

NATIONALITIES SERVICE CENTER
OF PHILADELPHIA, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MAY 31, 2009 and 2008

NATIONALITIES SERVICE CENTER
OF PHILADELPHIA, INC.

YEARS ENDED MAY 31, 2009 AND 2008

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Independent Auditors' Report

To: The Board of Directors
Nationalities Service Center of Philadelphia
Philadelphia, Pennsylvania

We have audited the accompanying statements of financial position of **Nationalities Service Center of Philadelphia** as of May 31, 2009 and 2008 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of **Nationalities Service Center of Philadelphia's** management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Nationalities Service Center of Philadelphia** as of May 31, 2009 and 2008 and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2009, on our consideration of **Nationalities Service Center of Philadelphia's** internal control structure and a report dated October 30, 2009 on its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards of **Nationalities Service Center of Philadelphia**, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government and Non-Profit Organizations*, and the schedule of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Renzi, Bernardi, Ruydt Co

Philadelphia, PA
October 30, 2009

NATIONALITIES SERVICE CENTER OF PHILADELPHIA
STATEMENTS OF FINANCIAL POSITION
MAY 31

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 154,883	\$ -
Contracts and accounts receivable	334,979	220,620
Promises to give	183,221	15,000
Prepaid expenses	7,050	6,167
	<u>680,133</u>	<u>241,787</u>
INVESTMENTS		
Money Market Funds	<u>700,032</u>	<u>821,510</u>
PROPERTY AND EQUIPMENT		
Office condominium	1,399,405	1,399,405
Furniture and fixtures	297,768	292,576
	<u>1,697,173</u>	<u>1,691,981</u>
Less accumulated depreciation	<u>(417,370)</u>	<u>(352,129)</u>
	<u>1,279,802</u>	<u>1,339,852</u>
	<u>1,279,802</u>	<u>1,339,852</u>
TOTAL ASSETS	<u><u>\$ 2,659,967</u></u>	<u><u>\$ 2,403,149</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Cash overdraft	\$ -	\$ 67,990
Accounts payable and accrued expenses	245,807	70,868
	<u>245,807</u>	<u>138,858</u>
TOTAL CURRENT LIABILITIES	<u>245,807</u>	<u>138,858</u>
OTHER LIABILITY		
Pension plan liability	<u>384,726</u>	<u>150,625</u>
TOTAL LIABILITIES	<u>630,533</u>	<u>289,483</u>
NET ASSETS		
Unrestricted	1,896,192	2,078,666
Temporarily restricted	133,242	35,000
	<u>2,029,434</u>	<u>2,113,666</u>
TOTAL NET ASSETS	<u>2,029,434</u>	<u>2,113,666</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,659,967</u></u>	<u><u>\$ 2,403,149</u></u>

The accompanying notes are an integral part of these financial statements

NATIONALITIES SERVICE CENTER OF PHILADELPHIA
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED MAY 31, 2009
 WITH COMPARATIVE TOTALS FOR 2008

	Unrestricted	Temporarily Restricted	Total 2009	Total 2008
SUPPORT AND REVENUE				
SUPPORT				
Grants and contracts	\$ 1,482,435	\$ 199,753	\$ 1,682,188	\$ 1,348,633
United Way of Southeastern PA	118,193	-	118,193	221,439
Contributions	99,986	-	99,986	143,228
Temporarily restricted net assets released from restrictions	101,511	(101,511)	-	-
TOTAL SUPPORT	1,802,125	98,242	1,900,367	1,713,300
REVENUE				
Service fees	1,050,196	-	1,050,196	776,844
Investment income	13,490	-	13,490	21,434
In Kind goods and services	348,539	-	348,539	-
Gain on sale of other assets	-	-	-	169,560
Other	2,748	-	2,748	1,463
TOTAL REVENUE	1,414,973	-	1,414,973	969,301
TOTAL SUPPORT AND REVENUE	3,217,098	98,242	3,315,340	2,682,601
EXPENSES				
Programs				
Refugee services	1,225,595	-	1,225,595	887,135
Senior Center	296,206	-	296,206	194,695
TOTAL PROGRAMS	1,521,801	-	1,521,801	1,081,830
Services				
Translation/Interpreting	494,832	-	494,832	518,315
Legal assistance	672,024	-	672,024	454,780
Education	316,530	-	316,530	207,126
TOTAL SERVICES	1,483,386	-	1,483,386	1,180,221
Management & general	394,388	-	394,388	367,706
TOTAL EXPENSES (BEFORE OTHER)	3,399,572	-	3,399,572	2,629,757
Other expenses				
One-time pension plan transition adjustment	-	-	-	44,860
TOTAL EXPENSES	3,399,572	-	3,399,572	2,674,617
CHANGES IN NET ASSETS	(182,474)	98,242	(84,233)	7,984
NET ASSETS, BEGINNING	2,078,666	35,000	2,113,666	2,105,682
NET ASSETS, ENDING	\$ 1,896,192	\$ 133,242	\$ 2,029,434	\$ 2,113,666

