

**HIAS AND COUNCIL MIGRATION
SERVICE OF PHILADELPHIA
T/A HIAS PENNSYLVANIA**

**FINANCIAL REPORT
September 30, 2018**

**HIAS AND COUNCIL MIGRATION
SERVICE OF PHILADELPHIA
T/A HIAS PENNSYLVANIA**

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Independent Auditor's Report

Board of Directors
HIAS and Council Migration Service of Philadelphia
T/A HIAS Pennsylvania
Philadelphia, PA

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of HIAS Pennsylvania (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HIAS Pennsylvania as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules on pages 14 and 15 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2019, on our consideration of HIAS Pennsylvania'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 HIAS Pennsylvania'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 HIAS Pennsylvania's internal control over financial reporting and compliance.



SNYDER, DAITZ & COMPANY
Philadelphia, PA

April 23, 2019

HIAS PENNSYLVANIA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

September 30, 2018

(With Comparative Totals for 2017)

	2018	2017
<u>ASSETS</u>		
Cash and cash equivalents	\$ 569,364	\$ 704,396
Investments	2,062,604	1,582,979
Accounts receivables	512,558	421,726
Grants receivable	168,914	329,625
Prepaid expenses	3,440	8,243
Security deposits	5,400	0
Equipment and leasehold improvements, net	2,234	2,342
Total Assets	\$ 3,324,514	\$ 3,049,311
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 97,050	\$ 62,350
Total Liabilities	\$ 97,050	\$ 62,350
<u>NET ASSETS</u>		
Unrestricted		
Unrestricted	\$ 769,880	\$ 990,782
Designated by the Board	2,062,604	1,582,979
Total Unrestricted	\$ 2,832,484	\$ 2,573,761
Temporarily restricted	394,980	413,200
	\$ 3,227,464	\$ 2,986,961
Total Liabilities and Net Assets	\$ 3,324,514	\$ 3,049,311

The accompanying letter and notes are an integral part of this statement.

HIAS PENNSYLVANIA

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended September 30, 2018

(With Comparative Totals for 2017)

	UNRESTRICTED	TEMPORARILY RESTRICTED	2018 TOTAL	2017 TOTAL
<u>SUPPORT AND REVENUE</u>				
Government grants and contracts	\$ 1,862,372		\$ 1,862,372	\$ 2,017,615
Grants- other	150,692	\$ 306,552	457,244	625,631
Contributions and fundraising	754,569	25,700	780,269	764,914
In-kind contributions	1,744,860		1,744,860	1,047,524
Service fees	51,103		51,103	78,589
Investments	184,322		184,322	117,359
Other income	0		0	15,427
Net assets released from restriction:				
Satisfaction of program restrictions	350,472	(350,472)	0	0
Total Support and Revenue	\$ 5,098,390	\$ (18,220)	\$ 5,080,170	\$ 4,667,059
<u>EXPENSES AND LOSSES</u>				
Programs:				
Resettlement program	\$ 850,357		\$ 850,357	\$ 985,093
Legal services program	3,116,129		3,116,129	2,105,315
Citizenship program	177,219		177,219	232,148
Asylee program	148,140		148,140	82,265
PHILS	72,813		72,813	57,475
Total Programs	\$ 4,364,658	0	\$ 4,364,658	\$ 3,462,296
Support services				
General and administrative	\$ 373,497		\$ 373,497	\$ 292,755
Fundraising	101,512		101,512	94,801
Total Support Services	\$ 475,009	0	\$ 475,009	\$ 387,556
Total Expenses	\$ 4,839,667	0	\$ 4,839,667	\$ 3,849,852
Change in Net Assets	\$ 258,723	\$ (18,220)	\$ 240,503	\$ 817,207
Net Assets, Beginning	2,573,761	413,200	2,986,961	2,169,754
Net Assets, Ending	\$ 2,832,484	\$ 394,980	\$ 3,227,464	\$ 2,986,961

The accompanying letter and notes are an integral part of this statement.

