

Financial Statements and Report of
Independent Certified Public
Accountants in Accordance with the
Uniform Guidance

**Nutritional Development Services of the
Archdiocese of Philadelphia**

June 30, 2024 and 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Nutritional Development Services
of the Archdiocese of Philadelphia

Report on the financial statements**Opinion**

We have audited the financial statements of Nutritional Development Services of the Archdiocese of Philadelphia (a nonprofit organization) (the “Entity”), which comprise the statements of financial position as of June 30, 2024 and 2023, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of June 30, 2024 and 2023, 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.

Basis for opinion

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Entity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity’s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary statements of activities and changes in net assets by program, the schedule of cash receipts of federal and state awards, and the schedule of expenditures of federal and state awards for the year ended June 30, 2024, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Commonwealth of Pennsylvania, are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary 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. These additional procedures included 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 US GAAS. In our opinion, the accompanying supplementary 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 November 14, 2024, on our consideration of the Entity'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity's 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 Entity's internal control over financial reporting and compliance.

Grant Thornton LLP

Philadelphia, Pennsylvania
November 14, 2024

Nutritional Development Services of the Archdiocese of Philadelphia

STATEMENTS OF FINANCIAL POSITION

June 30,

	2024	2023
ASSETS		
Current assets		
Cash	\$ 65,471	\$ 456,523
Cash - government funded programs	2,896,409	4,383,720
Grants receivable	3,499,730	3,363,729
Other receivables	372,861	215,383
Inventory	553,624	510,211
Prepaid expenses	60,985	60,985
Right-of-use assets	3,596	15,290
	<hr/>	<hr/>
Total current assets	7,452,676	9,005,841
Investments - board designated	2,545,098	2,231,338
Equipment, net	1,166,359	1,130,314
	<hr/>	<hr/>
Total assets	<u><u>\$ 11,164,133</u></u>	<u><u>\$ 12,367,493</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,429,257	\$ 1,467,895
Deferred revenue	50,000	-
Lease liabilities	3,596	15,290
	<hr/>	<hr/>
Total liabilities	1,482,853	1,483,185
	<hr/>	<hr/>
Net assets		
Net assets without donor restrictions	2,489,914	2,397,996
Net assets without donor restrictions - government funded programs	6,965,837	8,038,460
	<hr/>	<hr/>
	9,455,751	10,436,456
Net assets with donor restrictions	225,529	447,852
	<hr/>	<hr/>
Total net assets	9,681,280	10,884,308
	<hr/>	<hr/>
Total liabilities and net assets	<u><u>\$ 11,164,133</u></u>	<u><u>\$ 12,367,493</u></u>

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

Nutritional Development Services of the Archdiocese of Philadelphia

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2024

	Net Assets Without Donor Restrictions	Net Assets Without Donor Restrictions - Government Funded Programs	Net Assets With Donor Restrictions	Total
Revenues				
Grants				
Federal and state government	\$ -	\$ 21,294,315	\$ -	\$ 21,294,315
City of Philadelphia	1,600	-	36,407	38,007
Foundation	258,050	-	126,910	384,960
Contributed non-financial assets	1,412,760	-	-	1,412,760
Nongovernment meal receipts	-	510,591	-	510,591
Contributions from Operation Rice Bowl	-	-	94,106	94,106
Contributions - other	45,035	-	11,000	56,035
Subsidy from Catholic Charities Appeal Fund	200,000	-	-	200,000
Investment income	232,660	99,398	4,220	336,278
Other income	51,851	-	44,276	96,127
Net assets released from restrictions	539,242	-	(539,242)	-
	<u>2,741,198</u>	<u>21,904,304</u>	<u>(222,323)</u>	<u>24,423,179</u>
Total revenue				
Expenses				
Food costs	1,981,230	16,539,007	-	18,520,237
Employee compensation	318,807	2,220,968	-	2,539,775
Office	23,452	112,708	-	136,160
Transportation	7,323	68,726	-	76,049
Fixed charges	8,297	111,138	-	119,435
Program administration	304,820	3,722,590	-	4,027,410
Depreciation	5,351	201,790	-	207,141
	<u>2,649,280</u>	<u>22,976,927</u>	<u>-</u>	<u>25,626,207</u>
Total expenses				
CHANGES IN NET ASSETS	91,918	(1,072,623)	(222,323)	(1,203,028)
Net assets				
Beginning of year	<u>2,397,996</u>	<u>8,038,460</u>	<u>447,852</u>	<u>10,884,308</u>
End of year	<u>\$ 2,489,914</u>	<u>\$ 6,965,837</u>	<u>\$ 225,529</u>	<u>\$ 9,681,280</u>

The accompanying notes are an integral part of this financial statement.

