

**THE PUBLIC INTEREST LAW CENTER**

**FINANCIAL STATEMENTS**

**December 31, 2019**

**(With Comparative Totals for 2018)**

# THE PUBLIC INTEREST LAW CENTER

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**SNYDER, DAITZ & COMPANY**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
The Public Interest Law Center  
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of The Public Interest Law Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Public Interest Law Center as of December 31, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report On Summarized Comparative Information

We have previously audited The Public Interest Law Center's 2018 financial statements, and, our report dated May 24, 2019 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



SNYDER, DAITZ & COMPANY  
Philadelphia, PA

May 29, 2020

# THE PUBLIC INTEREST LAW CENTER

## STATEMENT OF FINANCIAL POSITION

December 31, 2019

(With Comparative Totals for 2018)

	2019	2018
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 1,037,050	\$ 862,754
Accounts receivable	39,499	2,500
Grants and contributions receivable	634,934	297,269
Prepaid expenses	35,535	22,547
Total Current Assets	\$ 1,747,018	\$ 1,185,070
<u>OTHER ASSETS</u>		
Grants and contributions receivable	\$ 320,691	\$ 100,674
Investments	2,033,513	1,615,453
Property and equipment, net	45,152	6,109
Security deposit	11,923	0
	\$ 2,411,279	\$ 1,722,236
Total Assets	\$ 4,158,297	\$ 2,907,306
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 26,008	\$ 4,035
Payroll and withholdings payable	35,792	30,962
Deferred revenue	0	29,005
Agency funds liability	187,106	83,097
Deferred rent	24,517	0
Total Current Liabilities	\$ 273,423	\$ 147,099
<u>NET ASSETS</u>		
Without donor restrictions	\$ 2,949,915	\$ 1,896,062
With donor restrictions	934,959	864,145
	\$ 3,884,874	\$ 2,760,207
Total Liabilities and Net Assets	\$ 4,158,297	\$ 2,907,306

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

## THE PUBLIC INTEREST LAW CENTER

### STATEMENT OF ACTIVITIES Year ended December 31, 2019 (With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
<b>REVENUE</b>				
Grants and contributions	\$ 107,756	\$ 516,775	\$ 624,531	\$ 878,445
Legal community and other support	1,719,240	65,775	1,785,015	668,925
In-kind legal services	1,035,595	0	1,035,595	647,870
Fee awards	170,091	0	170,091	72,033
Contracts and honorarium	127,444	0	127,444	121,218
Investment income	192,783	8,587	201,370	92,872
Net assets released from restrictions:				
Satisfaction of purpose restrictions	423,897	(423,897)	0	0
Satisfaction of time restrictions	96,426	(96,426)	0	0
<b>Total Revenue</b>	<b>\$ 3,873,232</b>	<b>\$ 70,814</b>	<b>\$ 3,944,046</b>	<b>\$ 2,481,363</b>
<b>EXPENSES AND LOSSES</b>				
Program services	\$ 2,380,589	0	\$ 2,380,589	\$ 1,817,877
General and administrative	209,223	0	209,223	216,048
Fundraising	229,567	0	229,567	166,990
<b>Total Expenses</b>	<b>\$ 2,819,379</b>	<b>0</b>	<b>\$ 2,819,379</b>	<b>\$ 2,200,915</b>
Net unrealized losses on investments	0	0	0	132,233
<b>Total Expenses and losses</b>	<b>\$ 2,819,379</b>	<b>0</b>	<b>\$ 2,819,379</b>	<b>\$ 2,333,148</b>
<b>Change in Net Assets</b>	<b>\$ 1,053,853</b>	<b>\$ 70,814</b>	<b>\$ 1,124,667</b>	<b>\$ 148,215</b>
Net Assets, Beginning	1,896,062	864,145	2,760,207	2,611,992
<b>Net Assets, Ending</b>	<b>\$ 2,949,915</b>	<b>\$ 934,959</b>	<b>\$ 3,884,874</b>	<b>\$ 2,760,207</b>