HIAS PENNSYLVANIA

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2018

(With Comparative Totals for 2017)

	RESETTLE- MENT PROGRAM	LEGAL SERVICES PROGRAM	CITIZEN- SHIP PROGRAM	ASYLEE PROGRAM	PHILS	TOTAL PROGRAMS	GENERAL & ADMINI- STRATION	FUND RAISING	2018 TOTAL	2017 TOTAL
PERSONNEL EXPENSES										
Salaries	\$ 350,153	\$ 852,682	\$ 84,812	\$ 91,860	\$ 51,612	\$ 1,431,119	\$ 227,730	\$ 52,500	\$ 1,711,349	\$ 1,549,578
Payroll taxes	28,740	69,986	6,961	7,540	4,236	117,463	18,691	4,309	140,463	126,490
Retirement	11,671	28,421	2,827	3,062	1,720	47,701	7,590	1,750	57,041	20,562
Employee benefits	28,289	79,389	6,852	7,422	4,170	126,122	18,399	4,242	148,763	132,515
	<u>\$ 418,853</u>	<u>\$ 1,030,478</u>	<u>\$ 101,452</u>	<u>\$ 109,884</u>	<u>\$ 61,738</u>	<u>\$ 1,722,405</u>	<u>\$ 272,410</u>	<u>\$ 62,801</u>	<u>\$ 2,057,616</u>	<u>\$ 1,829,145</u>
OPERATING EXPENSES										
Advertising	0	0	0	0	0	0	0	0	0	\$ 620
Case management system	0	\$ 34,227	\$ 830	\$ 1,565	0	\$ 36,622	0	0	\$ 36,622	29,426
Conferences and staff development	\$ 40	2,900	0	0	0	2,940	\$ 10,455	0	13,395	11,408
Direct assistance and housing	245,952	0	1,016	0	0	246,968	0	0	248,968	322,076
Dues and subscriptions	0	2,027	0	0	0	2,027	5,546	0	7,573	4,317
Equipment rental	2,705	6,587	655	710	\$ 399	11,056	1,759	\$ 408	13,221	19,622
Fundraising	0	0	0	0	0	0	0	26,842	26,842	15,442
Insurance	2,887	7,029	699	757	425	11,797	1,877	433	14,107	12,072
Office supplies and educational supplies	12,728	22,103	2,167	2,347	1,320	40,665	9,705	1,941	52,311	48,611
Payroll fees	1,254	3,054	304	329	185	5,126	816	188	6,130	6,927
Postage	2,601	6,335	630	682	383	10,631	1,692	390	12,713	13,470
Printing	1,404	3,419	340	368	207	5,738	913	210	6,861	10,744
Professional fees	19,095	46,498	4,625	5,009	2,814	78,041	30,682	2,863	111,588	77,959
Professional fees, In-kind	81,295	1,663,565	0	0	0	1,744,860	0	0	1,744,860	1,047,524
Program expenses	3,577	152,346	44,945	16,000	0	216,868	0	0	216,868	96,335
Purchase services	11,822	27,797	8,371	162	0	48,152	5,259	0	53,411	132,628
Rent	25,743	62,689	6,235	6,753	3,794	105,214	16,743	3,860	125,817	99,369
Telephone and internet	10,500	25,569	2,543	2,755	1,548	42,915	6,829	1,574	51,318	38,920
Travel	9,876	19,446	2,401	812	0	32,535	8,805	0	41,340	33,129
	<u>\$ 431,479</u>	<u>\$ 2,085,591</u>	<u>\$ 75,761</u>	<u>\$ 38,249</u>	<u>\$ 11,075</u>	<u>\$ 2,642,155</u>	<u>\$ 101,081</u>	<u>\$ 38,707</u>	<u>\$ 2,761,943</u>	<u>\$ 2,020,599</u>
Total expenses before depreciation	\$ 850,332	\$ 3,116,069	\$ 177,213	\$ 148,133	\$ 72,813	\$ 4,364,560	\$ 373,491	\$ 101,508	\$ 4,839,559	\$ 3,849,744
Depreciation	25	60	6	7	0	98	6	4	108	108
	<u>\$ 850,357</u>	<u>\$ 3,116,129</u>	<u>\$ 177,219</u>	<u>\$ 148,140</u>	<u>\$ 72,813</u>	<u>\$ 4,364,658</u>	<u>\$ 373,497</u>	<u>\$ 101,512</u>	<u>\$ 4,839,667</u>	<u>\$ 3,849,852</u>

The accompanying letter and notes are an integral part of this statement.

