

THE PUBLIC INTEREST LAW CENTER

FINANCIAL STATEMENTS

December 31, 2021

(With Comparative Totals for 2020)

THE PUBLIC INTEREST LAW CENTER

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Public Interest Law Center
Philadelphia, Pennsylvania

Opinion

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 The Public Interest Law Center 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Public Interest Law Center's ability to continue as a going concern within one year after the date that the 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 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, including omissions, 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 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 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 The Public Interest Law Center'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Public Interest Law Center'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.

Report on Summarized Comparative Information

We have previously audited The Public Interest Law Center's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



SNYDER, DAITZ & COMPANY

Philadelphia, PA

April 26, 2022

THE PUBLIC INTEREST LAW CENTER

STATEMENT OF FINANCIAL POSITION

December 31, 2021

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 884,031	\$ 1,111,171
Accounts receivable	5,375	23,862
Grants and contributions receivable	602,168	694,764
Prepaid expenses	43,656	44,202
Total Current Assets	<u>\$ 1,535,230</u>	<u>\$ 1,873,999</u>
<u>OTHER ASSETS</u>		
Grants and contributions receivable	\$ 97,600	\$ 231,750
Investments	3,439,072	2,649,091
Property and equipment, net	25,414	34,499
Security deposit	11,923	11,923
	<u>\$ 3,574,009</u>	<u>\$ 2,927,263</u>
 Total Assets	 <u>\$ 5,109,239</u>	 <u>\$ 4,801,262</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Loan payable	\$ 248,467	\$ 243,700
Accounts payable and accrued expenses	14,842	12,366
Payroll and withholdings payable	65,308	36,492
Agency funds liability	31,411	198,327
Deferred rent	39,993	58,047
Total Current Liabilities	<u>\$ 400,021</u>	<u>\$ 548,932</u>
 Total Liabilities	 <u>\$ 400,021</u>	 <u>\$ 548,932</u>
<u>NET ASSETS</u>		
Without donor restrictions		
Other unrestricted	\$ 1,563,532	\$ 1,344,633
Designated by the Board	1,851,860	1,399,530
Total Without Donor Restrictions	<u>\$ 3,415,392</u>	<u>\$ 2,744,163</u>
With donor restrictions	1,293,826	1,508,167
	<u>\$ 4,709,218</u>	<u>\$ 4,252,330</u>
 Total Liabilities and Net Assets	 <u>\$ 5,109,239</u>	 <u>\$ 4,801,262</u>

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

THE PUBLIC INTEREST LAW CENTER

STATEMENT OF ACTIVITIES Year ended December 31, 2021 (With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
REVENUE				
Grants and contributions	\$ 293,077	\$ 801,405	\$ 1,094,482	\$ 760,024
Legal community and other support	1,192,958	0	1,192,958	1,255,956
In-kind legal services	3,612,164	0	3,612,164	2,654,002
Fee awards	63,715	0	63,715	10,767
Contracts and honorarium	74,290	0	74,290	140,448
Investment income	242,871	78,140	321,011	181,533
Other	22,721	0	22,721	0
Net assets released from restrictions:				
Satisfaction of purpose restrictions	1,068,886	(1,068,886)	0	0
Satisfaction of time restrictions	25,000	(25,000)	0	0
Total Revenue	\$ 6,595,682	\$ (214,341)	\$ 6,381,341	\$ 5,002,730
EXPENSES AND LOSSES				
Program services	\$ 5,392,627	0	\$ 5,392,627	\$ 4,150,274
General and administrative	294,340	0	294,340	294,569
Fundraising	237,486	0	237,486	190,431
Total Expenses	\$ 5,924,453	0	\$ 5,924,453	\$ 4,635,274
 Change in Net Assets	 \$ 671,229	 \$ (214,341)	 \$ 456,888	 \$ 367,456
Net Assets, Beginning	2,744,163	1,508,167	4,252,330	3,884,874
Net Assets, Ending	<u>\$ 3,415,392</u>	<u>\$ 1,293,826</u>	<u>\$ 4,709,218</u>	<u>\$ 4,252,330</u>

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, 2021

(With Comparative Totals for 2020)