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

## THE PUBLIC INTEREST LAW CENTER

### STATEMENT OF FUNCTIONAL EXPENSES Year ended December 31, 2019 (With Comparative Totals for 2018)

<u>EXPENSES</u>	<u>Program Services</u>	<u>General &amp; Administration</u>	<u>Fundraising</u>	<u>2019 Total</u>	<u>2018 Total</u>
Cases and court costs	\$ 29,834	0	0	\$ 29,834	\$ 18,240
In-kind legal services	1,035,595	0	0	1,035,595	647,870
Salaries	857,963	\$ 128,405	\$ 65,434	1,051,802	951,418
Payroll taxes	62,811	7,734	7,578	78,123	78,807
Benefits	41,971	5,168	5,064	52,203	53,772
Retirement	14,105	1,737	1,702	17,544	16,193
Professional fees	7,218	33,413	66,088	106,719	84,567
Rent and electricity	100,728	10,648	11,015	122,391	114,238
Conference and travel	19,249	0	0	19,249	9,814
Insurance	21,466	2,269	2,347	26,082	26,334
Library and subscriptions	24,984	0	0	24,984	16,730
Newsletter and fundraising	7,225	0	7,225	14,450	24,190
Office expenses	102,310	19,470	11,178	132,958	88,915
Events expenses	51,544	0	51,544	103,088	59,754
Depreciation	3,586	379	392	4,357	10,073
	<u>\$ 2,380,589</u>	<u>209,223</u>	<u>229,567</u>	<u>\$ 2,819,379</u>	<u>\$ 2,200,915</u>

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

## THE PUBLIC INTEREST LAW CENTER

### STATEMENT OF CASH FLOWS Year ended December 31, 2019 (With Comparative Totals for 2018)

	2019	2018
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 1,124,667	\$ 148,215
Adjustments to reconcile to cash from operations		
Donated securities	(108,835)	(2,554)
(Gain) loss on market value of securities	(128,844)	132,233
Depreciation	4,357	10,073
Dividends	(69,352)	(91,915)
(Increase) decrease in:		
Accounts receivable	(36,999)	8,700
Grants and contributions receivable	(557,682)	(181,597)
Prepaid expenses	(12,988)	(541)
Security deposit	(11,923)	0
Increase (decrease) in:		
Accounts payable and accrued expenses	21,973	(26,484)
Payroll and withholdings payable	4,830	19,056
Deferred revenue	(29,005)	(39,127)
Agency funds liability	104,009	45,492
Deferred rent	24,517	0
Net cash provided by operating activities	<b>\$ 328,725</b>	<b>\$ 21,551</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Dividends	\$ 69,352	\$ 91,915
Proceeds from sale of investments	2,544	2,600
Purchase of investments, including reinvested dividends net of fees	(182,925)	(91,915)
Purchase of office furniture	(36,770)	0
Purchase of leasehold improvements	(6,630)	0
Net cash provided (used) by investing activities	<b>\$ (154,429)</b>	<b>\$ 2,600</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>	<b>0</b>	<b>0</b>
Net Increase in Cash for Year	<b>\$ 174,296</b>	<b>\$ 24,151</b>
Cash balance, beginning	862,754	838,603
Cash balance, ending	<b>\$ 1,037,050</b>	<b>\$ 862,754</b>
<b><u>NON-CASH TRANSACTIONS:</u></b>		
Transactions with the Organization's brokerage account, which were retained within the account and did not affect cash, include the following:		
Sale of securities	74,505	0
Donated securities received	108,835	2,554
Reinvested interest and dividends	69,352	91,915
Investment fees	767	560

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



# THE PUBLIC INTEREST LAW CENTER

## NOTES TO FINANCIAL STATEMENTS December 31, 2019 and 2018

### NOTE 1 - ORGANIZATIONAL ACTIVITY

The Public Interest Law Center (formerly Public Interest Law Center of Philadelphia) was incorporated January 31, 1974 under the Non-Profit Corporation Law of the Commonwealth of Pennsylvania. Its purpose is to provide legal services in the public interest through legal representation and litigation, counseling, aid and assistance to individuals, groups, and organizations requiring or requesting such services. The major sources of the Organization's revenue come from fee awards and public support.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Date of Management's Review

Subsequent events were evaluated through May 29, 2020, which is the date the financial statements were available to be issued.

#### Basis of Accounting

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

#### Basis of Presentation

The financial statements are presented in accordance with FASB ASC 958 Presentation of Financial Statements of Not-for-Profit Entities. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are detailed in Note 8.

