

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

**FINANCIAL REPORT
September 30, 2019
(With Comparative Totals for 2018)**

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

TABLE OF CONTENTS

	<u>Page No.</u>
<u>FINANCIAL STATEMENTS</u>	
Independent Auditor's Report	1-2
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7-14
<u>SUPPLEMENTAL INFORMATION</u>	
Consolidating Schedule of Financial Position	15
Consolidating Schedule of Revenue and Expenses, and Changes in Net Assets	16

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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, 2019, 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, 2019, 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. 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.

Report on Summarized Comparative Information

We have previously audited HIAS Pennsylvania's 2018 financial statements, and, our report dated April 23, 2019 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



SNYDER, DAITZ & COMPANY
Philadelphia, PA

July 21, 2020

HIAS PENNSYLVANIA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

September 30, 2019

(With Comparative Totals for 2018)

	2019	2018
<u>ASSETS</u>		
Cash and cash equivalents	\$ 82,497	\$ 569,364
Investments	2,720,402	2,062,604
Accounts receivables	896,358	512,558
Grants receivable	209,410	168,914
Prepaid expenses	29,004	3,440
Security deposits	66,329	5,400
Equipment and leasehold improvements, net	32,830	2,234
Total Assets	\$ 4,036,830	\$ 3,324,514
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 224,563	\$ 97,050
Payroll withholding payable	12,736	0
Total Liabilities	\$ 237,299	\$ 97,050
<u>NET ASSETS</u>		
Without Donor Restrictions		
Other unrestricted	\$ 715,219	\$ 769,880
Designated by the Board	2,719,341	2,062,604
Total Without Donor Restrictions	\$ 3,434,560	\$ 2,832,484
With Donor Restrictions	364,971	394,980
	\$ 3,799,531	\$ 3,227,464
Total Liabilities and Net Assets	\$ 4,036,830	\$ 3,324,514

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

HIAS PENNSYLVANIA

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended September 30, 2019

(With Comparative Totals for 2018)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2019 TOTAL	2018 TOTAL
<u>SUPPORT AND REVENUE</u>				
Government grants and contracts	\$ 2,908,671		\$ 2,908,671	\$ 1,862,372
Grants- other	171,297	\$ 626,947	798,244	457,244
Contributions and fundraising	1,024,909	25,700	1,050,609	780,269
In-kind contributions	1,247,609		1,247,609	1,744,860
Service fees	72,448		72,448	51,103
Investment income	160,284		160,284	184,322
Net assets released from restriction:				
Satisfaction of program restrictions	682,656	(682,656)	0	0
Total Support and Revenue	\$ 6,267,874	\$ (30,009)	\$ 6,237,865	\$ 5,080,170
<u>EXPENSES AND LOSSES</u>				
Programs:				
Resettlement program	\$ 880,690		\$ 880,690	\$ 850,357
Legal services	3,582,082		3,582,082	3,116,129
Citizenship program	285,061		285,061	177,219
Asylee program	53,653		53,653	148,140
PHILS	78,069		78,069	72,813
Total Programs	\$ 4,879,555	0	\$ 4,879,555	\$ 4,364,658
Support services				
General and administrative	\$ 679,541		\$ 679,541	\$ 373,497
Fundraising	106,702		106,702	101,512
Total Support Services	\$ 786,243	0	\$ 786,243	\$ 475,009
Total Expenses	\$ 5,665,798	0	\$ 5,665,798	\$ 4,839,667
Change in Net Assets	\$ 602,076	\$ (30,009)	\$ 572,067	\$ 240,503
Net Assets, Beginning	2,832,484	394,980	3,227,464	2,986,961
Net Assets, Ending	\$ 3,434,560	\$ 364,971	\$ 3,799,531	\$ 3,227,464

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

HIAS PENNSYLVANIA

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2019

(With Comparative Totals for 2018)

