

**NATIONALITIES SERVICE CENTER OF  
PHILADELPHIA, INC.**

***SINGLE AUDIT REPORT***

**YEAR ENDED MAY 31, 2016**

# 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, 2016 AND 2015**

# 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**

***Report on the Financial Statements***

We have audited the accompanying financial statements of The Nationalities Service Center of Philadelphia, Inc., (the “Center”), which comprise the statement of financial position as of May 31, 2016 and 2015, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

***Management Responsibility for the Financial Statements***

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

***Auditor’s Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of May 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

***Other Matters***

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, Cost 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 or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2016, on our consideration of The Center'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Center's internal control over financial reporting and compliance.



**Philadelphia, Pennsylvania  
October 27, 2016**

# NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

## STATEMENTS OF FINANCIAL POSITION

May 31, 2016 And 2015

|   | <u>2016</u>         | <u>2015</u>         |
|---|---------------------|---------------------|
| <b>ASSETS</b>                           |                     |                     |
| <b>CURRENT ASSETS</b>                   |                     |                     |
| Cash and cash equivalents               | \$ 345,669          | \$ 505,341          |
| Investments                             | 579,324             | 913,565             |
| Contracts and accounts receivable       | 560,389             | 402,301             |
| Contributions receivable                | 3,940               | 50,000              |
| Prepaid expenses                        | <u>13,592</u>       | <u>33,319</u>       |
| <b>Total current assets</b>             | <u>1,502,914</u>    | <u>1,904,526</u>    |
| Property and equipment, net             | <u>1,359,435</u>    | <u>939,795</u>      |
| <b>Total Assets</b>                     | <u>\$ 2,862,349</u> | <u>\$ 2,844,321</u> |
| <b>LIABILITIES AND NET ASSETS</b>       |                     |                     |
| <b>CURRENT LIABILITIES</b>              |                     |                     |
| Accounts payable and accrued expenses   | <u>\$ 311,901</u>   | <u>\$ 244,742</u>   |
| <b>Total current liabilities</b>        | <u>311,901</u>      | <u>244,742</u>      |
| <b>OTHER LIABILITIES</b>                |                     |                     |
| Pension plan liability                  | <u>582,926</u>      | <u>372,657</u>      |
| <b>Total Liabilities</b>                | <u>894,827</u>      | <u>617,399</u>      |
| <b>NET ASSETS</b>                       |                     |                     |
| Unrestricted                            | 1,869,520           | 1,861,311           |
| Temporarily restricted                  | <u>98,002</u>       | <u>365,611</u>      |
| <b>Total Net Assets</b>                 | <u>1,967,522</u>    | <u>2,226,922</u>    |
| <b>Total liabilities and net assets</b> | <u>\$ 2,862,349</u> | <u>\$ 2,844,321</u> |



# NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

## STATEMENT OF ACTIVITIES

Year Ended May 31, 2016

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>        |
|---|---------------------|-----------------------------------|---------------------|
| <b>REVENUE AND SUPPORT</b>                                      |                     |                                   |                     |
| Grants and contracts  | \$ 2,826,902        | \$ 86,260                         | \$ 2,913,162        |
| United Way of Southeastern PA                                   | 11,784              | -                                 | 11,784              |
| Contributions   | 458,513             | 118,838                           | 577,351             |
| Service fees  | 1,332,627           | -                                 | 1,332,627           |
| Investment income (loss)  | (31,522)            | -                                 | (31,522)            |
| Other   | 329                 | -                                 | 329                 |
| Temporarily restricted net assets released<br>from restrictions | <u>472,707</u>      | <u>(472,707)</u>                  | <u>-</u>            |
| <b>Total revenue and support – cash</b>                         | <u>5,071,340</u>    | <u>(267,609)</u>                  | <u>4,803,731</u>    |
| In-kind goods and services                                      | <u>834,769</u>      | <u>-</u>                          | <u>834,769</u>      |
| <b>Total revenues and support</b>                               | <u>5,906,109</u>    | <u>(267,609)</u>                  | <u>5,638,500</u>    |
| <b>EXPENSES</b>   |                     |                                   |                     |
| Programs  |                     |                                   |                     |
| Social services   | 2,023,093           | -                                 | 2,023,093           |
| Health & Wellness   | 640,447             | -                                 | 640,447             |
| Translation/Interpreting  | 863,498             | -                                 | 863,498             |
| Legal assistance  | 608,982             | -                                 | 608,982             |
| Education   | <u>192,239</u>      | <u>-</u>                          | <u>192,239</u>      |
| Total program expense   | <u>4,328,259</u>    | <u>-</u>                          | <u>4,328,259</u>    |
| Supporting services   |                     |                                   |                     |
| Management and general  | 462,480             | -                                 | 462,480             |
| Fundraising   | <u>174,288</u>      | <u>-</u>                          | <u>174,288</u>      |
| Total supporting services                                       | <u>636,768</u>      | <u>-</u>                          | <u>636,768</u>      |
| <b>Total expenses – cash</b>                                    | <u>4,965,027</u>    | <u>-</u>                          | <u>4,965,027</u>    |
| In-kind goods and services                                      | <u>834,769</u>      | <u>-</u>                          | <u>834,769</u>      |
| <b>Total expenses</b>   | <u>5,799,796</u>    | <u>-</u>                          | <u>5,799,796</u>    |
| Excess (deficit) revenues over expenses                         | 106,313             | (267,609)                         | (161,296)           |
| <b>OTHER CHANGES</b>  |                     |                                   |                     |
| Net actuarial loss on defined benefit plan                      | <u>(98,104)</u>     | <u>-</u>                          | <u>(98,104)</u>     |
| <b>Total other changes</b>                                      | <u>(98,104)</u>     | <u>-</u>                          | <u>(98,104)</u>     |
| <b>CHANGE IN NET ASSETS</b>                                     | 8,209               | (267,609)                         | (259,400)           |
| <b>NET ASSETS</b>   |                     |                                   |                     |
| Beginning of year   | <u>1,861,311</u>    | <u>365,611</u>                    | <u>2,226,922</u>    |
| <b>End of year</b>  | <u>\$ 1,869,520</u> | <u>\$ 98,002</u>                  | <u>\$ 1,967,522</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, 2015