#### Adoption of New Accounting Standards

On January 1, 2019, the Organization adopted ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "ASC 606"), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. The Organization's revenue that fall within the scope of ASC 606 are presented as such and are recognized as revenue as the Organization satisfies its obligation to the customer. Revenue within the scope of ASC 606 primarily includes its fee awards and contracts for program services. Funds received in advance, with the obligation to the customer yet to be delivered are recorded as deposit liabilities on the balance sheet. Results for the reporting period beginning January 1, 2019 are presented under ASC 606 while prior period amounts continue to be reported in accordance with legacy GAAP. The net effect of the change on revenue and net assets was immaterial.

#### Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures. 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 includes cash and highly liquid instruments purchased with an original maturity of three months or less.

# THE PUBLIC INTEREST LAW CENTER

## NOTES TO FINANCIAL STATEMENTS December 31, 2019 and 2018

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### Accounts Receivable Reserves

The Organization reviews its receivables on a regular basis for collectability. The Organization considers all receivables fully collectible, accordingly, no allowance for doubtful accounts is required. When a question of the collectability of a particular receivable arises it is written off or reserved for at that time. Recoveries of items previously charged off are recognized as income when received.

#### Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of furniture and equipment is provided over the estimated useful lives of the related assets, 3 to 10 years, using the straight-line method. Major renewals and improvements are recorded to the assets accounts while maintenance and repairs which do not improve or extend the life of the respected assets are expensed.

#### Revenue

Awards for fees and out-of-pocket costs are awarded by court order or settlement and are recorded when awarded or when a settlement agreement is finalized by its terms. Other revenue is recognized when it is earned under the terms of the contract.

#### Contributions

Contributions received are recorded as "without donor restrictions" or "with donor restrictions", depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in with donor restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Only a donor can impose a restriction; the Board may designate contributions for a purpose, but the contribution is classified as unrestricted in that case. If a contribution is made with a donor-imposed condition, it is not recorded until the condition has been met.

A further distinction is to be made whether a gift is a contribution (a voluntary non-reciprocal transfer of funds or cancellation of liability from one organization to another); an exchange transaction (each party receives and sacrifices commensurate value); or an agency transaction (the recipient organization acts as an agent, trustee, or intermediary on behalf of another organization).

A promise to give is a written agreement to contribute if there is sufficient evidence in the form of verifiable documentation that a promise was made and received and that it is legally enforceable. When a promise to give is recorded, it requires the same classifications and distinctions as a contribution, as above.

Contributions with donor-imposed restrictions or conditions are to be recorded as restricted support even if the restriction or condition is met in the same reporting period.

Donated marketable securities and long-lived assets are recorded as contributions at their fair values at the date of donation.

# THE PUBLIC INTEREST LAW CENTER

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### Contributed Services

As prescribed by FASB ASC 958, The Public Interest Law Center has recognized contributions of \$1,035,595 in professional services from 13 individuals and firms in 2019, and \$647,870 in professional services from 12 individuals and firms in 2018, which were donated to the organization in connection with its operations. This amount is included both in revenue under legal community and other support, and in expense as in-kind legal services.

The value of the services is determined using industry knowledge of rates quoted, applied to the hours reported by the professionals. The rate used in the calculation is based on the lower rates quoted. The value of the services is recognized only where there is no potential compensation to the firm or individual.

In addition, The Public Interest Law Center receives a significant amount of additional professional services in connection with certain cases where the individuals and firms may possibly be compensated if the cases result in a favorable outcome. The value of these services, not recognized in the financial statements, is estimated to be approximately \$97,320 in 2019 and \$77,990 in 2018.

A substantial number of unpaid volunteers also donate their time and effort to The Public Interest Law Center. The value of these services is not recognized in the financial statements as they do not meet the criteria for recognition under FASB ASC 958.

#### Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

Salaries and benefits are allocated based on estimates of time and effort. Professional fees, newsletter and event expenses are allocated based on the cost, usage and related benefits of the specific services provided. Rent and occupancy, insurance, office expenses and depreciation are allocated based on the percentages derived from the estimated allocation of salaries. Certain other cost including cases and court cost, legal including in-kind, conferences and travel, and library and subscription costs, are related directly to the Organization's programs and are thus reflected as program costs.

#### Income Taxes

The Public Interest Law Center is a non-profit corporation exempt from taxes under Section 501(c)(3) of the Internal Revenue Code.

#### Reclassifications

Certain prior year's amounts have been reclassified to conform with the December 31, 2019 presentation.