The accompanying notes are an integral part of these financial statements

NATIONALITIES SERVICE CENTER OF PHILADELPHIA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31,

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (84,233)	\$ 7,984
Adjustments to reconcile change in net assets to net cash provided		
Depreciation and amortization	65,241	91,957
(Increase) in contracts and accounts receivable	(114,359)	(74,342)
Decrease in other receivables	-	191,615
(Increase) decrease in promises to give	(168,221)	15,000
Decrease (Increase) in prepaid expenses	(883)	(992)
Decrease in environmental escrow	-	31,564
Increase (decrease) in accounts payable	174,939	(84,232)
Increase in pension plan liability	234,101	91,262
	<u>106,585</u>	<u>269,817</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Decrease (Increase) in marketable securities	121,478	(526,840)
Purchase of equipment	(5,192)	(20,528)
	<u>116,286</u>	<u>(547,368)</u>
Cash provided by (used in) investing activities		
	222,871	(277,551)
Increase (decrease) in cash and cash equivalents		
Cash balance, beginning	<u>(67,988)</u>	<u>209,565</u>
Cash balance, ending	<u>\$ 154,883</u>	<u>\$ (67,986)</u>
SUPPLEMENTARY CASH FLOW INFORMATION:		
Interest paid	<u>\$ -</u>	<u>\$ 8,406</u>

The accompanying notes are an integral part of these financial statements

NATIONALITIES SERVICE CENTER OF PHILADELPHIA
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2009
WITH COMPARATIVE TOTALS FOR 2008

	Translation/ Interpreting	Refugee Services	Senior Center	Legal	Education	Total	Management & General	2009 Total Expenses	2008 Total Expenses
Salaries	\$ 64,788	\$ 336,731	\$ 95,183	\$ 322,107	\$ 85,966	\$ 904,775	\$ 190,367	\$ 1,095,142	\$ 1,048,060
Employee Pension Expense	13,856	72,014	20,356	68,886	18,385	193,497	40,604	234,101	91,262
Other Employee Benefits & Taxes	14,059	73,071	23,739	70,051	18,655	199,575	53,216	252,791	211,120
Total Salaries & Expenses	92,704	481,816	139,278	461,045	123,005	1,297,848	284,187	1,582,033	1,350,442
Professional fees & contracted services	388,553	28,095	31,841	15,682	3,662	467,833	8,303	476,136	430,175
Supplies, telephone & postage	3,034	32,723	70,954	21,646	4,044	132,401	9,246	141,647	155,807
Occupancy	4,335	24,248	21,905	21,563	5,753	77,804	13,365	91,169	95,819
Equipment and maintenance	-	-	-	395	-	395	48,845	49,240	36,120
Printing & teacher materials	1,318	7,185	1,988	6,808	29,968	47,267	4,064	51,331	27,229
Travel	5	33,477	693	2,998	427	37,600	4,994	42,594	42,724
Conferences & meetings	-	10,049	1,356	3,583	1,266	16,254	3,449	19,703	3,076
Dues & subscriptions	-	6,001	405	830	175	7,411	2,917	10,328	7,199
Insurance	1,022	5,312	1,542	7,494	1,356	16,726	3,151	19,877	20,823
In-kind goods and services	-	82,130	20,250	104,409	141,750	348,539	-	348,539	-
Specific assistance to individuals	-	489,474	-	-	-	489,474	-	489,474	352,184
Interest	-	-	-	-	-	-	-	-	8,406
Depreciation and amortization	3,861	20,069	5,673	19,198	5,124	53,925	11,316	65,241	91,957
Miscellaneous	-	5,016	321	6,373	-	11,708	551	12,259	7,796
Total Expenses	\$ 494,832	\$ 1,225,595	\$ 296,206	\$ 672,024	\$ 316,530	\$ 3,005,185	\$ 394,388	\$ 3,399,572	\$ 2,629,758