Nutritional Development Services of the Archdiocese of Philadelphia

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2023

	Net Assets Without Donor Restrictions	Net Assets Without Donor Restrictions - Government Funded Programs	Net Assets With Donor Restrictions	Total
Revenues				
Grants				
Federal and state government	\$ -	\$ 20,799,460	\$ 50,000	\$ 20,849,460
City of Philadelphia	1,600	-	60,690	62,290
Foundation	352,612	-	73,089	425,701
Contributed non-financial assets	1,344,720	-	-	1,344,720
Nongovernment meal receipts	-	491,306	-	491,306
Contributions from Operation Rice Bowl	-	-	96,142	96,142
Contributions - other	56,361	-	9,277	65,638
Subsidy from Catholic Charities Appeal Fund	200,000	-	-	200,000
Investment income	231,979	41,013	-	272,992
Other income	54,145	-	42,002	96,147
Net assets released from restrictions	298,558	-	(298,558)	-
	<u>2,539,975</u>	<u>21,331,779</u>	<u>32,642</u>	<u>23,904,396</u>
Total revenue				
	<u>2,539,975</u>	<u>21,331,779</u>	<u>32,642</u>	<u>23,904,396</u>
Expenses				
Food costs	1,739,998	15,649,261	-	17,389,259
Employee compensation	252,415	2,109,798	-	2,362,213
Office	23,853	140,650	-	164,503
Transportation	10,530	57,137	-	67,667
Fixed charges	1,560	114,693	-	116,253
Program administration	225,204	3,747,285	-	3,972,489
Depreciation	7,312	182,280	-	189,592
	<u>2,260,872</u>	<u>22,001,104</u>	<u>-</u>	<u>24,261,976</u>
Total expenses				
	<u>2,260,872</u>	<u>22,001,104</u>	<u>-</u>	<u>24,261,976</u>
CHANGES IN NET ASSETS	279,103	(669,325)	32,642	(357,580)
Net assets				
Beginning of year	<u>2,118,893</u>	<u>8,707,785</u>	<u>415,210</u>	<u>11,241,888</u>
End of year	<u>\$ 2,397,996</u>	<u>\$ 8,038,460</u>	<u>\$ 447,852</u>	<u>\$ 10,884,308</u>

The accompanying notes are an integral part of this financial statement.

Nutritional Development Services of the Archdiocese of Philadelphia

STATEMENTS OF CASH FLOWS

Years ended June 30,

	2024	2023
Cash flows from operating activities:		
Changes in net assets	\$ (1,203,028)	\$ (357,580)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	203,380	189,592
Unrealized gains on investments	(187,262)	(136,208)
Loss on disposal of equipment	3,761	-
Changes in operating assets and liabilities:		
Grants receivable	(136,001)	(116,809)
Other receivables	(157,478)	(83,664)
Inventory	(43,413)	2,558
Right-of-use assets	11,694	-
Accounts payable and accrued expenses	(38,638)	335,339
Deferred revenues	50,000	-
Lease liabilities	(11,694)	-
Net cash used in operating activities	(1,508,679)	(166,772)
Cash flows from investing activities:		
Purchases of equipment	(243,186)	(249,688)
Purchases of investments	(799,900)	(545,325)
Sales of investments	673,402	380,644
Net cash used in investing activities	(369,684)	(414,369)
NET DECREASE IN CASH	(1,878,363)	(581,141)
Cash:		
Beginning of year	4,840,243	5,421,384
End of year	\$ 2,961,880	\$ 4,840,243

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

Nutritional Development Services of the Archdiocese of Philadelphia

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE A - ORGANIZATION AND PURPOSE

Nutritional Development Services ("NDS") is a corporation of the Archdiocese of Philadelphia whose purpose is to obtain and distribute nutritious foods at a minimum cost to those attending or residing in educational or charitable institutions, or to those whose physical or financial circumstances require a specialized delivery of food; to provide food procurement and delivery services contemplated by governmental agencies; to conduct nutrition awareness programs in conjunction with these activities and to cooperate with and render technical assistance and advice to others working in this field.

