

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

SINGLE AUDIT REPORT

YEAR ENDED MAY 31, 2022

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

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SECTION I

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

***FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
(SINGLE AUDIT)***

MAY 31, 2022 AND 2021

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**The Board of Trustees
Nationalities Service Center of Philadelphia, Inc.
Philadelphia, Pennsylvania**

Opinion

We have audited the accompanying financial statements of The Nationalities Service Center of Philadelphia, Inc., (the “Center”), which comprise the statements of financial position as of May 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of May 31, 2022 and 2021, and the changes in 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. 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 Center and to meet our other ethical responsibilities in accordance with the 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 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 Center’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards 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.

**The Board of Trustees
Nationalities Service Center of Philadelphia, Inc.
Philadelphia, Pennsylvania**

In performing an audit in accordance with generally accepted auditing standards, 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 Center's 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 Center's 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 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 is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The Board of Trustees
Nationalities Service Center of Philadelphia, Inc.
Philadelphia, Pennsylvania

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 23, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.


TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
February 23, 2023

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

STATEMENTS OF FINANCIAL POSITION

May 31, 2022 And 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 378,992	\$ 663,765
Contracts and accounts receivable	1,918,850	1,210,608
Contributions receivable	445,000	450,000
Prepaid expenses	<u>10,687</u>	<u>5,000</u>
Total current assets	<u>2,753,529</u>	<u>2,329,373</u>
Investments	2,045,172	1,408,222
Property and equipment, net	<u>1,210,204</u>	<u>928,881</u>
Total Assets	<u>\$6,008,905</u>	<u>\$4,666,476</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 643,428	\$ 455,322
Deferred revenue	53,296	97,608
Note payable	-	100,000
Line of credit	<u>225,469</u>	<u>225,469</u>
Total current liabilities	<u>922,193</u>	<u>878,399</u>
OTHER LIABILITIES		
Pension plan liability	<u>316,849</u>	<u>243,373</u>
Total Liabilities	<u>1,239,042</u>	<u>1,121,772</u>
NET ASSETS		
Without donor restrictions	2,913,912	2,616,152
With donor restrictions	<u>1,855,951</u>	<u>928,552</u>
Total Net Assets	<u>4,769,863</u>	<u>3,544,704</u>
Total liabilities and net assets	<u>\$6,008,905</u>	<u>\$4,666,476</u>

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

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

STATEMENT OF ACTIVITIES

Year Ended May 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contracts	\$ 8,576,373	\$ 412,800	\$ 8,989,173
United Way of Southeastern PA	-	25,000	25,000
Contributions	2,104,989	1,202,363	3,307,352
Service fees	692,840	-	692,840
Investment income (loss)	(120,369)	-	(120,369)
Net assets with donor restrictions released from restrictions	<u>712,764</u>	<u>(712,764)</u>	<u>-</u>
Total revenue and support – cash	<u>11,966,597</u>	<u>927,399</u>	<u>12,893,996</u>
In-kind goods and services	<u>1,654,171</u>	<u>-</u>	<u>1,654,171</u>
Total revenues and support	<u>13,620,768</u>	<u>927,399</u>	<u>14,548,167</u>
EXPENSES			
Programs			
Data and compliance	282,648	-	282,648
Economic empowerment	1,863,215	-	1,863,215
Resettlement	4,521,148	-	4,521,148
Survivor services	1,286,284	-	1,286,284
Health and wellness	1,273,511	-	1,273,511
Interpretation and translation	579,425	-	579,425
Legal assistance	641,951	-	641,951
Education	<u>144,259</u>	<u>-</u>	<u>144,259</u>
Total program expense	<u>10,592,441</u>	<u>-</u>	<u>10,592,441</u>
Supporting services			
Management and general	561,693	-	561,693
Fundraising	<u>414,114</u>	<u>-</u>	<u>414,114</u>
Total supporting services	<u>975,807</u>	<u>-</u>	<u>975,807</u>
Total expenses – cash	<u>11,568,248</u>	<u>-</u>	<u>11,568,248</u>
In-kind goods and services	<u>1,654,171</u>	<u>-</u>	<u>1,654,171</u>
Total expenses	<u>13,222,419</u>	<u>-</u>	<u>13,222,419</u>
Excess of revenues over expenses	398,349	927,399	1,325,748
OTHER CHANGES			
Net actuarial loss on defined benefit plan	<u>(100,589)</u>	<u>-</u>	<u>(100,589)</u>
Total other changes	<u>(100,589)</u>	<u>-</u>	<u>(100,589)</u>
CHANGE IN NET ASSETS	297,760	927,399	1,225,159
NET ASSETS			
Beginning of year	<u>2,616,152</u>	<u>928,552</u>	<u>3,544,704</u>
End of year	<u>\$ 2,913,912</u>	<u>\$ 1,855,951</u>	<u>\$ 4,769,863</u>

