

**NATIONALITIES SERVICE CENTER  
OF PHILADELPHIA, INC.  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
MAY 31, 2010 and 2009**

NATIONALITIES SERVICE CENTER  
OF PHILADELPHIA, INC.

YEARS ENDED MAY 31, 2010 AND 2009

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1
Financial Statements	
Statements of Financial Position .....	3
Statements of Activities and Changes in Net Assets .....	4
Statements of Cash Flows .....	5
Schedule of Functional Expenses .....	6
Notes to Financial Statements .....	7
Supplementary Information	
Independent Auditors' Report on Supplemental Information .....	13
Schedule of Expenditures of Federal Awards .....	14
Notes to Schedule of Expenditures of Federal Awards.....	15
Schedule of Findings and Questioned Costs.....	16
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	17
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 OMB Circular A-133 .....	19

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, 2010 and 2009 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, 2010 and 2009 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 15, 2010, on our consideration of **Nationalities Service Center of Philadelphia's** internal control structure and a report dated October 15, 2010 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.

*Keyi, Bernaschi, Fung & Co*

Collingswood, NJ  
October 15, 2010

NATIONALITIES SERVICE CENTER OF PHILADELPHIA  
STATEMENTS OF FINANCIAL POSITION  
MAY 31

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 327,382	\$ 154,883
Contracts and accounts receivable	330,052	334,979
Promises to give	94,414	183,221
Prepaid expenses	<u>6,000</u>	<u>7,050</u>
TOTAL CURRENT ASSETS	<u>757,848</u>	<u>680,133</u>
 <u>INVESTMENTS</u>		
Money Market Funds	<u>315,462</u>	<u>700,032</u>
 <u>PROPERTY AND EQUIPMENT</u>		
Office condominium	1,408,698	1,399,405
Furniture and fixtures	<u>305,794</u>	<u>297,768</u>
	1,714,492	1,697,173
Less accumulated depreciation	<u>(484,862)</u>	<u>(417,370)</u>
	<u>1,229,630</u>	<u>1,279,802</u>
TOTAL ASSETS	<u>\$ 2,302,940</u>	<u>\$ 2,659,967</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 142,504	\$ 245,807
Refundable advance	<u>45,588</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>188,092</u>	<u>245,807</u>
 <u>OTHER LIABILITY</u>		
Pension plan liability	<u>405,029</u>	<u>384,726</u>
TOTAL LIABILITIES	<u>593,121</u>	<u>630,533</u>
 <u>NET ASSETS</u>		
Unrestricted	1,615,405	1,896,192
Temporarily restricted	<u>94,414</u>	<u>133,242</u>
TOTAL NET ASSETS	<u>1,709,819</u>	<u>2,029,434</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,302,940</u>	<u>\$ 2,659,967</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, 2010  
 WITH COMPARATIVE TOTALS FOR 2009

	Unrestricted	Temporarily Restricted	Total 2010	Total 2009
<u>SUPPORT AND REVENUE</u>				
SUPPORT				
Grants and contracts	\$ 1,883,589	\$ -	\$ 1,883,589	\$ 1,682,188
United Way of Southeastern PA	84,317	-	84,317	118,193
Contributions	269,344	50,000	319,344	99,986
Temporarily restricted net assets released from restrictions	88,828	(88,828)	-	-
TOTAL SUPPORT	2,326,078	(38,828)	2,287,250	1,900,367
REVENUE				
Service fees	798,163	-	798,163	1,050,196
Investment income	1,838	-	1,838	13,490
In Kind goods and services	583,497	-	583,497	348,539
Other	10,853	-	10,853	2,748
TOTAL REVENUE	1,394,351	-	1,394,351	1,414,973
TOTAL SUPPORT AND REVENUE	3,720,429	(38,828)	3,681,601	3,315,340
EXPENSES				
Programs				
Refugee services	1,917,780	-	1,917,780	1,225,595
Senior Center	307,506	-	307,506	296,206
TOTAL PROGRAMS	2,225,286	-	2,225,286	1,521,801
Services				
Translation/Interpreting	343,998	-	343,998	494,832
Legal assistance	638,530	-	638,530	672,024
Education	308,579	-	308,579	316,530
TOTAL SERVICES	1,291,107	-	1,291,107	1,483,386
Management & general	484,823	-	484,823	394,385
TOTAL EXPENSES	4,001,216	-	4,001,216	3,399,572
CHANGES IN NET ASSETS	(280,787)	(38,828)	(319,615)	(84,232)
NET ASSETS, BEGINNING	1,896,192	133,242	2,029,434	2,113,666
NET ASSETS, ENDING	\$ 1,615,405	\$ 94,414	\$ 1,709,819	\$ 2,029,434