NOTE B - RISKS AND UNCERTAINTIES

The child nutrition programs benefitted from COVID-19 assistance programs that were instituted by the United States Department of Agriculture ("USDA"). NDS received and recognized as revenue supply chain assistance of \$719,907 and \$760,865, for the years ended June 30, 2024, and 2023, respectively. Such funding is subject to federal approvals and may not reoccur in future years.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of NDS have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). The significant accounting policies followed are described below.

Net assets and revenues, expenses, gains and losses are categorized into two categories, based on the existence or absence of donor-imposed restrictions.

Net assets with donor restrictions include contributions, which can be expended but for which restrictions have not yet been met.

Net assets without donor restrictions are free of donor-imposed restrictions. Included in these funds are \$2,545,098 and \$2,231,338 of board-designated investments as of June 30, 2024 and 2023, respectively. The board-designated funds are to be used to enhance the existing services of the Community Food Program ("CFP"), develop new initiatives related to food insecurity and provide food assistance to special populations.

Funding

NDS receives most of its revenues from performance-based contracts with various governmental agencies. These revenues are subject to audit, which could result in repayment or reversal of revenues. Revenues associated with the direct costs of these programs are recognized as the related costs are incurred. Indirect cost reimbursements are based on predetermined rates negotiated with the USDA and are in effect through fiscal year 2024. Indirect cost reimbursements totaled \$1,860,195 and \$0 in 2024 and 2023, respectively.

The various school, childcare, and summer meals programs are funded by the USDA through the Pennsylvania Department of Education. The State Food Purchase Program is funded by the Commonwealth of Pennsylvania. Programs listed as part of the Child Nutrition Cluster in this report are governed by the United States Department of Agriculture regulations, in addition to guidance from the Pennsylvania Department of Education. Surpluses within these programs that are not required to be returned or spent, are to be retained for that program exclusively. These funds are to be used to improve operations or set aside to apply to any future losses within the specific program. These cash balances and

Nutritional Development Services of the Archdiocese of Philadelphia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

net assets are recorded as without donor restrictions - government funded programs on the statement of financial position; however, the amounts are contractually obligated for use in these programs.

Contributions

Gifts of non-financial assets and long-lived assets are reported at fair value as revenue without donor restrictions. Gifts specified for the acquisition or construction of long-lived assets are reported as net assets without donor restrictions when the assets are placed in service.

Classification of Gifts

NDS reports gifts of cash and other assets as donor-restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from donor restrictions. Donor-restricted contributions are reported as operating revenue without donor restrictions when the restriction is satisfied within the same year that the contribution is received.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Equipment and Depreciation

Equipment purchased is stated at cost, while donated assets are stated at fair value on the date of donation. Depreciation is provided over the estimated useful lives of the assets and is computed using the straight-line method. The estimated useful life for equipment ranges from 3 to 12 years.

Cash

NDS maintains its cash on deposit with a large commercial bank, and the deposit typically exceeds Federal Deposit Insurance Corporation limits. Management does not believe the credit risk related to these deposits to be significant.

Inventory

Inventory consists of food and supplies used for the programs and is stated at the lower of cost or market value. Cost is determined by the first-in, first-out method.

Investments

Investments consist of investments set aside by the Board of Directors for future purposes that were received through special appeals for the Community Food Program. Investments in debt and equity securities are measured at fair value based on quoted market prices. All investments are designated as trading securities. Investment income, realized gains and losses, and changes in net unrealized gains and losses on trading securities are recorded as other income on the statements of activities and changes in net assets.

Nutritional Development Services of the Archdiocese of Philadelphia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Liquidity and Availability of Resources

Financial assets available for general expenditure within one year and current liabilities as of June 30 consist of the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,961,880	\$ 4,840,243
Grants receivable	3,499,730	3,363,729
Other receivables	<u>372,861</u>	<u>215,383</u>
	6,834,471	8,419,355
Investments - board designated	<u>2,545,098</u>	<u>2,231,338</u>
Financial assets available to management	<u>\$ 9,379,569</u>	<u>\$ 10,650,693</u>

Assets available to management as of June 30, 2024, include expected proceeds from government grants of \$3,499,730, other receivables of \$372,861, and cash from government-funded programs of \$2,896,409, which are under contractual obligations with the government grantor and are to be used solely for activities to operate the government-funded food programs. As NDS' operations are entirely for this purpose, these amounts are part of the liquidity analysis above and are not considered restricted by donor.

Accounting Pronouncements

ASU 2016-03, *Financial Instruments - Credit Losses*, was effective for NDS on July 1, 2023. This ASU addresses measurement of credit losses on financial instruments and replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of information to inform credit loss estimates. The adoption of this guidance did not have an impact on the financial statements.

