

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

SINGLE AUDIT REPORT

YEAR ENDED MAY 31, 2023

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

TABLE OF CONTENTS

| | <u>Section</u> |
|---|----------------|
| Financial Statements and Independent Auditors' Report (Single Audit) | 1 |
| Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards | 2 |
| Independent Auditor's Report on Compliance With Requirements That Could Have A Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance | 3 |
| Schedule of Findings and Questioned Costs | 4 |

SECTION I

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

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

MAY 31, 2023 AND 2022

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

TABLE OF CONTENTS

| | <u>Page</u> |
|---|--------------------|
| INDEPENDENT AUDITORS' REPORT | 1-3 |
| FINANCIAL STATEMENTS | |
| <i>Statements of Financial Position,</i> May 31, 2023 And 2022 | 4 |
| <i>Statement of Activities,</i> Year Ended May 31, 2023 | 5 |
| <i>Statement of Activities,</i> Year Ended May 31, 2022 | 6 |
| <i>Schedule of Functional Expenses,</i> Year Ended May 31, 2023 | 7 |
| <i>Schedule of Functional Expenses,</i> Year Ended May 31, 2022 | 8 |
| <i>Statements of Cash Flows,</i> Years Ended May 31, 2023 And 2022 | 9 |
| <i>Notes to Financial Statements</i> | 10-20 |
| SUPPLEMENTAL INFORMATION | |
| <i>Schedule of Expenditures of Federal Awards,</i> Year Ended May 31, 2023 | 21-23 |
| <i>Notes to Schedule of Expenditures of Federal Awards</i> | 24 |

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, 2023 and 2022, 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, 2023 and 2022, 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, 2024 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, 2024

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

STATEMENTS OF FINANCIAL POSITION

May 31, 2023 And 2022

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 179,768 | \$ 378,992 |
| Contracts and accounts receivable (net of allowance for doubtful accounts of \$79,516 and \$0 for 2023 and 2022) | 1,494,608 | 1,918,850 |
| Contributions receivable – current portion | 340,000 | 340,000 |
| Right-of-use asset – current portion | 13,922 | - |
| Prepaid expenses | <u>-</u> | <u>10,687</u> |
| Total current assets | <u>2,028,298</u> | <u>2,648,529</u> |
| OTHER ASSETS | | |
| Contributions receivable | 100,000 | 105,000 |
| Investments | 1,939,932 | 2,045,172 |
| Property and equipment, net | 1,146,695 | 1,210,204 |
| Right-of-use asset | <u>14,233</u> | <u>-</u> |
| Total assets | <u>\$ 5,229,158</u> | <u>\$ 6,008,905</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 879,105 | \$ 643,428 |
| Deferred revenue | 78,392 | 53,296 |
| Lease liability – current portion | 13,922 | - |
| Line of credit | <u>-</u> | <u>225,469</u> |
| Total current liabilities | <u>971,419</u> | <u>922,193</u> |
| OTHER LIABILITIES | | |
| Lease liability | 14,233 | - |
| Pension plan liability | <u>315,856</u> | <u>316,849</u> |
| Total liabilities | <u>1,301,508</u> | <u>1,239,042</u> |
| NET ASSETS | | |
| Without donor restrictions | 2,098,282 | 2,913,912 |
| With donor restrictions | <u>1,829,368</u> | <u>1,855,951</u> |
| Total net assets | <u>3,927,650</u> | <u>4,769,863</u> |
| Total liabilities and net assets | <u>\$ 5,229,158</u> | <u>\$ 6,008,905</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, 2023

