

THE PUBLIC INTEREST LAW CENTER

FINANCIAL STATEMENTS

December 31, 2023

(With Comparative Totals for 2022)

THE PUBLIC INTEREST LAW CENTER

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
<u>Financial Statements:</u>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 20

SNYDER, DAITZ & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



SNYDER, DAITZ & COMPANY

Philadelphia, PA

June 11, 2024

THE PUBLIC INTEREST LAW CENTER

STATEMENT OF FINANCIAL POSITION

December 31, 2023

(With Comparative Totals for 2022)

	2023	2022
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 808,115	\$ 460,045
Accounts receivable	67,167	74,000
Grants and contributions receivable	386,178	373,463
Prepaid expenses	27,639	27,026
Total Current Assets	\$ 1,289,099	\$ 934,534
<u>OTHER ASSETS</u>		
Grants and contributions receivable	\$ 105,000	\$ 166,975
Investments	2,670,928	2,966,206
Property and equipment, net	8,813	17,113
Security deposit	11,923	11,923
Leases - Right of use asset	368,028	542,168
Total Assets	\$ 4,453,791	\$ 4,638,919
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 28,755	\$ 18,080
Payroll and withholdings payable	121,971	112,111
Agency funds liability	2,520	33,931
Deferred revenue	18,668	17,843
Lease - Right of use liability	182,142	181,352
Total Current Liabilities	\$ 354,056	\$ 363,317
<u>NONCURRENT LIABILITIES</u>		
Lease - Right of use liability	\$ 208,120	\$ 390,262
Total Liabilities	\$ 562,176	\$ 753,579
<u>NET ASSETS</u>		
Without donor restrictions		
Other unrestricted	\$ 978,849	\$ 921,760
Designated by the Board	1,391,332	1,463,612
Total Without Donor Restrictions	\$ 2,370,181	\$ 2,385,372
With donor restrictions	1,521,434	1,499,968
Total Liabilities and Net Assets	\$ 4,453,791	\$ 4,638,919

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

THE PUBLIC INTEREST LAW CENTER

STATEMENT OF ACTIVITIES Year ended December 31, 2023 (With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
REVENUE				
Grants and contributions	\$ 212,155	\$ 450,750	\$ 662,905	\$ 1,106,064
Legal community and other support	804,899	0	804,899	699,971
In-kind legal services	402,473	0	402,473	2,586,665
Fee awards	578,225	0	578,225	75,750
Contracts and honorarium	82,806	0	82,806	62,895
Investment income	229,357	90,786	320,143	89,079
Other	0	0	0	7,857
Net assets released from restrictions:				
Satisfaction of purpose restrictions	450,820	(450,820)	0	0
Satisfaction of time restrictions	69,250	(69,250)	0	0
Total Revenue	\$ 2,829,985	\$ 21,466	\$ 2,851,451	\$ 4,628,281
EXPENSES AND LOSSES				
Program services	\$ 2,182,323	0	\$ 2,182,323	\$ 4,357,991
General and administrative	339,186	0	339,186	290,044
Fundraising	323,667	0	323,667	273,734
Total Expenses	\$ 2,845,176	0	\$ 2,845,176	\$ 4,921,769
Net realized and unrealized losses on investments	0	0	0	470,390
Total Expenses and losses	\$ 2,845,176	0	\$ 2,845,176	\$ 5,392,159
Change in Net Assets	\$ (15,191)	\$ 21,466	\$ 6,275	\$ (763,878)
Net Assets, Beginning - Restated	2,385,372	1,499,968	3,885,340	4,649,218
Net Assets, Ending	\$ 2,370,181	\$ 1,521,434	\$ 3,891,615	\$ 3,885,340

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, 2023 (With Comparative Totals for 2022)

