

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Consolidated Financial Statements

For the Year Ended September 30, 2021 (With Comparative Totals for 2020)

Schedule of Expenditures of Federal Awards for the Year Ended September

30, 2021, and Audit of Federal Awards Performed in Accordance with Title 2

U.S. Code of Federal Regulations Part 200, *Uniform Administrative*

Requirements, Cost Principles, and Requirements For Federal Awards

For the Year Ended September 30, 2021

With Independent Auditor's Reports Thereon



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.
For the Year Ended September 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
HIAS and Council Migration Service of Philadelphia, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HIAS and Council Migration Service of Philadelphia, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2021, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of HIAS and Council Migration Service of Philadelphia, Inc. as of September 30, 2021, 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 consolidated financial statements as a whole. The consolidating schedules on pages 23 and 24 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the consolidated financial statements.

The consolidating schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the consolidated 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 June 30, 2022, on our consideration of HIAS and Council Migration Service of Philadelphia, Inc.'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 and Council Migration Service of Philadelphia, Inc.'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 and Council Migration Service of Philadelphia, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The consolidated financial statements of HIAS and Council Migration Service of Philadelphia, Inc. for the year ended September 30, 2020, were audited by another auditor, who expressed an unmodified opinion on those consolidated financial statements on June 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Mitchell Titus, LLP

June 30, 2022, except for Note 14 as to which the date is December 7, 2022

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Consolidated Statement of Financial Position

As of September 30, 2021

(With Comparative Information as of September 30, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,086,180	\$ 529,516
Investments	3,351,920	2,846,848
Accounts receivable	1,170,888	1,083,024
Grants receivable	702,685	868,121
Prepaid expenses	54,840	2,933
Security deposits	5,400	5,953
Deposits on office equipment and improvements	-	519,892
Equipment and leasehold improvements, net	<u>490,073</u>	<u>20,722</u>
Total assets	<u>\$ 6,861,986</u>	<u>\$ 5,877,009</u>
LIABILITIES AND NET ASSETS		
<i>Liabilities</i>		
Accounts payable and accrued expenses	\$ 227,393	\$ 227,051
Payroll withholding payable	-	10,379
Deferred rent liability	266,213	-
Deferred revenue	-	22,782
Note payable	<u>-</u>	<u>591,700</u>
Total liabilities	<u>493,606</u>	<u>851,912</u>
<i>Net assets</i>		
<i>Without donor restrictions</i>		
Other unrestricted	2,272,953	958,210
Designated by the Board	<u>3,351,920</u>	<u>2,841,407</u>
Total without donor restrictions	5,624,873	3,799,617
With donor restrictions	<u>743,507</u>	<u>1,225,480</u>
Total net assets	<u>6,368,380</u>	<u>5,025,097</u>
Total liabilities and net assets	<u>\$ 6,861,986</u>	<u>\$ 5,877,009</u>

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

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.
Consolidated Statement of Activities
Year Ended September 30, 2021
(With Summarized Comparative Information for the Year Ended September 30, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Totals</u>	<u>2020 Totals</u>
SUPPORT AND REVENUE				
Government grants and contracts	\$ 3,596,021	\$ -	\$ 3,596,021	\$ 3,662,658
Grants - other	558,940	472,080	1,031,020	2,108,769
Contributions and fundraising	2,074,197	-	2,074,197	729,918
In-kind contributions	1,361,446	-	1,361,446	1,238,288
Service fees	6,171	-	6,171	26,516
Investment income	510,879	-	510,879	323,968
Other: PPP forgiven	591,700	-	591,700	-
<i>Net assets released from restriction</i>				
Satisfaction of program restrictions	<u>954,053</u>	<u>(954,053)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>9,653,408</u>	<u>(481,973)</u>	<u>9,171,435</u>	<u>8,090,117</u>
EXPENSES AND LOSSES				
<i>Programs</i>				
Resettlement program	1,815,474	-	1,815,474	1,320,698
Legal services	3,947,520	-	3,947,520	4,045,804
Citizenship program	554,087	-	554,087	228,717
Asylee program	253,164	-	253,164	155,817
PHILS	<u>169,904</u>	<u>-</u>	<u>169,904</u>	<u>124,835</u>
Total programs	<u>6,740,149</u>	<u>-</u>	<u>6,740,149</u>	<u>5,875,871</u>
<i>Support services</i>				
General and administrative	726,285	-	726,285	785,020
Fundraising	<u>361,718</u>	<u>-</u>	<u>361,718</u>	<u>203,660</u>
Total support services	<u>1,088,003</u>	<u>-</u>	<u>1,088,003</u>	<u>988,680</u>
Total expenses	<u>7,828,152</u>	<u>-</u>	<u>7,828,152</u>	<u>6,864,551</u>
Change in net assets	1,825,256	(481,973)	1,343,283	1,225,566
Net assets, beginning of year	<u>3,799,617</u>	<u>1,225,480</u>	<u>5,025,097</u>	<u>3,799,531</u>
Net assets, end of year	<u>\$ 5,624,873</u>	<u>\$ 743,507</u>	<u>\$ 6,368,380</u>	<u>\$ 5,025,097</u>