The accompanying notes are an integral part of these financial statements

NATIONALITIES SERVICE CENTER OF PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The agency 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 organization's accounting policies conform to generally accepted accounting principles, using the accrual basis of accounting.

Basis of Presentation

The financial statements are presented in accordance with Statement of Financial Accounting Standards No. 117, Financial Statements of Not-For-Profit Organizations, which requires the organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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.

All of the organization's expenses, including expenses related to assets previously included among the temporarily restricted net assets class of accounts, are decreases in unrestricted net assets.

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, 2009 and 2008, the organization believes all contracts and accounts receivable are fully collectible, and as such, no allowance for doubtful accounts was established.

Tax Status

The corporation is a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code, and accordingly, no provision for taxes has been included in the financial statements.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

In-kind Goods and Services

In-kind goods and services are recognized as contributions in accordance with SFAS 116, *Accounting for Contributions Received and Contributions Made*, 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 Organization. While there were in-kind contributions in 2008, management was not able to reasonable estimate that amount and accordingly an amount was not recognized.

Property and Equipment

The organization follows the practice of capitalizing, at cost or market value where the original cost is not known, all 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 – 5 years
Leasehold improvements	20 years

Exchange Transactions

The organization 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.

Functional Allocation of Expenses

The costs of providing the various programs and other supporting activities have been summarized on a functional basis in the statement of activities and in the schedule of functional expenses.

Cash and Cash Equivalents

Cash and other highly liquid investments with maturities of three months or less are considered to be cash equivalents.

The organization maintains its bank accounts in financial institutions with insurance provided by the Federal Deposit Insurance Corporation up to \$250,000. These deposits are maintained at high-quality financial institutions. At times, these deposits may exceed federally-insured limits.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009 and 2008

2. INVESTMENTS

Nationalities Service Center of Philadelphia's portfolio consists of money market mutual funds in which cost and fair market value at May 31, 2009 and 2008 were \$700,032 and \$821,510, respectively.

3. CONCENTRATION OF REVENUE SOURCES

For the period ended May 31, 2009, Nationalities Service Center of Philadelphia received 32% or more of its revenue from one funding source (the federal government, for a range of refugee resettlement services. Almost all of the funding was awarded on a per capita basis, with the increased funding directly reflecting an expansion of numbers of refugees resettled. The Center also received a substantial amount of money from a second funding source (The Philadelphia Corporation for the Aging) which was, while less than 10% of overall revenue, the sole funding for the Nationalities Senior Center, an important agency program. Grant and contract revenue received from these funding sources totaled \$1,088,321 or 37% of the Center's total revenue.

For the period ended May 31, 2008, Nationalities Service Center of Philadelphia received 10% or more of its revenue from one funding source. The Center also received a substantial amount of money from a second funding source which was, while less than 10% of overall revenue, the sole funding for one of the Center's most important programs. Grant and contract revenue received from these funding sources totaled \$1,003,595 or 37% of the Center's total revenue.

4. PENSION PLAN

The Organization 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.