HIAS PENNSYLVANIA

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended September 30, 2018
(With Comparative Totals for 2017)

	2018	2017
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 240,503	\$ 817,207
Adjustments to reconcile to cash from operations		
Depreciation	108	108
Gain on investments	(137,557)	(91,802)
(Increase) decrease in :		
Accounts receivable	(90,832)	57,195
Grants receivable	160,711	(133,625)
Prepaid expenses	4,803	(5,486)
Increase (decrease) in :		
Accounts payable and accrued expenses	34,700	10,496
	\$ 212,436	\$ 654,093
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sale of investments	\$ 400	\$ 57,534
Proceeds from redemption of certificate of deposit	0	108,928
Purchase of investments	(342,468)	(684,377)
Security deposit	(5,400)	0
	\$ (347,468)	\$ (517,915)
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	0	0
Net increase (decrease) in cash for year	\$ (135,032)	\$ 136,178
Cash balance, beginning	704,396	568,218
Cash balance, ending	\$ 569,364	\$ 704,396

The accompanying letter and notes are an integral part of this statement.

HIAS PENNSYLVANIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS September 30, 2018 and 2017

NOTE 1 - THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Organization

The HIAS and Council Migration Service of Philadelphia ("the Organization") is a not-for-profit organization located in Philadelphia, Pennsylvania, that provides aid to immigrants. The Organization operates under the name HIAS Pennsylvania.

The organization programs and supporting services are as follows:

Citizenship program - provides application assistance, civics/ESL instruction and legal representation by a legal support team on behalf of refugees and immigrants seeking naturalization.

Legal Services program - provides immigration legal assistance by staff attorneys, law clerks, accredited representatives and paralegals to immigrants and refugees of limited means. This program also provides technical assistance to service providers and non-attorneys in the organization and to the community at large.

Asylee program - provides information, referral and limited case management to asylees in Pennsylvania. In addition, the project develops and disseminates training material to professionals, service providers and asylees.

Resettlement program - provides resettlement and case management services for newly arrived refugees.

Fundraising - provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations.

General and administrative - includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, secure proper administrative functioning of the Board of Directors, and manage the financial and budgetary responsibilities of the Organization.

Pennsylvania HIAS Indigent Immigrant Legal Services (PHIILS) is a separate 501 (c)(3) non-profit managed by HIAS Pennsylvania which provides free immigration legal services to indigent individuals in Pennsylvania.

Date of Management's Review

Subsequent events were evaluated through April 23, 2019, which is the date the financial statements were available to be issued.

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 FASB ASC 958 (formerly SFAS No. 117, Financial Statements of Not-for-Profit Organizations), which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

HIAS PENNSYLVANIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS September 30, 2018 and 2017

NOTE 1 - THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Consolidation

These consolidated financial statements include HIAS and Council Migration Service of Philadelphia (HIAS Pennsylvania) and Pennsylvania HIAS Indigent Immigrant Legal Services (PHIILS). PHIILS is a not-for-profit organization incorporated by HIAS Pennsylvania, and is also related by common board members. All significant intercompany balances and transactions have been eliminated.

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. Significant estimates are made in the functional allocation of expenses and the valuation of donated services.

Cash

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. Uninsured balances of cash totaled approximately \$218,000 and \$409,000 as of September 30, 2018 and 2017, and were held primarily in money market accounts.

Cash includes balances restricted to use within the guidelines of grants from the organization's funding sources. These balances totaled approximately \$226,000 and \$90,000 as of September 30, 2018 and 2017.

Investments

Investments are reported at their fair market value in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Allowance For Uncollectible Amounts

Each account receivable and grant receivable is evaluated separately by management to determine collectability. An allowance for uncollectible amounts, if any, is based on this determination. There was no allowance at September 30, 2018 and 2017, as all amounts were considered collectible.

Property & Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and are depreciated over the useful lives of the assets using the straight-line method.

Contributions of cash that must be used to acquire equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

HIAS PENNSYLVANIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS September 30, 2018 and 2017

NOTE 1 - THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Recognition of Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Amounts released from restriction totaled \$350,472 and \$285,400 for the years ended September 30, 2018 and 2017.

Unconditional promises to give are recognized as revenues or gains to the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Functional Allocation of Expenses

The costs of providing the various programs and other supporting activities have been summarized on a functional basis in the statement of activities and in the schedule of functional expenses. Accordingly, such costs have been directly allocated among the programs and supporting services as shown on the schedule of functional expenses. Indirect expenses have been allocated using either actual staff time or facilities usage by each program.