Reclassifications

Certain reclassifications have been made to prior year amounts in the financial statements to conform to the current year presentation. These reclassifications had no impact on NDS' total assets, liabilities, or change in net assets.

NOTE D - EQUIPMENT, NET

Equipment at June 30 consisted of:

	<u>2024</u>	<u>2023</u>
Equipment at schools	\$ 3,318,174	\$ 3,173,191
Office	<u>945,766</u>	<u>890,769</u>
	4,263,940	4,063,960
Less: accumulated depreciation	<u>(3,097,581)</u>	<u>(2,933,646)</u>
	<u>\$ 1,166,359</u>	<u>\$ 1,130,314</u>

Nutritional Development Services of the Archdiocese of Philadelphia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Depreciation expense for the years ended June 30, 2024 and 2023 amounted to \$203,380 and \$189,592, respectively.

NOTE E - INVESTMENTS

At June 30, NDS held the following categories of investments:

	2024	2023
Money market funds	\$ 240,548	\$ 294,687
Mutual funds	475,251	603,965
Equities	1,277,821	1,064,693
Fixed income	551,478	267,993
	<u>\$ 2,545,098</u>	<u>\$ 2,231,338</u>

NDS recognized the following changes as part of investment income on the statements of activities and changes in net assets for the years ended June 30:

	2024	2023
Dividend and interest income	\$ 171,448	\$ 93,219
Realized (losses)/gains, net	(22,432)	43,565
Unrealized gains, net	187,262	136,208
	<u>\$ 336,278</u>	<u>\$ 272,992</u>

The NDS Investment Committee retains the authority to approve the Investment Managers' strategic asset allocation between asset classes as noted in the NDS Investment Policy Statement, which is approved by the NDS Board of Directors. The NDS Finance Committee is responsible for oversight of the investments including setting risk tolerances and controls.

NOTE F - FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 under ASC 820 are described as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities as of the measurement date.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Nutritional Development Services of the Archdiocese of Philadelphia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value calculations may not be indicative of net realizable value or reflective of future fair values. Furthermore, although NDS believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables present the fair values of the investments held by NDS by level within the fair value hierarchy as of June 30, 2024 and 2023:

2024				
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Money market funds	\$ 240,548	\$ -	\$ -	\$ 240,548
Mutual funds	475,251	-	-	475,251
Fixed income	551,478	-	-	551,478
Equities	1,277,821	-	-	1,277,821
Total assets	<u>\$ 2,545,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,545,098</u>
2023				
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Money market funds	\$ 294,687	\$ -	\$ -	\$ 294,687
Mutual funds	603,965	-	-	603,965
Fixed income	267,993	-	-	267,993
Equities	1,064,693	-	-	1,064,693
Total assets	<u>\$ 2,231,338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,231,338</u>

During 2024 and 2023, no investments were transferred between Level 1, 2 or 3.

Nutritional Development Services of the Archdiocese of Philadelphia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE G - LEASES

NDS is the lessee of a vehicle and office equipment under operating leases expiring through 2026. Some of NDS's leases provide for options to renew subsequent to the current term. The options to renew the leases were not considered when assessing the value of the ROU asset if NDS was not reasonably certain that it would assert its option to renew the leases.

Quantitative information regarding NDS's leases for the years ended June 30, is as follows:

	<u>2024</u>	<u>2023</u>
Lease cost	\$ 11,697	\$ 12,385
Other information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows	\$ 11,697	\$ 12,385
ROU assets obtained in exchange for new lease liabilities	\$ -	\$ 27,675
Weighted-average remaining lease term (in years)	1.43	1.50
Weighted-average discount rate	4%	4%

The following is a schedule of future minimum lease payments required under operating leases with lease terms in excess of one year:

2025	\$ 2,424
2026	1,266
2027	-
2028	-
2029	-
Thereafter	-
	<hr/>
Total minimum payments	3,690
	<hr/>
Less: present value discount	(94)
	<hr/>
	\$ 3,596

NOTE H - PENSIONS

Lay Employees' Retirement Plan - Frozen Effective June 30, 2014

Through June 30, 2014, the eligible lay employees of NDS were covered under the Archdiocese of Philadelphia's Lay Employees' Retirement Plan (the "Plan"), which is a defined benefit pension plan covering substantially all lay employees of the Archdiocese of Philadelphia, based on age and service requirements. The Plan is administered by the Trustees of the Plan. NDS made annual contributions to the Plan at a rate of 3.5% of the salaries of eligible employees for the years ended June 30, 2023 and 2022, respectively. The amount expensed by NDS for contributions to the Plan was \$63,819 and \$60,978 for the fiscal years ended June 30, 2024 and 2023, respectively. Separate accounts for vested benefits and pension fund assets are not maintained for each institution.