The Organization adopted the recognition provisions of SFAS No. 158 as of May 31, 2008 which require that the funded status of defined benefit pension to be fully recognized in the balance sheet. In addition, SFAS No. 158 calls for the recognition in other accumulated comprehensive income of gains or losses that are not yet included in components of expense. In years subsequent to 2007, the Organization will recognize the changes in funded status and of these unrecognized net gains or losses not included in pension expense through other comprehensive income. SFAS No. 158 eliminates the requirement to recognize an additional minimum liability; however, had the Organization not been required to adopt SFAS No. 158, the Organization would not have recognized an additional minimum liability as of May 31, 2008. The incremental effects of applying FASB Statement 158 on individual line items in the balance sheet as of that date are as follows:

NATIONALITIES SERVICE CENTER OF PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009 and 2008

4. PENSION PLAN (Cont'd)

<u>Line Item</u>	<u>Before</u> <u>Application</u>	<u>Adjustments</u>	<u>After</u> <u>Application</u>
Pension Plan Liability	\$ 105,765	\$ 44,860	\$ 150,625
Total Liabilities	\$ 244,623	\$ 44,860	\$ 289,483
Acc. Other Comprehensive Loss	-	(44,860)	(44,860)
Unrestricted Net Assets	\$2,123,526	(44,860)	\$ 2,078,666

The following sets forth information regarding the plan as of and for the years ended May 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Pension benefit obligation		
Actuarial present value of acc. benefit obligation:		
Vested	\$ 982,790	\$943,925
Non-vested	19,042	25,581
Accumulated Benefit Obligation	<u>\$1,001,832</u>	<u>\$969,506</u>
Plan Assets at Fair value	\$ 728,612	\$912,454
Projected Benefit Obligation	<u>(1,113,338)</u>	<u>(1,063,049)</u>
Plan Assets Over Projected Benefit Obligation	(384,726)	(150,625)
Unrecognized net loss	272,677	100,258
Unrecognized obligation net of amortization	<u>(7,641)</u>	<u>(10,398)</u>
Pension cost (payable) prepaid per books	<u>\$(119,690)</u>	<u>\$ (60,765)</u>
Service cost – benefits earned during the period	\$66,807	\$ 61,167
Interest cost on projected benefit obligation	77,398	61,113
Net amortization and various	<u>(2,757)</u>	<u>(2,363)</u>
	141,448	119,917
Less: actuarial return on plan assets	<u>(82,523)</u>	<u>(73,515)</u>
Net Pension Expense Per Books	<u>\$58,925</u>	<u>\$ 46,402</u>
Weighted-average assumptions used to determine benefit obligations at:		
Discount rate	6.25%	6.0%
Expected long-term return on net assets	8.0%	7.5%
Rate of compensation increase	5.0%	5.0%

NATIONALITIES SERVICE CENTER OF PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009 and 2008

4. PENSION PLAN (Cont'd)

Weighted-average assumptions used to determine net periodic benefit cost for years ending at:

Discount rate	6.25%	6.25%
Expected long-term return on net assets	8.0%	7.5%
Rate of compensation increase	5.0%	5.0%

The expected long-term rate of return on net assets assumption of 8.0% was selected using the "building-block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27.

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

2009

Equity	\$445,106	61.09%
Fixed Income	233,075	31.99%
General Account	50,431	6.92%

The Organization contributed \$0 to the defined benefit pension plan during fiscal 2009. The following benefit payments reflect expected future service, as appropriate, are expected to be paid:

<u>Fiscal Year-End</u>	<u>5/31/2009 Disclosure</u>
2010	\$ 59,000
2011	98,000
2012	11,000
2013	315,000
2014	35,000
2015-2018	325,000

NATIONALITIES SERVICE CENTER OF PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009 and 2008

5. NET ASSETS

Unrestricted Net Assets

Unrestricted net assets represent resources retained by the organization that were received without any donor-imposed restrictions. In addition, donor-restricted contributions whose restrictions have been met in the same reporting period are reported as unrestricted support.

Temporarily Restricted Net Assets

Temporarily restricted net assets represents resources restricted by the donor as to time or use with the expectation that such restrictions will be satisfied in the future.

Permanently Restricted Net Assets

Permanently restricted net assets represent resources subject to donor imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. The organization has not received any such contributions.