Income Taxes

The organization is a nonprofit corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

NOTE 2 - CASH & CASH EQUIVALENTS

Cash and cash equivalents consist of the following at September 30:

	<u>2018</u>	<u>2017</u>
Cash in bank & on hand	\$ 175,050	\$ 114,073
Money market accounts	<u>394,314</u>	<u>590,323</u>
	<u>\$ 569,364</u>	<u>\$ 704,396</u>

HIAS PENNSYLVANIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS September 30, 2018 and 2017

NOTE 3 - INVESTMENTS & FAIR VALUE MEASUREMENTS

Investments represent the balance in the organization's board designated endowment and consist of the following as of September 30:

	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using: Quoted Prices In Active Markets for Identical Assets (Level 1)</u>
<u>2018</u>				
Vanguard Balanced Index Fund	<u>\$1,783,520</u>	<u>\$279,084</u>	<u>\$2,062,604</u>	<u>\$2,062,604</u>
<u>2017</u>				
Vanguard Balanced Index Fund	<u>\$1,441,160</u>	<u>\$141,419</u>	<u>\$1,582,579</u>	<u>\$1,582,579</u>

Activity in the board designated endowment funds for the years ended September 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Balance, beginning	\$1,582,579	\$ 864,756
Contributions	300,000	658,928
Investment return		
Investment income	42,334	24,977
Gains on investments	137,691	91,627
Fees	0	(175)
Amounts appropriated for expenditure	0	(57,534)
	<u>\$2,062,604</u>	<u>\$1,582,579</u>

Gains and losses (realized and unrealized) included in changes in net assets for the years ended September 30, 2018 and 2017 are reported in investment revenue. All such gains and losses were a result of transactions where values have been measure using Level 1 inputs.

Total investment income is as follows for the years ended September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Investment income, interest and dividends	\$ 46,631	\$ 25,907
Gain on market value of securities	137,691	91,627
Fees	0	(175)
	<u>\$184,322</u>	<u>\$117,359</u>

HIAS PENNSYLVANIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS September 30, 2018 and 2017

NOTE 3 - INVESTMENTS & FAIR VALUE MEASUREMENTS - CONTINUED

FASB ASC 820-10 (formerly SFAS No. 157, *Fair Value Measurements*,) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs are those 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 full term of the assets or liabilities; and Level 3 inputs are those unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities, and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 inputs were available to the Organization, and Level 3 inputs are only used when Level 1 and 2 inputs are not available.

Level 1 Fair Value Measurements

The fair value of investments are based on quoted net asset values of the holdings held at year-end.

NOTE 4 - GRANTS RECEIVABLE

Represents unconditional promises to give, as explained in Note 1, consisting of the following as of September 30:

	2018	2017
Litigation	\$ 93,914	\$166,875
Resettlement program	0	60,000
Immigrant Outreach Coordinator	15,000	30,000
Time restricted operating grants	60,000	72,750
	<u>\$168,914</u>	<u>\$329,625</u>
Amount due in		
Less than one year	\$168,914	\$249,625
One to five years	0	80,000
	<u>\$168,914</u>	<u>\$329,625</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	Cost	Appreciation Depreciation	2018 Net Book Value	2017 Net Book Value
Computer equipment	\$21,783	\$ 21,783	\$ 0	\$ 0
Leasehold improvements	4,200	1,966	2,234	2,342
Furniture	8,397	8,397	0	0
Telephone and fax equipment	8,610	8,610	0	0
	<u>\$ 42,990</u>	<u>\$ 40,756</u>	<u>\$ 2,234</u>	<u>\$ 2,342</u>

HIAS PENNSYLVANIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS September 30, 2018 and 2017

NOTE 6 - NET ASSETS

Unrestricted Net Assets

Unrestricted net assets represent funds retained by HIAS Pennsylvania 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.

The Board of Directors has elected to designate a portion of the Organization's unrestricted net assets to be used for certain purposes. These funds are placed in long-term investments, where pursuant to the investment policies, 5% can be utilized and expended each year. The balance of these designated funds was \$2,062,604 and \$1,582,979 as of September 30, 2018 and 2017.