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|---------------------|
| REVENUE AND SUPPORT | | | |
| Grants and contracts | \$ 9,829,875 | \$ 688,782 | \$10,518,657 |
| United Way of Southeastern PA | - | 32,500 | 32,500 |
| Contributions | 1,384,037 | 84,600 | 1,468,637 |
| Service fees | 468,553 | - | 468,553 |
| Investment income | 2,703 | - | 2,703 |
| Other income | 1,324 | - | 1,324 |
| Net assets with donor restrictions released from restrictions | <u>832,465</u> | <u>(832,465)</u> | <u>-</u> |
| Total revenue and support – cash | <u>12,518,957</u> | <u>(26,583)</u> | <u>12,492,374</u> |
| In-kind goods and services | <u>1,156,102</u> | <u>-</u> | <u>1,156,102</u> |
| Total revenues and support | <u>13,675,059</u> | <u>(26,583)</u> | <u>13,648,476</u> |
| EXPENSES | | | |
| Programs | | | |
| Data and compliance | 443,067 | - | 443,067 |
| Economic empowerment | 3,735,812 | - | 3,735,812 |
| Resettlement | 2,976,764 | - | 2,976,764 |
| Survivor services | 915,994 | - | 915,994 |
| Health and wellness | 2,488,286 | - | 2,488,286 |
| Interpretation and translation | 443,358 | - | 443,358 |
| Legal assistance | 1,031,624 | - | 1,031,624 |
| Education | <u>65,641</u> | <u>-</u> | <u>65,641</u> |
| Total program expense | <u>12,100,546</u> | <u>-</u> | <u>12,100,546</u> |
| Supporting services | | | |
| Management and general | 899,359 | - | 899,359 |
| Fundraising | <u>359,461</u> | <u>-</u> | <u>359,461</u> |
| Total supporting services | <u>1,258,820</u> | <u>-</u> | <u>1,258,820</u> |
| Total expenses – cash | <u>13,359,366</u> | <u>-</u> | <u>13,359,366</u> |
| In-kind goods and services | <u>1,156,102</u> | <u>-</u> | <u>1,156,102</u> |
| Total expenses | <u>14,515,468</u> | <u>-</u> | <u>14,515,468</u> |
| Excess (deficit) of revenues over expenses | (840,409) | (26,583) | (866,992) |
| OTHER CHANGES | | | |
| Net actuarial gain on defined benefit plan | <u>24,779</u> | <u>-</u> | <u>24,779</u> |
| Total other changes | <u>24,779</u> | <u>-</u> | <u>24,779</u> |
| CHANGE IN NET ASSETS | (815,630) | (26,583) | (842,213) |
| NET ASSETS | | | |
| Beginning of year | <u>2,913,912</u> | <u>1,855,951</u> | <u>4,769,863</u> |
| End of year | <u>\$ 2,098,282</u> | <u>\$ 1,829,368</u> | <u>\$ 3,927,650</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.