	RESETTLE- MENT PROGRAM	LEGAL SERVICES	CITIZEN- SHIP PROGRAM	ASYLEE PROGRAM	PHILLS	TOTAL PROGRAMS	GENERAL & ADMINI- STRATION	FUND RAISING	2019 TOTAL	2018 TOTAL
PERSONNEL EXPENSES										
Salaries	\$ 313,831	\$ 1,350,331	\$ 150,751	\$ 38,253	\$ 53,271	\$ 1,904,437	\$ 293,665	\$ 54,075	\$ 2,252,177	\$ 1,711,349
Payroll taxes	25,574	110,036	12,284	2,954	4,341	155,189	23,930	4,406	183,525	140,463
Retirement	22,134	95,569	10,632	2,557	3,426	134,318	20,712	3,814	158,844	57,041
Employee benefits	28,772	124,006	13,821	3,324	4,678	174,601	28,923	4,958	206,482	148,783
	<u>\$ 390,311</u>	<u>\$ 1,679,942</u>	<u>\$ 187,488</u>	<u>\$ 45,088</u>	<u>\$ 65,716</u>	<u>\$ 2,388,545</u>	<u>\$ 365,230</u>	<u>\$ 67,253</u>	<u>\$ 2,801,028</u>	<u>\$ 2,057,616</u>
OPERATING EXPENSES										
Advertising	0	0	0	0	0	0	0	0	0	0
Case management system	\$ 7,523	\$ 30,093	0	0	0	\$ 37,616	0	0	\$ 37,616	\$ 38,822
Conferences and staff development	216	2,961	0	0	0	3,177	\$ 20,967	0	24,164	13,395
Direct assistance and housing	302,148	1,050	0	0	0	303,198	0	0	303,198	248,968
Dues and subscriptions	31	4,629	\$ 140	\$ 4	\$ 6	4,810	5,035	\$ 5	9,850	7,573
Equipment rental	2,816	12,116	1,353	325	478	17,088	2,635	485	20,208	13,221
Fundraising	0	0	0	0	0	0	0	0	0	28,842
Insurance	2,955	12,696	1,420	341	521	17,933	2,765	509	21,207	14,107
Office supplies and educational supplies	13,867	42,759	4,774	1,148	1,689	64,237	11,208	5,473	80,918	52,311
Payroll fees	0	0	0	0	0	0	0	0	0	6,130
Postage	3,564	15,336	1,712	412	605	21,629	3,335	614	25,578	12,713
Printing	3,258	14,019	1,565	376	553	19,771	3,049	561	23,381	6,861
Professional fees	519	2,245	249	60	308	3,381	135,726	89	139,198	111,586
Professional fees, in-kind	76,080	1,169,180	0	0	0	1,245,260	0	0	1,245,260	1,744,860
Program supplies	3,877	8,364	62	0	0	12,303	1,619	0	13,922	216,868
Purchase services	11,879	383,069	63,537	8	12	458,505	22,510	11	481,026	53,411
Rent and occupancy	30,848	129,886	14,817	3,515	6,330	185,176	29,948	29,473	244,597	125,817
Telephone and internet	10,899	48,895	5,235	1,259	1,851	66,139	10,199	1,678	78,216	51,318
Travel	19,015	22,909	2,484	1,015	0	45,423	64,442	199	110,064	41,340
	<u>\$ 489,495</u>	<u>\$ 1,898,187</u>	<u>\$ 97,148</u>	<u>\$ 8,463</u>	<u>\$ 12,353</u>	<u>\$ 2,505,646</u>	<u>\$ 313,460</u>	<u>\$ 39,297</u>	<u>\$ 2,858,403</u>	<u>\$ 2,781,943</u>
Total expenses before depreciation	\$ 879,806	\$ 3,578,129	\$ 284,636	\$ 53,551	\$ 78,069	\$ 4,874,191	\$ 678,690	\$ 106,550	\$ 5,659,431	\$ 4,839,559
Depreciation	884	3,953	425	102	0	5,384	827	152	6,343	108
	<u>\$ 880,690</u>	<u>\$ 3,582,082</u>	<u>\$ 285,061</u>	<u>\$ 53,653</u>	<u>\$ 78,069</u>	<u>\$ 4,879,555</u>	<u>\$ 679,517</u>	<u>\$ 106,702</u>	<u>\$ 5,665,774</u>	<u>\$ 4,839,667</u>

