

# HIAS Pennsylvania and Affiliate

Consolidated Financial Statements  
Year Ended September 30, 2023



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# HIAS PENNSYLVANIA AND AFFILIATE

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## INDEPENDENT AUDITOR'S REPORT

**Boards of Directors  
HIAS Pennsylvania and Affiliate  
Philadelphia, Pennsylvania**

### **Opinion**

We have audited the accompanying financial statements of HIAS Pennsylvania and Affiliate (nonprofit organizations), which comprise the consolidated statement of financial position as of September 30, 2023, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of HIAS Pennsylvania and Affiliate as of September 30, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

### **Basis for Opinion**

We conducted our audit in accordance with U.S. generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HIAS Pennsylvania and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

***Other Matters***

**Report on Summarized Comparative Information**

We have previously audited HIAS Pennsylvania and Affiliate's September 30, 2022 consolidated financial statements and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*BBD, LLP.*

**Philadelphia, Pennsylvania  
June 27, 2024**

# HIAS PENNSYLVANIA AND AFFILIATE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

September 30, 2023 with comparative totals for 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash	\$ 135,379	\$ 348,634
Contributions receivable		
Government grants	1,523,398	2,162,591
Other	388,106	794,625
Prepaid expenses and other assets	45,609	54,902
Investments	3,614,835	3,220,643
Equipment and leasehold improvements, net	<u>398,629</u>	<u>448,026</u>
<b>Total assets</b>	<u>\$ 6,105,956</u>	<u>\$ 7,029,421</u>
<b>LIABILITIES</b>		
Line of credit	\$ 85,000	\$ -
Accounts payable and accrued expenses	734,309	272,520
Deferred rent	-	289,771
Refundable advances	-	300,000
<b>Total liabilities</b>	<u>819,309</u>	<u>862,291</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Operating	907,330	1,872,235
Board designated	<u>3,611,611</u>	<u>3,220,643</u>
Total without donor restrictions	4,518,941	5,092,878
With donor restrictions	<u>767,706</u>	<u>1,074,252</u>
<b>Total net assets</b>	<u>5,286,647</u>	<u>6,167,130</u>
<b>Total liabilities and net assets</b>	<u>\$ 6,105,956</u>	<u>\$ 7,029,421</u>

See accompanying notes

# HIAS PENNSYLVANIA AND AFFILIATE

## CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended September 30, 2023 with comparative totals for 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	
			<u>2023</u>	<u>2022</u>
<b>REVENUE AND SUPPORT</b>				
Government grants	\$ 6,158,028	\$ -	\$ 6,158,028	\$ 5,162,285
Other grants	1,698,810	-	1,698,810	2,131,383
Contributions and fundraising	1,071,909	587,708	1,659,617	1,457,378
In-kind contributions	4,547,918	-	4,547,918	4,694,849
Other income	376,171	-	376,171	49,803
Investment income (loss)	398,959	-	398,959	(630,287)
Net assets released from restrictions	<u>894,254</u>	<u>(894,254)</u>	<u>-</u>	<u>-</u>
<b>Total revenue and support</b>	<u>15,146,049</u>	<u>(306,546)</u>	<u>14,839,503</u>	<u>12,865,411</u>
<b>EXPENSES</b>				
Program services				
Social services	3,570,953	-	3,570,953	3,201,755
Legal services	9,283,810	-	9,283,810	8,173,106
PHILS	246,585	-	246,585	257,052
Supporting services				
Management and general	2,008,501	-	2,008,501	818,723
Fundraising	<u>610,137</u>	<u>-</u>	<u>610,137</u>	<u>616,025</u>
<b>Total expenses</b>	<u>15,719,986</u>	<u>-</u>	<u>15,719,986</u>	<u>13,066,661</u>
<b>CHANGE IN NET ASSETS</b>	(573,937)	(306,546)	(880,483)	(201,250)
<b>NET ASSETS</b>				
Beginning of year	<u>5,092,878</u>	<u>1,074,252</u>	<u>6,167,130</u>	<u>6,368,380</u>
End of year	<u>\$ 4,518,941</u>	<u>\$ 767,706</u>	<u>\$ 5,286,647</u>	<u>\$ 6,167,130</u>