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended May 31, 2023

| | Data And Compliance | Economic Empowerment | Resettlement | Survivor Services | Health & Wellness | Translation/ Interpreting | Legal | Education | Total Program Expense | Management And General | Fundraising | Total Expense |
|--|------------------------|-------------------------|---------------------|----------------------|----------------------|------------------------------|---------------------|-------------------|-----------------------------|------------------------------|-------------------|----------------------|
| Salaries | \$ 279,595 | \$ 1,289,344 | \$ 799,433 | \$ 488,100 | \$ 845,322 | \$ 212,826 | \$ 718,062 | \$ 36,280 | \$ 4,668,962 | \$ 445,260 | \$ 131,953 | \$ 5,246,175 |
| Employee pension expense (credit) | - | - | - | - | - | - | - | - | - | 23,786 | - | 23,786 |
| Other employee benefits and payroll taxes | 47,110 | 231,836 | 144,371 | 87,262 | 152,131 | 38,199 | 130,516 | 6,595 | 838,020 | 138,020 | 23,740 | 999,780 |
| Total salaries, benefits and taxes | <u>326,705</u> | <u>1,521,180</u> | <u>943,804</u> | <u>575,362</u> | <u>997,453</u> | <u>251,025</u> | <u>848,578</u> | <u>42,875</u> | <u>5,506,982</u> | <u>607,066</u> | <u>155,693</u> | <u>6,269,741</u> |
| Professional fees and contracted services | 49,437 | 180,673 | 216,880 | 141,773 | 506,340 | 156,644 | 66,039 | 4,753 | 1,322,539 | 32,497 | 37,746 | 1,392,782 |
| Supplies, telephone and postage | 7,603 | 35,712 | 25,036 | 13,485 | 23,660 | 12,060 | 21,617 | 1,113 | 140,286 | 12,082 | 14,188 | 166,556 |
| Occupancy | 12,014 | 29,088 | 15,221 | 7,998 | 34,556 | 3,487 | 11,765 | 594 | 114,723 | 7,295 | 2,162 | 124,180 |
| Repairs | 1,781 | 8,213 | 5,093 | 3,109 | 5,385 | 1,356 | 4,574 | 231 | 29,742 | 2,836 | 841 | 33,419 |
| Equipment and maintenance | 18,088 | 60,638 | 36,188 | 24,173 | 53,096 | 10,490 | 31,515 | 960 | 235,148 | 11,779 | 45,258 | 292,185 |
| Printing and teaching materials | 45 | 208 | 129 | 79 | 136 | 35 | 1,413 | 4,746 | 6,791 | 72 | 5,278 | 12,141 |
| Travel | 2,940 | 5,178 | 63,895 | 4,659 | 30,316 | - | 3,355 | - | 110,343 | 4,505 | 30 | 114,878 |
| Conferences and meetings | 525 | 361 | - | 699 | - | - | 198 | - | 1,783 | - | 200 | 1,983 |
| Dues and subscriptions | 797 | 500 | 55 | 647 | 1,605 | 825 | 13,788 | - | 18,217 | 13,070 | 1,516 | 32,803 |
| Insurance | 1,870 | 8,624 | 5,347 | 3,264 | 5,654 | 1,422 | 9,432 | 243 | 35,856 | 2,978 | 883 | 39,717 |
| Specific assistance to individuals | 477 | 1,835,656 | 1,604,471 | 125,685 | 760,654 | 429 | 32 | 2,890 | 4,330,294 | 127 | - | 4,330,421 |
| Depreciation and amortization | 7,338 | 33,837 | 20,980 | 12,810 | 22,184 | 5,585 | 18,845 | 952 | 122,531 | 11,685 | 3,463 | 137,679 |
| Special event expense | - | - | 3,325 | - | 270 | - | - | - | 3,595 | - | 88,781 | 92,376 |
| Program supplies | 12,248 | 15,944 | 35,019 | 1,715 | 39,825 | - | 219 | 6,284 | 111,254 | 6,859 | 2,240 | 120,353 |
| Bank fees and interest | - | - | - | - | - | - | - | - | - | 58,208 | - | 58,208 |
| Miscellaneous | 1,199 | - | 1,321 | 536 | 7,152 | - | 254 | - | 10,462 | 48,784 | 1,182 | 60,428 |
| Bad debt expense | - | - | - | - | - | - | - | - | - | 79,516 | - | 79,516 |
| Total expenses – cash | <u>443,067</u> | <u>3,735,812</u> | <u>2,976,764</u> | <u>915,994</u> | <u>2,488,286</u> | <u>443,358</u> | <u>1,031,624</u> | <u>65,641</u> | <u>12,100,546</u> | <u>899,359</u> | <u>359,461</u> | <u>13,359,366</u> |
| In-kind goods and services | - | - | - | - | 994,335 | - | 69,686 | 92,081 | 1,156,102 | - | - | 1,156,102 |
| Total expenses | <u>\$ 443,067</u> | <u>\$ 3,735,812</u> | <u>\$ 2,976,764</u> | <u>\$ 915,994</u> | <u>\$ 3,482,621</u> | <u>\$ 443,358</u> | <u>\$ 1,101,310</u> | <u>\$ 157,722</u> | <u>\$ 13,256,648</u> | <u>\$ 899,359</u> | <u>\$ 359,461</u> | <u>\$ 14,515,468</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 |
| Bank fees and interest | - | - | - | - | - | - | - | - | - | 53,213 | - | 53,213 |
| Miscellaneous | - | 32 | 160 | 673 | 10,160 | - | 1,875 | - | 12,900 | 30,670 | 4,403 | 47,973 |
| 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.

