) Concentrations

Revenues are derived primarily from contracts with state and local government agencies, as well as other not-for-profit conduits of governmental funding throughout the Philadelphia area. For the year ended June 30, 2015, unrestricted revenue from two contracts amounted to 55% of total revenue. As of the year ended June 30, 2015, amounts due from two agencies comprise 54% of the grants and contracts receivable.

(9) Retirement Plan

CORA's full-time employees are covered by a defined-contribution group annuity plan administered by Lincoln Benefits Group. Employer contributions are based upon a stated percentage of employees' eligible earnings, which ranges from 4% to 7.2% depending on the number of years of service of the employee. Employees may also make discretionary contributions. CORA's contributions to the plan were approximately \$424,000 and \$400,000 for the years ended June 30, 2015 and 2014, respectively.

SUPPLEMENTARY INFORMATION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors of
CORA Services, Inc. and The CORA Services Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of CORA Services, Inc. and The CORA Services Foundation, which comprise the combined statement of financial position as of June 30, 2015, and the related combined statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated October 21, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered CORA Services, Inc. and The CORA Services Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of CORA Services, Inc. and The CORA Services Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of CORA Services, Inc. and The CORA Services Foundation's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CORA Services, Inc. and The CORA Services Foundation's combined financial statements are free from material misstatement, we performed tests of their 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 combined financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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 CORA Services, Inc. and The CORA Services Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CORA Services, Inc. and The CORA Services Foundation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Kreischer Miller

Horsham, Pennsylvania
October 21, 2015

CORA SERVICES, INC. AND THE CORA SERVICES FOUNDATION

**City of Philadelphia Department of Behavioral Health and Intellectual Disability Services
Office of Addiction Services
Contract Number: 13-20108**

**Schedule of Functional Expenditures by Program and Revenue by Funding Sources
Year Ended June 30, 2015**

	Recovery Case Management	SAP Assessment	Adolescent Case Management
Expenditures by cost center:			
Total personnel services	\$ 99,154	\$ 82,927	\$ 145,943
Total operating expenses	11,936	16,471	57,844
Total expenditures by cost center	111,090	99,398	203,787
Funding sources:			
CBH revenues	43,292	-	-
City of Philadelphia, Office of Addiction Services	75,089	99,398	203,787
Total funding sources	118,381	99,398	203,787
Excess expenditures over funding sources	\$ (7,291)	\$ -	\$ -

Gambling Prevention	Teen Intervention Program	Total
\$ 135,268	\$ 52,055	\$ 515,347
38,232	5,773	130,256
173,500	57,828	645,603
-	-	43,292
173,500	65,544	617,318
173,500	65,544	660,610
\$ -	\$ (7,716)	\$ (15,007)

Report of Revenue by Functional Program City of Philadelphia Department of Human Services Year Ended June 30, 2015		Agency Name: CORA Services, Inc. Address: 8540 Verree Road Philadelphia, PA 19111			
		DHS	DHS	DHS	All
	Total all	Contract No.	Contract No.	Contract No.	Other
Sources of Revenue	Functions	13-20437	15-20213	15-20412	Functions
71 State Government	\$ -	\$ -	\$ -	\$ -	\$ -
72	-	-	-	-	-
73	-	-	-	-	-
74 Philadelphia DHS	1,220,196	60,593	793,593	366,010	-
75 Philadelphia DHS Community Block Grants	-	-	-	-	-
76 Philadelphia North City Congress	202	-	-	-	202
77 Philadelphia Activities Fund	-	-	-	-	-
78 Philadelphia Department of Recreation	-	-	-	-	-
79 Community Behavioral Health	36,429	-	-	-	36,429
80 Board of Education	5,941,138	-	-	-	5,941,138
81 Office of Addiction Services	551,774	-	-	-	551,774
82 MH/MR	-	-	-	-	-
83 Youth Activities	-	-	-	-	-
84 Public Health Management Corp	396,757	-	-	-	396,757
85 Real Alternatives	105,089	-	-	-	105,089
86 Investment Income	260	-	-	-	260
87	-	-	-	-	-
88 Rental Income	49,800	-	-	-	49,800
89 Endowment Fund	-	-	-	-	-
90 Foundation Income	-	-	-	-	-
91 United Way	4,366	-	-	-	4,366
92 Program Income	-	-	-	-	-
93 Client Fees	5,353,215	-	-	-	5,353,215
94 Other	325,558	-	-	-	325,558
95 Grand Total	\$ 13,984,784	\$ 60,593	\$ 793,593	\$ 366,010	\$ 12,764,588