# THE PUBLIC INTEREST LAW CENTER

## NOTES TO FINANCIAL STATEMENTS December 31, 2019 and 2018

### NOTE 3 – LIQUIDITY MANAGEMENT

The Public Interest Law Center's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Financial assets at year end:	
Cash and cash equivalents	\$1,037,050
Accounts receivable	39,499
Grants and contributions receivable	955,625
Investments	<u>2,033,513</u>
Total financial assets	<u>\$4,065,687</u>
Less: Amounts not available to be used within one year:	
Net assets with purpose restrictions	
Cash	(\$ 422,910)
Grants and contributions receivable	( 272,548)
Net assets with time restrictions beyond one year:	
Grants and contributions receivable	( 320,691)
Investments:	
Robert Wolf Fund included in Vanguard funds	( 101,011)
Thomas L. Gilhool Disabilities Rights Center Fund at Philadelphia Foundation	<u>( 67,416)</u>
	<u>(\$1,184,576)</u>
Financial assets available to meet general expenditures over the next year	<u>\$2,881,111</u>

Cash and cash equivalents of \$1,037,050 reflected on the statement of financial position includes \$422,910 of cash restricted by donors for certain purposes.

Grants and contributions receivable of \$955,629 reflected on the statement of financial position includes \$272,548 restricted by donors for certain purposes, and \$320,691 subject to a time implied restriction beyond one year.

The investments of \$2,033,503 reflected on the statement of financial position can be liquidated with board authorization and would be available if necessary, except for the amounts held in the Robert Wolf Fund and the Thomas L. Gilhool Disabilities Rights Center Fund.

The Public Interest Law Center's goal is generally to maintain financial assets available to meet 90 days of operating expenses.

As part of its liquidity plan, the Organization's audit/finance committee performs a monthly review of financial statements, and reviews the Organization's cash as well as its projected cash flows. If additional cash is projected to be needed, the Organization has available unrestricted liquid investments in a Vanguard Money Market fund. It also maintains a \$250,000 line of credit with a banking institution. The audit/finance committee also considers on a periodic basis whether to invest a portion of the Organization's operational cash or liquid investments in higher yield investments.

# THE PUBLIC INTEREST LAW CENTER

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### NOTE 4 - INVESTMENT AND FAIR VALUE MEASUREMENTS

Investments consist of the following at December 31:

	<u>Cost</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>
<b>2019</b>				
<b>Vanguard Funds</b>				
Conservative Growth	\$ 657,782	\$ 726,032	\$ 726,032	0
Managed Payout	776,373	757,712	757,712	0
Money market fund	<u>447,073</u>	<u>447,073</u>	<u>447,073</u>	<u>0</u>
<b>Total Vanguard Funds</b>	<b>\$1,881,228</b>	<b>\$1,930,817</b>	<b>\$1,930,817</b>	<b>0</b>
<b>Other investments</b>				
Equity securities	\$ 35,129	\$ 35,280	\$ 35,280	0
<b>Beneficial Interests in Funds Held by Community Foundations</b>				
Philadelphia Foundation	<u>\$ 52,693</u>	<u>\$ 67,416</u>	<u>0</u>	<u>\$ 67,416</u>
	<u>\$1,969,050</u>	<u>\$2,033,513</u>	<u>\$1,966,097</u>	<u>\$ 67,416</u>
<b>2018</b>				
<b>Vanguard Funds</b>				
Conservative Growth	\$ 639,086	\$ 627,606	\$ 627,606	0
Managed Payout	499,658	442,112	442,112	0
Money market fund	<u>484,383</u>	<u>484,383</u>	<u>484,383</u>	<u>0</u>
<b>Total Vanguard Funds</b>	<b>\$1,623,127</b>	<b>\$1,554,101</b>	<b>\$1,554,101</b>	<b>0</b>
<b>Other investments</b>				
Equity securities	\$ 2,554	\$ 2,523	\$ 2,523	0
<b>Beneficial Interests in Funds Held by Community Foundations</b>				
Philadelphia Foundation	<u>\$ 53,285</u>	<u>\$ 58,829</u>	<u>0</u>	<u>\$ 58,829</u>
	<u>\$1,678,966</u>	<u>\$1,615,453</u>	<u>\$1,556,624</u>	<u>\$ 58,829</u>

In 2016, the Law Center established an Endowment Fund with the Philadelphia Foundation. The funds were irrevocably transferred to the community foundation, where they are held in diversified investment portfolios. The Organization is permitted by Pennsylvania law to spend between 2% and 7% of the average balance of the funds over the past 3 years. Distributions from the funds are to support the Law Center's work on behalf of people with disabilities.