Nutritional Development Services of the Archdiocese of Philadelphia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Archdiocese of Philadelphia 403(b) Retirement Plan

Effective July 1, 2014, the Archdiocese of Philadelphia established a 403(b) defined contribution plan (the "403(b) plan"). Under the 403(b) plan, and subject to statutory limits, all employees at least 18 years of age are immediately eligible to make voluntary-deferred salary contributions into the 403(b) plan.

Employer contributions, which cover employees meeting the eligibility requirements below, are discretionary. The following are the eligibility requirements for the employer contributions:

Grandfathered Employees - Any employee who was accruing benefits as an active participant in the Plan as of its freeze date of June 30, 2014 is a grandfathered employee and will be eligible to receive employer contributions beginning with the first payroll on or after September 1, 2014.

Non-Grandfathered Employees - Non-grandfathered employees are eligible to receive the employer contributions beginning with the first payroll coinciding with or immediately following the completion of 1,000 hours of service during the 18-month period beginning July 1, 2014 through December 31, 2015. The employee must also have attained at least 18 years of age to be eligible. For a non-grandfathered employee hired prior to July 1, 2014 who does not meet the eligibility requirements for an employer contribution in the time frame described above, the period for determining whether or not one meets the 1,000-hour service requirement was modified to the calendar year beginning January 1, 2016.

Vesting - Vesting in employer contributions to a 403(b) plan account will be immediate for any grandfathered employee who has completed 12 months of service as of June 30, 2014. Vesting in employer contributions for all other employees will take place after the completion of 12 months of service.

In fiscal years 2024 and 2023, the Archdiocese of Philadelphia employer contribution rate was 4.5% of base salary for eligible employees. The contributions by NDS into the 403(b) plan totaled \$82,054 and \$78,401 for the years ended June 30, 2024 and 2023, respectively.

NOTE I - INCOME TAXES

NDS is recognized as exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code, except on activities unrelated to their exempt purposes. The organization has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions.

NDS follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more likely than not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The organization has determined that there are no material uncertain tax positions that require recognition or disclosure in its consolidated financial statements.

Nutritional Development Services of the Archdiocese of Philadelphia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE J - CONTRIBUTIONS OF FOOD

All contributed nonfinancial assets were utilized by NDS' programs and supporting services. There were no donor-imposed restrictions associated with the donated assets. Contributed food was valued using the industry standard of \$1.93 and \$1.92 per pound for the fiscal years ended June 30, 2024 and 2023, respectively. During 2024 and 2023, approximately 732,000 and 700,375 pounds of food, respectively, with an estimated fair value of \$1,412,760 and \$1,344,720, respectively, were donated from various nongovernment sources and related parties. This food was redistributed to organizations feeding those in need of food and is recorded as contributed non-financial assets and food cost expense in the statement of activities.

NOTE K - FUNCTIONAL EXPENSES

The following tables summarize program and supporting, management and general expenses for the years ended June 30, 2024 and 2023.

	2024		
	Program	Management and General	Total Expenses
Food costs	\$ 18,520,237	\$ -	\$ 18,520,237
Employee compensation	77,867	2,461,908	2,539,775
Office	-	136,160	136,160
Transportation	76,049	-	76,049
Fixed charges	-	119,435	119,435
Program administration	4,027,410	-	4,027,410
Depreciation	207,141	-	207,141
	<u>\$ 22,908,704</u>	<u>\$ 2,717,503</u>	<u>\$ 25,626,207</u>
	2023		
	Program	Management and General	Total Expenses
Food costs	\$ 17,389,259	\$ -	\$ 17,389,259
Employee compensation	83,743	2,278,470	2,362,213
Office	-	164,503	164,503
Transportation	67,667	-	67,667
Fixed charges	-	116,253	116,253
Program administration	3,972,489	-	3,972,489
Depreciation	189,592	-	189,592
	<u>\$ 21,702,750</u>	<u>\$ 2,559,226</u>	<u>\$ 24,261,976</u>

Program expenses consist of food, program employee compensation, transportation, depreciation, and program administrative costs. Support expenses consist of supporting employee compensation, office expenses, fixed charges, and miscellaneous costs.