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

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.
Consolidated Statement of Functional Expenses
Year Ended September 30, 2021
(With Summarized Comparative Information for the Year Ended September 30, 2020)

	<u>Resettlement Program</u>	<u>Legal Services</u>	<u>Citizenship Program</u>	<u>Asylee Program</u>	<u>PHIILS</u>	<u>Total Programs</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>2021 Totals</u>	<u>2020 Totals</u>
PERSONNEL EXPENSES										
Salaries	\$ 816,617	\$ 1,300,043	\$ 338,203	\$ 149,616	\$ 137,681	\$ 2,742,160	\$ 357,372	\$ 214,878	\$ 3,314,410	\$ 2,967,893
Payroll taxes	64,832	103,265	26,850	11,878	10,877	217,702	28,372	17,059	263,133	233,102
Retirement	67,807	119,380	28,082	12,423	-	227,692	29,674	17,842	275,208	263,434
Employee benefits	<u>65,112</u>	<u>110,130</u>	<u>26,966</u>	<u>11,929</u>	<u>4,506</u>	<u>218,643</u>	<u>46,215</u>	<u>17,133</u>	<u>281,991</u>	<u>237,984</u>
	<u>1,014,368</u>	<u>1,632,818</u>	<u>420,101</u>	<u>185,846</u>	<u>153,064</u>	<u>3,406,197</u>	<u>461,633</u>	<u>266,912</u>	<u>4,134,742</u>	<u>3,702,413</u>
OPERATING EXPENSES										
Case management system	-	36,506	-	-	1,250	37,756	2,017	-	39,773	39,326
Conferences and staff development	3,897	6,412	1,614	714	449	13,086	1,705	1,025	15,816	6,479
Direct assistance and housing	372,998	-	-	7,236	-	380,234	23,354	-	403,588	470,177
Dues and subscriptions	4,035	7,127	1,671	739	(23)	13,549	1,766	1,062	16,377	20,081
Equipment rental	7,651	13,214	3,169	1,402	256	25,692	3,348	2,013	31,053	15,495
Insurance	6,769	11,731	2,804	1,240	187	22,731	2,962	1,781	27,474	20,617
Office supplies and educational supplies	17,347	23,302	6,177	2,733	2,958	52,517	6,744	13,004	72,265	81,825
Postage	4,251	7,319	1,761	779	165	14,275	1,860	1,119	17,254	29,314
Printing	1,407	2,477	583	258	-	4,725	616	370	5,711	-
Professional fees	72,109	124,453	29,864	13,211	2,500	242,137	31,557	18,974	292,668	275,371
Professional fees, In-kind	-	1,361,446	-	-	-	1,361,446	-	-	1,361,446	1,238,288
Program supplies	17,875	2,216	-	-	-	20,091	8,567	-	28,658	23,135
Purchase services	84,287	357,958	-	810	-	443,055	32,365	600	476,020	503,131
Rent and occupancy	154,908	263,839	64,155	28,381	8,889	520,172	67,791	40,761	628,724	277,074
Telephone and internet	42,908	75,334	17,771	7,861	210	144,084	18,778	11,291	174,153	110,046
Travel	<u>10,664</u>	<u>21,368</u>	<u>4,417</u>	<u>1,954</u>	<u>-</u>	<u>38,403</u>	<u>4,667</u>	<u>2,806</u>	<u>45,876</u>	<u>39,672</u>
	<u>801,106</u>	<u>2,314,701</u>	<u>133,986</u>	<u>67,318</u>	<u>16,841</u>	<u>3,333,952</u>	<u>208,097</u>	<u>94,806</u>	<u>3,636,855</u>	<u>3,150,031</u>
Total expenses before depreciation	1,815,474	3,947,519	554,087	253,164	169,905	6,740,149	669,730	361,718	7,771,597	6,852,444
Depreciation and Amortization	-	-	-	-	-	-	56,555	-	56,555	12,107
	<u>\$ 1,815,474</u>	<u>\$ 3,947,519</u>	<u>\$ 554,087</u>	<u>\$ 253,164</u>	<u>\$ 169,905</u>	<u>\$ 6,740,149</u>	<u>\$ 726,285</u>	<u>\$ 361,718</u>	<u>\$ 7,828,152</u>	<u>\$ 6,864,551</u>