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>        |
|---|---------------------|-----------------------------------|---------------------|
| <b>REVENUE AND SUPPORT</b>                                      |                     |                                   |                     |
| Grants and contracts  | \$ 2,543,839        | \$ 205,250                        | \$ 2,749,089        |
| United Way of Southeastern PA                                   | 2,493               | -                                 | 2,493               |
| Contributions   | 899,220             | 361,338                           | 1,260,558           |
| Service fees  | 1,183,896           | -                                 | 1,183,896           |
| Investment income   | 78,471              | -                                 | 78,471              |
| Other   | 8,254               | -                                 | 8,254               |
| Temporarily restricted net assets released<br>from restrictions | <u>222,977</u>      | <u>(222,977)</u>                  | <u>-</u>            |
| <b>Total revenue and support – cash</b>                         | <u>4,939,150</u>    | <u>343,611</u>                    | <u>5,282,761</u>    |
| In-kind goods and services                                      | <u>1,115,691</u>    | <u>-</u>                          | <u>1,115,691</u>    |
| <b>Total revenues and support</b>                               | <u>6,054,841</u>    | <u>343,611</u>                    | <u>6,398,452</u>    |
| <b>EXPENSES</b>   |                     |                                   |                     |
| Programs  |                     |                                   |                     |
| Refugee services  | 2,352,391           | -                                 | 2,352,391           |
| Senior Center   | 76,772              | -                                 | 76,772              |
| Translation/Interpreting  | 694,928             | -                                 | 694,928             |
| Legal assistance  | 433,056             | -                                 | 433,056             |
| Education   | <u>204,645</u>      | <u>-</u>                          | <u>204,645</u>      |
| Total program expense   | <u>3,761,792</u>    | <u>-</u>                          | <u>3,761,792</u>    |
| Supporting services   |                     |                                   |                     |
| Management and general  | 322,685             | -                                 | 322,685             |
| Fundraising   | <u>132,267</u>      | <u>-</u>                          | <u>132,267</u>      |
| Total supporting services                                       | <u>454,952</u>      | <u>-</u>                          | <u>454,952</u>      |
| <b>Total expenses – cash</b>                                    | <u>4,216,744</u>    | <u>-</u>                          | <u>4,216,744</u>    |
| In-kind goods and services                                      | <u>1,115,691</u>    | <u>-</u>                          | <u>1,115,691</u>    |
| <b>Total expenses</b>   | <u>5,332,435</u>    | <u>-</u>                          | <u>5,332,435</u>    |
| Excess revenues over expenses                                   | 722,406             | 343,611                           | 1,066,017           |
| <b>OTHER CHANGES</b>  |                     |                                   |                     |
| Net actuarial loss on defined benefit plan                      | <u>(29,965)</u>     | <u>-</u>                          | <u>(29,965)</u>     |
| <b>Total other changes</b>                                      | <u>(29,965)</u>     | <u>-</u>                          | <u>(29,965)</u>     |
| <b>CHANGE IN NET ASSETS</b>                                     | 692,441             | 343,611                           | 1,036,052           |
| <b>NET ASSETS</b>   |                     |                                   |                     |
| Beginning of year   | <u>1,168,870</u>    | <u>22,000</u>                     | <u>1,190,870</u>    |
| <b>End of year</b>  | <u>\$ 1,861,311</u> | <u>\$ 365,611</u>                 | <u>\$ 2,226,922</u> |

# NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

## STATEMENTS OF CASH FLOWS

Years Ended May 31, 2016 And 2015

|  | <u>2016</u>       | <u>2015</u>       |
|--|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                   |                   |
| Changes in net assets  | \$ (259,400)      | \$1,036,052       |
| Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities: |                   |                   |
| Depreciation and amortization  | 111,756           | 80,145            |
| Realized and unrealized (gains) losses   | 51,356            | (71,566)          |
| Contributed stock gifts  | -                 | (841,999)         |
| (Increase) decrease in:  |                   |                   |
| Contracts and accounts receivable  | (158,088)         | (22,881)          |
| Promises to give   | 46,060            | (28,000)          |
| Prepaid expenses   | 19,727            | 13,643            |
| Increase (decrease) in:  |                   |                   |
| Accounts payable and accrued expenses  | 67,159            | 31,065            |
| Pension plan liability   | <u>210,269</u>    | <u>(127,105)</u>  |
| <b>Cash provided by operating activities</b>   | <u>88,839</u>     | <u>69,354</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                   |                   |
| Purchases of property and equipment  | (531,396)         | (23,271)          |
| Purchases of long-term investments   | (571,180)         | -                 |
| Proceeds from sales of long-term investments   | <u>854,065</u>    | <u>-</u>          |
| <b>Cash used in investing activities</b>   | <u>(248,511)</u>  | <u>(23,271)</u>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | (159,672)         | 46,083            |
| <b>CASH AND CASH EQUIVALENTS,</b>  |                   |                   |
| Beginning of fiscal year   | <u>505,341</u>    | <u>459,258</u>    |
| End of fiscal year   | <u>\$ 345,669</u> | <u>\$ 505,341</u> |

# NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

## NOTES TO FINANCIAL STATEMENTS

May 31, 2016 And 2015

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### (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 three classes of net assets:

##### ***Unrestricted Net Assets***

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

##### ***Temporarily Restricted Net Assets***

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

##### ***Permanently Restricted Net Assets***

Net assets subject to donor-imposed stipulations that are maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned on related investments for general or specific purposes, subject to limitations specified by Commonwealth of Pennsylvania Law. There were no permanently restricted net assets as May 31, 2016 and 2015.

#### ***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 mutual funds in which fair market value at May 31, 2016 and 2015 was \$111,638 and \$265,571, 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.

# NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

## NOTES TO FINANCIAL STATEMENTS

May 31, 2016 And 2015

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### ***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, 2016 and 2015, approximate their fair market value because of their short maturities.

### ***CONTRIBUTIONS AND PROMISES TO GIVE***

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "*net assets released from restrictions*".

### ***CONTRACTS AND ACCOUNTS RECEIVABLE***

Contracts 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, 2016 and 2015, the organization believes all contracts and 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     |

### ***EXCHANGE TRANSACTIONS***

The Center accounts for its revenue from government and other contracts as exchange transactions. Revenue is recognized in the statement of activities when earned, and any amounts received but not earned are recorded as refundable advances on the statement of financial position.

### ***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.

# NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2016 And 2015

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### **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 tax years (2012 - 2014) or expected to be taken in the Center’s 2015 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

## **(2) PLEDGES AND PROMISES TO GIVE**

Pledge and promises to give at May 31 are as follows:

|  | <u>2016</u>     | <u>2015</u>      |
|--|-----------------|------------------|
| Receivable in less than one year                 | \$ 3,940        | \$ 40,000        |
| Receivable in one to five years                  | <u>-</u>        | <u>10,000</u>    |
| Total receivables, pledges, and promises to give | <u>\$ 3,940</u> | <u>\$ 50,000</u> |

## **(3) INVESTMENTS**

The following represents the fair value of investments as of May 31, 2016 and 2015.

|                           | <u>2016</u>      | <u>2015</u>       |
|---------------------------|------------------|-------------------|
| Equity Securities         | \$ -             | \$ 913,565        |
| Equity Mutual Funds       | 329,384          | -                 |
| Fixed Income Mutual Funds | 224,839          | -                 |
| ETF                       | <u>25,101</u>    | <u>-</u>          |
| Total                     | <u>\$579,324</u> | <u>\$ 913,565</u> |

# NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2016 And 2015

### (4) FAIR VALUE OF FINANCIAL INSTRUMENTS

NSC 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 NSC’s assets that are carried at fair value as of May 31, 2016 and 2015 is as follows:

|                           | <u>2016</u>       |                |                | <u>Total</u>      |
|---------------------------|-------------------|----------------|----------------|-------------------|
|                           | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> |                   |
| Equity Mutual Funds       | \$ 329,384        | \$ -           | \$ -           | \$ 329,384        |
| Fixed Income Mutual Funds | 224,839           | -              | -              | 224,839           |
| ETF                       | <u>25,101</u>     | <u>-</u>       | <u>-</u>       | <u>25,101</u>     |
| Total Investments         | <u>\$ 579,324</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 579,324</u> |

|                   | <u>2015</u>       |                |                | <u>Total</u>      |
|-------------------|-------------------|----------------|----------------|-------------------|
|                   | <u>Level 1</u>    | <u>Level 2</u> | <u>Level 3</u> |                   |
| Equity Securities | \$ 913,565        | \$ -           | \$ -           | \$ 913,565        |
| Total Investments | <u>\$ 913,565</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 913,565</u> |