Nutritional Development Services of the Archdiocese of Philadelphia

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE L - RELATED PARTY TRANSACTIONS

NDS provides meals to elementary schools and childcare centers of parishes in the Archdiocese of Philadelphia. These meals are purchased by NDS and distributed in schools and centers under the federally funded child nutritional programs. During fiscal years 2024 and 2023, a total of \$109,636 and \$138,004, respectively, was purchased by the students, of which \$19,735 and \$22,812 was included in other receivables at June 30, 2024 and 2023, respectively.

NDS receives subsidies from the Catholic Charities Appeal Fund ("Catholic Charities"), which is a fund administered for the Archdiocese of Philadelphia. Subsidies for the administrative costs of the Community Food Program were \$200,000 for both of the years ended June 30, 2024 and 2023. Additionally, Catholic Charities through a separate annual appeal raises funds to be used for program costs by the Community Food Program and contributed \$228,508 and \$323,236 for the years ended June 30, 2024 and 2023, respectively. These amounts are included in foundation grants in the statements of activities and changes in net assets.

NDS also receives funds from Rice Bowl, which is also a program administered by the Archdiocese of Philadelphia, in which contributions are received from churches throughout the Archdiocese of Philadelphia. Contributions from Rice Bowl for the years ended June 30, 2024 and 2023 were \$94,106 and \$96,142, respectively.

NDS rents certain facilities, utilized in the delivery of its services, from the Archdiocese of Philadelphia. Rent expense on these facilities was \$101,910 for both of the years ended June 30, 2024 and 2023. Rent expenses are included in fixed charges in the statements of activities and changes in net assets.

NDS reimburses Catholic Social Services ("CSS") of the Archdiocese of Philadelphia for meals served at the residential childcare centers and group homes. These meals are served in accordance with the regulations of the National School Lunch and Breakfast Program. As of June 30, 2024 and 2023, NDS has amounts payable to CSS totaling \$21,122 and \$27,242, respectively, which are included as part of accounts payable and accrued expenses in the statements of financial position.

NOTE M - SUBSEQUENT EVENTS

NDS evaluated events subsequent to November 14, 2024, the date the financial statements were available to be issued. NDS is not aware of any subsequent event that would require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

Nutritional Development Services of the Archdiocese of Philadelphia

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY PROGRAM

Year ended June 30, 2024

	School-Based Program	Seamless Summer Option	Child Care Program	Community Food	Food Program Admin	CFP Annual Appeal	Total
Revenues							
Grants							
Federal and state governments	\$ 15,499,802	\$ 1,490,202	\$ 4,304,311	\$ -	\$ -	\$ -	\$ 21,294,315
City of Philadelphia	-	-	-	36,407	1,600	-	38,007
Foundation	-	-	-	126,910	29,542	228,508	384,960
Contributed non-financial assets	-	-	-	1,412,760	-	-	1,412,760
Nongovernment meal receipts	90,592	-	419,999	-	-	-	510,591
Contributions from Operation Rice Bowl	-	-	-	94,106	-	-	94,106
Contributions - other	-	-	-	11,000	45,035	-	56,035
Subsidy from Catholic Charities Appeal Fund	-	-	-	-	200,000	-	200,000
Investment income	98,465	933	-	4,221	337	232,322	336,278
Other income	-	-	-	44,275	51,852	-	96,127
Total revenue	15,688,859	1,491,135	4,724,310	1,729,679	328,366	460,830	24,423,179
Expenses							
Food costs	10,745,524	1,352,679	4,440,805	1,899,015	-	82,214	18,520,237
Employee compensation	1,275,306	332,761	612,902	4,709	300,991	13,106	2,539,775
Office	73,206	10,876	28,625	689	9,189	13,575	136,160
Transportation	47,480	6,485	14,761	413	5,761	1,149	76,049
Fixed charges	73,092	11,537	26,509	741	5,492	2,064	119,435
Program administration	3,444,295	72,555	205,740	46,434	120,475	137,911	4,027,410
Depreciation	196,569	1,647	3,574	-	5,351	-	207,141
Total expenses	15,855,472	1,788,540	5,332,916	1,952,001	447,259	250,019	25,626,207
CHANGES IN NET ASSETS	(166,613)	(297,405)	(608,606)	(222,322)	(118,893)	210,811	(1,203,028)
Net assets (deficiency)							
Beginning of year	7,523,881	373,458	141,121	447,852	(154,650)	2,552,646	10,884,308
End of year	<u>\$ 7,357,268</u>	<u>\$ 76,053</u>	<u>\$ (467,485)</u>	<u>\$ 225,530</u>	<u>\$ (273,543)</u>	<u>\$ 2,763,457</u>	<u>\$ 9,681,280</u>

See report of independent certified public accountants.