STATEMENTS OF CASH FLOWS

Years Ended May 31, 2023 And 2022

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Changes in net assets | \$ (842,213) | \$ 1,225,159 |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 137,679 | 128,078 |
| Contributions of stock | (121,702) | (1,037,171) |
| Realized and unrealized gains | 50,689 | 148,109 |
| Operating lease liability payments | (14,377) | - |
| Interest on lease liability | 759 | - |
| Amortization of right-of-use asset | 13,618 | - |
| Allowance for doubtful accounts | 79,516 | - |
| (Increase) decrease in: | | |
| Contracts and accounts receivable | 344,726 | (708,242) |
| Contributions receivable | 5,000 | 5,000 |
| Prepaid expenses | 10,688 | (5,687) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | 235,676 | 188,106 |
| Deferred revenue | 25,096 | (44,312) |
| Pension plan liability | (993) | 73,476 |
| Cash used in operating activities | <u>(75,838)</u> | <u>(27,484)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (74,170) | (409,400) |
| Purchases of long-term investments | (996,681) | (611,865) |
| Proceeds from sales of long-term investments | <u>1,172,934</u> | <u>863,976</u> |
| Cash provided by (used in) investing activities | <u>102,083</u> | <u>(157,289)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of line of credit | (225,469) | - |
| Repayment of loan | <u>-</u> | <u>(100,000)</u> |
| Cash used in financing activities | <u>(225,469)</u> | <u>(100,000)</u> |
| Net decrease in cash and cash equivalents | (199,224) | (284,773) |
| CASH AND CASH EQUIVALENTS, | | |
| Beginning of fiscal year | <u>378,992</u> | <u>663,765</u> |
| End of fiscal year | <u>\$ 179,768</u> | <u>\$ 378,992</u> |
| Supplemental Disclosure | | |
| Interest paid | <u>\$ 12,607</u> | <u>\$ 11,014</u> |
| Right-of-use asset in exchange for operating lease liability | <u>\$ 41,773</u> | <u>\$ -</u> |

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS

May 31, 2023 And 2022

(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, 2023 and 2022 was \$142,965 and \$352,923, 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, 2023 and 2022, approximate their fair market value because of their short maturities.

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

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS

May 31, 2023 And 2022

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, 2023, the organization recorded an allowance for doubtful accounts of \$79,516 for past-due receivables. At May 31, 2022, the organization believed all accounts receivable were 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.

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.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2023 And 2022

LEASES

Operating leases are included in operating lease right-of-use (“ROU”) assets and ROU lease liabilities in the statement of financial position. The Center determines whether an agreement is or contains a lease at inception of the lease.

ROU assets represent the Center’s right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Center’s leases do not provide an implicit interest rate, the incremental borrowing rate based on the information available at commencement date is used in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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 (2020 - 2022) or expected to be taken in the Center’s fiscal 2023 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

NEW ACCOUNTING PRONOUNCEMENT 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 Center adopted this ASU as of July 1, 2022 and applied the modified transition method for leases existing as of the beginning of the period of adoption. As such, the Center has not adjusted the statement of financial position for comparative periods; and this ASU did not result in a cumulative effect adjustment to the opening balance of net assets. The Center has elected to apply the package of practical expedients within ASU 2016-02 such that the Center did not reassess: (1) if expired or existing contracts are, or contain, leases; (2) lease classification for any expired or existing leases; and (3) initial direct costs for any existing leases. In addition, the Center has elected, as a practical expedient, not to apply lease recognition requirements to short-term lease arrangements, generally those with a lease term of less than 12-months, for all classes of underlying assets. Refer to Note 9 for additional details.

RECLASSIFICATIONS

Certain reclassifications were made to the 2022 financial statements to conform to the 2023 presentation.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2023 And 2022

(2) INVESTMENTS

The following represents the fair value of investments as of May 31, 2023 and 2022.

| | <u>2023</u> | <u>2022</u> |
|---------------------------|--------------------|--------------------|
| Common stock | \$ 226,690 | \$ 231,344 |
| Equity Mutual Funds | 1,020,964 | 940,818 |
| Fixed Income Mutual Funds | <u>692,278</u> | <u>873,010</u> |
| Total | <u>\$1,939,932</u> | <u>\$2,045,172</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, 2023 and 2022 is as follows:

| | <u>2023</u> | | | |
|---------------------------|--------------------|----------------|----------------|--------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Common stock | \$ 226,690 | \$ - | \$ - | \$ 226,690 |
| Equity Mutual Funds | 1,020,964 | - | - | 1,020,964 |
| Fixed Income Mutual Funds | <u>692,278</u> | <u>-</u> | <u>-</u> | <u>692,278</u> |
| Total Investments | <u>\$1,939,932</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$1,939,932</u> |

| | <u>2022</u> | | | |
|---------------------------|--------------------|----------------|----------------|--------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</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> |