Temporarily Restricted Net Assets

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

Temporarily restricted net assets are composed of the following as of September 30:

	<u>2018</u>	<u>2017</u>
Legal services	\$138,189	\$185,450
Transformation fund	100,000	0
Resettlement program	0	60,000
Path to Self Sufficiency	55,791	0
Immigrant Outreach Coordinator	30,000	45,000
Philadelphia Citizens Assistance Network	5,000	15,000
Immigrant Domestic Violence	6,000	0
Time restricted operating grants	<u>60,000</u>	<u>107,750</u>
	<u>\$394,980</u>	<u>\$413,200</u>

Permanently Restricted Funds

Permanently restricted net assets represent resources subject to a donor-imposed restriction that they be permanently maintained. The organization has not received any such contributions.

NOTE 7 - CONCENTRATION OF REVENUE SOURCES

For the year ended September 30, 2017, revenue from one source was in excess of 10% of the organization's revenue. Revenue from this source totaled approximately \$653,000 or 14% of total revenue.

If a significant reduction in the level of this support were to occur, it would have a material effect on the Organization's programs and activities.

NOTE 8 - RETIREMENT PLANS

Defined Benefit Plan

Eligible employees of the Organization participate in a defined benefit plan sponsored by the Jewish Federation of Greater Philadelphia ("The Jewish Federation"). The Jewish Federation has frozen participation in the Plan, however the respective share of any existing unfunded liabilities, measured annually are required to be paid by the Jewish Federation and constituent agencies.

Contributions in the amount of \$15,400 and \$10,300 were made to the Plan by HIAS Pennsylvania for the years ended September 30, 2018 and 2017.

HIAS PENNSYLVANIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS September 30, 2018 and 2017

NOTE 8 - RETIREMENT PLANS - CONTINUED

Defined Benefit Plan – Continued

As part of the freeze, no new employees of HIAS Pennsylvania are entering the Plan and active participants in the Plan ceased accruing additional benefits, based on the effective freeze date of October 1, 2009 for HIAS Pennsylvania.

Participants should refer to Plan documents for specific details of the Plan.

403(b) Plan

The Organization sponsors the HIAS Pennsylvania 403(b) plan. Under the Plan, qualified employees may elect to defer a portion of their compensation, up to Internal Revenue Service limits. The Organization can elect to match a certain portion of the employee contributions as described in Plan documents.

For the years ended September 30, 2018 and 2017, the Organization elected to match employee contributions up to 2% of an employee's compensation, which resulted in contributions of approximately \$41,600 and \$10,200 for the years ended September 30, 2018 and 2017.

NOTE 9 - RENT EXPENSE AND LEASE COMMITMENTS

The Organization entered into a lease effective October 1, 2016, for its primary office space, which expires on September 30, 2019. Monthly payments are currently \$7,941 per month, and increase to \$8,123 per month in the final year, plus a proportionate share of operating expenses.

The Organization has also entered into a lease effective July 1, 2018, for office space at a second location, which expires September 30, 2019. Monthly payments are \$2,700 per month, for the length of the lease, plus a proportionate share of operating expenses.

Total rent for the years ended September 30, 2018 and 2017 was \$117,131 and \$93,102, which for 2018 also includes other space leased on a short term basis.

The Organization also leases office equipment under two leases, which expire at various times through December 2023. Minimum annual payments under the leases are as follows:

	<u>Office Space</u>	<u>Equipment</u>
Year ending September 30, 2019	\$ 129,873	\$ 4,058
2020	0	4,536
2021	0	4,536
2022	0	4,536
2023	0	4,536
and thereafter	0	747

NOTE 10 - DONATED SERVICES

The Organization has recognized \$1,744,860 and \$1,047,524 in donated services for the years ended September 30, 2018 and 2017, as required under FASB ASC 958 (formerly SFAS No.116) from legal professionals and other persons with specialized skills. The Organization has received significantly more donated services from legal professionals in recent years, than in years past. In addition the Organization receives donated services from other volunteers not meeting the criteria for recognition.