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,

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (319,615)	\$ (84,233)
Adjustments to reconcile change in net assets to net cash provided		
Depreciation and amortization	67,492	65,241
(Increase) in contracts and accounts receivable	4,927	(114,359)
(Increase) decrease in promises to give	88,807	(168,221)
Decrease (Increase) in prepaid expenses	1,050	(883)
Increase (decrease) in accounts payable	(103,304)	174,939
Increase in deferred revenue	45,588	-
Increase in pension plan liability	20,303	234,101
	(194,752)	106,585
CASH FLOWS USED IN INVESTING ACTIVITIES		
Decrease in money market funds	384,570	121,478
Purchase of equipment	(17,319)	(5,192)
	367,251	116,286
Cash provided by investing activities		
	172,499	222,871
Cash balance, beginning	154,883	(67,988)
Cash balance, ending	\$ 327,382	\$ 154,883
SUPPLEMENTARY CASH FLOW INFORMATION:		
Interest paid	\$ -	\$ -

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, 2010  
 WITH COMPARATIVE TOTALS FOR 2009

	Translation/ Interpreting	Refugee Services	Senior Center	Legal	Education	Total	Management & General	2010 Total Expenses	2009 Total Expenses
Salaries	\$ 66,109	\$ 409,745	\$ 114,104	\$ 329,644	\$ 87,299	\$ 1,006,901	\$ 217,915	\$ 1,224,816	\$ 1,095,142
Employee Pension Expense	-	-	-	-	-	-	20,303	20,303	234,101
Other Employee Benefits & Taxes	12,609	77,888	25,519	64,611	16,558	197,185	78,113	275,298	252,791
<b>Total Salaries &amp; Expenses</b>	<b>78,718</b>	<b>487,633</b>	<b>139,623</b>	<b>394,255</b>	<b>103,857</b>	<b>1,204,086</b>	<b>316,331</b>	<b>1,520,417</b>	<b>1,582,033</b>
Professional fees & contracted services	252,083	210,530	12,495	30,432	11,036	516,576	19,935	536,511	476,136
Supplies, telephone & postage	3,702	37,361	91,927	23,211	4,888	161,089	12,203	173,292	141,647
Occupancy	3,596	24,695	17,557	17,929	4,748	68,525	11,852	80,377	91,169
Equipment and maintenance	-	270	150	395	-	815	44,938	45,753	49,240
Printing & teacher materials	993	19,160	1,748	5,275	17,315	44,491	3,272	47,763	51,331
Travel	-	37,144	660	3,655	1,195	42,654	15,624	58,278	42,594
Conferences & meetings	-	1,116	719	1,501	676	4,012	3,593	7,605	19,703
Dues & subscriptions	270	1,273	525	1,959	135	4,162	7,018	11,180	10,328
Repairs	-	-	9,041	-	-	9,041	19,735	28,776	-
Insurance	993	6,395	1,713	7,860	1,311	18,272	3,272	21,544	19,877
In-kind goods and services	-	285,041	25,020	115,246	158,190	583,497	-	583,497	348,539
Specific assistance to individuals	-	769,101	-	-	-	769,101	-	769,101	489,474
Depreciation and amortization	3,643	22,579	6,288	18,165	4,811	55,486	12,008	67,494	65,241
Special event expense	-	-	-	-	-	-	13,677	13,677	-
Miscellaneous	-	15,482	40	18,647	417	34,586	1,365	35,951	12,259
<b>Total Expenses</b>	<b>\$ 343,998</b>	<b>\$ 1,917,780</b>	<b>\$ 307,506</b>	<b>\$ 638,530</b>	<b>\$ 308,579</b>	<b>\$ 3,516,393</b>	<b>\$ 484,823</b>	<b>\$ 4,001,216</b>	<b>\$ 3,399,572</b>

The accompanying notes are an integral part of these financial statements

NATIONALITIES SERVICE CENTER OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2010 and 2009

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 Accounting Statements Codification Topic No. 958, Not-For-Profit Entities, 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, 2010 and 2009, the organization believes all contracts and accounts receivable are fully collectible, and as such, no allowance for doubtful accounts was established.

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.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2010 and 2009

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

In-kind Goods and Services

In-kind goods and services are recognized as contributions in accordance with Accounting Statements Codification Topic 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 Organization.

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 activities have been summarized on a functional basis in the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, primarily based upon the relative time spent by Organization's employees on each function. Fundraising costs are not separately allocated by the Organization and are included either a part of program or management and general costs. Fundraising costs are deemed incidental to the administration of the organizations respective programs. In management's estimation, no significant time is spent by any employee of the Organization on fundraising activities.