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

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

STATEMENT OF ACTIVITIES

Year Ended May 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contracts	\$ 4,480,181	\$ 1,036,150	\$ 5,516,331
United Way of Southeastern PA	-	25,000	25,000
Contributions	738,796	286,657	1,025,453
Service fees	631,572	-	631,572
Investment income	258,506	-	258,506
Other	1,036	-	1,036
Net assets with donor restrictions released from restrictions	<u>709,194</u>	<u>(709,194)</u>	<u>-</u>
Total revenue and support – cash	<u>6,819,285</u>	<u>638,613</u>	<u>7,457,898</u>
In-kind goods and services	<u>1,271,378</u>	<u>-</u>	<u>1,271,378</u>
Total revenues and support	<u>8,090,663</u>	<u>638,613</u>	<u>8,729,276</u>
EXPENSES			
Programs			
Data and compliance	73,239	-	73,239
Economic empowerment	1,825,819	-	1,825,819
Resettlement	379,475	-	379,475
Survivor services	495,991	-	495,991
Health and wellness	1,006,674	-	1,006,674
Interpretation and translation	400,910	-	400,910
Legal assistance	1,276,703	-	1,276,703
Education	<u>92,105</u>	<u>-</u>	<u>92,105</u>
Total program expense	<u>5,550,916</u>	<u>-</u>	<u>5,550,916</u>
Supporting services			
Management and general	455,084	-	455,084
Fundraising	<u>239,736</u>	<u>-</u>	<u>239,736</u>
Total supporting services	<u>694,820</u>	<u>-</u>	<u>694,820</u>
Total expenses – cash	<u>6,245,736</u>	<u>-</u>	<u>6,245,736</u>
In-kind goods and services	<u>1,271,378</u>	<u>-</u>	<u>1,271,378</u>
Total expenses	<u>7,517,114</u>	<u>-</u>	<u>7,517,114</u>
Excess of revenues over expenses	573,549	638,613	1,212,162
OTHER CHANGES			
Net actuarial gain on defined benefit plan	<u>104,875</u>	<u>-</u>	<u>104,875</u>
Total other changes	<u>104,875</u>	<u>-</u>	<u>104,875</u>
CHANGE IN NET ASSETS	678,424	638,613	1,317,037
NET ASSETS			
Beginning of year	<u>1,937,728</u>	<u>289,939</u>	<u>2,227,667</u>
End of year	<u>\$ 2,616,152</u>	<u>\$ 928,552</u>	<u>\$ 3,544,704</u>

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

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended May 31, 2022

	Data And Compliance	Economic Empowerment	Resettlement	Survivor Services	Health & Wellness	Translation/ Interpreting	Legal	Education	Total Program Expense	Management And General	Fundraising	Total Expense
Salaries	\$ 196,790	\$ 712,929	\$ 467,664	\$ 601,744	\$ 536,467	\$ 195,181	\$ 415,255	\$ 76,566	\$ 3,202,596	\$ 324,513	\$ 124,574	\$ 3,651,683
Employee pension expense (credit)	-	-	-	-	-	-	-	-	-	(10,181)	-	(10,181)
Other employee benefits and payroll taxes	40,489	145,039	95,612	124,695	110,406	40,338	85,672	16,243	658,494	57,693	25,648	741,835
Total salaries, benefits and taxes	<u>237,279</u>	<u>857,968</u>	<u>563,276</u>	<u>726,439</u>	<u>646,873</u>	<u>235,519</u>	<u>500,927</u>	<u>92,809</u>	<u>3,861,090</u>	<u>372,025</u>	<u>150,222</u>	<u>4,383,337</u>
Professional fees and contracted services	17,440	120,720	174,111	229,583	231,326	305,549	44,097	6,785	1,129,611	28,759	34,515	1,192,885
Supplies, telephone and postage	5,312	24,125	19,436	16,501	15,664	11,402	18,682	3,691	114,813	8,530	17,500	140,843
Occupancy	4,559	26,767	13,085	13,941	14,429	4,522	9,620	1,774	88,697	7,518	2,886	99,101
Repairs	1,243	4,503	2,954	3,801	3,389	1,233	2,623	484	20,230	2,050	787	23,067
Equipment and maintenance	7,644	58,183	52,759	52,221	50,621	12,050	31,935	21,318	286,731	12,431	11,784	310,946
Printing and teaching materials	11	41	27	36	406	11	24	4	560	19	6,135	6,714
Travel	-	1,968	100,650	6,081	14,182	-	897	-	123,778	5,241	15	129,034
Conferences and meetings	-	832	-	2,134	675	-	2,195	-	5,836	-	-	5,836
Dues and subscriptions	-	644	495	2,082	1,023	-	6,486	-	10,730	19,084	53	29,867
Insurance	2,258	8,179	5,366	7,279	6,156	2,240	7,935	879	40,292	3,724	1,429	45,445
Specific assistance to individuals	-	732,080	3,268,529	202,490	239,130	53	37	13,830	4,456,149	635	8,823	4,465,607
Depreciation and amortization	6,902	25,005	16,403	21,105	18,816	6,846	14,565	2,685	112,327	11,382	4,369	128,078
Special event expense	-	-	-	-	-	-	-	-	-	-	170,998	170,998
Program supplies	-	2,168	303,897	1,918	20,661	-	53	-	328,697	6,412	195	335,304
Miscellaneous	-	32	160	673	10,160	-	1,875	-	12,900	83,883	4,403	101,186
Total expenses – cash	<u>282,648</u>	<u>1,863,215</u>	<u>4,521,148</u>	<u>1,286,284</u>	<u>1,273,511</u>	<u>579,425</u>	<u>641,951</u>	<u>144,259</u>	<u>10,592,441</u>	<u>561,693</u>	<u>414,114</u>	<u>11,568,248</u>
In-kind goods and services	-	-	-	-	1,445,641	-	131,336	77,194	1,654,171	-	-	1,654,171
Total expenses	<u>\$ 282,648</u>	<u>\$ 1,863,215</u>	<u>\$ 4,521,148</u>	<u>\$ 1,286,284</u>	<u>\$ 2,719,152</u>	<u>\$ 579,425</u>	<u>\$ 773,287</u>	<u>\$ 221,453</u>	<u>\$ 12,246,612</u>	<u>\$ 561,693</u>	<u>\$ 414,114</u>	<u>\$ 13,222,419</u>