SUPPLEMENTAL INFORMATION

HIAS PENNSYLVANIA

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

September 30, 2018

	HIAS Pennsylvania	PHIILS	Eliminations	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 468,170	\$ 101,194	0	\$ 569,364
Investments	2,062,604	0	0	2,062,604
Accounts receivable	512,558	0	0	512,558
Grants receivable	125,000	43,914	0	168,914
Due from PHIILS	98,922	0	\$ (98,922)	0
Prepaid expenses	3,440	0	0	3,440
Security deposits	5,400	0	0	5,400
Equipment and leasehold improvements, net	2,234	0	0	2,234
Total Assets	\$ 3,278,328	\$ 145,108	\$ (98,922)	\$ 3,324,514
LIABILITIES AND NET ASSETS				
<u>LIABILITIES</u>				
Accounts payable and accrued expenses	\$ 97,050	0	0	\$ 97,050
Due to HIAS Pennsylvania	0	\$ 98,922	\$ (98,922)	0
Total Liabilities	\$ 97,050	\$ 98,922	\$ (98,922)	\$ 97,050
<u>NET ASSETS</u>				
Unrestricted				
Unrestricted	\$ 767,608	\$ 2,272	0	\$ 769,880
Designated by the Board	2,062,604	0	0	2,062,604
Total Unrestricted	\$ 2,830,212	\$ 2,272	0	\$ 2,832,484
Temporarily restricted	351,066	43,914	0	394,980
	\$ 3,181,278	\$ 46,186	0	\$ 3,227,464
Total Liabilities & Net Assets	\$ 3,278,328	\$ 145,108	\$ (98,922)	\$ 3,324,514

The accompanying notes are an integral part of this statement.

HIAS PENNSYLVANIA

CONSOLIDATING SCHEDULE OF REVENUE AND EXPENSES AND CHANGES IN NET ASSETS

Year ended September 30, 2018

	HIAS Pennsylvania	PHIILS	Eliminations	Total
<u>SUPPORT AND REVENUE</u>				
Government grants and contracts	\$ 1,862,372	0	0	\$ 1,862,372
Grants - other	453,505	\$ 76,552	\$ (72,813)	457,244
Contributions and fundraising	780,269	0	0	780,269
In-kind contributions	1,744,860	0	0	1,744,860
Service fees	51,103	0	0	51,103
Investments	184,322	0	0	184,322
	<u>\$ 5,076,431</u>	<u>\$ 76,552</u>	<u>\$ (72,813)</u>	<u>\$ 5,080,170</u>
<u>EXPENSES AND LOSSES</u>				
Programs:				
Resettlement program	\$ 850,357	0	0	\$ 850,357
Legal services program	3,116,129	\$ 72,813	\$ (72,813)	3,116,129
Citizen program	177,219	0	0	177,219
Asylee program	148,140	0	0	148,140
PHIILS	72,813	0	0	72,813
Total Programs	<u>\$ 4,364,658</u>	<u>\$ 72,813</u>	<u>\$ (72,813)</u>	<u>\$ 4,364,658</u>
<u>SUPPORT SERVICES</u>				
General and administrative	\$ 373,473	\$ 24	0	\$ 373,497
Fundraising	101,512	0	0	101,512
Total Support Services	<u>\$ 474,985</u>	<u>\$ 24</u>	<u>0</u>	<u>\$ 475,009</u>
Total Expenses	<u>\$ 4,839,643</u>	<u>\$ 72,837</u>	<u>\$ (72,813)</u>	<u>\$ 4,839,667</u>
Changed in Net Assets	\$ 236,788	\$ 3,715	0	\$ 240,503
Net Assets, Beginning	2,944,490	42,471	0	2,986,961
Net Assets, Ending	<u>\$ 3,181,278</u>	<u>\$ 46,186</u>	<u>0</u>	<u>\$ 3,227,464</u>

The accompanying notes are an integral part of this statement.

HIAS PENNSYLVANIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2018

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal CFDA</u> <u>Number</u>	<u>Pass Through</u> <u>Grantor's Number</u>	<u>Contract</u> <u>Period</u>	<u>Expenditures</u>	<u>Subcontract</u> <u>Expenditures</u>	<u>Questioned</u> <u>Costs</u>
FEDERAL AWARDS						
<u>U.S. Department of Homeland Security</u>						
Direct Assistance						
Citizenship Education and Training	97.010	17CICET00051	10/1/17 - 9/30/19	125,000	44,930	0
Passed through						
United Way						
Emergency Food and Shelter Program	97.024	731000-083	10/1/16 - 9/30/18	34,394	0	0
Total U.S. Department of Homeland Security				<u>159,394</u>	<u>44,930</u>	<u>0</u>
<u>U.S. Department of Justice</u>						
Passed through						
Philadelphia Legal Assistance Corp.						
Legal Assistance for Victims	16.524	2015-WL-AX-0039	10/1/15 - 9/30/18	64,641	0	0
Passed through						
Pennsylvania Commission on Crime and Delinquency						
Victims of Crime Act	16.575	27059	10/1/16 - 9/30/19	229,738	63,410	0
	16.575	28126	4/1/18 - 9/30/20	97,152	83,118	0
				<u>326,890</u>	<u>146,528</u>	<u>0</u>
Total U.S. Department of Justice				<u>391,531</u>	<u>146,528</u>	<u>0</u>