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

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.
Consolidated Statement of Cash Flows
Year Ended September 30, 2021
(With Comparative Information for the Year Ended September 30, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,343,283	\$ 1,225,566
<i>Adjustments to reconcile to net cash provided by operating activities</i>		
Depreciation and amortization	56,555	12,108
Gain on investments	(419,331)	(260,257)
Donated investments	-	(23,710)
Dividend income	-	(61,942)
PPP note payable forgiven	(591,700)	-
<i>(Increase) decrease in</i>		
Accounts receivable	(87,864)	(186,666)
Grants receivable	165,436	(658,711)
Prepaid expenses	(51,907)	26,071
<i>Increase (decrease) in</i>		
Accounts payable and accrued expenses	342	2,488
Deferred rent liability	266,213	-
Payroll withholding payable	(10,379)	(2,357)
Deferred revenue	<u>(22,782)</u>	<u>22,782</u>
Net cash provided by operating activities	<u>647,866</u>	<u>95,372</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	-	219,463
Dividend income	-	61,942
Purchase of investments, including reinvested dividends	(85,741)	(61,942)
Security deposit returned	553	11,114
Purchase of office equipment and improvements	<u>(6,014)</u>	<u>(470,630)</u>
Net cash used in investing activities	<u>(91,202)</u>	<u>(240,053)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of note payable	<u>-</u>	<u>591,700</u>
Net cash provided by financing activities	<u>-</u>	<u>591,700</u>
Net increase in cash equivalents	556,664	447,019
Cash and cash equivalents - beginning of year	<u>529,516</u>	<u>82,497</u>
Cash and cash equivalents - end of year	<u>\$ 1,086,180</u>	<u>\$ 529,516</u>

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

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Notes to Consolidated Financial Statements

September 30, 2021

(With Comparative Information for September 30, 2020)

NOTE 1 ORGANIZATION

HIAS and Council Migration Service of Philadelphia, Inc. (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's 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 Outreach Program - provides immigration legal services, including legal information, advice, direct representation and referral, as well as case management services to low-income asylees in Pennsylvania. In addition, the Program develops and disseminates 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, as well as to secure government funding when available and appropriate.

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 Section 501(c)(3) non-profit managed by HIAS Pennsylvania, which provides free immigration legal services to indigent individuals in Pennsylvania.

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Notes to Consolidated Financial Statements

September 30, 2021

(With Comparative Information for September 30, 2020)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which involves the application of accrual accounting.

Consequently, revenue and gains are recognized when earned and expenses and losses are recognized when incurred.

Basis of Presentation

The consolidated financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (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 8.

Consolidation

These consolidated financial statements include HIAS Pennsylvania and 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.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments with maturities of three months or less.

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Notes to Consolidated Financial Statements

September 30, 2021

(With Comparative Information for September 30, 2020)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and Cash Equivalents *(continued)*

Cash and cash equivalents include balances restricted to use within the guidelines of grants from the Organization's funding sources. These balances totaled approximately \$174,320 and \$380,200 as of September 30, 2021 and 2020, respectively.

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 grants receivable are 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, 2021 and 2020, 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 property and equipment is provided over the estimated useful lives of the related assets, three to five years, using the straight-line method. Leasehold improvements are recorded at cost and are amortized over their estimated useful lives or terms of the lease, whichever is shorter. Maintenance and repair, which do not improve or extend the life of the assets, are expensed as incurred.

Deferred Rent Liability

Deferred rent liability represents provisions for future rent increases, rent-free periods and leasehold improvements and incentives provided by the landlord. The difference between rent expense and leasehold improvements and incentives recorded and the amount paid is recorded as deferred rent liability in the accompanying consolidated statement of financial position. The deferred rent liability is amortized as a reduction of rent expense on a straight-line basis over the life of the lease.

Contributions

In accordance with FASB ASC 958 (formerly SFAS No. 116), *Accounting for Contributions Received and Contribution 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.

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Notes to Consolidated Financial Statements

September 30, 2021

(With Comparative Information for September 30, 2020)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributions *(continued)*

All other donor-restricted support is reported as an increase in 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 consolidated 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 \$954,053 and \$644,811 for the years ended September 30, 2021 and 2020, respectively.

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

Program Service Fee

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

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Notes to Consolidated Financial Statements

September 30, 2021

(With Comparative Information for September 30, 2020)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 consolidated financial statements.

Summarized Comparative Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended September 30, 2020, from which the summarized information was derived.

Reclassifications

Certain items previously reported in the prior-year consolidated financial statements have been reclassified to conform to the current-year consolidated financial statement presentation. These reclassifications have had no effect on the Organization's financial position, activities, functional expenses or cash flows.

Subsequent Events

Subsequent events were evaluated through June 30, 2022, which is the date the consolidated financial statements were available to be issued.