	<u>Program Services</u>	<u>General & Administration</u>	<u>Fundraising</u>	<u>2023 Total</u>	<u>2022 Total</u>
<u>EXPENSES</u>					
Cases and court costs	\$ 4,342	0	0	\$ 4,342	\$ 34,950
In-kind legal services	400,513	\$ 1,960	0	402,473	2,586,665
Salaries	1,165,957	175,755	\$ 202,355	1,544,067	1,399,018
Payroll taxes	87,991	13,390	15,417	116,798	101,389
Benefits	63,595	9,678	11,142	84,415	81,503
Retirement	20,207	3,075	3,540	26,822	25,132
Professional fees	71,386	93,416	6,007	170,809	208,135
Rent and electricity	127,603	13,243	19,023	159,869	157,401
Conference and travel	20,829	0	0	20,829	11,729
Insurance	23,579	2,447	3,515	29,541	34,198
Library and subscriptions	25,151	0	0	25,151	30,899
Newsletter and fundraising	2,591	0	2,591	5,182	2,558
Office expenses	120,886	25,535	18,021	164,442	175,791
Events expenses	41,068	0	41,068	82,136	64,100
Depreciation	6,625	687	988	8,300	8,301
	<u>\$ 2,182,323</u>	<u>\$ 339,186</u>	<u>\$ 323,667</u>	<u>\$ 2,845,176</u>	<u>\$ 4,921,769</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, 2023 (With Comparative Totals for 2022)

	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 6,275	\$ (754,389)
Adjustments to reconcile to cash from operations		
Donated securities	(50,001)	(25,353)
Gain on market value of securities	(130,868)	474,498
Depreciation	8,300	8,301
Dividends	(174,532)	(89,721)
Forgiveness of PPP loan	-	(248,467)
(Increase) decrease in:		
Accounts receivable	6,833	(68,625)
Grants and contributions receivable	49,260	89,841
Prepaid expenses	(613)	16,630
Leases - Right of use asset	174,140	(542,168)
Increase (decrease) in:		
Accounts payable and accrued expenses	10,675	3,238
Payroll and withholdings payable	9,860	46,803
Agency funds liability	(31,411)	2,520
Deferred revenue	825	17,843
Deferred rent	-	(39,993)
Leases - Right of use liability	(181,352)	571,614
 Net cash used by operating activities	 \$ (302,609)	 \$ (537,428)
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Dividends	\$ 174,532	\$ 89,721
Proceeds from sales of investments	650,000	250,000
Purchase of investments, including reinvested dividends net of fees	(173,853)	(226,279)
 Net cash provided by investing activities	 \$ 650,679	 \$ 113,442
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
 Net Increase (Decrease) in Cash for Year	 \$ 348,070	 \$ (423,986)
 Cash balance, beginning	 460,045	 884,031
 Cash balance, ending	 \$ 808,115	 \$ 460,045
 <u>NON-CASH TRANSACTIONS:</u>		
Transactions with the Organization's brokerage account, which were retained within the account and did not always affect cash, include the following:		
Sale of securities	\$ 700,393	\$ 287,112
Purchase of securities	-	137,200
Donated securities received	50,001	25,353
Reinvested interest and dividends	174,532	89,721
Investment fees	679	642

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

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS December 31, 2023 and 2022

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 June 11, 2024, 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, 2022, the Organization adopted ASU 2016-02 (ASC 842) *Leases*, which provides a framework for the reporting and disclosure of a company's lease agreements. Under the new ASU, a lessee recognizes a right-of-use (ROU) asset and related lease liabilities on the balance sheet for most leases based on the present value of future lease payments. The Company has elected to implement the new lease standard under the Transition Alternative provided for in ASU 2018-11. Under this alternative, the new lease standard is applied to all leases existing as of January 1, 2022.

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, 2023 and 2022

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

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.

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.

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS December 31, 2023 and 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions - Continued

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

Contributed Services

As prescribed by FASB ASC 958, The Public Interest Law Center has recognized contributions of \$402,473 in professional services from 11 individuals and firms in 2023, and \$2,586,665 in professional services from 13 individuals and firms in 2022, 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 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 \$49,245 in 2023 and \$29,925 in 2022.