HIAS PENNSYLVANIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2018

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal CFDA</u> <u>Number</u>	<u>Pass Through</u> <u>Grantor's Number</u>	<u>Contract</u> <u>Period</u>	<u>Expenditures</u>	<u>Subcontract</u> <u>Expenditures</u>	<u>Questioned</u> <u>Costs</u>
FEDERAL AWARDS (CONT.)						
<u>U.S. Department of State</u>						
Passed through						
HIAS, Inc.						
U.S. Refugee Admissions Program	19.510	SPRMCO 17 CA 1008	10/1/17 - 9/30/18	194,225	0	0
Total U.S. Department of State				194,225	0	0
<u>U.S. Department of Education</u>						
Passed through						
School District of Philadelphia						
English Language Acquisition State Grants	84.365	683/F18	12/15/17 - 6/30/18	40,000	0	0
Total U.S. Department of Education				40,000	0	0
<u>U.S. Department of Health & Human Services</u>						
Passed through						
Pennsylvania Department of Public Welfare						
Refugee and Entrant Assistance - State						
Administered Programs	93.566	4100065212	10/1/17 - 9/30/18	96,000	0	0
	93.566	4100065381	10/1/17 - 9/30/18	37,057	0	0
				133,057	0	0
Passed through						
HIAS, Inc.						
Refugee and Entrant Assistance - Voluntary						
Agency Programs	93.567	1801 MDRVMG	10/1/17 - 9/30/18	152,411	0	0

HIAS PENNSYLVANIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2018

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal CFDA</u> <u>Number</u>	<u>Pass Through</u> <u>Grantor's Number</u>	<u>Contract</u> <u>Period</u>	<u>Expenditures</u>	<u>Subcontract</u> <u>Expenditures</u>	<u>Questioned</u> <u>Costs</u>
FEDERAL AWARDS (CONT.)						
<u>U.S. Department of Health & Human Services - (Cont.)</u>						
Passed through						
HIAS, Inc.						
Refugee and Entrant Assistance - Discretionary Grants	93.576	90-RP-0116-02	9/30/17 - 9/29/18	81,884	0	0
Passed through						
Pennsylvania Department of Public Welfare						
Refugee and Entrant Assistance - Discretionary Grants	93.576	4100065058	10/1/17 - 9/30/18	47,336	0	0
Passed through						
Pennsylvania Department of Education						
Refugee and Entrant Assistance - Discretionary Grants	93.576	410079276	1/1/18 - 9/30/18	50,390	0	0
Total Refugee and Entrant Assistance - Discretionary Grants				<u>179,610</u>	<u>0</u>	<u>0</u>
Passed through						
Nationalities Service Center						
Assistance for Torture Victims	93.604	N/A	10/1/17 - 9/30/18	60,000	0	0
Total U.S. Department of Health & Human Services				<u>525,078</u>	<u>0</u>	<u>0</u>

HIAS PENNSYLVANIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2018

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal CFDA</u> <u>Number</u>	<u>Pass Through</u> <u>Grantor's Number</u>	<u>Contract</u> <u>Period</u>	<u>Expenditures</u>	<u>Subcontract</u> <u>Expenditures</u>	<u>Questioned</u> <u>Costs</u>
FEDERAL AWARDS (CONT.)						
<u>Corporation for National and Community Service</u>						
Passed through						
Equal Justice Works						
Americorps Recovery	94.006	14NDHDC003	10/1/17 - 9/30/18	80,158	0	0
Total Corporation for National and Community Service				<u>80,158</u>	<u>0</u>	<u>0</u>
Total Federal Awards				<u>1,390,386</u>	<u>191,458</u>	<u>0</u>

HIAS PENNSYLVANIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year ended September 30, 2018