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

HIAS PENNSYLVANIA

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended September 30, 2019

(With Comparative Totals for 2018)

	2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 572,067	\$ 240,503
Adjustments to reconcile to cash from operations		
Depreciation	6,343	108
Gain on investments	(103,271)	(120,108)
Donated investments	(32,014)	(17,449)
Donated office equipment	(2,349)	0
Dividend income	(53,470)	(42,334)
(Increase) decrease in :		
Accounts receivable	(383,800)	(90,832)
Grants receivable	(40,496)	160,711
Prepaid expenses	(25,564)	4,803
Increase (decrease) in :		
Accounts payable and accrued expenses	127,513	34,700
Payroll withholding payable	12,736	0
	<u>\$ 77,695</u>	<u>\$ 170,102</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sale of investments	\$ 30,957	\$ 400
Dividend income	53,470	42,334
Purchase of investments, including reinvested dividends	(553,470)	(342,468)
Purchase of computer equipment	(34,590)	0
Security deposit	(60,929)	(5,400)
	<u>\$ (564,562)</u>	<u>\$ (305,134)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	<u>0</u>	<u>0</u>
Net decrease in cash for year	\$ (486,867)	\$ (135,032)
Cash balance, beginning	<u>569,364</u>	<u>704,396</u>
Cash balance, ending	<u>\$ 82,497</u>	<u>\$ 569,364</u>

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

HIAS PENNSYLVANIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS September 30, 2019 and 2018

NOTE 1 – 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management’s Review

Subsequent events were evaluated through July 21, 2020, which is the date the financial statements were available to be issued.

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in United States of America, which involves the application of accrual accounting. Consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

Effective for the year ended September 30, 2019, the Organization adopted FASB ASU 2016-14 “Presentation of Financial Statements of Not-for-Profit Entities”. The implementation of ASU 2016-14 had no effect on the Organization’s reporting of net assets.

Basis of Presentation

The financial statements are presented in accordance with FASB ASC 958 Presentation of Financial Statements of Not-for-Profit Entities. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are detailed in Note 7.

HIAS PENNSYLVANIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS September 30, 2019 and 2018

NOTE 2 – SUMMARY OF 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 (PHILS). PHILS 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.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 calculating the value of donated services.

Cash

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

Cash includes balances restricted to use within the guidelines of grants from the Organization's funding sources. These balances totaled approximately \$82,400 and \$226,000 as of September 30, 2019 and 2018.

Investments

In accordance with FASB ASC 820-10 (formerly SFAS No. 157), investments are reported using fair value measurements as detailed in Note 4.

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, 2019 and 2018, as all amounts were considered collectible.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of furniture and equipment is provided over the estimated useful lives of the related assets, 3 to 5 years, using the straight-line method. Major renewals and improvements are recorded to the assets accounts while maintenance and repair which do not improve or extend the life of the respected assets are expensed.

HIAS PENNSYLVANIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS September 30, 2019 and 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions

In accordance with FASB ASC 958 (formerly SFAS No. 116) Accounting for Contributions Received and Contributions Made, contributions received are recorded as "without donor restrictions" or "with donor restrictions", depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as without donor restriction if the restriction expired in the reporting period in which the contribution was recognized.

All other donor-restricted support is reported as an increase in with donor restricted net assets. When a 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 Statement of Activities as net assets released from restrictions. Only a donor can impose a restriction; the Board may designate contributions for a purpose, but the contribution is classified as unrestricted in that case. If a contribution is made with a donor-imposed condition, it is not recorded until the condition has been met.

Amounts released from restriction totaled \$682,656 and \$350,472 for the years ended September 30, 2019 and 2018.