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Notes to Consolidated Financial Statements

September 30, 2021

(With Comparative Information for September 30, 2020)

NOTE 3 LIQUIDITY MANAGEMENT

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

	<u>2021</u>	<u>2020</u>
<i>Financial assets at year end</i>		
Cash and cash equivalents	\$ 1,086,180	\$ 529,516
Investments	3,351,920	2,846,848
Accounts receivable	1,170,888	1,083,024
Grants and contributions receivable	<u>702,685</u>	<u>868,121</u>
Total financial assets	<u>6,311,673</u>	<u>5,327,509</u>
 <i>Less: Amounts not available to be used within one year</i>		
<i>Net assets with purpose restrictions</i>		
Less: Donor-restricted funds	<u>(743,507)</u>	<u>(1,170,196)</u>
	<u>(743,507)</u>	<u>(1,170,196)</u>
 <i>Financial assets available to meet general expenditures</i>		
Over the next year	<u>\$ 5,568,166</u>	<u>\$ 4,157,313</u>

Cash and cash equivalents of \$1,086,180 reflected on the consolidated statement of financial position include \$174,320 of cash restricted by donors for certain purposes.

Investments of \$3,351,920 reflected on the consolidated statement of financial position can be liquidated with Board authorization and would be available if necessary.

Grants and contributions receivable of \$702,685 reflected on the consolidated statement of financial position include \$603,198 restricted by donors for certain purposes.

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 consolidated financial statements and cash flows with management and the accountant. Excess cash is invested in short-term investments, primarily money market accounts, where it is available to be drawn upon as needed.

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Notes to Consolidated Financial Statements

September 30, 2021

(With Comparative Information for September 30, 2020)

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments represent the balance in the Organization's Board-designated endowment and consist of the following as of September 30:

	Fair Value Measurements Using			Quoted Prices In Active Markets for Identical Assets (Level 1)
	Cost	Unrealized Appreciation (Depreciation)	Fair Value	
2021				
Vanguard Money Market Balanced Index Fund	\$ 2,317,388	\$ 1,034,532	\$ 3,351,920	\$ 3,351,920
Total assets	<u>\$ 2,317,388</u>	<u>\$ 1,034,532</u>	<u>\$ 3,351,920</u>	<u>\$ 3,351,920</u>
	Fair Value Measurements Using			Quoted Prices In Active Markets for Identical Assets (Level 1)
	Cost	Unrealized Appreciation (Depreciation)	Fair Value	
2020				
Vanguard Money Market Balanced Index Fund	\$ 2,231,647	\$ 609,760	\$ 2,841,407	\$ 2,841,407
E-Trade Common Stock	<u>5,181</u>	<u>260</u>	<u>5,441</u>	<u>5,441</u>
Total assets	<u>\$ 2,236,828</u>	<u>\$ 610,020</u>	<u>\$ 2,846,848</u>	<u>\$ 2,846,848</u>

Activity in the Board-designated endowment funds for the years ended September 30, 2021 and 2020, is as follows:

	2021	2020
Balance, beginning	\$ 2,841,407	\$ 2,719,341
<i>Investment return</i>		
Investment income	85,741	61,942
Gains on investments	424,772	260,124
Amounts appropriated for expenditure	-	(200,000)
Total	<u>\$ 3,351,920</u>	<u>\$ 2,841,407</u>

Gains and losses (realized and unrealized) included in changes in net assets for the years ended September 30, 2021 and 2020, are reported in investment revenue. All such gains and losses were a result of transactions where values have been measured using Level 1 inputs.

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Notes to Consolidated Financial Statements

September 30, 2021

(With Comparative Information for September 30, 2020)

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS *(continued)*

Total investment income is as follows for the years ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Investment income, interest and dividends	\$ 86,044	\$ 63,710
Gain on market value of securities	<u>424,836</u>	<u>260,258</u>
Total	<u>\$ 510,880</u>	<u>\$ 323,968</u>

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 Level 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.

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Notes to Consolidated Financial Statements

September 30, 2021

(With Comparative Information for September 30, 2020)

NOTE 5 GRANTS RECEIVABLE

Grants receivable represent unconditional promises to give, as explained in Note 2, consisting of the following as of September 30:

	<u>2021</u>	<u>2020</u>
Litigation	\$ 253,685	\$ 266,055
Path to Self Sufficiency	374,000	374,000
Immigrant Wellness	75,000	150,000
Time-restricted operating grants	-	78,066
	<u>\$ 702,685</u>	<u>\$ 868,121</u>
<i>Amount due in</i>		
Less than one year	\$ 444,685	\$ 484,121
One to five years	258,000	384,000
	<u>\$ 702,685</u>	<u>\$ 868,121</u>

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	<u>Cost</u>	<u>Appreciation (Depreciation)</u>	<u>2021 Net Book Value</u>	<u>2020 Net Book Value</u>
Computer equipment	\$ 65,565	\$ (59,800)	\$ 5,765	\$ 17,295
Leasehold improvements	525,677	(43,806)	481,871	2,018
Office equipment	4,596	(2,159)	2,437	1,409
	<u>\$ 595,838</u>	<u>\$ (105,765)</u>	<u>\$ 490,073</u>	<u>\$ 20,722</u>

The Organization evaluates impairments of fixed assets whenever events or circumstances indicate that impairment may exist. Management has determined that there were no impairments of fixed assets at September 30, 2021 and 2020.

