

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

**FINANCIAL REPORT
September 30, 2019**

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

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DENNIS NATALI, CPA
JOSEPH P. LEONARD, CPA

SNYDER, DAITZ & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
1617 JOHN F. KENNEDY BLVD., STE. 720
PHILADELPHIA, PA 19103-1821

350 RIVER ROAD
SUITE G14
NEW HOPE, PA 18938

(215) 563-6141
FAX (215) 563-6620

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.

Emphasis of Matter

As discussed in Note 12 in the notes to the financial statements, this report is replacing a previously issued report. The report was reissued to revise the schedule of findings and questioned costs and correct the low-risk auditee determination to indicate that the entity does not qualify as a low-risk auditee, and to accordingly correct and update the identification of the major programs listed for an additional program tested. Our opinion is not modified with respect to the matters discussed in Note 12.

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 July 21, 2020, 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, except for Note 12 as to which the date is March 12, 2021

HIAS PENNSYLVANIA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

September 30, 2019

(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
<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	<u>32,830</u>	<u>2,234</u>
Total Assets	<u>\$ 4,036,830</u>	<u>\$ 3,324,514</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 224,563	\$ 97,050
Payroll withholding payable	<u>12,736</u>	<u>0</u>
Total Liabilities	<u>\$ 237,299</u>	<u>\$ 97,050</u>
<u>NET ASSETS</u>		
Without Donor Restrictions		
Other unrestricted	\$ 715,219	\$ 769,880
Designated by the Board	<u>2,719,341</u>	<u>2,062,604</u>
Total Without Donor Restrictions	<u>\$ 3,434,560</u>	<u>\$ 2,832,484</u>
With Donor Restrictions	<u>364,971</u>	<u>394,980</u>
	<u>\$ 3,799,531</u>	<u>\$ 3,227,464</u>
Total Liabilities and Net Assets	<u>\$ 4,036,830</u>	<u>\$ 3,324,514</u>

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	PHILS	TOTAL PROGRAMS	GENERAL & ADMINI- STRATION	FUND RAISING	2019 TOTAL	2018 TOTAL
PERSONNEL EXPENSES										
Salaries	\$ 313,831	\$ 1,350,331	\$ 150,751	\$ 36,253	\$ 53,271	\$ 1,904,437	\$ 293,685	\$ 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	10,832	2,557	3,426	134,318	20,712	3,814	158,844	57,041
Employee benefits	28,772	124,006	13,821	3,324	4,878	174,601	26,923	4,958	208,482	148,763
	<u>\$ 390,311</u>	<u>\$ 1,679,942</u>	<u>\$ 187,488</u>	<u>\$ 45,088</u>	<u>\$ 65,716</u>	<u>\$ 2,368,545</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	\$ 36,622
Conferences and staff development	216	2,981	0	0	0	3,177	\$ 20,987	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	26,842
Insurance	2,955	12,698	1,420	341	521	17,933	2,765	509	21,207	14,107
Office supplies and educational supplies	13,887	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	3,584	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	135,728	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	481,028	53,411
Rent and occupancy	30,848	129,866	14,617	3,515	6,330	185,178	29,948	28,473	244,597	125,817
Telephone and Internet	10,899	46,895	5,235	1,259	1,851	66,139	10,199	1,878	78,216	51,318
Travel	19,015	22,909	2,484	1,015	0	45,423	64,442	199	110,084	41,340
	<u>\$ 489,495</u>	<u>\$ 1,898,187</u>	<u>\$ 97,149</u>	<u>\$ 8,483</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	\$ 679,806	\$ 3,578,129	\$ 284,636	\$ 53,551	\$ 78,069	\$ 4,874,181	\$ 678,690	\$ 106,550	\$ 5,659,431	\$ 4,839,559
Depreciation	684	3,953	425	102	0	5,364	627	152	6,343	108
	<u>\$ 680,490</u>	<u>\$ 3,582,082</u>	<u>\$ 285,061</u>	<u>\$ 53,653</u>	<u>\$ 78,069</u>	<u>\$ 4,879,545</u>	<u>\$ 679,317</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)

	<u>2019</u>	<u>2018</u>
<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
Net Cash Provided by Operations	<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)
Net Cash Used by Investments	<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><u>\$ 82,497</u></u>	<u><u>\$ 569,364</u></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 (PHILS) 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 (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.