Nutritional Development Services of the Archdiocese of Philadelphia

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY PROGRAM

Year ended June 30, 2023

	School-Based Program	Seamless Summer Option	Child Care Program	Community Food	Food Program Admin	CFP Annual Appeal	Total
Revenues							
Grants							
Federal and state governments	\$ 15,042,296	\$ 1,885,448	\$ 3,871,716	\$ 50,000	\$ -	\$ -	\$ 20,849,460
City of Philadelphia	-	-	-	60,690	1,600	-	62,290
Foundation	-	-	-	73,089	29,376	323,236	425,701
Contributed non-financial assets	-	-	-	1,344,720	-	-	1,344,720
Nongovernment meal receipts	116,450	17,161	357,695	-	-	-	491,306
Contributions from Operation Rice Bowl	-	-	-	96,142	-	-	96,142
Contributions - other	-	-	-	9,277	56,361	-	65,638
Subsidy from Catholic Charities Appeal Fund	-	-	-	-	200,000	-	200,000
Investment income	24,781	7,446	8,786	-	816	231,163	272,992
Other income	-	-	-	42,002	54,145	-	96,147
Total revenue	15,183,527	1,910,055	4,238,197	1,675,920	342,298	554,399	23,904,396
Expenses							
Food costs	10,354,267	1,492,903	3,802,091	1,643,278	-	96,720	17,389,259
Employee compensation	943,022	536,583	630,193	-	252,415	-	2,362,213
Office	78,719	38,858	23,073	-	11,660	12,193	164,503
Transportation	20,805	15,408	20,924	-	10,530	-	67,667
Fixed charges	77,463	5,570	31,660	-	1,560	-	116,253
Program administration	3,396,311	117,208	233,766	-	99,196	126,008	3,972,489
Depreciation	176,148	1,758	4,374	-	7,312	-	189,592
Total expenses	15,046,735	2,208,288	4,746,081	1,643,278	382,673	234,921	24,261,976
CHANGES IN NET ASSETS	136,792	(298,233)	(507,884)	32,642	(40,375)	319,478	(357,580)
Net assets (deficiency)							
Beginning of year	7,387,089	671,691	649,005	415,210	(114,275)	2,233,168	11,241,888
End of year	<u>\$ 7,523,881</u>	<u>\$ 373,458</u>	<u>\$ 141,121</u>	<u>\$ 447,852</u>	<u>\$ (154,650)</u>	<u>\$ 2,552,646</u>	<u>\$ 10,884,308</u>

See report of independent certified public accountants.

Nutritional Development Services of the Archdiocese of Philadelphia

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Total
<u>Federal Awards</u>			
Department of Agriculture			
Child Nutrition Cluster			
VPI Commodity Pilot - National School Lunch Program	10.555		\$ 891,664
Total direct awards			891,664
Pass-through from Pennsylvania Department of Education			
School Breakfast Program	10.553	226-51053-2/326-51005-4	3,645,045
National School Lunch Program	10.555	226-51053-2/326-51005-4	11,598,019
National School Lunch Program (After School Snack Program)	10.555	326-51005-4	24,538
Special Milk Program for Children	10.556	226-51053-2	22,022
Fresh Fruit and Vegetable Program	10.582	226-51053-2	327,693
			15,617,317
Total Child Nutrition Cluster			16,508,981
Child and Adult Care Program	10.558	226-51053-2	4,304,311
COVID-19 Pandemic EBT Local Admin Funds	10.649	226-51053-2/326-51005-4	6,833
Total Department of Agriculture			20,820,125
Total expenditures of federal awards			20,820,125
<u>State Awards</u>			
National School Lunch Program	N/A	N/A	337,085
School Breakfast Program	N/A	N/A	137,105
Total expenditures of state awards			474,190
Total expenditures of federal and state awards			\$ 21,294,315

The accompanying notes to the Schedule of Expenditures of Federal and State Awards are an integral part of this schedule.