	Program Services	General & Administration	Fundraising	2021 Total	2020 Total
EXPENSES					
Cases and court costs	\$ 1,423	0	0	\$ 1,423	\$ 17,337
In-kind legal services	3,612,164	0	0	3,612,164	2,654,002
Salaries	979,796	141,535	148,171	1,269,502	1,146,528
Payroll taxes	73,763	8,267	8,812	90,842	86,334
Benefits	64,576	7,237	7,714	79,527	52,141
Retirement	17,295	1,938	2,066	21,299	27,785
Professional fees	277,187	92,220	1,560	370,967	269,454
Rent and electricity	129,228	13,254	15,305	157,787	156,142
Conference and travel	26,195	0	0	26,195	5,543
Insurance	23,673	2,428	2,804	28,905	27,175
Library and subscriptions	26,106	0	0	26,106	15,029
Newsletter and fundraising	8,234	0	8,234	16,468	3,998
Office expenses	117,527	26,698	13,920	158,145	104,467
Events expenses	28,019	0	28,019	56,038	58,686
Depreciation	7,441	763	881	9,085	10,653
	<u>\$ 5,392,627</u>	<u>294,340</u>	<u>237,486</u>	<u>\$ 5,924,453</u>	<u>\$ 4,635,274</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, 2021 (With Comparative Totals for 2020)

	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 456,888	\$ 367,456
Adjustments to reconcile to cash from operations		
Donated securities	(73,367)	(91,811)
Gain on market value of securities	(140,518)	(107,073)
Depreciation	9,085	10,653
Dividends	(154,473)	(73,799)
Contributions restricted for permanent endowment	(2,750)	(152,000)
Forgiveness of PPP loan	(243,700)	-
(Increase) decrease in:		
Accounts receivable	18,487	15,637
Grants and contributions receivable	226,746	29,111
Prepaid expenses	546	(8,667)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,476	(13,642)
Payroll and withholdings payable	28,816	700
Agency funds liability	(166,916)	11,221
Deferred rent	(18,054)	33,530
Net cash provided (Used) by operating activities	\$ (56,734)	\$ 21,316
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Dividends	\$ 154,473	\$ 73,799
Purchase of investments, including reinvested dividends net of fees	(576,096)	(416,694)
Net cash used by investing activities	\$ (421,623)	\$ (342,895)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Borrowing on PPP Loan	\$ 248,467	\$ 243,700
Contributions restricted for permanent endowment	2,750	152,000
Net cash provided by operating activities	\$ 251,217	\$ 395,700
Net Increase (Decrease) in Cash for Year	\$ (227,140)	\$ 74,121
Cash balance, beginning	1,111,171	1,037,050
Cash balance, ending	\$ 884,031	\$ 1,111,171
<u>NON-CASH TRANSACTIONS:</u>		
Transactions with the Organization's brokerage account, which were retained within the account and did not affect cash, include the following:		
Sale of securities	41,579	342,015
Donated securities received	53,267	91,811
Reinvested interest and dividends	154,473	73,799
Investment fees	610	605

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

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

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 support from the legal community, general public, its Board, and foundations in the form of contributions, grants and contracts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review

Subsequent events were evaluated through April 26, 2022, 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. 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, 2021 and 2020

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, 2021 and 2020

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 \$3,612,164 in professional services from 17 individuals and firms in 2021, and \$2,654,002 in professional services from 27 individuals and firms in 2020, 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 \$109,203 in 2021 and \$827,178 in 2020.

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.

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS December 31, 2021 and 2020

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	\$884,031
Accounts receivable	5,375
Grants and contributions receivable	699,768
Investments	<u>3,439,072</u>
Total financial assets	<u>\$5,028,246</u>
Less: Amounts not available to be used within one year:	
Net assets with purpose restrictions	
Cash	(\$ 258,168)
Grants and contributions receivable	(284,500)
Net assets with time restrictions beyond one year:	
Grants and contributions receivable	(97,600)
Investments:	
Robert Wolf Fund included in Vanguard funds	(107,708)
Thomas L. Gilhool Disabilities Rights Center	
Fund at Philadelphia Foundation	(80,679)
Barbara Macholz Grimaldi Racial Justice Fund	
included in Vanguard Funds	(74,641)
Capital Campaign Permanent Endowment Funds	
included in Vanguard Funds	<u>(373,063)</u>
	<u>(\$1,276,359)</u>
Financial assets available to meet general expenditures over the next year	<u>\$3,751,887</u>

Cash and cash equivalents of \$884,031 reflected on the statement of financial position includes \$258,168 of cash restricted by donors for certain purposes.