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2023 And 2022

(4) CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable consist of the following as of May 31, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| Receivable in less than 1 year | \$ 340,000 | \$ 340,000 |
| Receivable in 1 to 5 years | <u>100,000</u> | <u>105,000</u> |
| | 440,000 | 445,000 |
| Less: Allowance for uncollectible accounts | <u>-</u> | <u>-</u> |
| Net unconditional promises to give | <u>\$ 440,000</u> | <u>\$ 445,000</u> |

(5) PROPERTY, BUILDINGS AND EQUIPMENT

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

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Office condominium | \$ 2,375,858 | \$ 2,375,858 |
| Furniture and fixtures | <u>127,398</u> | <u>413,417</u> |
| | 2,503,256 | 2,789,275 |
| Less accumulated depreciation | <u>(1,356,561)</u> | <u>(1,579,071)</u> |
| Property, buildings and equipment, net | <u>\$ 1,146,695</u> | <u>\$ 1,210,204</u> |

(6) LINE OF CREDIT

The Center has a \$500,000, 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% (9.00% at May 31, 2023). As of May 31, 2023, there were no outstanding borrowings on the line of credit. There were outstanding borrowings of \$225,469 as of May 31, 2022.

(7) NET ASSETS

Net assets with donor restrictions at May 31, 2023 and 2022 are available for the following purposes:

| | <u>2023</u> | <u>2022</u> |
|--|--------------------|--------------------|
| Refugee assistance & programs | \$ 70,861 | \$ 25,000 |
| Health & wellness programs | 117,070 | 285,921 |
| Legal Assistance | 16,407 | - |
| Opportunity fund (Long term capacity building) | 1,192,363 | 1,192,363 |
| Other | 11,000 | 11,000 |
| Use in future periods – promises to give | <u>421,667</u> | <u>341,667</u> |
| | <u>\$1,829,368</u> | <u>\$1,855,951</u> |

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2023 And 2022

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>2023</u> | <u>2022</u> |
|-------------------------------|-------------------|-------------------|
| Refugee assistance & programs | \$ 85,014 | \$ 18,798 |
| Health & wellness programs | 317,451 | 276,045 |
| Other | - | 77,921 |
| Time restrictions expired | <u>430,000</u> | <u>340,000</u> |
| | <u>\$ 832,465</u> | <u>\$ 712,764</u> |

(8) 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.

The following sets forth information regarding the plan as of and for the years ended May 31, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| <u>Change in Benefit Obligation</u> | | |
| Benefit obligation at the beginning of year | \$ 1,227,535 | \$ 1,241,833 |
| Service cost – benefits earned during the period | 6,310 | 13,065 |
| Interest cost on projected benefit obligation | 34,677 | 29,594 |
| Change due to assumption changes | (35,856) | (49,655) |
| Actuarial (gains)/losses | (11,777) | 36,314 |
| Expense charges | (3,361) | (13,065) |
| Annuities purchased or benefits paid | <u>(679)</u> | <u>(30,551)</u> |
| Benefit obligation at end of year | <u>\$ 1,216,849</u> | <u>\$ 1,227,535</u> |

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2023 And 2022

| <u>Change in Plan Assets</u> | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Fair value of plan assets at beginning of year | \$ 910,686 | \$ 998,460 |
| Actual return on plan assets | (5,653) | (61,090) |
| Employer contributions | - | 16,932 |
| Annuities purchased or benefits paid (including expense charges) | <u>(4,040)</u> | <u>(43,616)</u> |
| Fair value of plan assets at end of year | <u>\$ 900,993</u> | <u>\$ 910,686</u> |
| Funded status and amount recognized in Statement of Financial Position for Pension Plan Liability | <u>\$ (315,856)</u> | <u>\$ (316,849)</u> |
| <u>Components of Net Periodic Benefit Cost</u> | <u>2023</u> | <u>2022</u> |
| Interest cost on projected benefit obligation | \$ 40,987 | \$ 42,659 |
| Actual return on plan assets | (44,370) | (71,421) |
| Amortization of loss | <u>27,169</u> | <u>18,581</u> |
| Total net periodic benefit cost (credit) | <u>23,786</u> | <u>(10,181)</u> |
| (Gain) or loss recognized due to settlement | <u>-</u> | <u>-</u> |
| Total net periodic benefit cost (credit) after recognizing settlement | <u>\$ 23,786</u> | <u>\$ (10,181)</u> |
| Weighted-average assumptions used to determine benefit obligations at: | | |
| Discount rate | 4.85% | 3.82% |
| 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 | 3.82% | 2.40% |
| 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.