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, 2010 and 2009

2. INVESTMENTS

Nationalities Service Center of Philadelphia's portfolio consists of money market mutual funds in which fair market value at May 31, 2010 and 2009 was \$315,462 and \$700,032, respectively.

3. CONCENTRATION OF REVENUE SOURCES

For the period ended May 31, 2010, 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 4% 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 \$1,301,869 or 36% of the Center's total revenue.

For the period ended May 31, 2009, Nationalities Service Center of Philadelphia received 32% 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 \$1,088,321 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 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, to be recognized in the Statement of Financial Position. In addition, ASC Topic No. 715 calls for the recognition in other accumulated comprehensive income of gains or losses that are not yet included in components of expense. The Organization recognizes the changes in funded status and of these unrecognized net gains or losses not included in pension expense through other comprehensive income.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2010 and 2009

4. PENSION PLAN (Cont'd)

The following sets forth information regarding the plan as of and for the years ended May 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Pension benefit obligation		
Actuarial present value of acc. benefit obligation:		
Vested	\$1,111,031	\$982,790
Non-vested	8,699	19,042
Accumulated Benefit Obligation	<u>\$1,119,730</u>	<u>\$1,001,832</u>
Plan Assets at Fair value	\$ 837,176	\$728,612
Projected Benefit Obligation	<u>(1,242,205)</u>	<u>(1,113,338)</u>
Plan Assets under Projected Benefit Obligation	(405,029)	(384,726)
Unrecognized net loss	203,496	272,677
Unrecognized obligation net of amortization	<u>( 4,884)</u>	<u>( 7,641)</u>
Pension cost (payable) per books	<u>\$(206,417)</u>	<u>\$(119,690)</u>
Service cost – benefits earned during the period	\$60,330	\$ 66,807
Interest cost on projected benefit obligation	69,586	77,398
Net amortization and various	<u>( 2,757)</u>	<u>( 2,757)</u>
	127,159	141,448
Less: actuarial return on plan assets	<u>(55,070)</u>	<u>(82,523)</u>
Net Pension Expense Per Books	<u>\$72,089</u>	<u>\$ 58,925</u>
Weighted-average assumptions used to determine benefit obligations at:		
Discount rate	5.5%	6.25%
Expected long-term return on net assets	8.0%	8.0%
Rate of compensation increase	5.0%	5.0%
Weighted-average assumptions used to determine net periodic benefit cost for years ending at:		
Discount rate	5.5%	6.25%
Expected long-term return on net assets	8.0%	8.0%
Rate of compensation increase	5.0%	5.0%

NATIONALITIES SERVICE CENTER OF PHILADELPHIA  
 NOTES TO FINANCIAL STATEMENTS  
 MAY 31, 2010 and 2009

4. PENSION PLAN (Cont'd)

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.

	<u>2010</u>	
Equity	\$485,387	57.98%
Fixed Income	249,470	29.80%
General Account	102,320	12.22%

The Organization contributed \$-0- to the defined benefit pension plan during fiscal 2010. The following benefit payments reflect expected future service, as appropriate, are expected to be paid:

<u>Fiscal</u> <u>Year-End</u>	<u>5/31/2010</u> <u>Disclosure</u>
2011	\$ 171,000
2012	13,000
2013	283,000
2014	37,000
2015	6,000
2016-2019	524,000

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.

NATIONALITIES SERVICE CENTER OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS  
MAY 31, 2010 and 2009

5. NET ASSETS (Cont'd)

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.

6. INCOME TAX STATUS

Income Taxes - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Effective January 1, 2009, management adopted the accounting standard, "Accounting for Uncertainty in Income Taxes". This standard clarifies the accounting and reporting for uncertainties in income tax positions taken or expected to be taken in filings with taxing jurisdictions, using minimum recognition and measurement thresholds.

Management has reviewed tax positions taken in filings with federal and state jurisdictions and believes those positions would be sustained should the filings be examined by the relevant taxing authority. These tax filings for 2006, 2007, and 2008 are subject to examination, generally for three years after they are filed.

Should settlement of an examination or other event result in a change in management's evaluation of a tax position taken or expected to be taken in filings that have not been closed by statute or examination, any interest and penalties related to the unrecognized tax benefit as a result of the uncertain tax position would be included in interest expense and administrative expenses, respectively.

7. SUBSEQUENT EVENTS

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through October 15, 2010, the date of the financial statements were available to be issued. The Organization had no significant or material subsequent events through October 15, 2010

Renzi  
Bernardi  
& Suarez  
Co., P.A.  
Certified Public Accountants  
Business Advisors

587 Haddon Avenue  
Collingswood, NJ 08108

Phone: (856) 858-7887  
Phone: (215) 665-3979  
Fax: (856) 858-1142  
Web: rbscpa.com

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, 2010 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.