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended May 31, 2021

	Data And Compliance	Economic Empowerment	Resettlement	Survivor Services	Health & Wellness	Translation/ Interpreting	Legal	Education	Total Program Expense	Management And General	Fundraising	Total Expense
Salaries	\$ 45,692	\$ 724,068	\$ 124,860	\$ 243,851	\$ 425,820	\$ 112,752	\$ 626,979	\$ 59,729	\$ 2,363,751	\$ 270,096	\$ 99,797	\$ 2,733,644
Employee pension expense	-	-	-	-	-	-	-	-	-	2,746	-	2,746
Other employee benefits and payroll taxes	11,423	173,913	31,217	48,397	104,789	26,817	148,217	14,110	558,883	60,890	23,671	643,444
Total salaries, benefits and taxes	<u>57,115</u>	<u>897,981</u>	<u>156,077</u>	<u>292,248</u>	<u>530,609</u>	<u>139,569</u>	<u>775,196</u>	<u>73,839</u>	<u>2,922,634</u>	<u>333,732</u>	<u>123,468</u>	<u>3,379,834</u>
Professional fees and contracted services	6,840	265,123	67,974	33,607	296,586	232,712	183,235	6,115	1,092,192	2,487	87,912	1,182,591
Supplies, telephone and postage	1,303	21,005	1,674	2,836	4,894	8,326	18,260	1,832	60,130	474	3,877	64,481
Occupancy	2,452	38,848	2,529	4,941	10,044	5,555	23,005	2,191	89,565	891	3,661	94,117
Repairs	601	9,510	619	1,209	2,112	1,013	5,632	537	21,233	218	897	22,348
Equipment and maintenance	1,276	42,461	11,219	6,418	17,356	7,559	37,361	2,971	126,621	464	5,716	132,801
Printing and teaching materials	32	629	346	102	151	55	2,328	1,008	4,651	12	5,260	9,923
Travel	-	1,145	14,848	-	3,399	-	2,185	-	21,577	2,180	969	24,726
Conferences and meetings	-	1,683	-	-	79	-	1,134	-	2,896	578	100	3,574
Dues and subscriptions	-	1,050	25	2,594	2,433	-	6,045	-	12,147	5,902	538	18,587
Insurance	1,305	20,680	1,347	2,629	4,594	2,202	14,898	1,167	48,822	474	1,949	51,245
Specific assistance to individuals	-	483,392	120,204	140,801	91,427	-	182,180	375	1,018,379	-	-	1,018,379
Depreciation and amortization	2,315	36,689	2,389	4,666	8,148	3,907	21,727	2,070	81,911	842	3,458	86,211
Special event expense	-	-	-	-	-	-	-	-	-	-	261	261
Program supplies	-	4,188	144	3,690	34,654	-	3,354	-	46,030	5,884	-	51,914
Miscellaneous	-	1,435	80	250	188	12	163	-	2,128	100,946	1,670	104,744
Total expenses – cash	<u>73,239</u>	<u>1,825,819</u>	<u>379,475</u>	<u>495,991</u>	<u>1,006,674</u>	<u>400,910</u>	<u>1,276,703</u>	<u>92,105</u>	<u>5,550,916</u>	<u>455,084</u>	<u>239,736</u>	<u>6,245,736</u>
In-kind goods and services	-	-	-	-	1,113,742	-	85,276	72,360	1,271,378	-	-	1,271,378
Total expenses	<u>\$ 73,239</u>	<u>\$ 1,825,819</u>	<u>\$ 379,475</u>	<u>\$ 495,991</u>	<u>\$ 2,120,416</u>	<u>\$ 400,910</u>	<u>\$ 1,361,979</u>	<u>\$ 164,465</u>	<u>\$ 6,822,294</u>	<u>\$ 455,084</u>	<u>\$ 239,736</u>	<u>\$ 7,517,114</u>

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

STATEMENTS OF CASH FLOWS

Years Ended May 31, 2022 And 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 1,225,159	\$ 1,317,037
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	128,078	86,211
Contributions of stock	(1,037,171)	(201,714)
Realized and unrealized gains	148,109	(234,600)
(Increase) decrease in:		
Contracts and accounts receivable	(708,242)	(314,084)
Contributions receivable	5,000	(450,000)
Prepaid expenses	(5,687)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	188,106	94,488
Deferred revenue	(44,312)	(179,364)
Refundable advance	-	(541,070)
Pension plan liability	<u>73,476</u>	<u>(183,664)</u>
Cash used in operating activities	<u>(27,484)</u>	<u>(606,760)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(409,400)	(2,022)
Purchases of long-term investments	(611,865)	(362,771)
Proceeds from sales of long-term investments	<u>863,976</u>	<u>458,438</u>
Cash provided by (used in) investing activities	<u>(157,289)</u>	<u>93,645</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayment of) loan	<u>(100,000)</u>	<u>100,000</u>
Cash provided by (used in) financing activities	<u>(100,000)</u>	<u>100,000</u>
Net decrease in cash and cash equivalents	(284,773)	(413,115)
CASH AND CASH EQUIVALENTS,		
Beginning of fiscal year	<u>663,765</u>	<u>1,076,880</u>
End of fiscal year	<u>\$ 378,992</u>	<u>\$ 663,765</u>
Interest paid	<u>\$ 11,014</u>	<u>\$ 9,144</u>