The Endowment Funds held at Philadelphia Foundation are recorded as assets in these financial statements. This is in accordance with FASB ASC 958-605 (formerly FAS 136, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others), as the Organization has the right to receive the distributions from the income from the Endowment Funds. Also, in accordance with FASB ASC 985-605, these amounts contributed by the Organization to the community foundation funds are classified as permanently restricted net assets in the financial statements. Amounts contributed directly by other donors to the Endowment Fund, if any, are not reflected in the financial statements.

Gains and losses (realized and unrealized) included in changes in net assets for the years ended December 31, 2019 and 2018 are reported in investment income or losses on the Statement of Activities. All such gains and losses for 2019 and 2018 were a result of transactions where values have been measure using Level 1 inputs, except for gains of \$9,179 in 2019, and losses of \$2,572 in 2018, which were measured using Level 2 inputs.

# THE PUBLIC INTEREST LAW CENTER

## NOTES TO FINANCIAL STATEMENTS December 31, 2019 and 2018

### NOTE 4 - INVESTMENT AND FAIR VALUE MEASUREMENTS – CONTINUED

FASB ASC 820-10 (formerly 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, with fair value of investments based on quoted net asset values of shares held at year-end. Level 2 inputs were used where available to the Organization, and Level 3 inputs are only used when Level 1 and 2 inputs are not available

#### Level 1 Fair Value Measurements

The fair value of mutual funds are based on quoted net asset values of the shares held at year-end.

#### Level 2 Fair Value Measurements

The fair value of Beneficial Interests in Funds Held by Community Foundations are valued at cost, which approximates the fair value of the assets held at the foundation at year end.

### NOTE 5 – GRANTS RECEIVABLE

Represents unconditional promises to give, as explained in Note 2, for use as follows:

	<u>2019</u>	<u>2018</u>
Capital campaign pledges	\$614,244	0
Housing	265,067	\$240,287
Fair Education Funding	7,481	42,500
Blight Remediation	0	30,156
Garden Justice Legal Initiative	0	15,000
General Operating Grants	<u>78,750</u>	<u>70,000</u>
	\$965,542	\$397,943
Less: Unamortized discount	<u>( 9,917)</u>	<u>0</u>
	<u>\$955,625</u>	<u>\$397,943</u>
Amounts due:		
Within one year	\$634,934	\$297,269
One to five years	<u>320,691</u>	<u>100,674</u>
	<u>\$955,625</u>	<u>\$397,943</u>

### NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$181,917	\$145,147
Leasehold improvements	<u>14,145</u>	<u>7,515</u>
	\$196,062	\$152,662
Less: Accumulated Depreciation	<u>150,910</u>	<u>146,553</u>
	<u>\$ 45,152</u>	<u>\$ 6,109</u>

# THE PUBLIC INTEREST LAW CENTER

## NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

### NOTE 7 - LINE OF CREDIT

The Public Interest Law Center has a \$250,000 revolving line of credit with Huntington National Bank dated September 23, 2011 and available until July 20, 2020. Outstanding balances are due on demand and carry interest at a variable rate equal to the 30 day LIBOR rate + 2.75%. The line is secured by a money market account at Huntington National Bank. The line of credit agreement requires The Public Interest Law Center to provide bi-annual calculations of projected income to support outstanding draws. Draws on the line of credit are governed by a board-approved policy, under which the Executive Director has the discretion to make draws from the line of credit up to 80% of the line. Advance written approval is required from the Chair of the Audit/Finance committee and from the Chair of the Board, or their designees, before making any draws from the line of credit that would take the balance over 80% of the line.

The duration of outstanding balances on the line, and the expected repayments are monitored by the Audit/Finance committee.

There was no balance outstanding on the line as of December 31, 2019 and 2018.