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To: The Board of Directors
Nationalities Service Center of Philadelphia
Philadelphia, PA

Our report on our audit of the basic financial statements of **Nationalities Service Center of Philadelphia** for May 31, 2009 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses and the statement of federal expenditures are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Philadelphia, PA
October 30, 2009



NATIONALITIES SERVICE CENTER OF PHILADELPHIA
SCHEDULE OF EXPENDITURES OF FEDERAL AND LOCAL AWARDS
FOR THE YEAR ENDED MAY 31, 2009

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Period	Expenditure	Questioned Costs
FEDERAL FINANCIAL AWARDS				
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	1/1/08-12/31/08		
	93.567	1/1/09-12/31/09	\$ 527,375	-
Reception and Placement Program	93.567	10/1/07-9/30/08		
	93.567	10/1/08-9/30/09	284,817	-
Ethnic Community Building Project	93.576	10/1/07-9/30/08		
	93.576	10/1/08-9/30/09	41,544	-
Preferred Communities Program	93.576	10/1/07-9/30/08		
	93.576	10/1/08-9/30/09	44,375	-
Pass-through International Rescue Committee:				
Project for Strengthening Organizations Assisting Refugees	93.576	10/1/07-9/30/08		
	93.576	10/1/08-9/30/09	27,483	-
Pass-through the International Institute of St. Louis				
Immigrant Family Violence Institute	93.592	10/1/08-9/30/09	18,593	
Pass-through Philadelphia Corporation for Aging				
Nutrition Services Program	93.044	7/1/07-6/30/08		
	93.044	7/1/08-6/30/09	49,177	-
TOTAL FEDERAL AWARDS			<u>993,364</u>	<u>-</u>
LOCAL FINANCIAL AWARDS				
Pass-through Philadelphia Corporation for Aging				
Nutrition Services Program		7/1/07-6/30/08		
		7/1/08-6/30/09	88,080	
TOTAL LOCAL AWARDS			<u>88,080</u>	<u>-</u>
TOTAL FEDERAL AND LOCAL AWARDS			<u>\$ 1,081,444</u>	<u>-</u>

NATIONALITIES SERVICE CENTER OF PHILADELPHIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND LOCAL AWARDS
MAY 31, 2009

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.

BASIS OF ACCOUNTING

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

The accompanying Schedule of Expenditures of Federal and Local Awards is for the year ended May 31, 2009.

RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal and Local awards expenditures are reported on the schedule of activities as grants and contracts. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditure reported on the schedule of federal and local awards due to program expenditures exceeding grant or contract budget limitations which are not included as federal or local awards.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended May 31, 2009

Board of Directors
Nationalities Service Center of Philadelphia
Philadelphia, PA

Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Nationalities Service Center of Philadelphia
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Nationalities Service Center of Philadelphia were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Nationalities Service Center of Philadelphia expresses an unqualified opinion on all major federal programs.
6. There are no audit findings relative to the major federal award programs for Nationalities Service Center of Philadelphia.
7. The programs tested as major programs included:

Refugee Assistance Voluntary Agency Programs	93.567
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8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. Nationalities Service Center of Philadelphia did qualify as a low risk auditee.

Findings - Financial Statement Audit

None

Findings and Questioned Costs - major Federal Award Programs Audit

None

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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*

To: The Board of Directors
Nationalities Service Center of Philadelphia
Philadelphia, Pennsylvania

We have audited the financial statements of Nationalities Service Center of Philadelphia (Center) as of and for the year ended May 31, 2009 and have issued our report thereon dated October 30, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting in order to determine our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably and in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Center's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Center in a separate letter dated October 30, 2009.

This report is intended for the information and use of the Board, management and state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Philadelphia, PA
October 30, 2009

A handwritten signature in cursive script that reads "Ruiji, Bernabe, Ruiz & Co". The signature is written in black ink and is positioned to the right of the typed text.

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Report on Compliance with the Requirements Applicable to Each Major
Program and the Internal Control over Compliance in Accordance
with OMB Circular A-133

To: The Board of Directors
Nationalities Service Center of Philadelphia
Philadelphia, Pennsylvania

Compliance

We have audited the compliance of Nationalities Service Center of Philadelphia (Center) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended May 31, 2009. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination based on the Center's compliance with those requirements.

In our opinion, the Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended May 31, 2009.

Internal Control Over Compliance

The management of the Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

Philadelphia, PA
October 30, 2009