See accompanying notes

# HIAS PENNSYLVANIA AND AFFILIATE

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended September 30, 2023 with comparative totals for 2022

	<u>Social Services</u>	<u>Legal Services</u>	<u>PHILS</u>	<u>Total Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>	
							<u>2023</u>	<u>2022</u>
<b>PERSONNEL EXPENSES</b>								
Salaries	\$1,451,349	\$2,836,309	\$186,922	\$ 4,474,580	\$1,026,063	\$358,851	\$ 5,859,494	\$ 3,883,282
Payroll taxes	110,502	215,850	-	326,352	78,086	27,309	431,747	310,035
Retirement	113,153	221,120	-	334,273	79,992	27,976	442,241	319,852
Employee benefits	128,806	251,713	43,964	424,483	91,060	31,847	547,390	322,777
	<u>1,803,810</u>	<u>3,524,992</u>	<u>230,886</u>	<u>5,559,688</u>	<u>1,275,201</u>	<u>445,983</u>	<u>7,280,872</u>	<u>4,835,946</u>
<b>OPERATING EXPENSES</b>								
Case management system	-	17,370	-	17,370	14,112	-	31,482	27,630
Conferences and staff development	9,577	8,216	-	17,793	6,724	3,200	27,717	27,094
Depreciation	12,639	24,698	-	37,337	8,935	3,125	49,397	55,163
Direct assistance housing	1,326,676	11,806	-	1,338,482	32,166	16,050	1,386,698	1,131,654
Dues and subscriptions	8,293	17,618	-	25,911	12,888	2,702	41,501	26,301
Equipment rental	9,126	17,833	256	27,215	6,451	2,256	35,922	35,515
Insurance	8,148	15,922	187	24,257	5,760	2,014	32,031	27,324
Interest	-	-	-	-	16,313	-	16,313	-
Office and educational supplies	4,290	8,693	3,092	16,075	107,555	443	124,073	136,022
Other	-	-	-	-	-	-	-	9,498
Postage	572	11,581	165	12,318	18,419	40	30,777	26,651
Printing	-	738	-	738	-	-	738	20,352
Professional fees	-	956	2,900	3,856	297,793	3,012	304,661	346,134
Professional fees, in-kind	-	4,547,918	-	4,547,918	-	-	4,547,918	4,694,849
Program supplies	38,150	2,715	-	40,865	9,469	616	50,950	64,040
Purchased services	85,375	626,323	-	711,698	54,338	3,592	769,628	600,957
Rent and occupancy	128,787	246,391	8,889	384,067	68,956	31,021	484,044	565,867
Special event expense	-	-	-	-	502	73,144	73,646	80,669
Telephone and internet	102,987	182,228	210	285,425	62,025	22,455	369,905	255,930
Travel	32,523	17,812	-	50,335	10,894	484	61,713	99,065
	<u>1,767,143</u>	<u>5,758,818</u>	<u>15,699</u>	<u>7,541,660</u>	<u>733,300</u>	<u>164,154</u>	<u>8,439,114</u>	<u>8,230,715</u>
<b>Total expenses</b>	<u>\$3,570,953</u>	<u>\$9,283,810</u>	<u>\$246,585</u>	<u>\$13,101,348</u>	<u>\$2,008,501</u>	<u>\$610,137</u>	<u>\$15,719,986</u>	<u>\$13,066,661</u>