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Notes to Consolidated Financial Statements

September 30, 2021

(With Comparative Information for September 30, 2020)

NOTE 7 NOTE PAYABLE

Payroll Protection Program Loan

On April 25, 2020, the Organization received a loan from Citizens Bank in the amount of \$591,700, pursuant to the Payroll Protection Program (PPP) under the CARES Act, which was enacted on March 27, 2020. The loan, which was in the form of a note dated April 25, 2020, matures April 25, 2022, and bears an interest rate of 1%, payable monthly commencing on November 25, 2020. The note may be prepaid at any time prior to maturity with no prepayment penalty. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, rent, and utilities. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

On August 24, 2021, the Organization was granted forgiveness by the SBA in the amount of \$591,700 after incurring eligible expenditures and was recorded on the consolidated statement of activities under other support and revenue.

NOTE 8 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. As there were no expenditures from the fund in recent years, the withdrawal of \$200,000 was approved by the Board to be used for expenditures related to the office move. The balance of these designated funds was \$3,351,920 and \$2,841,407 as of September 30, 2021 and 2020, respectively, as detailed in Note 4.

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.

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Notes to Consolidated Financial Statements

September 30, 2021

(With Comparative Information for September 30, 2020)

NOTE 8 NET ASSETS (continued)Net Assets with Donor Restrictions (continued)

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

	<u>2021</u>	<u>2020</u>
Legal services	\$ 280,103	\$ 408,907
Path to Self Sufficiency	337,865	462,615
Immigrant Wellness	120,539	187,872
PA is Ready	-	34,523
Various other programs	-	3,093
Time-restricted operating grants	<u>5,000</u>	<u>128,470</u>
	<u>\$ 743,507</u>	<u>\$ 1,225,480</u>

NOTE 9 CONCENTRATIONS

The Organization maintains its bank accounts in financial institutions with insurance provided by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured balances of cash as of September 30, 2021 were approximately \$546,021. Uninsured balances of cash as of September 30, 2020 were approximately \$119,000.

NOTE 10 RETIREMENT PLANSDefined 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 \$17,720 and \$14,939 were made to the plan by HIAS Pennsylvania for the years ended September 30, 2021 and 2020, respectively.

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 the plan documents for specific details of the plan.

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Notes to Consolidated Financial Statements

September 30, 2021

(With Comparative Information for September 30, 2020)

NOTE 10 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 the plan documents.

For the years ended September 30, 2021 and 2020, the Organization elected to match employee contributions up to 5% of an employee's compensation, which resulted in contributions of approximately \$275,200 and \$248,500 for the years ended September 30, 2021 and 2020, respectively.

NOTE 11 RENT EXPENSE AND LEASE COMMITMENTS

During the fiscal year ended September 30, 2020, the Organization leased its primary office space 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, commencing in October 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, 2021 and 2020, was approximately \$548,702 and \$272,600, respectively, 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:

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Notes to Consolidated Financial Statements

September 30, 2021

(With Comparative Information for September 30, 2020)

NOTE 11 RENT EXPENSE AND LEASE COMMITMENTS (continued)

	<u>Office Space</u>	<u>Equipment</u>
<u>Year Ending September 30,</u>		
2022	\$ 479,331	\$ 4,536
2023	488,929	4,149
2024	498,727	747
2025	508,726	-
2026	508,726	-
Thereafter	<u>3,290,465</u>	<u>-</u>
	<u>\$ 5,774,904</u>	<u>\$ 9,432</u>

NOTE 12 DONATED SERVICES

The Organization has recognized \$1,361,446 and \$1,238,288 in donated services for the years ended September 30, 2021 and 2020, 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.

NOTE 13 LINE OF CREDIT

The Organization has an unsecured line of credit. The total amount available under the line of credit as of September 30, 2021, was \$500,000. The line has not been drawn down upon during the year ended September 30, 2021. The interest rate is subject to change from time to time based on changes in an independent index, which is the *Wall Street Journal* U.S. Prime rate. Interest on this note is computed on a 365/360 basis; that is, by applying the ration of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this note is computed using this method.