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS

May 31, 2022 And 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nationalities Service Center of Philadelphia, Inc. (the “Center”) is a non-profit corporation organized to assist immigrants and refugees assimilate to the American culture. To achieve these goals, the organization provides counseling, education, legal and community services.

BASIS OF ACCOUNTING

The Center’s accounting policies conform to generally accepted accounting principles, using the accrual basis of accounting.

BASIS OF PRESENTATION

In accordance with generally accepted accounting principles, the Center is required to report information regarding its financial position and activities according to two classes of net assets:

Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations.

With Donor Restrictions

Net assets subject to donor-imposed stipulations that will be met either by actions of the Center and/or the passage of time.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and other highly liquid investments with an original maturity date of three months or less are considered to be cash equivalents. The Center’s cash and cash equivalents include money market accounts and other short-term investments in which fair market value at May 31, 2022 and 2021 was \$352,923 and \$448,472, respectively.

CONCENTRATION OF CREDIT RISK

The Center maintains cash balances in major financial institutions in excess of the federally insured limit by the Federal Deposit Insurance Corporation (FDIC). Historically, the Center has not experienced any losses and management believes it is not exposed to any significant credit risk.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Center’s financial instruments consist primarily of cash and money market deposits, investments, accounts and grants receivable and accounts payable. These balances, as presented in the financial statements as of May 31, 2022 and 2021, approximate their fair market value because of their short maturities.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS

May 31, 2022 And 2021

REVENUE RECOGNITION

The Center recognizes contributions when cash, securities or other assets, and unconditional promise to give, or a notification of a beneficial interest is received. Conditional contributions include donor-imposed conditions with one or more barriers that must be overcome before the Center is entitled to the assets transferred or promised and there is a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. The Center recognizes the contribution when the conditions are substantially met or explicitly waived. Unconditional contributions are classified as without donor restrictions unless there are donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then classified to net assets without donor restrictions and reported in the statement of activities as “*net assets released from restrictions.*”

A portion of the Center’s revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances/deferred revenue in the statement of financial position.

The Center recognizes revenue from interpretation and translation fees, legal fees, and educational fees when the respective service has been performed.

ACCOUNTS RECEIVABLE

Accounts receivable are reported at their outstanding balances less any allowance for doubtful accounts. The allowance is based upon a review of the individual accounts outstanding and the organization’s prior history of uncollectible receivables. At May 31, 2022 and 2021, the organization believes all accounts receivable are fully collectible, and as such, no allowance for doubtful accounts was established.

PROPERTY AND EQUIPMENT

The Center follows the practice of capitalizing, at cost or market value where the original cost is not known, as expenditures for fixed assets in excess of \$1,000. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Building and Improvements	27.5 years
Furniture and Equipment	3 – 10 years
Leasehold Improvements	20 years

IN-KIND GOODS AND SERVICES

In-kind goods and services are recognized as contributions in accordance with Accounting Standards Codification (ASC) No. 958, “Not-for-Profit Entities”, if the services (a) create or enhance non financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. Contributions of in-kind goods and services are recorded at their fair values in the period received. Unless otherwise noted, in-kind goods and services did not have donor-imposed restrictions.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2022 And 2021

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the Schedule of Functional Expenses. Accordingly, certain costs have been allocated amount the programs and supporting services benefited, primarily based upon the relative time spent by the Center's employees on each function.

INCOME TAX STATUS

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the maximum charitable contributions deduction for individual donors.

The Center accounts for uncertainties in income taxes in accordance with authoritative guidance, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management has reviewed the tax position for each of the open fiscal tax years (2019 - 2021) or expected to be taken in the Center's fiscal 2022 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS ADOPTED

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets and requires additional disclosures related to contributed nonfinancial assets. This ASU must be applied on a retrospective basis and was adopted by the Center during the year ended May 31, 2022. The adoption of ASU 2020-07 did not have a material effect on the financial statements.

NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 15, 2021. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. The Center plans to adopt the new ASU at the required implementation date

RECLASSIFICATIONS

Certain reclassifications were made to the 2021 financial statements to conform to the 2022 presentation.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2022 And 2021

(2) INVESTMENTS

The following represents the fair value of investments as of May 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Common stock	\$ 231,344	\$ -
Equity Mutual Funds	940,818	839,189
Fixed Income Mutual Funds	<u>873,010</u>	<u>569,033</u>
Total	<u>\$2,045,172</u>	<u>\$1,408,222</u>

(3) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Center utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Center has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Center’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value the Center’s assets that are carried at fair value as of May 31, 2022 and 2021 is as follows:

	<u>2022</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Common stock	\$ 231,344	\$ -	\$ -	\$ 231,344
Equity Mutual Funds	940,818			940,818
Fixed Income Mutual Funds	<u>873,010</u>	<u>-</u>	<u>-</u>	<u>873,010</u>
Total Investments	<u>\$2,045,172</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,045,172</u>

	<u>2021</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Equity Mutual Funds	\$ 839,189	\$ -	\$ -	\$ 839,189
Fixed Income Mutual Funds	<u>569,033</u>	<u>-</u>	<u>-</u>	<u>569,033</u>
Total Investments	<u>\$1,408,222</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,408,222</u>

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2022 And 2021

(4) CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable consist of the following as of May 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Receivable in less than 1 year	\$ 340,000	\$ 225,000
Receivable in 1 to 5 years	<u>105,000</u>	<u>225,000</u>
	445,000	450,000
Less: Allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Net unconditional promises to give	<u>\$ 445,000</u>	<u>\$ 450,000</u>

(5) PROPERTY, BUILDINGS AND EQUIPMENT

A summary of property, buildings and equipment is as follows at May 31:

	<u>2022</u>	<u>2021</u>
Office condominium	\$ 2,375,858	\$ 1,988,295
Furniture and fixtures	<u>413,417</u>	<u>391,579</u>
	2,789,275	2,379,874
Less accumulated depreciation	<u>(1,579,071)</u>	<u>(1,450,993)</u>
Property, buildings and equipment, net	<u>\$ 1,210,204</u>	<u>\$ 928,881</u>

(6) REFUNDABLE ADVANCE

On April 27, 2020, The Center received a \$541,070 loan under the Small Business Administration's ("SBA") Payment Protection Program (the "PPP Loan"). The Center considered this to be a conditional contribution as it expected to meet the criteria for loan forgiveness upon incurring eligible expenditures and when its application for forgiveness was accepted by the SBA. The Center considered the incurrence of eligible expenses and the acceptance of its application for forgiveness to be barriers in the PPP Loan agreement and as such, would recognize contribution income when these conditions were substantially met. If such conditions were not met, the Center was required to repay the PPP Loan in two years from the date of the agreement at a 1% interest annual interest rate. On May 5, 2021, the Center was granted forgiveness by the SBA in the amount of \$541,070 after incurring eligible expenditures, which was recorded in grants and contracts revenue on the statement of activities as of May 31, 2021.

(7) LINE OF CREDIT

The Center has a \$250,000, revolving line of credit which is payable on demand at the bank's discretion. Interest on the line of credit is variable at the Prime rate plus .75% (4.75% at May 31, 2022). There were outstanding borrowings of \$225,469 as of May 31, 2022 and 2021.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2022 And 2021

(8) NOTE PAYABLE

On November 20, 2020, The Center entered into a loan agreement with the Samuel S. Fels Foundation in the amount of \$100,000, which was recorded in note payable as of May 31, 2021. Proceeds from the loan were intended to be used for the purpose of capital improvements. Interest on the loan was at the rate of 1.2% per year (6-month LIBOR + 0.9%). Outstanding principal and accrued interest on the loan were repaid in April 2022. There was no note payable as of May 31, 2022.

(9) NET ASSETS

Net assets with donor restrictions at May 31, 2022 and 2021 are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Refugee assistance & programs	\$ 25,000	\$ 18,798
Health & wellness programs	285,921	149,166
Opportunity fund (Long term capacity building)	1,192,363	-
Other	11,000	78,921
Use in future periods – promises to give	<u>341,667</u>	<u>681,667</u>
	<u>\$1,855,951</u>	<u>\$928,552</u>

Net assets were released from restrictions for incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors during the years ended May 31 as follows:

	<u>2022</u>	<u>2021</u>
Refugee assistance & programs	\$ 18,798	\$288,607
Health & wellness programs	276,045	149,347
Legal assistance & support	-	229
Other	77,921	82,678
Time restrictions expired	<u>340,000</u>	<u>188,333</u>
	<u>\$712,764</u>	<u>\$709,194</u>

(10) PENSION PLAN

The Center has a non-contributory defined benefit pension plan for eligible employees. The plan complies with the Employees Retirement Income Security Act of 1974. Contributions are actuarially determined in accordance with ERISA.

Effective July 1, 2011, the Center has frozen this plan so that it is no longer open to new participants and no current participant will accrue any additional time in the calculation of future benefits.

The Center adopted the recognition provisions of Accounting Standards Codification (ASC) Topic No. 715 which requires that the funded status of defined benefit pensions, as measured as the difference between the fair value of the plan assets and the projected benefit obligation, is recognized in the Statement of Financial Position.