Grants and contributions receivable of \$699,768 reflected on the statement of financial position includes \$284,500 restricted by donors for certain purposes, and \$97,600 subject to a time implied restriction beyond one year.

The investments of \$3,439,072 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 four permanent endowment funds.

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, 2021 and 2020

NOTE 4 - INVESTMENT AND FAIR VALUE MEASUREMENTS

Investments consist of the following at December 31:

		Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)
2021	Cost			
Vanguard Funds				
Conservative Growth	\$ 718,457	\$ 858,587	\$ 858,587	0
Managed Allocation	1,585,212	1,685,036	1,685,036	0
Short-Term Investment Grade	354,382	346,417	346,417	0
Money Market Fund	134,938	134,938	134,938	0
Total Vanguard Funds	\$2,792,989	\$3,024,978	\$3,024,978	0
Other investments				
Vanguard US Stock ETF	250,671	321,311	321,311	0
Common stocks	12,217	12,104	12,104	0
Beneficial Interests in Funds Held by Community Foundations				
Philadelphia Foundation	52,470	80,679	0	\$ 80,679
	<u>\$3,108,347</u>	<u>\$3,439,072</u>	<u>\$3,358,393</u>	<u>\$ 80,679</u>
2020				
Vanguard Funds				
Conservative Growth	\$ 683,739	\$ 809,609	\$ 809,609	0
Managed Allocation	1,049,246	1,055,059	1,055,059	0
Short-Term Investment Grade	347,267	347,582	347,582	0
Money market fund	110,095	110,095	110,095	0
Total Vanguard Funds	\$2,190,347	\$2,322,345	\$2,322,345	0
Other investments				
Vanguard US Stock ETF	250,671	253,900	253,900	0
Beneficial Interests in Funds Held by Community Foundations				
Philadelphia Foundation	52,980	72,846	0	\$ 72,846
	<u>\$2,493,998</u>	<u>\$2,649,091</u>	<u>\$2,576,245</u>	<u>\$ 72,846</u>

Gains and losses (realized and unrealized) included in changes in net assets for the years ended December 31, 2021 and 2020 are reported in investment income or losses on the Statement of Activities. All such gains and losses for 2021 and 2020 were a result of transactions where values have been measure using Level 1 inputs, except for gains of \$8,342 in 2021, and gains of \$5,735 in 2020, which were measured using Level 2 inputs.

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

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 AND CONTRIBUTIONS RECEIVABLE

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

	<u>2021</u>	<u>2020</u>
Capital campaign pledges	\$299,139	\$611,125
Fair Education Funding	264,500	0
Gun Violence Prevention	50,000	0
Housing	22,848	145,443
Community Representations	50,000	100,000
Environment	0	50,000
Garden Justice Legal Initiative	15,000	0
General Operating Grants	0	25,000
	<u>\$701,487</u>	<u>\$931,568</u>
Less: Unamortized discount	<u>(1,719)</u>	<u>(5,054)</u>
	<u>\$699,768</u>	<u>\$926,514</u>
Amounts due:		
Within one year	\$602,168	\$694,764
One to five years	97,600	231,750
	<u>\$699,768</u>	<u>\$926,514</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$181,917	\$181,917
Leasehold improvements	6,630	6,630
	<u>\$188,547</u>	<u>\$188,547</u>
Less: Accumulated Depreciation	<u>163,133</u>	<u>154,048</u>
	<u>\$ 25,414</u>	<u>\$ 34,499</u>

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS December 31, 2021 and 2020

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 10, 2022. Outstanding balances are due on demand and carry interest at a variable rate equal to the 30 day LIBOR rate or a Replacement Index + 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, 2021 and 2020.