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Notes to Consolidated Financial Statements

September 30, 2021

(With Comparative Information for September 30, 2020)

NOTE 14 REISSUANCE DISCLOSURES

Subsequent to the issuance of the financial statements on June 30, 2022, the following revisions were made to the financial statements and notes:

1. Consolidated Statement of Financial Position – A debit balance of \$9,234 was included as payroll withholding payable and was reclassified to prepaid expenses. This resulted in an increase to total assets and total liabilities of \$9,234. Also, prepaid expenses and payroll withholding payable were adjusted by this amount in the statement of cash flows.
2. Statement of Cash Flows – The PPP loan forgiveness of \$591,700 was incorrectly reflected in cash flows from financing activities. This amount is now presented as an adjustment from change in net assets under cash flows from operating activities.
3. Statement of Cash Flows – In cash flows from operating activities, there was an adjustment from change in net assets of \$469,351, which was improperly reflected as equipment and leasehold improvements. This amount was removed and depreciation and amortization of \$56,555 was included as an adjustment from change in net assets.
4. Statement of Cash Flows – Dividend income of \$85,741 was reflected as a deduction to change in net assets under cash flows from operating activities and as an inflow in cash flows from investing activities. This amount was removed.
5. Statement of Cash Flows – In cash flows from investing activities, \$519,892 was improperly reflected as deposits on office equipment and improvements. This amount was removed from the statement of cash flows. The total amount of purchases of office equipment during the year ended September 30, 2021, has been properly reflected as \$6,014.
6. A disclosure for leasehold improvements was added under property and equipment. See Note 2.
7. A disclosure for deferred rent liability was added. See Note 2.
8. A disclosure for impairment of fixed assets was added. See Note 6.
9. The lease commitment amount for the year ending September 30, 2026 was added. See Note 11.
10. A disclosure was added for the line of credit, which had no balance outstanding as of September 30, 2021. See Note 13.

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Notes to Consolidated Financial Statements

September 30, 2021

(With Comparative Information for September 30, 2020)

NOTE 14 REISSUANCE DISCLOSURES *(continued)*

11. The Consolidating Schedule of Financial Position was revised to be consistent with the statement of financial position as of September 30, 2021.

These adjustments did not impact net assets as of September 30, 2021 or the change in net assets for the year then ended.

CONSOLIDATING SUPPLEMENTAL INFORMATION

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.
 Consolidating Schedule of Financial Position
 As of September 30, 2021

	HIAS			
	<u>Pennsylvania</u>	<u>PHIILS</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 1,046,023	\$ 40,157	\$ -	\$ 1,086,180
Investments	3,351,920	-	-	3,351,920
Accounts receivable	1,170,888	-	-	1,170,888
Grants receivable	603,198	99,487	-	702,685
Due from PHIILS	28,856	-	(28,856)	-
Prepaid expenses	54,840	-	-	54,840
Security deposits	5,400	-	-	5,400
Equipment and leasehold improvements, net	490,073	-	-	490,073
Total assets	<u>\$ 6,751,198</u>	<u>\$ 139,644</u>	<u>\$ (28,856)</u>	<u>\$ 6,861,986</u>
LIABILITIES AND NET ASSETS				
<i>Liabilities</i>				
Accounts payable and accrued expenses	\$ 227,393	\$ -	\$ -	\$ 227,393
Deferred rent liability	266,213	-	-	266,213
Due to HIAS Pennsylvania	-	28,856	(28,856)	-
Total liabilities	<u>493,606</u>	<u>28,856</u>	<u>(28,856)</u>	<u>493,606</u>
<i>Net assets</i>				
<i>Without Donor Restrictions</i>				
Other unrestricted	2,261,653	11,300	-	2,272,953
Designated by the Board	3,351,920	-	-	3,351,920
Total Without Donor Restrictions	<u>5,613,573</u>	<u>11,300</u>	<u>-</u>	<u>5,624,873</u>
With Donor Restrictions	<u>644,019</u>	<u>99,488</u>	<u>-</u>	<u>743,507</u>
Total net assets	<u>6,257,592</u>	<u>110,788</u>	<u>-</u>	<u>6,368,380</u>
Total liabilities and net assets	<u>\$ 6,751,198</u>	<u>\$ 139,644</u>	<u>\$ (28,856)</u>	<u>\$ 6,861,986</u>

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.
Consolidating Schedule of Revenue and Expenses
and Changes in Net Assets
Year Ended September 30, 2021