The Plan's assets are held by a trustee, Mutual of America, and are not included in the statement of financial position of the Center.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2022 And 2021

The following sets forth information regarding the plan as of and for the years ended May 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
<u>Change in Benefit Obligation</u>		
Benefit obligation at the beginning of year	\$ 1,241,833	\$ 1,167,423
Service cost – benefits earned during the period	13,065	400
Interest cost on projected benefit obligation	29,594	24,520
Change due to assumption changes	(49,655)	63,517
Actuarial (gains)/losses	36,314	17,180
Annuities purchased or benefits paid	(13,065)	(400)
Expense charges	<u>(30,551)</u>	<u>(30,807)</u>
Benefit obligation at end of year	<u>\$ 1,227,535</u>	<u>\$ 1,241,833</u>
<u>Change in Plan Assets</u>		
Fair value of plan assets at beginning of year	\$ 998,460	\$ 740,386
Actual return on plan assets	(61,090)	207,745
Employer contributions	16,932	81,535
Annuities purchased or benefits paid (including expense charges)	<u>(43,616)</u>	<u>(31,206)</u>
Fair value of plan assets at end of year	<u>\$ 910,686</u>	<u>\$ 998,460</u>
Funded status and amount recognized in Statement of Financial Position for Pension Plan Liability	<u>\$ (316,849)</u>	<u>\$ (243,373)</u>
<u>Components of Net Periodic Benefit Cost</u>		
	<u>2022</u>	<u>2021</u>
Interest cost on projected benefit obligation	\$ 42,659	\$ 24,920
Actual return on plan assets	(71,421)	(56,311)
Amortization of loss	<u>18,581</u>	<u>25,013</u>
Total net periodic benefit cost (credit)	<u>(10,181)</u>	<u>(6,378)</u>
(Gain) or loss recognized due to settlement	<u>-</u>	<u>9,124</u>
Total net periodic benefit cost (credit) after recognizing settlement	<u>\$ (10,181)</u>	<u>\$ 2,746</u>
Weighted-average assumptions used to determine benefit obligations at:		
Discount rate	3.82%	2.40%
Expected long-term return on net assets	7.25%	7.25%
Rate of compensation increase	0.00%	0.00%
Weighted-average assumptions used to determine net periodic benefit cost for years ending at:		
Discount rate	2.40%	2.10%
Expected long-term return on net assets	7.25%	7.25%
Rate of compensation increase	0.00%	0.00%

The expected long-term rate of return on net assets assumption of 7.25% was selected using the “building-block” approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2022 And 2021

The following item has not been recognized as a component of net periodic pension cost:

	<u>2022</u>	<u>2021</u>
Net actuarial gain (loss)	\$(100,589)	\$104,875

For its defined benefit pension plan investments, the Center employs a long-term risk-controlled approach using diversified investment options with minimal exposure to volatile investment options like derivatives. The Center uses a diversified allocation of equity, debt, and general account exposures that are customized to the plan's cash flow needs. At May 31, invested plan assets are as follows:

	<u>2022</u>		<u>2021</u>	
Equity	\$ 553,661	60.80%	\$ 580,227	58.11%
Fixed Income	184,451	20.25%	220,648	22.10%
General Account	<u>172,574</u>	<u>18.95%</u>	<u>197,585</u>	<u>19.79%</u>
	<u>\$ 910,686</u>	<u>100.00%</u>	<u>\$ 998,460</u>	<u>100.00%</u>

The Center contributed \$16,932 and \$81,535 to the defined benefit pension plan during the years ended May 31, 2022 and 2021, respectively. The following benefit payments are expected to be paid from the assets of the pension plan in following fiscal years as follows:

<u>Fiscal Year-End</u>	
2023	\$ 634,000
2024	\$ 16,000
2025	\$ 31,000
2026	\$ 1,000
2027	\$ 164,000
2028-2031	\$ 195,000

The Center also has a defined contribution 403(b) plan covering all full-time personnel. For the years ended May 31, 2022 and 2021, the Center matched employee contributions up to 5% for the years ended May 31, 2022 and 2021. Total contributions to the plan for the years ended May 31, 2022 and 2021 amounted to \$41,353 and \$55,672, respectively.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, otherwise known as the “exit price”, in an orderly transaction between market participants at the measurement date. The Center uses the three-tier fair value hierarchy as a basis for its assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Center has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment schedules, credit risk, yield curves, default rates and similar data.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2022 And 2021

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Center’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value the Institute’s plan assets carried at fair value as of May 31, 2022 and 2021 were as follows:

	<u>2022</u>			
	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>
Equities	\$ 553,661	\$ 553,661	\$ -	\$ -
Fixed Income	<u>184,451</u>	<u>184,451</u>	<u>-</u>	<u>-</u>
	<u>\$ 738,112</u>	<u>\$ 738,112</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>2021</u>			
	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>
Equities	\$ 580,227	\$ 580,227	\$ -	\$ -
Fixed Income	<u>220,648</u>	<u>220,648</u>	<u>-</u>	<u>-</u>
	<u>\$ 800,875</u>	<u>\$ 800,875</u>	<u>\$ -</u>	<u>\$ -</u>

(11) IN-KIND GOODS AND SERVICES

The following is a summary of in-kind goods and services which is included as revenue and expense in the statement of activities for the years ended May 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Education services	\$ 77,194	\$ 72,360
Legal services	131,336	85,276
Health and wellness services	1,260,063	870,805
Donated goods	<u>185,578</u>	<u>242,937</u>
Total donations in-kind	<u>\$ 1,654,171</u>	<u>\$ 1,271,378</u>

(12) CONCENTRATION OF REVENUE SOURCES

For the years ended May 31, 2022 and 2021, the Center received approximately 59% and 44%, respectively, of its total revenue from one funding source (the Federal Government), (directly and indirectly, through other organizations) for a range of refugee support and resettlement services.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2022 And 2021

(13) CONTINGENCIES

CONTRACTUAL ADJUSTMENTS

The contracts and grants under which the Center conducts its programs contain provisions defining costs which are allowable and reimbursable within the program. Program billings are subject to audit by various governmental funding sources. Audits of these billings may result in adjustments for disallowances.