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

| | <u>2023</u> | <u>2022</u> |
|---------------------------|------------------|--------------------|
| Net actuarial gain (loss) | <u>\$ 24,779</u> | <u>\$(100,589)</u> |

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:

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2023 And 2022

| | 2023 | | 2022 | |
|-----------------|------------|---------|------------|---------|
| Equity | \$ 546,357 | 60.64% | \$ 553,661 | 60.80% |
| Fixed Income | 354,636 | 39.36% | 184,451 | 20.25% |
| General Account | - | 0.00% | 172,574 | 18.95% |
| | \$ 900,993 | 100.00% | \$ 910,686 | 100.00% |

The Center contributed \$16,932 to the defined benefit pension plan during the year ended May 31, 2022. The Center did not contribute to the plan during the Year ended May 31, 2023. 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> | |
|----------------------------|------------|
| 2024 | \$ 16,000 |
| 2025 | \$ 31,000 |
| 2026 | \$ 1,000 |
| 2027 | \$ 162,000 |
| 2028-2032 | \$ 194,000 |

The Center also has a defined contribution 403(b) plan covering all full-time personnel. For the years ended May 31, 2023 and 2022, the Center matched employee contributions up to 5% for the years ended May 31, 2023 and 2022. Total contributions to the plan for the years ended May 31, 2023 and 2022 amounted to \$78,293 and \$41,353, 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.
- 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.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2023 And 2022

The summary of inputs used to value the Institute’s plan assets carried at fair value as of May 31, 2023 and 2022 were as follows:

| | <u>2023</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 | \$ 546,357 | \$ 546,357 | \$ - | \$ - |
| Fixed Income | <u>354,636</u> | <u>354,636</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 900,993</u> | <u>\$ 900,993</u> | <u>\$ -</u> | <u>\$ -</u> |

| | <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> |

(9) LEASE COMMITMENTS

The Center leases a copier under an operating lease. The term of the lease is thirty six months beginning in June 2022. The following is quantitative data related to the Center’s operating lease for the year ended May 31, 2023:

Operating Lease Amounts:

| | |
|--------------------|-----------|
| Right-of-use asset | \$ 28,155 |
| Lease liability | 28,155 |

Other Information:

| | |
|--|-----------|
| Operating outgoing cash flows for operating leases | \$ 14,377 |
| Weighted-average remaining lease term | 2.0 years |
| Weighted average discount rate | 2.21% |

Lease cost information for the year ended June 30, 2023 is as follows:

| | |
|-----------------------|------------------|
| Operating lease costs | <u>\$ 14,377</u> |
|-----------------------|------------------|

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2023 And 2022

Approximate future minimum rentals under the non-cancelable operating lease are as follows:

| | <u>Office Facilities</u> |
|--------------------------------|-------------------------------------|
| 2024 | \$ 14,377 |
| 2025 | <u>14,377</u> |
| Total undiscounted cash flows | 28,754 |
| Less: present value adjustment | <u>(599)</u> |
| Operating lease liability | <u>\$ 28,155</u> |

(10) 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, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|------------------------------|--------------------|--------------------|
| Education services | \$ 92,081 | \$ 77,194 |
| Legal services | 69,686 | 131,336 |
| Health and wellness services | 819,797 | 1,260,063 |
| Donated goods | <u>174,538</u> | <u>185,578</u> |
| Total donations in-kind | <u>\$1,156,102</u> | <u>\$1,654,171</u> |

(11) CONCENTRATION OF REVENUE SOURCES

For the years ended May 31, 2023 and 2022, the Center received approximately 70% and 59%, 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.