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See accompanying notes

# HIAS PENNSYLVANIA AND AFFILIATE

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended September 30, 2023 with comparative totals for 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ (880,483)	\$ (201,250)
<b>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</b>		
Realized and unrealized (gain) loss on investments	(296,764)	755,462
Depreciation	49,397	55,163
(Increase) decrease in		
Contributions receivable	1,045,712	(1,083,643)
Prepaid expenses and other assets	9,293	5,338
Increase (decrease) in		
Accounts payable and accrued expenses	461,789	45,127
Deferred rent	(289,771)	23,558
Refundable advances	(300,000)	300,000
<b>Net cash used for operating activities</b>	<u>(200,827)</u>	<u>(100,245)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(97,428)	(624,185)
Purchase of equipment and leasehold improvements	-	(13,116)
<b>Net cash used for investing activities</b>	<u>(97,428)</u>	<u>(637,301)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances on line of credit	85,000	-
<b>Net change in cash</b>	(213,255)	(737,546)
<b>CASH</b>		
Beginning of year	348,634	1,086,180
<b>End of year</b>	<u>\$ 135,379</u>	<u>\$ 348,634</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	<u>\$ 16,313</u>	<u>\$ -</u>

See accompanying notes



# HIAS PENNSYLVANIA AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023

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### (1) NATURE OF BUSINESS

HIAS and Council Migration Service of Philadelphia, which is doing business as HIAS Pennsylvania. (the "**Organization**") is a not-for-profit organization located in Philadelphia, Pennsylvania that provides aid to immigrants.

The Organization's activities are as follows:

*Legal Services Division* – has seven programs: 1) the immigrant youth program, 2) the immigrant survivors of domestic violence program, 3) the immigrant survivors of crime program, 4) the asylum and removal defense program, 5) the asylee integration program (formerly known as the asylee outreach program), 6) the humanitarian and crisis response program, and 7) the citizenship and family reunification program. Each of these programs provides immigration legal assistance by staff attorneys, law clerks, partially and fully accredited representatives and paralegals to immigrants and refugees of limited means. The programs also provide technical assistance to service providers and non-attorneys in the Organization and to the community at large.

*Social Services Division* – has four programs: 1) reception and placement (refugee resettlement), 2) immigrant health and wellness, 3) employment, and 4) education. These four programs provide case management, cultural orientation services, wellness and anti-isolation services and English language services to refugee and other federal Office of Refugee Resettlement Eligible adults and children. The services are provided by master and bachelor's level social workers, trauma informed case workers, TOEFL certified teachers, interns and volunteers.

*Community Engagement Division* – this division provides recruitment, training and mentoring of volunteers, both professional and non-professional. The division also provides educational programs about the work that is done, about the needs of immigrants and refugees that we serve and collects in kind donations for our clients. The services in this division are provided by experienced professionals who have worked with diverse communities and an attorney who recruits, trains and mentors attorneys to take on immigration legal matters.

Pennsylvania HIAS Indigent Immigrant Legal Services ("**PHIILS**") is a separate section 501(c)(3) non-profit, which provides free immigration legal services to indigent individuals in Pennsylvania. HIAS Pennsylvania is the sole member of PHIILS.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Organization and PHIILS. All material intercompany accounts and transactions have been eliminated.

#### **Basis of Accounting**

The consolidated financial statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized when earned and expenses are recognized when incurred.

#### **Basis of Presentation**

The Organization and PHIILS report information regarding their financial position and activities according to the following classes of net assets:

##### ***Without donor restrictions***

Net assets that are not subject to donor-imposed restrictions. This category also includes board designated net assets which are comprised of funds that are designated by the board to fill in short-term gaps in funding to ensure continuity of services and programs. The board designated net assets are to be adjusted each year based on board approved budgeted expenditures.

# HIAS PENNSYLVANIA AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023

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### ***With donor restrictions***

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Organization and PHILS and/or the passage of time. When a restriction is satisfied, 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.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting the Organization and PHILS to expend the income generated in accordance with the provisions of the contribution. The Organization and PHILS did not have this type of net asset with donor restrictions as of September 30, 2023.

### **Fair Value Measurements of Assets and Liabilities**

Generally accepted accounting principles ("**GAAP**") define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization and PHILS. Unobservable inputs reflect the Organization and PHILS' assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1** – Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization and PHILS have the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not entail a significant degree of judgment.