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	209,410
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	(18,750)
	<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>Fair Value Measurements Using:</u>	
			Quoted Prices In Active Markets for Identical Assets (Level 1)	
<u>2019</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Fair Value</u>	
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>
<u>2018</u>				
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:

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

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	<u>Cost</u>	<u>Appreciation Depreciation</u>	<u>2019 Net Book Value</u>	<u>2018 Net Book Value</u>
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	<u>10,959</u>	<u>9,080</u>	<u>1,879</u>	<u>0</u>
	<u>\$ 79,929</u>	<u>\$ 47,099</u>	<u>\$ 32,830</u>	<u>\$ 2,234</u>

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.

HIAS PENNSYLVANIA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **September 30, 2019 and 2018**

NOTE 12 – REISSUE

The report has been reissued on March 12, 2021, revising the schedule of findings and questioned costs to correctly identify the entity as not being a low-risk auditee and to correctly report the major programs tested, as noted on the schedule of findings and questioned costs and included on the schedule of federal awards. This report adds the Victims of Crime Act program (CFDA #16.575) to the list of majors programs. The adjustment made with this reissued report did not affect the basic financial statements, the supplemental consolidating schedules, or the schedule of expenditures of federal awards.

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	<u>300,541</u>	<u>64,430</u>	<u>0</u>	<u>364,971</u>
	<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

	<u>HIAS</u> <u>Pennsylvania</u>	<u>PHILS</u>	<u>Eliminations</u>	<u>Total</u>
<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.

HIAS PENNSYLVANIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2019

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Contract Period</u>	<u>Expenditures</u>	<u>Subcontract Expenditures</u>	<u>Questioned 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	10/1/18 - 9/30/19	15,811	0	0
Total U.S. Department of Homeland Security				<u>140,811</u>	<u>44,930</u>	<u>0</u>
<u>U.S. Department of Justice</u>						
Passed through						
Pennsylvania Commission on Crime and Delinquency						
Victims of Crime Act	16.575	27059	10/1/16 - 9/30/19	294,025	64,184	0
	16.575	28126	4/1/18 - 9/30/20	273,783	175,172	0
	16.575	29270	4/1/19 - 9/30/21	19,998	8,516	0
				<u>587,806</u>	<u>247,872</u>	<u>0</u>
Passed through						
Equal Justice Works						
Crime Victim Assistance/Discretionary Grants	16.582	2018-CVJC-012	5/1/18 - 7/31/20	104,921	0	0
Total U.S. Department of Justice				<u>692,727</u>	<u>247,872</u>	<u>0</u>

See accompanying notes to schedule of expenditures of federal awards.

HIAS PENNSYLVANIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2019

<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 18 CA 0007	10/1/17 - 12/31/18	105,522	0	0
	19.510	SPRMCO 19 CA 0029	1/1/19 - 9/30/19	240,865	0	0
Total U.S. Department of State				346,387	0	0
<u>U.S. Department of Education</u>						
Passed through						
School District of Philadelphia						
English Language Acquisition State Grants	84.365	364/F19	8/20/18 - 6/30/19	56,379	0	0
Total U.S. Department of Education				56,379	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 - 9/30/19	66,913	0	0
	93.566	4100065381	10/1/17 - 9/30/19	25,810	0	0
				92,723	0	0
Passed through						
HIAS, Inc.						
Refugee and Entrant Assistance - Voluntary						
Agency Programs	93.567	1801 MDRVMG	10/1/17 - 12/31/18	38,905	0	0
	93.567	1901 MDRVMG	1/1/19 - 9/30/19	135,969	0	0
				174,874	0	0

See accompanying notes to schedule of expenditures of federal awards.