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, 2023 presentation.

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

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	\$808,115
Accounts receivable	67,167
Grants and contributions receivable	491,178
Investments	<u>2,670,928</u>
Total financial assets	<u>\$4,037,338</u>
Less: Amounts not available to be used within one year:	
Net assets with purpose restrictions	
Cash	(\$ 109,502)
Grants and contributions receivable	(353,343)
Investments:	
Robert Wolf Fund included in Vanguard funds	(105,478)
Thomas L. Gilhool Disabilities Rights Center Fund at Philadelphia Foundation	(78,743)
Barbara Macholz Grimaldi Racial Justice Fund included in Vanguard Funds	(89,139)
Clarke Scholars Fund included in Vanguard Funds	(233,405)
Capital Campaign Permanent Endowment Fund included in Vanguard Funds	<u>(496,324)</u>
	<u>(\$1,465,934)</u>
Financial assets available to meet general expenditures over the next year	<u>\$ 2,571,454</u>

Cash and cash equivalents of \$808,115 reflected on the statement of financial position includes \$109,502 of cash restricted by donors for certain purposes.

Grants and contributions receivable of \$491,178 reflected on the statement of financial position includes \$353,343 restricted by donors for certain purposes.

The investments of \$2,670,928 reflected on the statement of financial position can be liquidated with board authorization and would be available if necessary, except for \$1,003,089 held in the five 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, 2023 and 2022

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>
<u>2023</u>				
Vanguard Funds				
Conservative Growth	\$ 779,828	\$ 820,905	\$ 820,905	0
Moderate Growth	882,700	839,010	839,010	0
Short-Term Investment Grade	371,668	346,623	346,623	0
Money Market Fund	<u>266,452</u>	<u>266,452</u>	<u>266,452</u>	<u>0</u>
Total Vanguard Funds	<u>\$2,300,648</u>	<u>\$2,272,990</u>	<u>\$2,272,990</u>	<u>0</u>
Other investments				
Vanguard US Stock ETF	260,808	319,195	319,195	0
Beneficial Interests in Funds Held by Community Foundations				
Philadelphia Foundation	<u>51,791</u>	<u>78,743</u>	<u>0</u>	<u>\$ 78,743</u>
	<u>\$2,613,247</u>	<u>\$2,670,928</u>	<u>\$2,592,185</u>	<u>\$ 78,743</u>
<u>2022</u>				
Vanguard Funds				
Conservative Growth	\$ 738,436	\$ 729,852	\$ 729,852	0
Managed Allocation	1,495,241	1,388,368	1,388,368	0
Short-Term Investment Grade	360,935	326,489	326,489	0
Money Market Fund	<u>204,546</u>	<u>204,546</u>	<u>204,546</u>	<u>0</u>
Total Vanguard Funds	<u>\$2,799,158</u>	<u>\$2,649,255</u>	<u>\$2,649,255</u>	<u>0</u>
Other investments				
Vanguard US Stock ETF	257,128	244,041	244,041	0
Beneficial Interests in Funds Held by Community Foundations				
Philadelphia Foundation	<u>52,470</u>	<u>72,910</u>	<u>0</u>	<u>\$ 72,910</u>
	<u>\$3,108,756</u>	<u>\$2,966,206</u>	<u>\$2,893,296</u>	<u>\$ 72,910</u>

Gains and losses (realized and unrealized) included in changes in net assets for the years ended December 31, 2023 and 2022 are reported in investment income or losses on the Statement of Activities. All such gains and losses for 2023 and 2022 were a result of transactions where values have been measure using Level 1 inputs, except for gains of \$5,833 in 2023, and losses of \$7,127 in 2022, which were measured using Level 2 inputs.