**Level 2** – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

**Level 3** – Valuations based on inputs that are unobservable, that is, inputs that reflect the Organization and PHILS' own assumptions.

### **Summarized Prior-Year 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 GAAP. Accordingly, such information should be read in conjunction with the consolidated financial statements for the year ended September 30, 2022, from which the summarized information was derived.

### **Accounting Estimates**

In preparing consolidated financial statements in conformity with GAAP, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could vary from those estimates.

### **Contributions Receivable**

Contributions receivable are stated at the amount management expects to collect from balances outstanding at year-end. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. Management believes all accounts were collectible and did not provide an allowance for uncollectible accounts. Interest is not charged on outstanding balances.

# HIAS PENNSYLVANIA AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023

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### **Equipment and Leasehold Improvements**

Equipment and leasehold improvements are carried at cost if purchased and at fair value at the date of donation if contributed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

### **Investments**

Investments in equity and fixed income securities with readily determinable fair values are reported at fair value, as determined by quoted market prices, with gains and losses included in the consolidated statement of activities. Dividend and interest income is recorded as earned.

The Organization invests in a professionally-managed portfolio that contains various types of investments (**See Note 3**). Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that the amounts reported in the consolidated financial statements could change materially in the near term.

### **Leases**

Effective with the implementation of ASU 2016-02, Leases (Topic 842) and subsequent amendments to the initial guidance (collectively, Topic 842) on October 1, 2022, operating leases are recorded as right-of-use-assets and lease liabilities in the statement of financial position. Leases with a term of twelve months or less are considered short term leases and are accounted for as an expense in the statement of activities as rental payments are incurred.

Operating lease assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising for the lease. Operating lease assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when readily determinable. When the lease does not provide an implicit rate, the Organization uses a secured borrowing rate based on the information available at commencement date in determining the present value of lease payments.

At September 30, 2023, the Organization does not have any material lease commitments beyond 12 months.

### **Grants and Contributions**

Grants and contributions received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted grants and contributions whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional grants and contributions are recognized as revenue when the related promise to give is received. Conditional grants and contributions are recognized as revenue when the conditions are satisfied.

### **Income Taxes**

The Organization and PHILS are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to their tax-exempt purpose may be subject to taxation as unrelated business income.

The Organization and PHILS qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and have been classified as organizations other than a private foundation under Section 509(a)(1).

# HIAS PENNSYLVANIA AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. The Organization and PHIILS believe that they had no uncertain tax positions as defined in GAAP

### **Functional Allocation of Expenses**

The costs of providing various program and supporting services have been presented on a functional basis in the consolidated statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include personnel expenses, rent and occupancy, and telephone and internet, which are allocated based on estimates of time and effort.

### **Concentrations of Credit Risk**

Financial instruments which potentially subject the Organization and PHIILS to concentrations of credit risk are cash and contributions receivable. The Organization and PHIILS maintain cash deposits at a high-quality bank. At times, such deposits may exceed federally-insured limits. Contributions receivable are expected to be collected in 2024.

### **Reclassifications**

Certain items previously reported in the prior-year summarized comparative totals have been reclassified to conform to the current-year consolidated financial statement presentation.

## **(3) INVESTMENTS**

Investments at September 30, 2023 and 2022, consisted of a balanced index fund which invests roughly 60% in equities and 40% in bonds by tracking two indexes that represent broad barometers for the U.S. equity and U.S. taxable bond markets. This fund is measured at fair value using Level 1 (quoted prices in active markets) valuation inputs.