	HIAS			
	<u>Pennsylvania</u>	<u>PHIILS</u>	<u>Eliminations</u>	<u>Total</u>
SUPPORT AND REVENUE				
Government grants and contracts	\$ 3,596,021	\$ -	\$ -	\$ 3,596,021
Grants - other	1,068,274	132,650	(169,904)	1,031,020
Contributions and fundraising	2,073,804	393	-	2,074,197
In-kind contributions	1,361,446	-	-	1,361,446
Service fees	6,171	-	-	6,171
Investment income	510,879	-	-	510,879
Other PPP forgiven	591,700	-	-	591,700
Total support and revenue	<u>\$ 9,208,296</u>	<u>\$ 133,043</u>	<u>\$ (169,904)</u>	<u>\$ 9,171,435</u>
EXPENSES AND LOSSES				
<i>Programs</i>				
Resettlement program	\$ 1,815,474	\$ -	\$ -	\$ 1,815,474
Legal services	3,947,520	169,904	(169,904)	3,947,520
Citizenship program	554,087	-	-	554,087
Asylee program	253,164	-	-	253,164
PHIILS	169,904	-	-	169,904
Total programs	<u>6,740,149</u>	<u>169,904</u>	<u>(169,904)</u>	<u>6,740,149</u>
<i>Support services</i>				
General and administrative	726,285	-	-	726,285
Fundraising	361,717	-	-	361,717
Total support services	<u>1,088,002</u>	<u>-</u>	<u>-</u>	<u>1,088,002</u>
Total expenses	<u>7,828,151</u>	<u>169,904</u>	<u>(169,904)</u>	<u>7,828,151</u>
Change in net assets	1,380,145	(36,861)	-	1,343,283
Net assets, beginning of year	<u>4,877,447</u>	<u>147,650</u>	<u>-</u>	<u>5,025,097</u>
Net assets, end of year	<u>\$ 6,257,592</u>	<u>\$ 110,788</u>	<u>\$ -</u>	<u>\$ 6,368,380</u>

SUPPLEMENTARY INFORMATION AND INDEPENDENT AUDITOR'S REPORTS

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2021

<u>Federal Grantor/ Pass-Through Grantor/ Grant Program or Cluster Title</u>	<u>Federal Assistance Listing Number CFDA</u>	<u>Pass Through Grantors' Number</u>	<u>Provided to Subrecipients 9/30/2021</u>	<u>Total Federal Expenditures 9/30/2021</u>
FEDERAL AWARDS				
<i>U.S. Department of Homeland Security</i>				
Direct Assistance				
Citizenship Education and Training	97.010		\$ 39,210	\$ 124,550
Total Direct Assistance			<u>39,210</u>	<u>124,550</u>
Passed Through Catholic Social Service				
Emergency Food and Shelter Program	97.024	731000-083	-	<u>94,932</u>
Total passed through Catholic Social Service			<u>-</u>	<u>94,932</u>
<i>U.S. Department of Justice</i>				
Passed Through Philadelphia Legal Assistance Corp.				
Legal Assistance for Victims	16.524	N/A	-	<u>61,715</u>
Total passed through Philadelphia Legal Assistance Corp.			<u>-</u>	<u>61,715</u>
Passed Through Pennsylvania Commission on Crime and Delinquency				
Victims of Crime Act	16.575	28126	374	-
Victims of Crime Act	16.575	29270	63,738	117,883
Victims of Crime Act	16.575	33150	<u>215,471</u>	<u>440,599</u>
Total passed through Pennsylvania Commission on Crime and Delinquency			<u>279,583</u>	<u>558,482</u>

The accompanying notes are an integral part of this schedule.

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Schedule of Expenditures of Federal Awards *(continued)*

For the Year Ended September 30, 2021

<u>Federal Grantor/ Pass-Through Grantor/ Grant Program or Cluster Title</u>	<u>Federal Assistance Listing Number CFDA</u>	<u>Pass Through Grantors' Number</u>	<u>Provided to Subrecipients 9/30/2021</u>	<u>Total Federal Expenditures 9/30/2021</u>
<i>U.S. Department of State</i>				
Passed Through HIAS, Inc.				
U.S. Refugee Admissions Program	19.510	SPRMCO 21 CA 3005	\$ -	\$ 250,062
Total U.S. Refugee Admissions Program passed through HIAS, Inc.			-	250,062
<i>U.S. Department of Education</i>				
Passed Through School District of Philadelphia				
English Language Acquisition State Grant	84.365	F20	-	131,806
Total passed through School District of Philadelphia			-	131,806
<i>U.S. Department of Health & Human Services Office of Refugee Resettlement</i>				
Passed Through HIAS, Inc.				
Refugee and Entrant Assistance - Voluntary Agency Program Matching Grant	93.567	2101 MDRBMG	-	179,208
Total passed through HIAS, Inc.			-	179,208
Passed Through HIAS, Inc.				
Refugee and Entrant Assistance - Discretionary Grants Preferred Communities Program	93.576	90-RP-0116-05	-	70,492
Total passed through HIAS, Inc.			-	70,492

The accompanying notes are an integral part of this schedule.