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS December 31, 2023 and 2022

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>2023</u>	<u>2022</u>
Capital campaign pledges	\$ 37,003	\$ 67,644
Fair Education Funding	210,000	71,500
Housing	171,175	357,965
Environmental Justice	5,000	0
General Operating Grants	68,000	43,750
	\$491,178	\$540,859
Less: Unamortized discount	0	(421)
	<u>\$491,178</u>	<u>\$540,438</u>
Amounts due:		
Within one year	\$386,178	\$373,463
One to five years	105,000	166,975
	<u>\$491,178</u>	<u>\$540,438</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$181,917	\$181,917
Leasehold improvements	6,630	6,630
	\$188,547	\$188,547
Less: Accumulated Depreciation	179,734	171,434
	<u>\$ 8,813</u>	<u>\$ 17,113</u>

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS December 31, 2023 and 2022

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, 2024. Outstanding balances are due on demand and carry interest at a variable rate equal to the Bank's Daily Simple SOFR rate, plus an Applicable Margin of 1.50%. 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, 2023 and 2022.

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 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>2023</u>	<u>2022</u>
<u>Board Designated</u>		
Long-term financial support	\$1,376,978	\$1,450,602
Barbara Macholz Grimaldi		
Racial Justice Fund (Board Designated Portion)	<u>14,354</u>	<u>13,010</u>
	<u>\$1,391,332</u>	<u>\$1,463,612</u>

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS December 31, 2023 and 2022

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>2023</u>	<u>2022</u>
School Funding Advocacy	\$210,000	\$ 97,126
Housing	164,205	277,120
Community Representations	1,190	92,707
Garden Justice Legal Initiative	0	50,487
Environment	0	3,776
Urban Tree Connection	40,000	0
Original American Foundation Garden	30,000	0
Legal Server	5,700	7,200
Professional Development Wellness	0	5,500
Computer Upgrades	11,750	0
Time Restricted	<u>55,500</u>	<u>43,750</u>
	<u>\$518,345</u>	<u>\$577,666</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.	105,478	95,602
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.	78,743	72,910
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 racial justice purposes.	89,139	80,793
Clarke Scholars Fund:		
This fund is included within the Vanguard investments. Income earned on the permanently restricted principal is restricted to providing a stipend for one law student each year who would not otherwise have the means to accept a summer internship with the Law Center.	233,405	220,615
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>496,324</u>	<u>452,382</u>
	<u>\$1,521,434</u>	<u>\$1,499,968</u>

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

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 the Thomas L. Gilhool Disability Rights Center 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 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 Fund. 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 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 three years of the permanent endowment funds.

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

	2023	2022
Operating Support		
Robert Wolf Fund	\$ 105,478	\$ 95,602
Capital Campaign Permanent Endowment	496,324	452,382
	\$ 601,802	\$547,984
Disability Rights Programs		
Thomas L. Gilhool Disabilities Rights Center Fund	78,743	72,910
Racial Justice Programs		
Capital Campaign - Barbara Macholz Grimaldi		
Racial Justice Fund	89,139	80,793
Clarke Scholars Fund	233,405	220,615
	\$1,003,089	\$922,302

For one endowment fund, the Clarke Scholars Fund, the current fair value of its funds as of December 31, 2023, was below the original contributed amount. This is a result of losses in the fair value of the investments in 2022. The fair value of the Clarke Scholars Fund had a cumulative decrease of \$10,095 from the original contributed amount of \$243,500.

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS December 31, 2023 and 2022

NOTE 10 – ENDOWMENTS - CONTINUED

Total Operating and Program Endowments

The Law Center's endowments are summarized as follows:

	<u>2023</u>	<u>2022</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		
Robert Wolf Fund	\$ 105,478	\$ 95,602
Capital Campaign Permanent Endowment	<u>496,324</u>	<u>452,382</u>
	<u>\$ 601,802</u>	<u>\$ 547,984</u>
Board Designated Funds		
Pre-Campaign Funds	\$ 740,369	\$ 671,050
Capital Campaign	<u>636,609</u>	<u>779,552</u>
	<u>\$1,376,978</u>	<u>\$1,450,602</u>
Program Endowments:		
Disabilities Rights Programs		
Thomas L. Gilhool Disabilities Rights Center Fund	<u>\$ 78,743</u>	<u>\$ 72,910</u>
Racial Justice Programs:		
Permanent Endowment		
Capital Campaign – Barbara Macholz Grimaldi Racial Justice Fund	\$ 89,139	\$ 80,793
Board Designated Funds		
Barbara Macholz Grimaldi Racial Justice Fund	<u>14,354</u>	<u>13,010</u>
	<u>\$ 103,814</u>	<u>\$ 93,803</u>
Clarke Scholars Fund	<u>\$ 233,405</u>	<u>\$ 220,615</u>
	<u>\$2,394,421</u>	<u>\$2,385,914</u>

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS December 31, 2023 and 2022

NOTE 10 – ENDOWMENTS - CONTINUED

Total Operating and Program Endowments – Continued

Endowment assets and investments are held as follows:

	<u>Investments</u>	<u>Pledges Receivable</u>	<u>Total</u>
<u>2023</u>			
Permanently restricted operating endowment			
Robert Wolf Fund	\$105,478	0	\$105,478
Capital Campaign Permanent Endowment	491,924	4,400	496,324
Disability Rights Programs			
Thomas L. Gilhool Disabilities Rights Center Fund	78,743	0	78,743
Racial Justice Programs			
Capital Campaign – Barbara Macholz Grimaldi Racial Justice Fund	89,139	0	89,139
Clarke Scholars Fund	233,405	0	233,405
Board Designated Endowment			
Pre-Campaign Funds	740,369	0	740,369
Capital Campaign Barbara Macholz Grimaldi Racial Justice Fund	604,006	32,603	636,609
Total Endowment Assets	<u>14,354</u>	<u>0</u>	<u>14,354</u>
	<u>\$2,357,418</u>	<u>\$ 37,003</u>	<u>\$2,394,421</u>
Operating and other funds	<u>313,510</u>		
Total investment	<u>\$2,670,928</u>		
<u>2022</u>			
Permanently restricted operating endowment			
Robert Wolf Fund	\$ 95,602	0	\$ 95,602
Capital Campaign Permanent Endowment	437,982	14,400	452,382
Disability Rights Programs			
Thomas L. Gilhool Disabilities Rights Center Fund	72,910	0	72,910
Racial Justice Programs			
Capital Campaign – Barbara Macholz Grimaldi Racial Justice Fund	80,793	0	80,793
Clarke Scholars Fund	220,615	0	220,615
Board Designated Endowment			
Pre-Campaign Funds	671,050	0	671,050
Capital Campaign Barbara Macholz Grimaldi Racial Justice Fund	726,308	53,244	779,552
Total Endowment Assets	<u>13,010</u>	<u>0</u>	<u>13,010</u>
	<u>\$2,318,270</u>	<u>\$ 67,644</u>	<u>\$2,385,914</u>
Operating and other funds	<u>647,936</u>		
Total investment	<u>\$2,966,206</u>		

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS December 31, 2023 and 2022

NOTE 11 - COMMITMENTS FOR LEASED FACILITIES AND EQUIPMENT

Rent Expense

The Organization entered into a lease for office space effective November 1, 2019 for a term extending through January 31, 2026. The lease currently calls for minimum monthly payments of \$14,082 during the year ended October 31, 2024, 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 \$159,900 including an adjustment for deferred rent of (\$8,152), for the year ended December 31, 2023, and approximately \$157,400 with an adjustment for deferred rent of (\$4,113), for the year ended December 31, 2022.

Operating Leases

The Organization recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Organization is a lessee in several noncancellable operating leases, for office space and other office equipment. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease asset and liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Organization uses its incremental borrowing rate. The implicit rates of our leases are not readily determinable and accordingly, we use the 7 year Daily Treasury Par Yield Curve Rate, at the commencement date for all leases. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) and repaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain the exercise. We recognize lease cost associated with our short-term leases on a straight-line basis over the lease term.