(12) 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. The Center has not experienced significant adjustments in the past.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2023 And 2022

(13) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects the Center’s financial assets as of May 31, 2023 and 2022, 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>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 179,768 | \$ 378,992 |
| Investments | 1,939,932 | 2,045,172 |
| Contracts and accounts receivable | 1,494,608 | 1,918,850 |
| Contributions receivable, current | <u>340,000</u> | <u>340,000</u> |
| Total financial assets | 3,954,308 | 4,683,014 |
| Less: | | |
| Donor restricted funds | <u>(1,829,368)</u> | <u>(1,855,951)</u> |
| Financial assets available to meet general expenditures within one year | <u>\$ 2,124,940</u> | <u>\$ 2,827,063</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 \$500,000 line of credit which can be drawn on as needed during the year to manage cash flows.

(14) SUBSEQUENT EVENTS

In preparing these financial statements, management of the Center has evaluated events and transactions for potential recognition or disclosure through February 23, 2024, the date of the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended May 31, 2023

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal ALN</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 | 10/1/21 – 9/30/22 10/1/22 – 9/30/23 | \$ 924,863 | \$ - |
| Pass-through United States Committee of Refugees and Immigrants: Afghan Placement and Assistance Program | 19.510 | 9/1/21 – 9/30/22 | <u>120,513</u> | <u>-</u> |
| Total 19.510 | | | <u>1,045,376</u> | <u>-</u> |
| Total – U.S. Department of State Bureau of Population, Refugees and Migration | | | <u>1,045,376</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 | 10/1/21 – 9/30/22 10/1/22 – 9/30/23 | <u>2,286,424</u> | <u>-</u> |
| Preferred Communities Program for Newly Arriving Refugees with Intensive Case Management Needs | 93.576 | 9/30/21 – 9/29/22 9/30/22 – 9/29/23 | 136,160 | 18,216 |
| Preferred Communities Program – Afghan Supplemental Allocation | 93.576 | 10/1/21 – 9/30/22 10/1/22 – 9/30/23 | 724,975 | 28,489 |
| Preferred Communities Program - Ukrainian Supplemental Allocation | 93.576 | 5/1/22 – 9/30/22 10/1/22 – 9/30/23 | 782,640 | 600 |
| Services for Afghan Evacuees with a Focus on Youth and Women – Direct Assistance | 93.576 | 9/30/22 – 9/29/23 | 87,452 | - |
| Refugee Career Pathways – Direct Assistance | 93.576 | 10/1/21 – 9/30/22 10/1/22 – 9/30/23 | <u>249,366</u> | <u>-</u> |
| Total 93.576 | | | <u>1,980,593</u> | <u>47,305</u> |
| Refugee Marriage Strengthening Program | 93.086 | 9/30/21 – 9/29/22 9/30/22 – 9/29/23 | <u>152,744</u> | <u>-</u> |

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – (Continued)

Year Ended May 31, 2123

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Grant Number</u> | <u>Federal ALN</u> | <u>Grant Period</u> | <u>Expenditures</u> | <u>Provided to Subrecipients</u> |
|---|---------------------|--------------------|--|---------------------|----------------------------------|
| Federal Financial Awards | | | | | |
| Pass-through the Pennsylvania Department of Human Services Refugee Support Services / Afghan Refugee Support Services | | 93.566 | 10/1/21 – 9/30/22 10/1/22 – 9/30/23 | 1,118,199 | 7,500 |
| Pennsylvania Refugee Health Promotion | | 93.566 | 10/1/21 – 9/30/22 | 157,323 | - |
| Pennsylvania Afghan Refugee Health Promotion | | 93.566 | 10/1/22 – 9/30/23 | 43,380 | - |
| Pass-through Pennsylvania Department of Welfare: Philadelphia Refugee Health Program | | 93.566 | 9/30/21 – 9/29/22 10/1/22 – 9/30/23 | <u>77,738</u> | <u>23,584</u> |
| Total 93.566 | | | | <u>1,396,640</u> | <u>31,084</u> |
| Pass-through Philadelphia Department of Public Health: Preparedness Program | | 93.391 | 9/30/22 – 9/29/23 | <u>35,695</u> | - |
| Survivors of Torture – Direct Assistance | | 93.604 | 9/30/21 – 9/29/22 9/30/22 – 9/29/23 | <u>408,477</u> | <u>38,877</u> |
| Pass- through Pennsylvania Coalition Against Domestic Violence Sub-award from Lutheran Settlement House (Phila) Family Violence Prevention & Services - Culturally Specific | | 93.496 | 12/1/21 – 6/30/23 | <u>14,855</u> | - |
| Pass-through the Pennsylvania Department of Human Services Wilson/Fish Program | | 93.583 | 4/1/22 – 9/30/23 | <u>83,851</u> | - |
| Pass-through the Pennsylvania Department of Human Services Additional Ukraine Supplemental Appropriations Act (AUSAA) | | 93.584 | 10/1/22 – 9/30/23 | <u>90,558</u> | - |
| Pass-through Pennsylvania Developmental Disabilities Council : Cross Systems Navigator | | 93.630 | 3/1/22 – 2/28/23 | <u>57,879</u> | <u>2,067</u> |
| Total – U.S. Department of Health & Human Services | | | | <u>6,507,716</u> | <u>119,333</u> |