### (5) PROPERTY, BUILDINGS AND EQUIPMENT

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

|  | <u>2016</u>         | <u>2015</u>       |
|--|---------------------|-------------------|
| Office condominium                     | \$1,963,775         | \$ 1,423,133      |
| Furniture and fixtures                 | 360,188             | 360,188           |
| Construction-in-progress               | <u>-</u>            | <u>15,994</u>     |
|  | 2,323,963           | 1,799,315         |
| Less accumulated depreciation          | <u>(964,528)</u>    | <u>(859,520)</u>  |
| Property, buildings and equipment, net | <u>\$ 1,359,435</u> | <u>\$ 939,795</u> |

# NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2016 And 2015

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### (6) NET ASSETS

Temporarily restricted net assets at May 31, 2016 and 2015 are available for the following purposes:

|  | <u>2016</u>     | <u>2015</u>      |
|--|-----------------|------------------|
| Use in future periods – promises to give | \$ 10,000       | \$ 20,000        |
| Capital improvements                     | -               | 230,477          |
| Domestic violence program                | 29,685          | 51,667           |
| Mental health specialist                 | -               | 21,887           |
| Home gardens project                     | 34,887          | 14,305           |
| Health care improvements                 | 3,430           | -                |
| Refugee assistance                       | 10,000          | -                |
| New American Integration support         | 10,000          | -                |
| Website improvements                     | <u>-</u>        | <u>27,275</u>    |
|  | <u>\$98,002</u> | <u>\$365,611</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 June 30 as follows:

|                           | <u>2016</u>      | <u>2015</u>      |
|---------------------------|------------------|------------------|
| Time restrictions expired | \$ 10,000        | \$ 22,000        |
| Capital improvements      | 315,737          | 16,111           |
| Domestic violence program | 31,982           | 8,333            |
| Mental health specialist  | 21,887           | 28,113           |
| Home gardens project      | 16,418           | 695              |
| Health care improvements  | 570              | -                |
| Law fellowship program    | 47,838           | -                |
| Employee retirement plans | -                | 140,000          |
| Website improvements      | <u>28,275</u>    | <u>7,725</u>     |
|                           | <u>\$472,707</u> | <u>\$222,977</u> |

### (7) 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, 2016 And 2015

The following sets forth information regarding the plan as of and for the years ended May 31, 2016 and 2015:

|  | <u>2016</u>         | <u>2015</u>         |
|--|---------------------|---------------------|
| <b><u>Change in Benefit Obligation</u></b>   |                     |                     |
| Benefit obligation at the beginning of year  | \$ 1,365,627        | \$ 1,329,136        |
| Service cost – benefits earned during the period   | 7,765               | 7,475               |
| Interest cost on projected benefit obligation  | 46,563              | 47,194              |
| Change due to assumption changes   | 42,507              | 25,634              |
| Actuarial (gains)/losses   | 114,401             | 7,507               |
| Annuities purchased or benefits paid   | (7,765)             | (7,475)             |
| Expense charges  | <u>(322,201)</u>    | <u>(43,844)</u>     |
| Benefit obligation at end of year  | <u>\$ 1,246,897</u> | <u>\$ 1,365,627</u> |
| <b><u>Change in Plan Assets</u></b>  |                     |                     |
| Fair value of plan assets at beginning of year   | \$ 992,970          | \$ 829,374          |
| Actual return on plan assets   | (9,699)             | 57,541              |
| Employer contributions   | 10,666              | 157,374             |
| Annuities purchased or benefits paid<br>(including expense charges)                                  | <u>(329,966)</u>    | <u>(51,319)</u>     |
| Fair value of plan assets at end of year   | <u>\$ 663,971</u>   | <u>\$ 992,970</u>   |
| Funded status and amount recognized in<br>Statement of Financial Position for Pension Plan Liability | <u>\$ (582,926)</u> | <u>\$ (372,657)</u> |
| <b><u>Components of Net Periodic Benefit Cost</u></b>  |                     |                     |
| Interest cost on projected benefit obligation  | \$ 54,328           | \$ 54,669           |
| Actual return on plan assets   | (70,832)            | (66,592)            |
| Amortization of loss   | <u>14,427</u>       | <u>12,227</u>       |
| Total net periodic benefit cost (credit)   | <u>\$ (2,077)</u>   | <u>\$ 304</u>       |
| (Gain) or loss recognized due to settlement  | <u>124,908</u>      | <u>-</u>            |
| Total net periodic benefit cost (credit) after recognizing settlement                                | <u>\$ 122,831</u>   | <u>\$ 304</u>       |
| Weighted-average assumptions used to determine benefit obligations at:                               |                     |                     |
| Discount rate  | 3.1%                | 3.4%                |
| Expected long-term return on net assets  | 7.5%                | 8.0%                |
| Rate of compensation increase  | 0.0%                | 0.0%                |
| Weighted-average assumptions used to determine net periodic benefit cost for years ending at:        |                     |                     |
| Discount rate  | 3.4%                | 3.6%                |
| Expected long-term return on net assets  | 7.5%                | 8.0%                |
| Rate of compensation increase  | 0.0%                | 0.0%                |