NOTE 1 - GENERAL INFORMATION

The accompanying Schedule of Expenditures of Federal Awards presents the activities in all federal awards programs of HIAS Pennsylvania. All financial assistance received directly from federal agencies, as well as financial assistance passed through other governmental agencies or non-profit organizations are included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to federal funding agencies because those reports may be submitted on either a cash or modified accrual basis of accounting, or due to program expenditures exceeding contract budget limitations.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal Award expenditures are reported on the statement of functional expenditures as program costs. However, expenditures in the Schedule of Expenditures of Federal Awards for certain programs, which have incurred deficits, have been limited to the related contracted amount. In addition, for certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the Schedule of Expenditures of Federal Awards due to program expenditures exceeding grant or contract budget limitations which are not included as federal financial assistance.

NOTE 4 - INDIRECT COST RATE

The organization has not elected to use the 10% de minimis indirect cost rate.

NOTE 5- SUBRECIPIENT FUNDING

The awards reflected in the accompanying Schedule of Expenditures of Federal Awards include the following amounts subcontracted to other organizations:

Citizenship Education and Training (CFDA #97.010)

Esperanza Immigration Legal Services	17CICET00051	\$ 16,610
Center for Literacy	17CICET00051	4,720
Community Learning Center	17CICET00051	4,720
District 1199C Training and Upgrading Fund	17CICET00051	4,720
IndoChinese American Council	17CICET00051	4,720
New World Association	17CICET00051	4,720
Welcome Center for New Pennsylvanians	17CICET00051	4,720
		<u>\$ 44,930</u>

Victims of Crime Act (CFDA #16.575)

Victim/Witness Services of South Philadelphia, Inc.	27059	\$ 40,601
Friends of Farmworkers	27059	22,809
		<u>\$ 63,410</u>

Victim/Witness Services of South Philadelphia, Inc.	28126	\$ 54,976
Friends of Farmworkers	28126	28,142
		<u>\$ 83,118</u>

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DENNIS NATALI, CPA

JOSEPH P. LEDNARD, CPA

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

Board of Directors
HIAS and Council Migration Service of Philadelphia
t/a HIAS Pennsylvania
Philadelphia, PA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of HIAS Pennsylvania (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HIAS Pennsylvania's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HIAS Pennsylvania's internal control. Accordingly, we do not express an opinion on the effectiveness of the HIAS Pennsylvania's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HIAS Pennsylvania's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SNYDER, DAITZ & COMPANY
Philadelphia, PA

April 23, 2019

SNYDER, DAITZ & COMPANY

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**Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance**

Board of Directors
HIAS and Council Migration Service of Philadelphia
v/a HIAS Pennsylvania
Philadelphia, PA

Report on Compliance for Each Major Federal Program

We have audited HIAS Pennsylvania's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of HIAS Pennsylvania's major federal programs for the year ended September 30, 2018. HIAS Pennsylvania's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of HIAS Pennsylvania's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about HIAS Pennsylvania's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, HIAS Pennsylvania complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2018.

Report on Internal Control over Compliance

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

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

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

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



SNYDER, DAITZ & COMPANY
Philadelphia, PA

April 23, 2019

**HIAS & COUNCIL MIGRATION
SERVICE OF PHILADELPHIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2018**

Board of Directors
HIAS & Council Migration Service of Philadelphia
Philadelphia, PA

SECTION I - Summary of Auditors Results

Financial Statements

Type of auditor's report issued : Unmodified

Internal control over financial reporting :

Material weaknesses identified ? _____ yes X no

Significant deficiencies identified that are not considered to be material weaknesses ? _____ yes X none reported

Noncompliance material to financial statements noted ? _____ yes X no

Federal Awards

Internal control over major programs :

Material weaknesses identified ? _____ yes X no

Significant deficiencies identified that are not considered to be material weaknesses ? _____ yes X none reported

Type of auditor's report issued on compliance for major programs : Unmodified

Any audit findings disclosed relating to major programs that are required to be reported under 2 CFR Section 200.516(a)? _____ yes X no

Identification of major programs :

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
#16.575	Victims of Crime Act

Dollar threshold used to distinguish between type A and type B programs : \$ 750,000

Auditee qualified as low-risk auditee ? X yes _____ no

SECTION II - Financial Statement Findings

None

SECTION II - Federal Award Findings Findings

None