(14) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects the Center's financial assets as of May 31, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor and/or contractual restrictions.

Financial Assets	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 378,992	\$ 663,765
Investments	2,045,172	1,408,222
Contracts and accounts receivable	1,918,850	1,210,608
Contributions receivable, current	<u>340,000</u>	<u>225,000</u>
Total financial assets	4,683,014	3,507,595
Less:		
Donor restricted funds	<u>(2,075,951)</u>	<u>(928,552)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,607,063</u>	<u>\$ 2,579,043</u>

The Center strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments. In addition, the Center maintains a \$250,000 line of credit which can be drawn on as needed during the year to manage cash flows

(15) SUBSEQUENT EVENTS

In preparing these financial statements, management of the Center has evaluated events and transactions for potential recognition or disclosure through February 23, 2023, the date of the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND LOCAL AWARDS

Year Ended May 31, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Expenditures</u>	<u>Provided to Subrecipients</u>
Federal Financial Awards				
U.S. Department of State Bureau of Population, Refugees and Migration				
Pass-through United States Committee of Refugees and Immigrants: Reception and Placement Program	19.510	10/1/20 – 9/30/21 10/1/21 – 9/30/22	\$ 414,323	\$ -
Pass-through United States Committee of Refugees and Immigrants: Afghan Placement and Assistance Program	19.510	9/1/21 – 9/30/22	1,300,862	-
Pass-through United States Committee of Refugees and Immigrants: COVID Direct Refugee Assistance (DRA) Housing Technology and Nutrition	19.510	9/1/21 – 9/30/22	<u>144,545</u>	<u>-</u>
Total 19.510			<u>1,859,730</u>	<u>-</u>
Total – U.S. Department of State Bureau of Population, Refugees and Migration			<u>1,859,730</u>	<u>-</u>
U.S. Department of Health & Human Services Office of Refugee Resettlement				
Pass-through United States Committee on Refugees and Immigrants: Matching Grant Program	93.567	10/1/20 – 9/30/21 10/1/21 – 9/30/22	1,495,078	-
Preferred Communities Program for Newly Arriving Refugees with Intensive Case Management Needs	93.576	9/30/20 – 9/29/21 9/30/21 – 9/29/22	124,665	-
Refugee Career Pathways – Direct Assistance	93.576	9/30/21 – 9/29/22	84,667	-
Preferred Communities Program - Supplemental	93.576	10/1/21 – 9/30/22	<u>171,682</u>	<u>-</u>
Total 93.576			<u>381,014</u>	<u>-</u>
Refugee Marriage Strengthening Program	93.086	9/30/20 – 9/29/21 9/30/21 – 9/29/22	124,599	-
Pass-through the Pennsylvania Department of Human Services Refugee Support Services / Afghan Refugee Support Services	93.566	10/1/21 – 9/30/22	1,730,552	-

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND LOCAL AWARDS – (Continued)

Year Ended May 31, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Expenditures</u>	<u>Provided to Subrecipients</u>
Federal Financial Awards					
Pass-through Pennsylvania Department of Welfare: Philadelphia Refugee Health Program		93.566	9/30/20 – 9/29/21 10/1/21 – 9/30/22	<u>116,642</u>	<u>18,353</u>
Total 93.566				<u>1,847,194</u>	<u>18,353</u>
Pass-through Minnesota Department of Health: Establishment of Centers of Excellence in Refugee Health		93.283	9/30/20 – 9/29/21	1,571	-
Survivors of Torture – Direct Assistance		93.604	9/30/20 – 9/29/21 9/30/21 – 9/29/22	503,181	45,367
Pass- through Pennsylvania Coalition Against Domestic Violence Sub-award from Lutheran Settlement House (Phila) Family Violence Prevention & Services - Culturally Specific		93.671	12/1/20 – 6/30/22	28,050	-
Pass-through the Pennsylvania Department of Human Services Wilson/Fish Program		93.583	4/1/21 – 9/30/22	54,954	-
Pass-through Pennsylvania Developmental Disabilities Council : Cross Systems Navigator		93.630	3/1/20 – 2/28/22 3/1/22 – 2/28/23	<u>89,479</u>	<u>6,000</u>
Total – U.S. Department of Health & Human Services				<u>4,525,120</u>	<u>69,720</u>
U.S. Department of Justice					
Pass-through Pennsylvania Commission on Crime and Delinquency Immigrant Victims of Crime	33116	16.575	4/1/20 – 9/30/22	436,348	-
Expanding Services to Immigrant Victims of Crime	29223	16.575	4/1/20 – 9/30/22	257,167	-
Increasing Capacity to Immigrant Victims of Crime	29007	16.575	4/1/20 – 9/30/22	<u>46,804</u>	<u>-</u>
Total 16.575				<u>740,319</u>	<u>-</u>
Specialized Services for Victims of Trafficking in Southeastern Pennsylvania		16.320	10/1/18 – 3/31/22	231,775	-

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND LOCAL AWARDS – (Continued)