HIAS PENNSYLVANIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2019

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Contract Period</u>	<u>Expenditures</u>	<u>Subcontract Expenditures</u>	<u>Questioned 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-0116-03	9/30/18 - 9/29/19	70,000	0	0
Passed through Pennsylvania Department of Public Welfare						
Refugee and Entrant Assistance - Discretionary Grants	93.576	4100065058	10/1/17 - 9/30/19	57,734	0	0
	93.576	4100083213	10/1/18 - 9/30/19	50,000		
Passed through Pennsylvania Department of Education						
Refugee and Entrant Assistance - Discretionary Grants	93.576	4100081656	10/1/18 - 9/30/19	51,553	0	0
Total Refugee and Entrant Assistance - Discretionary Grants				<u>229,287</u>	<u>0</u>	<u>0</u>
Passed through Nationalities Service Center						
Assistance for Torture Victims	93.604	N/A	10/1/18 - 9/30/19	77,763	0	0
Total U.S. Department of Health & Human Services				<u>574,647</u>	<u>0</u>	<u>0</u>

See accompanying notes to schedule of expenditures of federal awards.

HIAS PENNSYLVANIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2019

<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	10/1/18 - 9/30/19	35,775	0	0
Total Corporation for National and Community Service				<u>35,775</u>	<u>0</u>	<u>0</u>
Total Federal Awards				<u>1,846,726</u>	<u>292,802</u>	<u>0</u>

See accompanying notes to schedule of expenditures of federal awards.

HIAS PENNSYLVANIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year ended September 30, 2019

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 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	\$ 43,250
Friends of Farmworkers	27059	20,934
		<u>\$ 64,184</u>
Victim/Witness Services of South Philadelphia, Inc.	28126	\$ 88,172
Friends of Farmworkers	28126	87,000
		<u>\$175,172</u>
Victim/Witness Services of South Philadelphia, Inc.	29270	<u>\$ 8,516</u>

DENNIS NATALI, CPA
JOSEPH P. LEONARD, CPA

SNYDER, DAITZ & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
1617 JOHN F. KENNEDY BLVD., STE. 720
PHILADELPHIA, PA 19103-1821
(215) 563-6141
FAX (215) 563-6620

350 RIVER ROAD
SUITE G14
NEW HOPE, PA 18938

**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, 2019, 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 July 21, 2020.

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.

A handwritten signature in blue ink that reads "Snyder, Daitz & Company". The signature is written in a cursive, flowing style.

SNYDER, DAITZ & COMPANY
Philadelphia, PA

July 21, 2020

DENNIS NATALI, CPA
JOSEPH P. LEONARD, CPA

SNYDER, DAITZ & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
1617 JOHN F. KENNEDY BLVD., STE. 720
PHILADELPHIA, PA 19103-1821
(215) 563-6141
FAX (215) 563-6620

350 RIVER ROAD
SUITE G14
NEW HOPE, PA 18938

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
t/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, 2019. 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, 2019.

Emphasis of Matter

As discussed in Note 12 in the notes to the financial statements and Section IV of the schedule of findings and questioned costs, this report is replacing a previously issued report dated July 12, 2020. This report was reissued to upon completion of auditing an additional program, Victims of Crime Act (CFDA #16.575 as a major program. The schedule of findings and questioned costs is also revised to correct the low-risk auditee determination to indicate that the entity does not qualify as a low-risk auditee, and to accordingly correct and update the identification of the major programs listed for the additional program tested. Our opinion is not modified with respect to this matter.

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

March 12, 2021

**HIAS & COUNCIL MIGRATION
SERVICE OF PHILADELPHIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2019**

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
#19.510	U.S. Refugee Admissions Program
#97.010	Citizenship Education & Training

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

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

SECTION II - Financial Statement Findings

None

SECTION III - Federal Award Findings Findings

None

HIAS PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the year ended September 30, 2019

SECTION IV – Restated Schedule of Findings and Questioned Costs

The schedule of findings and questioned costs originally issued indicated that the entity qualified as a low-risk auditee. It was subsequently determined that the auditee did not qualify as a low-risk auditee as the single audit report package for the year ended September 30, 2018 was not submitted to the Federal Audit Clearinghouse within the nine month time frame after the fiscal year end. This determination necessitated the subsequent testing of an additional program as a major program, in order to satisfy the percentage-of-coverage rule for entities that do not qualify as low-risk, of at least 40% of the total federal program expenditures listed on the schedule of expenditures of federal awards. The additional program tested, Victims of Crime Act (CFDA #16.575) has been added to the list of major programs identified on the schedule of findings and questioned costs. Our opinion on compliance for each major program and on internal control over compliance required by the Uniform Guidance is not modified with respect to this matter.