Total payments for all operating leases for the years ended December 31, 2023 and 2022 was approximately \$182,000 and \$178,000.

Future minimum payments for all operating leases are as follows:

Years Ended December 31,	<u>2023</u>	<u>2022</u>
2023	\$ 0	\$ 182,292
2024	186,431	186,431
2025	190,674	190,674
2026	25,955	25,955
and none thereafter	<u>\$ 403,060</u>	<u>\$ 585,352</u>
 Right-of-Use Liability		
Office lease	\$ 348,916	\$ 523,972
Equipment leases	41,346	61,380
	<u>\$ 390,262</u>	<u>\$ 585,352</u>
Less: Prepayment	0	(13,738)
	<u>\$ 390,262</u>	<u>\$ 571,614</u>
 Right-of-Use Asset		
Future minimum payments	\$ 403,060	\$ 585,352
Less: Present Value Discount	(35,032)	(43,184)
	<u>\$ 368,028</u>	<u>\$ 542,168</u>

THE PUBLIC INTEREST LAW CENTER

NOTES TO FINANCIAL STATEMENTS December 31, 2023 and 2022

NOTE 12 - CONCENTRATION 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 \$558,000 as of December 31, 2023. 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.

Revenue

For the year ended December 31, 2023, revenue from one source was in excess of 10% of the organization's revenue. Revenue from one fee was approximately \$508,000 or 18% of total revenue.

For the year ended December 31, 2022, revenue from two sources was in excess of 10% of the organization's revenue. Revenue from one foundation was approximately \$500,000, and in-kind legal services from one firm was valued at approximately \$2,070,000. These totaled approximately 56% of total revenue.

NOTE 13 - FUNCTIONAL CLASSIFICATION OF EXPENSES

Program and support services were as follows for the year ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Program expenses - Law Center – In-Kind	\$ 400,513	\$2,586,665
Program expenses - Law Center – Other	1,781,810	1,771,326
	<u>\$2,182,323</u>	<u>\$4,357,991</u>
Management and general	339,186	290,044
Fundraising	323,667	273,734
	<u>\$2,845,176</u>	<u>\$4,921,769</u>

Of the \$402,473 reported as in-kind services in the 2023 statement of activities, \$400,513 is recorded above as in-kind program services, and \$1,960 is included in management and general.

The \$2,586,665 reported as in-kind services in the 2022 statement of activities is recorded above as in-kind program services.

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 \$26,800 and \$25,100 for 2023 and 2022, respectively.

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

PUBLIC INTEREST LAW CENTER OF PHILADELPHIA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 15 - RESTATEMENT - NET ASSETS

Upon review of additional capital campaign documents, reclassifications were made to the opening net asset balances as of January 1, 2022. The following is a summary of the reclassification:

	NET ASSET BALANCES 12/31/21	RECLASSIFICATION	NET ASSET BALANCES 1/1/22
Without donor restrictions			
Other unrestricted	1,563,532	(154,652)	1,408,880
Designated by the Board	1,851,860	(150,154)	1,701,706
	<u>3,415,392</u>	<u>(304,806)</u>	<u>3,110,586</u>
With donor restrictions			
Other donor restricted	542,668	(35,534)	507,134
Permanent Endowments			
Robert Wolf Fund:	107,708	0	107,708
Thomas L. Gilhool Disabilities Rights Center Fund	80,679	0	80,679
Barbara Macholz Grimaldi Racial Justice Fund	77,391	13,633	91,024
Clarke Scholars Fund	0	256,031	256,031
Capital Campaign Permanent Endowment	485,380	10,676	496,056
	<u>4,709,218</u>	<u>(60,000)</u>	<u>4,649,218</u>

This most significant reclassifications reflect capital campaign pledge payments, donor restrictions on the Clarke Scholars Fund, additional contributions for the Barbara Macholz Grimaldi Racial Justice Fund, and related allocations of investment income.