Year Ended May 31, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Period</u>	<u>Expenditures</u>	<u>Provided to Subrecipients</u>
Federal Financial Awards				
Pass-through The Salvation Army: Philadelphia Anti-Human Trafficking Task Force	16.320	1/1/18 – 9/30/22	<u>33,076</u>	<u>-</u>
Total 16.320			<u>264,851</u>	<u>-</u>
Total – U.S. Department of Justice			<u>1,005,170</u>	<u>-</u>
U.S Department of Labor				
Pass-through Pennsylvania Department of Labor and Industry Sub-award from Philadelphia Works WIOA Youth Activities - Youth Internship & Career Readiness	17.259	7/1/21 – 6/30/22	174,210	-
Pass-through Pennsylvania Department of Labor and Industry Sub-award from Philadelphia Works Digital Literacy	17.259	7/25/21 – 9/15/22	<u>24,975</u>	<u>-</u>
Total 17.259			<u>199,185</u>	<u>-</u>
Total – U.S. Department of Labor			<u>199,185</u>	<u>-</u>
U.S Department of Homeland Security				
Emergency Food and Shelter National Board Program	97.024	1/1/21 – 5/31/22	<u>12,500</u>	<u>-</u>
Total Federal Awards			<u>\$ 7,601,705</u>	<u>\$ 69,720</u>

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND LOCAL AWARDS

Year Ended May 31, 2022

(1) GENERAL INFORMATION

The accompanying schedule of expenditures of federal and local awards presents the activities in all federal awards programs of the Center. All financial awards received directly from federal agencies as well as federal financial awards passed through other governmental agencies are included on the schedule.

(2) BASIS OF ACCOUNTING

The accompanying Schedule of Federal Awards is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *“Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.”* The amounts reported in this schedule as expenditures may differ from certain financial reports submitted on either a cash or modified accrual basis of accounting.

(3) REVENUE RECOGNITION

All programs have recognized revenue only to the extent of their contractual funding limitations. Expenditures exceeding grant or contract budget limitations are funded from other sources. Those expenditures, if any, are not included in these schedules.

(4) INDIRECT COST RATE

The Center has a negotiated indirect cost rate; as such, the Center did not elect to use the 10% de minimis indirect cost rate.

(5) RECONCILIATION TO THE FINANCIAL STATEMENTS

Grants and contracts without donor restrictions	\$8,576,373
Other private grants without donor restrictions	<u>(974,668)</u>
Federal award expenditures	<u>\$7,601,705</u>

SECTION II

**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**

**Board of Trustees
Nationalities Service Center of Philadelphia, Inc.
Philadelphia, Pennsylvania**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Nationalities Service Center of Philadelphia, Inc. (the “Center”), which comprise the statement of financial position as of May 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 23, 2023.

Internal Control Over Financial Reporting

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

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

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

We did note certain other matters that we reported to management of the Center in a separate letter dated February __, 2023.

**Board of Trustees
Nationalities Service Center of Philadelphia, Inc.
Philadelphia, Pennsylvania**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test 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 the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Philadelphia, Pennsylvania
February 23, 2023**

SECTION III

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

**Board of Trustees
Nationalities Service Center of Philadelphia, Inc.
Philadelphia, Pennsylvania**

Report On Compliance For Each Major Federal Program

Opinion On Each Major Federal Program

We have audited the compliance of Nationalities Service Center of Philadelphia, Inc. (*the "Center"*) with the types of compliance requirements described in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended May 31, 2022. The Center's 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 Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended May 31, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Our responsibilities under those standards and the Uniform Guidance 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 Center 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 Center's 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 Center's federal programs.

**Board of Trustees
Nationalities Service Center of Philadelphia, Inc.
Philadelphia, Pennsylvania**

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 Center's 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 generally accepted auditing standards, *Government Auditing Standards*, 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 Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, 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 Center's 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 Center's 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 Center's 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.

**Board of Trustees
Nationalities Service Center of Philadelphia, Inc.
Philadelphia, Pennsylvania**

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.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
February 23, 2023**

SECTION IV

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended May 31, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

- (i) Type of auditor’s report issued: **Unmodified**
- (ii) Internal control over financial reporting:
Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified not
considered to be material weaknesses? Yes X None Reported
- (iii) Noncompliance material to financial statements noted? Yes X No

Federal Awards

- (iv) Internal control over major programs:
Material weakness(es) identified? Yes X No
Significant deficiency(ies) identified not
considered to be material weaknesses? Yes X None Reported
- (v) Type of auditor’s report issued on compliance for
major programs: **Unmodified**
- (vi) Any audit findings disclosed that are required to
be reported in accordance with 2 CFR Section
200.516(a) of the Uniform Guidance Yes X No
- (vii) Identification of major programs:

Name of Federal Program or Cluster

CFDA’s

- | | |
|---|--------|
| U.S. Refugee Admissions Program | 19.510 |
| Refugee and Entrant Assistance Programs | 93.566 |
| Matching Grant Program | 93.567 |
- (viii) Dollar threshold used to distinguish between
Type A and Type B Programs: \$750,000
- (ix) Auditee qualified as low-risk Auditee? X Yes No

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (Continued)

Year Ended May 31, 2022

Part II – Financial Statement Finding Section:

No matters reportable for the year ended May 31, 2022.

Part III – Federal Awards Findings and Questioned Cost Section:

Year ended May 31, 2022

No findings or questioned costs noted.

Status of Prior Year Findings:

No findings or questioned costs noted.