NOTE 8 – PAYROLL PROTECTION PROGRAM LOANS

On April 18, 2020, the Organization received a loan from Huntington National Bank in the amount of \$243,700, pursuant to the Payroll Protection Program (PPP) under the CARES Act, which was enacted March 27, 2020. The loan, which was in the form of a note dated April 18, 2020, matures on April 18, 2022, and bears an interest rate of 1%, payable monthly commencing on November 18, 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 January 31, 2021, the Organization received a second loan from Huntington National Bank in the amount of \$248,467, pursuant to the Payroll Protection Program (PPP) under the CARES Act, which was enacted March 27, 2020. The loan, which was in the form of a note dated January 31, 2021, matures on January 31, 2026, and bears an interest rate of 1%. 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.

The organization has used both loan amounts for qualifying expenses, and has thus met the conditions for forgiveness and recognition of the full grant amounts. The first loan was forgiven on February 11, 2021, and the second loan was subsequently forgiven on February 28, 2022.

NOTE 9 – 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:

	<u>2021</u>	<u>2020</u>
<u>Board Designated</u>		
Long-term financial support	\$ 1,435,860	\$ 983,530
Social Justice programs	<u>416,000</u>	<u>416,000</u>
	<u>\$ 1,851,860</u>	<u>\$1,399,530</u>
Board designated assets are held as follows:		
Vanguard Managed Allocation Fund	\$1,685,036	\$1,055,059
Pledges Receivable	<u>166,824</u>	<u>344,471</u>
	<u>\$ 1,851,860</u>	<u>\$1,399,530</u>

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS December 31, 2021 and 2020

NOTE 9 – NET ASSETS – CONTINUED

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:

	<u>2021</u>	<u>2020</u>
School Funding Advocacy	\$216,895	\$109,376
School Funding Litigation	0	61,330
Housing	14,611	270,370
Community Representations	92,707	125,716
Gun Violence Prevention	100,000	0
Environment	54,105	87,114
Lost and Stolen Firearms	0	38,874
In Pursuit of Justice	30,000	30,000
Legal server	15,200	0
Feasibility Study	0	12,998
Employment	8,023	11,716
Garden Justice Legal Initiative	593	15,663
Voting-Election Litigation	0	14,528
Take Action Philly	1,534	2,424
PA Right to Know	5,000	0
Increase staffing capacity	4,000	4,000
Time Restricted	<u>0</u>	<u>25,000</u>
	<u>\$542,668</u>	<u>\$809,109</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.

	107,708	101,011
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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.

	80,679	72,847
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Barbara Macholz-Grimaldi Racial Justice Fund:

This fund is included within the Vanguard investments. Income earned on the permanently restricted principal is also restricted for Social Justice purposes.

	77,391	70,000
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Capital Campaign Permanent Endowment:

This fund is included within the Vanguard investments. Income earned on the permanently restricted principal of the endowment can be used for operating purposes.

	<u>485,380</u>	<u>455,200</u>
	<u>\$1,293,826</u>	<u>\$1,508,167</u>

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS December 31, 2021 and 2020

NOTE 10 - ENDOWMENTS

Permanent Endowments

The Law Center has a long standing endowment fund, the Robert Wolf Fund, the income from which can be used for operating support. These funds are held in the Vanguard investments.

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. 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.

During the year ended December 31, 2019, the Law Center initiated a capital campaign whereby donors were given the opportunity to contribute to various programs of the organization, as well as to contribute to a permanent endowment to provide future operating and programmatic support for the organization. These funds are held in the Vanguard investments.

The Organization is permitted by Pennsylvania law to spend between 2% and 7% of the average balance over the past 3 years of the permanent endowment funds.

The Law Center's permanent endowments are summarized as follows:

	<u>2021</u>	<u>2020</u>
Operating Support		
Robert Wolf Fund	\$107,708	\$101,011
Capital Campaign Funds	<u>485,380</u>	<u>455,200</u>
	<u>\$593,088</u>	<u>\$556,211</u>
Disability Rights Programs		
Thomas L. Gilhool Disabilities Rights Center Fund	80,679	72,847
Social Justice Programs		
Capital Campaign - Barbara Macholz Grimaldi		
Racial Justice Fund	<u>77,391</u>	<u>70,000</u>
	<u>\$751,158</u>	<u>\$699,058</u>

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 10 – ENDOWMENTS - CONTINUED

Total Operating and Program Endowments

The Law Center's endowments are summarized as follows:

	<u>2021</u>	<u>2020</u>
Operating Endowments:		
In addition to the permanent endowment restricted by donors, the board has also designated and added other funds including the amounts from the Capital Campaign that were not specifically restricted by donors, to an endowment also to be used for operating support including the increase in staff capacity		
Permanent Endowment	\$ 593,088	\$ 556,211
Board Designated Funds	<u>1,851,860</u>	<u>1,399,530</u>
	<u>\$2,444,948</u>	<u>\$1,955,741</u>
Program Endowments:		
Disabilities Rights Programs		
Thomas L. Gilhool Disabilities Rights Center	72,847	72,747
Social Justice Programs:		
Capital Campaign – Barbara Macholz Grimaldi		
Racial Justice Fund	<u>70,000</u>	<u>70,000</u>
	<u>\$2,587,795</u>	<u>\$2,098,488</u>

Endowment assets and investments are held as follows:

	<u>Investments</u>	<u>Pledges Receivable</u>	<u>Total</u>
<u>2021</u>			
Permanently restricted operating endowment			
Robert Wolf Fund	\$107,708	0	\$107,708
Capital Campaign Funds	373,063	112,317	485,380
Disability Rights Programs			
Thomas L. Gilhool Disabilities Rights Center Fund	80,679	0	80,679
Social Justice Programs			
Capital Campaign – Barbara Macholz Grimaldi			
Racial Justice Fund	77,391	0	77,391
Board designated endowment - CC	<u>1,685,036</u>	<u>166,824</u>	<u>1,851,860</u>
Total Endowment Assets	<u>\$2,323,877</u>	<u>\$279,141</u>	<u>\$2,603,018</u>
Operating and other funds	<u>1,115,195</u>		
Total investment	<u>\$3,439,072</u>		

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS December 31, 2021 and 2020

NOTE 10 – ENDOWMENTS - CONTINUED

Total Operating and Program Endowments – Continued

<u>2020</u>	<u>Investments</u>	<u>Pledges Receivable</u>	<u>Total</u>
Permanently restricted operating endowment			
Robert Wolf Fund	\$101,011	0	\$101,011
Capital Campaign Funds	213,600	241,600	455,200
Disability Rights Programs			
Thomas L. Gilhool Disabilities Rights Center Fund	72,847	0	72,847
Social Justice Programs			
Capital Campaign – Barbara Macholz Grimaldi			
Racial Justice Fund	50,000	20,000	70,000
Board designated endowment - CC	<u>1,055,059</u>	<u>344,471</u>	<u>1,399,530</u>
Total Endowment Assets	<u>\$1,492,517</u>	<u>\$606,071</u>	<u>\$2,098,588</u>
Operating and other funds	<u>1,156,574</u>		
Total investment	<u>\$2,649,091</u>		

NOTE 11 - 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 \$12,527 during the year ended October 31, 2022, 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 approximately \$157,800 including deferred rent of \$13,227, for the year ended December 31, 2021, and approximately \$156,100 including deferred rent of \$33,530, for the year ended December 31, 2020.

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 Ended December 31,</u>	<u>Office Space</u>	<u>Office Equipment</u>
2022	150,950	16,740
2023	154,724	16,740
2024	158,592	16,740
2025	162,557	16,740
2026	13,827	11,160
and none thereafter		
	<u>\$640,650</u>	<u>\$ 78,120</u>

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS December 31, 2021 and 2020

NOTE 12 - 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 \$634,000 as of December 31, 2021. 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.

NOTE 13 - FUNCTIONAL CLASSIFICATION OF EXPENSES

Program and support services were as follows for the year ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Program expenses - Law Center – In-Kind	\$3,612,164	\$ 2,652,777
Program expenses - Law Center – Other	<u>1,780,463</u>	<u>1,497,497</u>
	\$5,392,627	\$4,150,274
Management and general	294,340	294,569
Fundraising	<u>237,486</u>	<u>190,431</u>
	<u>\$5,924,453</u>	<u>\$4,635,274</u>

The \$3,612,164 reported as in-kind services in the 2021 statement of activities is recorded above as in-kind program services.

Of the \$2,654,002 reported as in-kind services in the 2020 statement of activities, \$2,652,777 is recorded above as in-kind program services, and the balance of \$1,225 is included within the \$294,569 of management and general expenses.

NOTE 14 – 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 approximately \$21,300 and \$27,800 for 2021 and 2020, respectively.

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