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.

Revenue

The Organization accounts for its revenue primarily from program service fees, as exchange transactions. Revenue is recognized in the statement of activities when earned, and any amounts received but not earned are recorded as refundable advances on the statement of financial position.

Functional Allocation of Expenses

Salaries and benefits are allocated based on estimates of individual employee's time and effort. Certain overhead expenses including equipment, insurance, postage, printing, and telephone are allocated based on the percentages derived from the estimated allocation of salaries. Cost including case management system, direct assistance, and in-kind legal and interpreter fees are directly related to the Organization's programs and are thus reflected as program costs. Certain other costs including conferences, dues and subscriptions, office supplies and expenses, professional fees, contracted services, rent, travel and depreciation are allocated for specific items where applicable, based on the cost, usage, and related benefits of the specific goods and services provided with remaining items allocated based on the percentages derived from the estimated allocation of salaries.

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.

Reclassifications

Certain prior year's amounts have been reclassified to conform with the September 30, 2019 presentation, primarily due to the changes in financial statement presentation required by ASU 2016-14. Such reclassifications had no effect on the Organization's net assets or changes in net assets.

HIAS PENNSYLVANIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 and 2018

NOTE 3 – LIQUIDITY MANAGEMENT

HIAS Pennsylvania's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Financial assets at year-end:	
Cash and cash equivalents	\$ 82,497
Investments	2,720,402
Accounts receivable	896,358
Grants and contributions receivable	<u>209,410</u>
Total financial assets	<u>\$3,908,667</u>
Less: Amounts not available to be used within one year:	
Net assets with purpose restrictions	
Cash	(\$ 82,400)
Grants and contributions receivable	(83,705)
Net assets with time restrictions beyond one year:	
Grants and contributions receivable	<u>(18,750)</u>
	<u>(\$ 184,855)</u>
Financial assets available to meet general expenditures Over the next year	<u>\$3,723,812</u>

Cash and cash equivalents of \$82,497 reflected on the statement of financial position includes \$82,400 of cash restricted by donors for certain purposes.

The investments of \$2,720,402 reflected on the statement of financial position includes \$79,600 restricted by donors for certain purposes and can be liquidated with board authorization and would be available if necessary.

Grants and contributions receivable of \$209,410 reflected on the statement of financial position includes \$83,705 restricted by donors for certain purposes, and \$18,750 subject to a time implied restriction beyond one year.

HIAS Pennsylvania's goal is generally to maintain financial assets available to meet 90 days of operating expenses.

As part of its liquidity plan, the finance committee performs a monthly review of its financial statements and cash flows with management and accountant. Excess cash is invested in short-term investments, primarily money market accounts, where it is available to be drawn upon as needed.

HIAS PENNSYLVANIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS September 30, 2019 and 2018

NOTE 4 – 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>
2019				
Vanguard				
Money Market				
Balanced Index Fund	\$2,336,991	\$ 382,350	\$2,719,341	\$2,719,341
E-Trade				
Common Stock	1,096	(35)	1,061	1,061
	<u>\$2,338,087</u>	<u>\$ 382,315</u>	<u>\$2,720,402</u>	<u>\$2,720,402</u>
2018				
Vanguard				
Money Market				
Balanced Index Fund	<u>\$1,783,520</u>	<u>\$ 279,084</u>	<u>\$2,062,604</u>	<u>\$2,062,604</u>

Activity in the board designated endowment funds for the years ended September 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Balance, beginning	\$2,062,604	\$1,582,579
Contributions	500,000	300,000
Investment return		
Investment income	53,470	42,334
Gains on investments	103,267	137,691
Fees	0	0
Amounts appropriated for expenditure	0	0
	<u>\$2,719,341</u>	<u>\$2,062,604</u>

Gains and losses (realized and unrealized) included in changes in net assets for the years ended September 30, 2019 and 2018 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Investment income, interest and dividends	\$ 57,017	\$ 46,631
Gain on market value of securities	103,267	137,691
Fees	0	0
	<u>\$160,284</u>	<u>\$184,322</u>