The expected long-term rate of return on net assets assumption of 7.5% 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, 2016 And 2015

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

|                           | <u>2016</u>       | <u>2015</u>       |
|---------------------------|-------------------|-------------------|
| Net actuarial gain (loss) | <u>\$(98,104)</u> | <u>\$(29,965)</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, plan assets are as follows:

|                 | <u>2016</u>       |                | <u>2015</u>       |                |
|-----------------|-------------------|----------------|-------------------|----------------|
| Equity          | \$ 369,015        | 55.58%         | \$ 543,311        | 54.72%         |
| Fixed Income    | 220,048           | 33.14%         | 270,607           | 27.25%         |
| General Account | 74,908            | 11.28%         | 79,052            | 7.96%          |
| Cash            | <u>-</u>          | <u>0.00%</u>   | <u>100,000</u>    | <u>10.07%</u>  |
|                 | <u>\$ 663,971</u> | <u>100.00%</u> | <u>\$ 992,970</u> | <u>100.00%</u> |

The Center contributed \$10,666 and \$157,374 to the defined benefit pension plan during the years ended May 31, 2016 and 2015, 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</u><br><u>Year-End</u> |            |
|----------------------------------|------------|
| 2017                             | \$ 75,000  |
| 2018                             | \$ 37,000  |
| 2019                             | \$ 161,000 |
| 2020                             | \$ 177,000 |
| 2021-2025                        | \$ 323,000 |

The Center also has a defined contribution 403(b) plan covering all full-time personnel. The Center matches up to 50% of an employee's contribution not to exceed 6%. Total contributions to the plan for the years ended May 31, 2016 and 2015 amounted to \$23,830 and \$4,552, respectively.

# NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2016 And 2015

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.

The summary of inputs used to value the Institute’s plan assets carried at fair value as of May 31, 2016 and 2015 were as follows:

|              | <b>2016</b>       |                                      |   |  |
|--------------|-------------------|--------------------------------------|---|--|
|              | <b>Total</b>      | <b>Level 1<br/>Quoted<br/>Prices</b> | <b>Level 2<br/>Other<br/>Significant<br/>Inputs</b> | <b>Level 3<br/>Significant<br/>Unobservable<br/>Inputs</b> |
| Fixed Income | \$ 220,048        | \$ 220,048                           | \$ -  | \$ -   |
| Equities     | <u>369,015</u>    | <u>369,015</u>                       | -   | -  |
|              | <u>\$ 589,063</u> | <u>\$ 589,063</u>                    | <u>\$ -</u>   | <u>\$ -</u>  |

|              | <b>2015</b>       |                                      |   |  |
|--------------|-------------------|--------------------------------------|---|--|
|              | <b>Total</b>      | <b>Level 1<br/>Quoted<br/>Prices</b> | <b>Level 2<br/>Other<br/>Significant<br/>Inputs</b> | <b>Level 3<br/>Significant<br/>Unobservable<br/>Inputs</b> |
| Fixed Income | \$ 270,607        | \$ 270,607                           | \$ -  | \$ -   |
| Equities     | 543,311           | 543,311                              | -   | -  |
| Cash         | <u>100,000</u>    | <u>100,000</u>                       | -   | -  |
|              | <u>\$ 913,918</u> | <u>\$ 913,918</u>                    | <u>\$ -</u>   | <u>\$ -</u>  |

# NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

May 31, 2016 And 2015

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### (8) CONCENTRATION OF REVENUE SOURCES

For the years ended May 31, 2016 and 2015, the Center received approximately 57% and 45%, respectively, of its total revenue from one funding source (the Federal Government), (directly and indirectly, through other organizations) for a range of refugee support resettlement services. Substantially all of this funding was awarded on a per capita basis, with the increased funding directly reflecting an expansion of numbers of refugees resettled.

### (9) 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.

### (10) SUBSEQUENT EVENTS

In preparing these financial statements, management of the Center has evaluated events and transactions for potential recognition or disclosure through October 27, 2016, the date of the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

# NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended May 31, 2016

|   | <u>Social<br/>Services</u> | <u>Health &amp;<br/>Wellness</u> | <u>Translation/<br/>Interpreting</u> | <u>Legal</u>      | <u>Education</u>  | <u>Total</u>        | <u>Management<br/>And<br/>General</u> | <u>Fundraising</u> | <u>Total<br/>Expense</u> |
|---|----------------------------|----------------------------------|--------------------------------------|-------------------|-------------------|---------------------|---------------------------------------|--------------------|--------------------------|
| Salaries                                  | \$ 594,408                 | \$ 300,231                       | \$ 229,694                           | \$ 355,867        | \$ 99,379         | \$ 1,579,579        | \$ 219,315                            | \$ -               | \$ 1,798,894             |
| Employee pension expense                  | 40,587                     | 20,500                           | 15,684                               | 24,299            | 6,786             | 107,856             | 14,975                                | -                  | 122,831                  |
| Other employee benefits and payroll taxes | <u>120,991</u>             | <u>57,314</u>                    | <u>44,529</u>                        | <u>69,388</u>     | <u>18,926</u>     | <u>311,148</u>      | <u>53,463</u>                         | <u>-</u>           | <u>364,611</u>           |
| <b>Total salaries, benefits and taxes</b> | <u>755,986</u>             | <u>378,045</u>                   | <u>289,907</u>                       | <u>449,554</u>    | <u>125,091</u>    | <u>1,998,583</u>    | <u>287,753</u>                        | <u>-</u>           | <u>2,286,336</u>         |
| Professional fees and contracted services | 160,681                    | 137,632                          | 512,673                              | 59,320            | 6,741             | 877,047             | 14,080                                | 104,732            | 995,859                  |
| Supplies, telephone and postage           | 39,621                     | 23,420                           | 11,986                               | 19,728            | 5,895             | 100,650             | 8,377                                 | 3,624              | 112,651                  |
| Occupancy                                 | 30,196                     | 14,177                           | 21,945                               | 27,338            | 18,620            | 112,276             | 9,146                                 | 2,919              | 124,341                  |
| Repairs                                   | 7,496                      | 3,850                            | 2,897                                | 4,488             | 1,253             | 19,984              | 2,766                                 | 883                | 23,633                   |
| Equipment and maintenance                 | 2,622                      | 1,559                            | 642                                  | 2,745             | -                 | 7,568               | 52,157                                | 1,188              | 60,913                   |
| Printing and teaching materials           | 730                        | 253                              | 947                                  | 258               | 27,054            | 29,242              | 88                                    | 131                | 29,461                   |
| Travel                                    | 38,519                     | 6,652                            | 358                                  | 4,102             | -                 | 49,631              | 14                                    | 143                | 49,788                   |
| Conferences and meetings                  | 1,903                      | 1,910                            | 1,460                                | -                 | -                 | 5,273               | 1,185                                 | -                  | 6,458                    |
| Dues and subscriptions                    | 115                        | 625                              | 2,736                                | 8,172             | -                 | 11,648              | 30,238                                | -                  | 41,886                   |
| Insurance                                 | 7,138                      | 3,662                            | 2,758                                | 6,965             | 1,193             | 21,716              | 2,634                                 | 841                | 25,191                   |
| Specific assistance to individuals        | 933,001                    | 42,308                           | -                                    | -                 | -                 | 975,309             | -                                     | -                  | 975,309                  |
| Depreciation and amortization             | 35,544                     | 17,953                           | 13,735                               | 21,280            | 5,943             | 94,455              | 13,115                                | 4,186              | 111,756                  |
| Special event expense                     | -                          | -                                | 107                                  | -                 | -                 | 107                 | 164                                   | 55,043             | 55,314                   |
| Miscellaneous                             | <u>9,541</u>               | <u>8,401</u>                     | <u>1,347</u>                         | <u>5,032</u>      | <u>449</u>        | <u>24,770</u>       | <u>40,763</u>                         | <u>598</u>         | <u>66,131</u>            |
| <b>Total expenses – cash</b>              | <u>2,023,093</u>           | <u>640,447</u>                   | <u>863,498</u>                       | <u>608,982</u>    | <u>192,239</u>    | <u>4,328,259</u>    | <u>462,480</u>                        | <u>174,288</u>     | <u>4,965,027</u>         |
| In-kind goods and services                | <u>262,911</u>             | <u>83,632</u>                    | <u>-</u>                             | <u>170,193</u>    | <u>245,250</u>    | <u>761,986</u>      | <u>72,783</u>                         | <u>-</u>           | <u>834,769</u>           |
| <b>Total expenses</b>                     | <u>\$ 2,286,004</u>        | <u>\$ 724,079</u>                | <u>\$ 863,498</u>                    | <u>\$ 779,175</u> | <u>\$ 437,489</u> | <u>\$ 5,090,245</u> | <u>\$ 535,263</u>                     | <u>\$ 174,288</u>  | <u>\$ 5,799,796</u>      |

# NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

## SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended May 31, 2015

|   | <u>Refugee<br/>Services</u> | <u>Senior<br/>Center</u> | <u>Translation/<br/>Interpreting</u> | <u>Legal</u>      | <u>Education</u>  | <u>Total</u>        | <u>Management<br/>And<br/>General</u> | <u>Fundraising</u> | <u>Total<br/>Expense</u> |
|---|-----------------------------|--------------------------|--------------------------------------|-------------------|-------------------|---------------------|---------------------------------------|--------------------|--------------------------|
| Salaries                                  | \$ 768,139                  | \$ 24,750                | \$ 221,958                           | \$ 238,243        | \$ 105,528        | \$ 1,358,618        | \$ 219,672                            | \$ -               | \$ 1,578,290             |
| Employee pension expense                  | 19,616                      | 632                      | 5,668                                | 6,084             | 2,695             | 34,695              | 5,609                                 | -                  | 40,304                   |
| Other employee benefits and payroll taxes | <u>181,211</u>              | <u>5,240</u>             | <u>53,038</u>                        | <u>57,438</u>     | <u>25,754</u>     | <u>322,681</u>      | <u>21,734</u>                         | <u>-</u>           | <u>344,415</u>           |
| <b>Total salaries, benefits and taxes</b> | <u>968,966</u>              | <u>30,622</u>            | <u>280,664</u>                       | <u>301,765</u>    | <u>133,977</u>    | <u>1,715,994</u>    | <u>247,015</u>                        | <u>-</u>           | <u>1,963,009</u>         |
| Professional fees and contracted services | 354,747                     | 1,947                    | 348,757                              | 68,985            | 11,066            | 785,502             | 14,225                                | 82,759             | 882,486                  |
| Supplies, telephone and postage           | 46,157                      | 20,348                   | 9,789                                | 13,143            | 5,232             | 94,669              | 7,070                                 | 5,319              | 107,058                  |
| Occupancy                                 | 37,058                      | 9,725                    | 10,574                               | 11,350            | 5,027             | 73,734              | 10,466                                | 3,703              | 87,903                   |
| Repairs                                   | 11,892                      | 706                      | 3,000                                | 3,220             | 1,426             | 20,244              | 2,967                                 | 1,051              | 24,262                   |
| Equipment and maintenance                 | 28,036                      | 738                      | 9,543                                | 9,030             | 4,081             | 51,428              | 6,545                                 | 2,316              | 60,289                   |
| Printing and teaching materials           | 646                         | -                        | 299                                  | 212               | 34,382            | 35,539              | 859                                   | 1,073              | 37,471                   |
| Travel                                    | 34,929                      | 242                      | 2,085                                | 2,306             | -                 | 39,562              | 1,677                                 | 117                | 41,356                   |
| Conferences and meetings                  | 759                         | -                        | 720                                  | 625               | 865               | 2,969               | 1,115                                 | 34                 | 4,118                    |
| Dues and subscriptions                    | 640                         | -                        | 1,458                                | 5,279             | 123               | 7,500               | 3,999                                 | 25                 | 11,524                   |
| Insurance                                 | 11,496                      | 367                      | 3,289                                | 4,936             | 1,564             | 21,652              | 3,255                                 | 1,152              | 26,059                   |
| Specific assistance to individuals        | 806,228                     | -                        | -                                    | -                 | -                 | 806,228             | -                                     | -                  | 806,228                  |
| Depreciation and amortization             | 37,175                      | 1,198                    | 10,742                               | 11,530            | 5,107             | 65,752              | 10,630                                | 3,763              | 80,145                   |
| Special event expense                     | 1,000                       | -                        | -                                    | -                 | -                 | 1,000               | -                                     | 27,348             | 28,348                   |
| Bad debt expense                          | -                           | -                        | 8,106                                | -                 | -                 | 8,106               | -                                     | -                  | 8,106                    |
| Miscellaneous                             | <u>12,662</u>               | <u>10,879</u>            | <u>5,902</u>                         | <u>675</u>        | <u>1,795</u>      | <u>31,913</u>       | <u>12,862</u>                         | <u>3,607</u>       | <u>48,382</u>            |
| <b>Total expenses – cash</b>              | <u>2,352,391</u>            | <u>76,772</u>            | <u>694,928</u>                       | <u>433,056</u>    | <u>204,645</u>    | <u>3,761,792</u>    | <u>322,685</u>                        | <u>132,267</u>     | <u>4,216,744</u>         |
| In-kind goods and services                | <u>447,561</u>              | <u>-</u>                 | <u>-</u>                             | <u>190,369</u>    | <u>424,000</u>    | <u>1,061,930</u>    | <u>53,761</u>                         | <u>-</u>           | <u>1,115,691</u>         |
| <b>Total expenses</b>                     | <u>\$ 2,799,952</u>         | <u>\$ 76,772</u>         | <u>\$ 694,928</u>                    | <u>\$ 623,425</u> | <u>\$ 628,645</u> | <u>\$ 4,823,722</u> | <u>\$ 376,446</u>                     | <u>\$ 132,267</u>  | <u>\$ 5,332,235</u>      |

# NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AND LOCAL AWARDS

Year Ended May 31, 2016

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u>                                      | <u>Federal CFDA Number</u> | <u>Grantor's Number</u> | <u>Expenditures</u> | <u>Questioned Cost</u> |
|--|----------------------------|-------------------------|---------------------|------------------------|
| <b>Federal Financial Awards</b>  |                            |                         |                     |                        |
| 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                     | 10/1/14 – 9/30/15       |                     |                        |
|  | 19.510                     | 10/1/15 – 9/30/16       | \$ 860,725          | \$ -                   |
| 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                     | 10/1/14 – 9/30/15       |                     |                        |
|  | 93.567                     | 10/1/15 – 9/30/16       | 588,340             | -                      |
| National Human Trafficking Victim Assistance   | 93.598                     | 10/1/14 – 9/30/16       | 185,329             | -                      |
| Preferred Communities Program for Newly Arriving Refugees with Intensive Case Management Needs | 93.576                     | 9/30/14 – 9/29/15       |                     |                        |
|  | 93.576                     | 9/30/15 – 9/29/16       | 67,303              | -                      |
| Iranian Refugee Parole Program   | 93.576                     | 12/15/14 – 12/14/16     | 53,637              | -                      |
| Refugee Marriage Strengthening Program   | 93.086                     | 9/30/15 – 9/29/16       | 27,912              | -                      |
| Pass-through US Conference of Catholic Bishops Migration and Refugee Services:                 |                            |                         |                     |                        |
| Unaccompanied Alien Children Program   | 93.676                     | 10/1/14 – 9/30/15       | 11,000              | -                      |
| Pass-through the Pennsylvania Bureau of Employment and Training Programs                       |                            |                         |                     |                        |
| Refugee and Employment Advancement Program   |                            | 10/1/14 – 9/30/15       |                     |                        |
|  | 93.584                     | 10/1/15 – 9/30/16       | 273,572             | -                      |
| SEAMAAC  |                            | 10/1/14 – 9/30/15       |                     |                        |
|  | 93.584                     | 10/1/15 – 9/30/16       | 12,905              | -                      |



# NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

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

Year Ended May 31, 2016

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u>                              | <u>Federal<br/>CFDA Number</u> | <u>Grantor's Number</u> | <u>Expenditures</u> | <u>Questioned<br/>Cost</u> |
|--|--------------------------------|-------------------------|---------------------|----------------------------|
| <b>Federal Financial Awards</b>  |                                |                         |                     |                            |
| Pass-through Thomas Jefferson University   |                                |                         |                     |                            |
| Strengthening Surveillance for Diseases Among<br>Newly-Arrived Immigrants and Refugees | 93.283                         | 9/30/14 – 9/29/15       |                     |                            |
|  | 93.283                         | 9/30/15 – 9/29/16       | <u>12,875</u>       | <u>-</u>                   |
| Immunization – Strengthening Surveillance for Diseases                                 | 93.755                         | 9/30/15 – 9/29/16       | <u>11,695</u>       | <u>-</u>                   |
| Pass-through Minnesota Department of Health:   |                                |                         |                     |                            |
| Establishment of Centers of Excellence in Refugee Health                               | 93.283                         | 9/30/15 – 9/29/16       | <u>20,059</u>       | <u>-</u>                   |
| Survivors of Torture – Direct Assistance   | 93.604                         | 9/30/14 – 9/29/15       |                     |                            |
|  | 93.604                         | 9/30/15 – 9/29/16       | <u>338,902</u>      | <u>-</u>                   |
| ORR – Greater Philadelphia Anti-Human Trafficking Campaign                             | 93.598                         | 7/1/14 – 6/30/15        |                     |                            |
|  | 93.598                         | 7/1/15 – 6/30/16        | <u>133,093</u>      | <u>-</u>                   |
| U.S. Department of Justice   |                                |                         |                     |                            |
| Legal Services for Latina Immigrant Victims of Violence                                | 16.524                         | 10/1/13 – 9/30/16       | <u>95,248</u>       | <u>-</u>                   |
| Pass-through The Salvation Army:   |                                |                         |                     |                            |
| Services for Trafficking Victims   | 16.320                         | 1/28/15 – 9/30/16       | <u>46,207</u>       | <u>-</u>                   |
| Total Federal Awards   |                                |                         | <u>\$ 2,738,802</u> | <u>\$ -</u>                |

# NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND LOCAL AWARDS

Year Ended May 31, 2016

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### (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

NSC elected to use the 10% de minimis indirect cost rate

# 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, 2016, 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 October 27, 2016.

***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 October 27, 2015.

**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.

*Tait, Weller & Baker LLP*

**Philadelphia, Pennsylvania  
October 27, 2016**

# SECTION III

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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

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

We have audited the Nationalities Service Center of Philadelphia, Inc. (the "Center")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended May 31, 2016. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

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

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 each of its major federal programs for the year ended May 31, 2016.

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

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

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's 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 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.

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

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.



**Philadelphia, Pennsylvania  
October 27, 2016**



# SECTION IV

**NATIONALITIES SERVICE CENTER OF PHILADELPHIA, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended May 31, 2016**

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**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**

- U.S. Dept. of State  
Reception and Placement Program **CFDA’s**  
19.510
- (viii) 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, 2016**

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**Part II – Financial Statement Finding Section:**

No matters reportable for the year ended May 31, 2016.

**Part III – Federal Awards Findings and Questioned Cost Section:**

**Year ended May 31, 2016**

No findings or questioned costs noted.

**Status of Prior Year Findings:**

No findings or questioned costs noted.