Accounting Method Used Accrual

Report of Functional Expenditures		City of Philadelphia Department of Human Services Agency: CORA Services, Inc.				
Year Ended June 30, 2015						
			DHS	DHS	DHS	
		Total all	Contract No.	Contract No.	Contract No.	All Other
Objects of Expense		Functions	13-20437	15-20213	15-20412	Functions
Salaries and Wages						
1	Direct Service and Program Support	\$ 7,803,061	\$ 31,012	\$ 464,538	\$ 201,487	\$ 7,106,024
2	Management and General	720,226	-	46,238	28,106	645,882
3	Building Maintenance	371,881	-	16,267	7,241	348,373
4	Promotional and Fundraising	-	-	-	-	-
5	Admin. Cost Center	-	-	-	-	-
6	F.I.C.A.	648,510	2,419	38,831	17,794	589,466
7	Unemployment	125,763	440	7,640	2,748	114,935
8	Workers' Compensation	46,201	163	2,835	1,230	41,973
9	Employee Benefits	1,420,383	1,155	91,295	27,166	1,300,767
10	Other - Life Insurance	-	-	-	-	-
11	Total Social Services	11,136,025	35,189	667,644	285,772	10,147,420
30	Total Salaries and Wages	11,136,025	35,189	667,644	285,772	10,147,420
Operating Expense and Administrative						
31	Professional Fees and Contract Payments	1,218,461	950	11,438	8,142	1,197,931
32	Supplies	503,432	24,414	11,068	7,868	460,082
33	Telephone	83,280	40	2,845	2,043	78,352
34	Postage and Shipping	8,546	-	377	280	7,889
35	Local Transportation	55,832	-	9,866	3,827	42,139
36	Outside Printing	10,172	-	-	-	10,172
37	Conferences, Conventions, Meetings	6,882	-	10	13	6,859
38	Subscriptions, Publications	-	-	-	-	-
39	Membership Dues	-	-	-	-	-
40	Awards and Grants	1,000	-	-	-	1,000
41	Equipment, Furniture and Motor Vehicles Rental	61,892	-	290	17,181	44,421
42	Equipment, Furniture and Motor Vehicles Depreciation	28,491	-	3,079	403	25,009
43	Equipment, Furniture - Maintenance and Repair	131,828	-	9,460	4,301	118,067
44	Other - Advertising	11,032	-	753	463	9,816
45	Other - Bad Debt Expense	5,000	-	-	-	5,000
46	Total Social Services	2,125,848	25,404	49,186	44,521	2,006,737
49	Total Operating Expense and Administrative	2,125,848	25,404	49,186	44,521	2,006,737
Occupancy						
50	Indirect shared Facility Expense - Including Rent	12,000	-	66,681	33,687	(88,368)
51	Building and Building Equipment Insurance	128,242	-	10,082	2,030	116,130
52	Building and Grounds Maintenance and Repairs	132,381	-	-	-	132,381
53	Utilities	109,146	-	-	-	109,146
54	Amortization	-	-	-	-	-
55	Interest	79,563	-	-	-	79,563
56	Depreciation	221,585	-	-	-	221,585
57	Other	-	-	-	-	-
58	Total Social Services	682,917	-	76,763	35,717	570,437
62	Total Occupancy	682,917	-	76,763	35,717	570,437
Grand Total Expenses		13,944,790	60,593	793,593	366,010	12,724,594
76	Child Care and Social Services	13,944,790	60,593	793,593	366,010	12,724,594
81	Grand Total Expenses	13,944,790	60,593	793,593	366,010	12,724,594

CORA SERVICES, INC. AND THE CORA SERVICES FOUNDATION

**City of Philadelphia Department of Human Services
Report of Excess Revenue**

Agency name: CORA Services, Inc.
Address: 8540 Verree Road
Philadelphia, PA 19111

Year Ended June 30, 2015

		DHS	DHS	DHS
	Total DHS	Contract No.	Contract No.	Contract No.
	Services	13-20437	15-20213	15-20412
Total DHS Revenue:	\$ 1,220,196	\$ 60,593	\$ 793,593	\$ 366,010
Deduct: Expenditures for Phila DHS Services:				
Salaries and Wages	988,605	35,189	667,644	285,772
Operating and Administration	119,111	25,404	49,186	44,521
Occupancy	112,480	-	76,763	35,717
Children's Direct Expense	-	-	-	-
Total DHS Expenditures:	\$ 1,220,196	\$ 60,593	\$ 793,593	\$ 366,010
Excess Revenue/(Expense)	-	-	-	-

Independent Accountants' Report on Compliance with Specified Indirect Cost Allocation Requirements

The Board of Directors of
CORA Services, Inc. and The CORA Services Foundation

We have examined CORA Services, Inc. and The CORA Services Foundation's compliance with allocating indirect costs reflected in the City of Philadelphia, Department of Human Services Report of Functional Expenditures as required by the Commonwealth of Pennsylvania, Department of Public Welfare, Section 3170.60 of the Chapter 3170 Regulations; and the "Indirect Cost Allocations" Section of the *City of Philadelphia Subrecipient Audit Guide - Instructions For Completing The Report of Functional Expenditures* (Section 2000, Exhibit B) during the year ended June 30, 2015.

Management's Responsibility

Management is responsible for CORA Services, Inc. and The CORA Services Foundation's compliance with those requirements.

Accountants' Responsibility

Our responsibility is to express an opinion on CORA Services, Inc. and The CORA Services Foundation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about CORA Services, Inc. and The CORA Services Foundation's compliance with the aforementioned requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on CORA Services, Inc. and The CORA Services Foundation's compliance with specified requirements.

Opinion

In our opinion, CORA Services, Inc. and The CORA Services Foundation complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2015.

This report is intended solely for the information and use of the Board of Directors, management and City of Philadelphia, Department of Human Services and is not intended to be, and should not be, used by anyone other than these specified parties.

Kreischer Miller

Horsham, Pennsylvania
October 21, 2015