HIAS PENNSYLVANIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS September 30, 2019 and 2018

NOTE 4 – 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 5 – GRANTS RECEIVABLE

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

	2019	2018
Litigation	\$ 90,130	\$ 93,914
Immigrant Outreach Coordinator	0	15,000
Time restricted operating grants	119,280	60,000
	\$209,410	\$168,914
Amount due in		
Less than one year	\$209,410	\$168,914
One to five years	0	0
	\$209,410	\$168,914

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	Cost	Appreciation Depreciation	2019 Net Book Value	2018 Net Book Value
Computer equipment	\$ 56,373	\$ 27,548	\$ 28,825	\$ 0
Leasehold improvements	4,200	2,074	2,126	2,234
Furniture	8,397	8,397	0	0
Office equipment	10,959	9,080	1,879	0
	\$ 79,929	\$ 47,099	\$ 32,830	\$ 2,234

HIAS PENNSYLVANIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS September 30, 2019 and 2018

NOTE 7 - NET ASSETS

Net Assets without Donor Restrictions

Net assets without donor restrictions 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 net assets without donor restrictions 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 \$2,719,341 and \$2,062,604 as of September 30, 2019 and 2018.

Net Assets with Donor Restrictions

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

Net assets with donor restrictions are composed of the following as of September 30:

	<u>2019</u>	<u>2018</u>
Legal services	\$158,705	\$138,189
Transformation fund	0	100,000
Path to Self Sufficiency	0	55,791
NE Philadelphia Pilot Project	31,864	0
Immigrant Outreach Coordinator	15,000	30,000
Digital Client Records Project	4,705	0
Various other programs	1,667	11,000
Time restricted operating grants	<u>153,030</u>	<u>60,000</u>
	<u>\$364,971</u>	<u>\$394,980</u>

NOTE 8 – CONCENTRATIONS

The Organization maintains its bank accounts in financial institutions with insurance provided by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured balances of cash as of September 30, 2019 and approximately \$218,000 as of September 30, 2018.

NOTE 9 – RETIREMENT PLANS

Defined Benefit Plan

Eligible employees of the Organization participate in a defined benefit plan sponsored by the Jewish Federation of Greater of 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 \$10,234 and \$15,400 were made to the Plan by HIAS Pennsylvania for the years ended September 30, 2019 and 2018.

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.

HIAS PENNSYLVANIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS September 30, 2019 and 2018

NOTE 9 – RETIREMENT PLANS – CONTINUED

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, 2019 and 2018, the Organization elected to match employee contributions up to 2% of an employee's compensation, which resulted in contributions of approximately \$144,800 and \$41,600 for the years ended September 30, 2019 and 2018.

NOTE 10 – RENT EXPENSE AND LEASE COMMITMENTS

During the fiscal year, the Organization leased its primary office space under a lease that expired on September 30, 2019. At the expiration of this lease, the Organization continued to rent primary office space, as well as space in other locations on a short-term basis while preparing to relocate into new office space.

The Organization has subsequently entered into a lease for its primary office space, which is expected to commence on October 1, 2020. Monthly payments begin at \$42,721 per month and increase at various times according to the lease to \$49,084 per month in the final year of the lease. The lease also provides for up to 14 months of rent abatement at specified times throughout the lease, provided conditions are met.

Total rent for the years ended September 30, 2019 and 2018 was approximately \$244,600 and \$146,500, which also includes other office space leased on a short-term basis, and temporary locations for certain programs and events.