Investment income (loss) for the year ended September 30, was comprised of the following:

	<b><u>2023</u></b>	<b><u>2022</u></b>
Interest and dividends	\$102,195	\$ 125,175
Net realized and unrealized gain (loss)	<u>296,764</u>	<u>(755,462)</u>
	<b><u>\$398,959</u></b>	<b><u>\$(630,287)</u></b>

## **(4) EQUIPMENT AND LEASHOLD IMPROVEMENTS**

Equipment and leasehold improvements at September 30, 2023 and 2022 consisted of the following:

	<b><u>2023</u></b>	<b><u>2022</u></b>
Computer equipment	\$ 65,565	\$ 65,565
Office equipment	17,712	17,712
Leasehold improvements	<u>525,677</u>	<u>525,677</u>
	608,954	608,954
Accumulated depreciation	<u>(210,325)</u>	<u>(160,928)</u>
	<b><u>\$ 398,629</u></b>	<b><u>\$ 448,026</u></b>

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# HIAS PENNSYLVANIA AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023

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Depreciation was \$49,397 and \$55,163 for the years ended September 30, 2023 and 2022, respectively.

### (5) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	<u>Balance</u> <u>September 30, 2022</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance</u> <u>September 30, 2023</u>
Subject to expenditure for specified purposes or periods				
Legal services	\$ 406,786	\$476,708	\$(376,788)	\$506,706
Path to Self Sufficiency	171,532	-	(171,532)	-
Immigrant Wellness	29,872	70,000	(29,872)	70,000
Other	70,437	16,000	(70,437)	16,000
Available for future periods	<u>395,625</u>	<u>25,000</u>	<u>(245,625)</u>	<u>175,000</u>
	<u>\$1,074,252</u>	<u>\$587,708</u>	<u>\$(894,254)</u>	<u>\$767,706</u>

### (6) LINE OF CREDIT

In March 2021, the Organization obtained a \$500,000 bank credit line, which bears interest at a variable rate per annum based on the *Wall Street Journal* U.S. Prime rate. The agreement is effective until such parties agree in writing to terminate the agreement. At September 30, 2023, the Organization had advances of \$85,000 on the line of credit.

### (7) OPERATING LEASES

The Organization leases its primary administrative office under a non-cancelable operating lease which expires in September 2032. The Organization believes that the landlord is in default of the lease and has been asked by the landlord to consider vacating the premises. The Organization stopped paying rent in July 2023 is currently evaluating options for new space. Rent expense for the office was \$426,670 and \$502,602 for 2023 and 2022, respectively. As a result of the landlord being in default, the Organization recognized income from the reversal of its deferred rent of \$289,771, which is included in other income in the 2023 consolidated statement of activities.

### (8) IN-KIND CONTRIBUTIONS

Each year, a substantial number of legal specialists contribute significant amounts of their time to the Organization, and such services are reflected in the financial statements under revenue as in-kind contributions, and under expenses as professional fees in-kind, using estimated fair market rates. Since most of these services represent contributed legal time, the total amounts may fluctuate widely from year to year. During the years ended September 30, 2023 and 2022, in-kind servers totaled \$4,547,918 and \$5,694,849, respectively.

### (9) RETIREMENT PLAN

The Organization has a 403(b) plan covering all eligible employees. The plan allows eligible employees to defer a portion of their compensation, subject to the limitations in the Internal Revenue Code. The Organization makes a 5% matching contribution to the plan for the eligible employees' elective deferrals. The Organization's contributions to the plan were \$442,241 and \$319,852 for 2023 and 2022, respectively.

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## HIAS PENNSYLVANIA AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2022

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#### (10) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization and PHILS' financial assets as of the consolidated statement of financial position date, which have been reduced by financial assets not available within one year.

Cash	\$ 135,379
Contributions receivable	1,911,504
Investments	<u>3,614,835</u>
Total financial assets	5,661,718
Less: financial assets not available for general operations within one year	
Restricted by donor for specific purposes	(592,708)
Board designated net assets	<u>(3,661,611)</u>
Total financial assets available within one year	<u>\$ 1,407,399</u>

#### **Liquidity Management**

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 necessary.

#### (11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 27, 2024, the date on which the consolidated financial statements were available to be issued. No material subsequent events have occurred since September 30, 2023 that require recognition or disclosure in the consolidated financial statements.