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Schedule of Expenditures of Federal Awards *(continued)*

For the Year Ended September 30, 2021

<u>Federal Grantor/ Pass-Through Grantor/ Grant Program or Cluster Title</u>	<u>Federal Assistance Listing Number CFDA</u>	<u>Pass Through Grantors' Number</u>	<u>Provided to Subrecipients 9/30/2021</u>	<u>Total Federal Expenditures 9/30/2021</u>
<i>U.S. Department of Health & Human Services Office of Refugee Resettlement (continued)</i>				
Pass-through Pennsylvania Department of Human Services Refugee and Entrant Assistance - State Administered Programs Asylee Outreach	93.566		\$ -	\$ 271,021
Refugee and Entrant Assistance - Discretionary Grants Refugee Elderly Program	93.566	4100084097	-	90,025
Refugee and Entrant Assistance - Discretionary Grants Youth Mentoring Program	93.566	4100085513	-	63,792
Total pass-through Pennsylvania Department of Human Services			<u>-</u>	<u>63,792</u>
			-	424,838
Pass-through Pennsylvania Department of Education Refugee and Entrant Assistance - Discretionary Grants RSIG Refugee School Impact Grant	93.566	4100081656	-	50,118
Total Pass-through Pennsylvania Department of Education			<u>-</u>	<u>50,118</u>
Total CFDA 93.566	93.566		<u>-</u>	<u>474,956</u>
Pass-through Nationalities Services Center Assistance for Torture Victims	93.604	N/A	-	166,977
Total Nationalities Services Center			<u>-</u>	<u>166,977</u>
Total expenditure of federal awards			<u>\$ 318,797</u>	<u>\$ 2,113,180</u>

The accompanying notes are an integral part of this schedule.

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2021

NOTE 1 GENERAL INFORMATION

The accompanying Schedule of Expenditures of Federal Awards presents the activities in all federal awards programs of HIAS and Council Migration Service of Philadelphia, Inc. 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 CONSOLIDATED FINANCIAL STATEMENTS

Federal Award expenditures are reported on the consolidated 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.



**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, Inc.

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of HIAS and Council Migration Service of Philadelphia, Inc., which comprise the consolidated statement of financial position as of September 30, 2021, 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 and have issued our report thereon dated June 30, 2022

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered HIAS and Council Migration Service of Philadelphia, Inc.'s internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of HIAS and Council Migration Service of Philadelphia, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of HIAS and Council Migration Service of Philadelphia, Inc.'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 consolidated 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.

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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 and Council Migration Service of Philadelphia, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the HIAS and Council Migration Service of Philadelphia, Inc.'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 HIAS and Council Migration Service of Philadelphia, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mitchell Titus, LLP

June 30, 2022, except for Note 14 as to which the date is December 7, 2022



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Directors
HIAS and Council Migration Service of Philadelphia, Inc.

Report on Compliance for Each Major Federal Program

We have audited HIAS and Council Migration Service of Philadelphia, Inc.'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 and Council Migration Service of Philadelphia, Inc.'s major federal programs for the year ended September 30, 2021. HIAS and Council Migration Service of Philadelphia, Inc.'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 HIAS and Council Migration Service of Philadelphia, Inc.'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 (CFR) 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 and Council Migration Service of Philadelphia, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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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 and Council Migration Service of Philadelphia, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, HIAS and Council Migration Service of Philadelphia, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of HIAS and Council Migration Service of Philadelphia, Inc. 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 and Council Migration Service of Philadelphia, Inc.'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 and Council Migration Service of Philadelphia, Inc.'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.



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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.

Mitchell Titus, LLP

June 30, 2022

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.
 Schedule of Findings and Questioned Costs
 For the Year Ended September 30, 2021

PART I—SUMMARY OF AUDITORS’ RESULTS

Consolidated financial statements

Type of auditors’ report issued (unmodified, qualified, adverse, or disclaimer):

_____ **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported
- Noncompliance material to consolidated financial statements noted? _____ Yes X No

Federal awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor’s report issued on compliance for major federal programs (unmodified, qualified, adverse, or disclaimer):

_____ **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

___ Yes X No

Identification of major federal programs:

CFDA Number(s)
16.575

Name of Federal Program or Cluster
Victims of Crime Act

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as a low-risk auditee?

 X Yes ___ No

HIAS AND COUNCIL MIGRATION SERVICE OF PHILADELPHIA, INC.
Schedule of Findings and Questioned Costs *(continued)*
For the Year Ended September 30, 2021

PART II—CONSOLIDATED FINANCIAL STATEMENTS FINDINGS

None.

PART III—FEDERAL AWARD FINDINGS

None.