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, 2020	\$ 259,928	\$ 4,536
2021	256,326	4,536
2022	479,325	4,536
2023	488,928	4,149
2024	498,729	747
and thereafter	4,307,922	0

NOTE 11 – DONATED SERVICES

The Organization has recognized \$1,245,260 and \$1,744,860 in donated services for the years ended September 30, 2019 and 2018, 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, 2019

	HIAS Pennsylvania	PHIILS	Eliminations	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 35,120	\$ 47,377	0	\$ 82,497
Investments	2,720,402	0	0	2,720,402
Accounts receivable	896,358	0	0	896,358
Grants receivable	144,980	64,430	0	209,410
Due from PHIILS	46,095	0	\$ (46,095)	0
Prepaid expenses	29,004	0	0	29,004
Security deposits	66,329	0	0	66,329
Equipment and leasehold improvements, net	32,830	0	0	32,830
Total Assets	<u>\$ 3,971,118</u>	<u>\$ 111,807</u>	<u>\$ (46,095)</u>	<u>\$ 4,036,830</u>
LIABILITIES AND NET ASSETS				
<u>LIABILITIES</u>				
Accounts payable and accrued expenses	\$ 224,563	0	0	\$ 224,563
Payroll withholding payable	12,736	0	0	12,736
Due to HIAS Pennsylvania	0	\$ 46,095	\$ (46,095)	0
Total Liabilities	<u>\$ 237,299</u>	<u>\$ 46,095</u>	<u>\$ (46,095)</u>	<u>\$ 237,299</u>
<u>NET ASSETS</u>				
Without Donor Restrictions				
Other unrestricted	\$ 713,937	\$ 1,282	0	\$ 715,219
Designated by the Board	2,719,341	0	0	2,719,341
Total Without Donor Restrictions	<u>\$ 3,433,278</u>	<u>\$ 1,282</u>	<u>0</u>	<u>\$ 3,434,560</u>
With Donor Restrictions	300,541	64,430	0	364,971
	<u>\$ 3,733,819</u>	<u>\$ 65,712</u>	<u>0</u>	<u>\$ 3,799,531</u>
Total Liabilities & Net Assets	<u>\$ 3,971,118</u>	<u>\$ 111,807</u>	<u>\$ (46,095)</u>	<u>\$ 4,036,830</u>

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, 2019

	HIAS Pennsylvania	PHILS	Eliminations	Total
<u>SUPPORT AND REVENUE</u>				
Government grants and contracts	\$ 2,908,671	0	0	\$ 2,908,671
Grants - other	778,694	\$ 97,595	\$ (78,045)	798,244
Contributions and fundraising	1,050,609	0	0	1,050,609
In-kind contributions	1,247,609	0	0	1,247,609
Service fees	72,448	0	0	72,448
Investment income	160,284	0	0	160,284
	<u>\$ 6,218,315</u>	<u>\$ 97,595</u>	<u>\$ (78,045)</u>	<u>\$ 6,237,865</u>
<u>EXPENSES AND LOSSES</u>				
Programs:				
Resettlement program	\$ 880,690	0	0	\$ 880,690
Legal services	3,582,082	\$ 78,045	\$ (78,045)	3,582,082
Citizen program	285,061	0	0	285,061
Asylee program	53,653	0	0	53,653
PHILS	78,069	0	0	78,069
Total Programs	<u>\$ 4,879,555</u>	<u>\$ 78,045</u>	<u>\$ (78,045)</u>	<u>\$ 4,879,555</u>
<u>SUPPORT SERVICES</u>				
General and administrative	\$ 679,517	\$ 24	0	\$ 679,541
Fundraising	106,702	0	0	106,702
Total Support Services	<u>\$ 786,219</u>	<u>\$ 24</u>	<u>0</u>	<u>\$ 786,243</u>
Total Expenses	<u>\$ 5,665,774</u>	<u>\$ 78,069</u>	<u>\$ (78,045)</u>	<u>\$ 5,665,798</u>
Changed in Net Assets	\$ 552,541	\$ 19,526	0	\$ 572,067
Net Assets, Beginning	3,181,278	46,186	0	3,227,464
Net Assets, Ending	<u>\$ 3,733,819</u>	<u>\$ 65,712</u>	<u>0</u>	<u>\$ 3,799,531</u>

The accompanying notes are an integral part of this statement.