### NOTE 8 – NET ASSETS

#### Net Assets Without Donor Restrictions

Net assets without donor restrictions represents funds retained by The Public Interest Law Center 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 without donor restrictions. Included in net assets without donor restrictions are the following board designated funds:

	2019	2018
<u>Board Designated</u>		
Long-term financial support	\$757,712	\$442,112
Educational purposes	0	3,839
	\$757,712	\$445,951

#### Net Assets with Donor Restrictions

Net assets with donor restrictions represents resources restricted by the donor as to time of the usage of the funds, or the purpose for which the funds are used.

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

	2019	2018
Housing	\$319,467	\$400,000
School Funding Litigation	216,134	21,589
School Funding Advocacy	42,048	70,593
Feasibility Study	47,844	48,280
Employment	31,239	0
Garden Justice Legal Initiative	17,789	50,185
Furniture and Technology	11,395	0
Take Action Philly	5,000	3,872
Transition Services	4,542	4,211
Blight Remediation	0	30,156
Glen Ross Class Action	0	15,201
Other Programs	0	218
Time Restricted	71,074	60,000
	\$766,532	\$704,305

## THE PUBLIC INTEREST LAW CENTER

### NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

#### NOTE 8 – NET ASSETS – CONTINUED

##### Net Assets With Donor Restrictions – Continued

	<u>2019</u>	<u>2018</u>
Robert Wolf Fund:		
This fund is included within the Vanguard investments. Income earned on the permanently restricted principal of the endowment can be used for operating purposes.	101,011	101,011
Thomas L. Gilhool Disabilities Rights Center Fund:		
This fund is held at the Philadelphia Foundation. Income earned in the fund can also be used to enable the Law Center to continue to assist persons with disabilities through legal representation, research, training and education.	67,416	58,829
	<u>\$934,959</u>	<u>\$864,145</u>

#### NOTE 9 - COMMITMENTS FOR LEASED FACILITIES AND EQUIPMENT

The Organization entered into a lease for new office space effective November 1, 2019 for a term extending through January 31, 2026. The lease currently calls for minimum monthly payments of \$11,923 during the year ended October 31, 2020, with annual increases of 2.5% through the end of the lease, plus certain overhead expenses.

Deferred rent has been recognized to allocate the benefit of rent abatement throughout the term of the lease.

The total rent expense was \$122,391, including deferred rent of \$24,517, for the year ended December 31, 2019, and \$114,238 for the year ended December 31, 2018.

The future minimum rental payments for office space, not including overhead expenses passed through, and equipment for the next five years are as follows:

<u>Fiscal Year</u> <u>Ended December 31,</u>	<u>Office</u> <u>Space</u>	<u>Office</u> <u>Equipment</u>
2020	\$131,455	\$ 23,826
2021	147,269	17,886
2022	150,950	15,645
2023	154,724	15,645
2024	158,592	9,168
and thereafter	176,384	0
	<u>\$919,374</u>	<u>\$ 82,170</u>

#### NOTE 10 - CONCENTRATION OF CREDIT RISK

##### Cash

The Organization maintains its bank accounts in financial institutions with insurance provided by the FDIC up to \$250,000. Uninsured balances were approximately \$787,000 as of December 31, 2019. The Organization has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on uninsured cash.



# THE PUBLIC INTEREST LAW CENTER

## NOTES TO FINANCIAL STATEMENTS December 31, 2019 and 2018

### NOTE 11 - FUNCTIONAL CLASSIFICATION OF EXPENSES

Program and support services were as follows for the year ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Program expenses - Law Center – In-Kind	\$1,035,595	\$ 647,870
Program expenses - Law Center – Other	<u>1,344,994</u>	<u>1,170,007</u>
	\$2,380,589	\$1,817,877
Management and general	209,223	216,048
Fundraising	<u>229,567</u>	<u>166,990</u>
	<u>\$2,819,379</u>	<u>\$2,200,915</u>

The \$1,035,595 reported as in-kind services in the 2019 statement of activities is recorded above as in-kind program services.

The \$647,870 reported as in-kind services in the 2018 statement of activities is recorded above as in-kind program services.

### NOTE 12 – RETIREMENT PLAN

#### 401(k) Plan

The Organization sponsors the Public Interest Law Center of Philadelphia 401(k) Plan. Under the Plan, qualified employees may elect to defer a portion of their compensation, up to Internal Revenue Service limits, and the Organization may match a certain portion of the employee contributions.

The Organization has elected to match 50% of employee contributions up to 6% of an employee's compensation, which resulted in matching contributions of \$17,657 and \$16,193 for 2019 and 2018, respectively.

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