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – (Continued)

Year Ended May 31, 2023

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal ALN</u> | <u>Grant Period</u> | <u>Expenditures</u> | <u>Provided to Subrecipients</u> |
|--|--------------------|--------------------------------------|---------------------|----------------------------------|
| Federal Financial Awards | | | | |
| U.S. Department of Justice | | | | |
| Pass-through Pennsylvania Commission on Crime and Delinquency Immigrant Victims of Crime | 33116 | 10/1/20 – 9/30/23 | <u>586,448</u> | <u>-</u> |
| Specialized Services for Victims of Trafficking in Southeastern Pennsylvania | 16.321 | 10/1/22 – 9/30/25 | 74,649 | - |
| Pass-through The Salvation Army: Philadelphia Anti-Human Trafficking Task Force | 16.321 | 1/1/18 – 9/30/23 | <u>45,635</u> | <u>-</u> |
| Total 16.321 | | | <u>120,284</u> | <u>-</u> |
| Total – U.S. Department of Justice | | | <u>706,732</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 7/1/22 – 6/30/23 | <u>248,950</u> | <u>-</u> |
| Corporation for National and Community Service (CNCS) (AmeriCorps) | | | | |
| Senior Demonstration Program | 94.017 | 7/1/22 – 6/30/24 | <u>26,192</u> | <u>-</u> |
| U.S Department of Homeland Security | | | | |
| Emergency Food and Shelter National Board Program | 97.024 | 11/1/21 – 4/23/23 | <u>183,885</u> | <u>-</u> |
| Total Federal Awards | | | <u>\$ 8,718,851</u> | <u>\$ 119,333</u> |

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended May 31, 2023

(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 | \$ 9,829,875 |
| Other private grants without donor restrictions | <u>(1,111,024)</u> |
| Federal award expenditures | <u>\$ 8,718,851</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, 2023, 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, 2024.

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 23, 2024.

**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, 2024**

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, 2023. 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, 2023.

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, 2024**

SECTION IV

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended May 31, 2023

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 No
Significant deficiency(ies) identified not
considered to be material weaknesses? Yes None Reported
- (iii) Noncompliance material to financial statements noted? Yes No

Federal Awards

- (iv) Internal control over major programs:
Material weakness(es) identified? Yes No
Significant deficiency(ies) identified not
considered to be material weaknesses? Yes 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 No
- (vii) Identification of major programs:

Name of Federal Program or Cluster

Assistance Listing Number

- Refugee and Entrant Assistance Discretionary Grants 93.576
- Dollar threshold used to distinguish between
Type A and Type B Programs: \$750,000
- (ix) Auditee qualified as low-risk Auditee? Yes No

NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (Continued)

Year Ended May 31, 2023

Part II – Financial Statement Finding Section:

No matters reportable for the year ended May 31, 2023.

Part III – Federal Awards Findings and Questioned Cost Section:

Year ended May 31, 2023

No findings or questioned costs noted.

Status of Prior Year Findings:

No findings or questioned costs noted.