Collingswood, NJ  
October 15, 2010

Renzi, Bernardi, Pung & Co

NATIONALITIES SERVICE CENTER OF PHILADELPHIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND LOCAL AWARDS  
FOR THE YEAR ENDED MAY 31, 2010

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Period	Expenditure	Questioned Costs
<b>FEDERAL FINANCIAL AWARDS</b>				
U. S. Department of State				
PRM Emergency Housing Program	19.510		\$ 30,000	-
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	1/1/09-12/31/09		
	93.567	1/1/10-12/31/10	511,383	-
Reception and Placement Program	93.567	10/1/08-9/30/09		
	93.567	10/1/09-9/30/10	574,112	-
Ethnic Community Building Project	93.576	10/1/08-9/30/09		
	93.576	10/1/09-9/30/10	42,901	-
Preferred Communities Program	93.576	10/1/08-9/30/09		
	93.576	10/1/09-9/30/10	31,464	-
Pass-through International Rescue Committee:				
Project for Strengthening Organizations Assisting Refugees	93.576	10/1/08-9/30/09		
	93.576	10/1/09-9/30/10	31,959	-
Pass-through the International Institute of St. Louis				
Immigrant Family Violence Institute	93.592	10/1/08-9/30/09		
	93.592	10/1/09-9/30/10	43,605	-
Pass-through Philadelphia Corporation for Aging Nutrition Services Program				
Special Programs for Aging - Title III, Part B	93.044	7/1/08-6/30/09		
Special Programs for Aging - Title III, Part B	93.044	7/1/09-6/30/10	64,050	-
Special Programs for Aging - Title III, Part C	93.045	7/1/09-6/30/10	18,683	-
ARRA - Aging Congregate Nutrition Services for States	93.707	7/1/09-6/30/10	1,407	-
			<u>84,140</u>	<u>-</u>
U. S. Department of Housing and Urban Development Pass-through the City of Philadelphia Office of Supportive Housing Homeless Prevention and Rapid Re-Housing Program (Recovery Act Funded)				
	14.257	10/1/09-9/30/10	97,137	-
U. S. Department of Justice Pass-through Hebrew Immigrant Aid Society Culturally & Linguistically Specific Services program				
	16.016	10/1/09-9/30/11	38,661	-
<b>TOTAL FEDERAL AWARDS</b>			<u>1,485,362</u>	<u>-</u>
<b>LOCAL FINANCIAL AWARDS</b>				
Pass-through Philadelphia Corporation for Aging				
Nutrition Services Program		7/1/08-6/30/09		
		7/1/09-6/30/10	57,869	-
<b>TOTAL LOCAL AWARDS</b>			<u>57,869</u>	<u>-</u>
<b>TOTAL FEDERAL AND LOCAL AWARDS</b>			<u>\$ 1,543,231</u>	<u>-</u>

NATIONALITIES SERVICE CENTER OF PHILADELPHIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND LOCAL AWARDS  
MAY 31, 2010

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, 2010.

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, 2010

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 That Could Have a Direct and Material Effect on Each Major Program and on 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
--	--------
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. Nationalities Service Center of Philadelphia did not qualify as a low risk auditee.

Findings - Financial Statement Audit

None

Findings and Questioned Costs - major Federal Award Programs Audit

None

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, 2010 and have issued our report thereon dated October 15, 2010. 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.

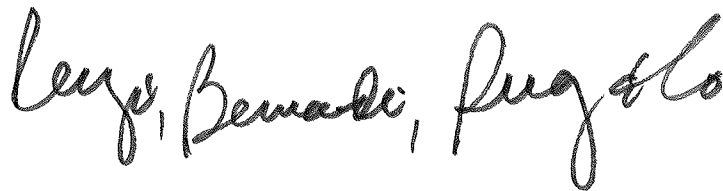
#### Compliance and Other Matters

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 15, 2010.

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.

Collingswood, NJ  
October 15, 2010

A handwritten signature in black ink, appearing to read "Ley, Bernick, Fung & Co". The signature is written in a cursive, flowing style.

Report on Compliance With Requirements That Could Have a Direct  
And Material Effect on Each Major Program and on Internal Control  
Over Compliance in Accordance with OMB Circular A-133

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

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 could have a direct and material effect on each of its major federal programs for the year ended May 31, 2010. 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* and the *City of Philadelphia Subrecipient Audit Guide*. Those standards, OMB Circular A-133, and the *City of Philadelphia's Subrecipient Audit Guide* 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

#### 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 with OMB Circular A-133, 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 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 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 on a timely basis.

Our consideration of the 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 deficiencies, 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 Board of Directors, 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.

Collingswood, NJ  
October 15, 2010

Handwritten signature in cursive script that reads "Kenji Bernardi, PwC & Co".