Nutritional Development Services of the Archdiocese of Philadelphia

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year ended June 30, 2024

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards ("SEFA") presents the activities in all the federal and state financial assistance programs of Nutritional Development Services of the Archdiocese of Philadelphia ("NDS"). All financial awards received directly from federal agencies, as well as federal financial awards passed through other governmental agencies or nonprofit organizations, are included on the SEFA.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying SEFA has been prepared on an accrual basis of accounting.

NOTE C - DESCRIPTION OF AWARDS

For unit rate contracts included in the SEFA, the amount of expenditures represents the number of meals served under the program multiplied by the reimbursement rate applicable to that program. Included as part of the awards listed on the SEFA, NDS receives funding from the Commonwealth of Pennsylvania (the "Commonwealth"). The amounts noted in the table below for the school lunch and breakfast programs are matches of the federal awards received. The Commonwealth matches the number of claimable breakfast and lunches at \$0.10 on each dollar award by the federal government. An additional reimbursement amount is paid for lunch at \$0.04 or \$0.02 on the dollar if breakfast participation is greater than or less than 20%, respectively.

Commonwealth Awards	
National School Lunch Program	\$ 337,085
School Breakfast Program	<u>137,105</u>
	<u>\$ 474,190</u>

NOTE D - INDIRECT COST RATE

NDS has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Nutritional Development Services of the Archdiocese of Philadelphia

SCHEDULE OF CASH RECEIPTS OF FEDERAL AND STATE AWARDS

Year ended June 30, 2024

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Total
<u>Federal Awards</u>			
Department of Agriculture			
Child Nutrition Cluster			
VPI Commodity Pilot - National School Lunch Program	10.555		\$ 891,664
Total direct awards			891,664
Pass-through from Pennsylvania Department of Education			
School Breakfast Program	10.553	226-51053-2/326-51005-4	3,671,850
National School Lunch Program	10.555	226-51053-2/326-51005-4	11,640,668
National School Lunch Program (After School Snack Program)	10.555	326-51005-4	22,387
Special Milk Program for Children	10.556	226-51053-2	21,861
Fresh Fruit and Vegetable Program	10.582	226-51053-2	359,940
			15,716,706
Total Child Nutrition Cluster			16,608,370
Child and Adult Care Program	10.558	226-51053-2	4,061,739
COVID-19 Pandemic EBT Local Admin Funds	10.649	226-51053-2/326-51005-4	6,833
Total Department of Agriculture			20,676,941
Total cash receipts of federal awards			20,676,941
<u>State Awards</u>			
National School Lunch Program	N/A	N/A	337,999
School Breakfast Program	N/A	N/A	143,374
Total expenditures of state awards			481,373
Total expenditures of federal and state awards			\$ 21,158,314

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Nutritional Development Services
of the Archdiocese of Philadelphia

We have audited, 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 (*Government Auditing Standards*), the financial statements of Nutritional Development Services of the Archdiocese of Philadelphia (the "Entity"), which comprise the statement of financial position as of June 30, 2024, 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 November 14, 2024.

Report on internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the Entity's internal control over financial reporting ("internal control") as a basis for designing 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 Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity'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 or significant deficiencies may exist that were not identified.

Report on compliance and other matters

As part of obtaining reasonable assurance about whether the Entity's financial statements are free from 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 financial statements. 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*.

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 Entity'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 Entity's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Philadelphia, Pennsylvania
November 14, 2024

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Nutritional Development Services
of the Archdiocese of Philadelphia

Report on compliance for each major federal program

Opinion on each major federal program

We have audited the compliance of Nutritional Development Services of the Archdiocese of Philadelphia (the "Entity") with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on each of the Entity's major federal programs for the year ended June 30, 2024. The Entity's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Entity 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 June 30, 2024.

Basis for opinion on each major federal program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Entity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Entity's compliance with the compliance requirements referred to above.

Responsibilities of management for compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Entity's federal programs.

Auditor's responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Entity's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Entity's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on internal control over compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a

material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the Entity's internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Philadelphia, Pennsylvania
November 14, 2024

Nutritional Development Services of the Archdiocese of Philadelphia

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal and State Awards

Internal control over the major program:

Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes	<u> X </u> none reported

Type of auditors' report issued on compliance for the major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	_____ yes	<u> X </u> no
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Identification of the major federal programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.556/10.582	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	<u> X </u> yes	_____ no
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SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

Nutritional Development Services of the Archdiocese of Philadelphia

SUMMARY OF PRIOR YEAR AUDIT FINDINGS

For the year ended June 30, 2024

There were no prior year audit findings reported.