

# Consolidated Financial Statements and Independent Auditors' Report

**HIAS, Inc. and Related Entities**

December 31, 2020 and 2019

	Page
<b>Contents</b>	
Report of Independent Certified Public Accountants	3
Consolidated Financial Statements:	
Consolidated statements of financial position	5
Consolidated statements of activities	6
Consolidated statements of functional expenses	8
Consolidated statements of cash flows	10
Notes to consolidated financial statements	11
Supplemental Information:	
Schedule of select contributions	30

---

**GRANT THORNTON LLP**

1000 Wilson Boulevard  
Suite 1400  
Arlington, VA 22209

**D** +1 703 847 7500

**F** +1 703 848 9580

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors of  
HIAS, Inc. and Related Entities

We have audited the accompanying consolidated financial statements of HIAS, Inc. and Related Entities (collectively, "HIAS") which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

**Management's responsibility for the financial statements**

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

**Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of HIAS, Inc. and Related Entities as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other matters***Supplementary information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of select contributions as of December 31, 2020 is also presented for additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of select contributions is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.



Arlington, Virginia  
July 1, 2021

**HIAS, Inc. and Related Entities**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**December 31,**

	<u><b>2020</b></u>	<u><b>2019</b></u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,499,481	\$ 7,512,760
Investments - allocated, client deposits, non-American pension plan (Note 4)	57,897,740	63,162,583
Investments held for charitable gift annuities and trusts (Note 4)	2,737,636	2,363,897
Grants receivables (net of allowances of \$398,711 for 2020 and \$68,262 for 2019)	5,561,858	3,659,702
Contribution receivables	1,946,283	2,150,226
Other receivables, net	499,199	238,619
Deposits and prepaid expenses	1,078,168	608,491
Property and equipment, net (Note 6)	<u>2,142,238</u>	<u>1,138,965</u>
Total assets	<u><u>\$ 82,362,603</u></u>	<u><u>\$ 80,835,243</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 5,946,650	\$ 5,391,698
Deferred revenue	3,996,807	3,968,019
Client deposits	4,499,666	4,734,731
Deferred rent	1,282,165	1,001,021
Severance obligations	3,960,760	2,854,521
Grants payable	106,959	325,995
Pension obligations (Note 7)	7,235,071	6,184,847
Annuity obligations (Note 5)	<u>1,485,165</u>	<u>1,355,950</u>
Total liabilities	<u>28,513,243</u>	<u>25,816,782</u>
<b>NET ASSETS</b>		
Without donor restrictions	46,716,908	48,173,427
With donor restrictions	<u>7,132,452</u>	<u>6,845,034</u>
Total net assets	<u>53,849,360</u>	<u>55,018,461</u>
Total liabilities and net assets	<u><u>\$ 82,362,603</u></u>	<u><u>\$ 80,835,243</u></u>

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

HIAS, Inc. and Related Entities

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended December 31,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and other support:</b>						
Contributions	\$ 10,964,854	\$ 1,369,583	\$ 12,334,437	\$ 12,449,793	\$ 1,972,849	\$ 14,422,642
Operating grants	32,679,344	-	32,679,344	19,603,940	-	19,603,940
Bequests	51,312	-	51,312	50,734	-	50,734
Governmental and intergovernmental agencies:						
U.S. Department of Health and Human Services	4,656,058	-	4,656,058	4,526,939	-	4,526,939
U.S. Department of State	23,070,820	-	23,070,820	16,882,354	-	16,882,354
Migrant loan processing fees and repayments	475,661	-	475,661	545,188	-	545,188
Investment income designated for current operations (Note 4)	4,287,735	-	4,287,735	2,176,956	-	2,176,956
Service fee revenues and other revenues	(21,383)	-	(21,383)	904,486	-	904,486
Net assets released from restriction	1,200,990	(1,200,990)	-	1,474,323	(1,474,323)	-
Total revenues and other support	<u>\$ 77,365,391</u>	<u>\$ 168,593</u>	<u>\$ 77,533,984</u>	<u>\$ 58,614,713</u>	<u>\$ 498,526</u>	<u>\$ 59,113,239</u>

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

HIAS, Inc. and Related Entities

CONSOLIDATED STATEMENTS OF ACTIVITIES - CONTINUED

For the years ended December 31,

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Expenses:</b>						
Program services - refugee and immigration assistance:						
U.S. operations	\$ 12,634,150	\$ -	\$ 12,634,150	\$ 14,596,849	\$ -	\$ 14,596,849
International operations	55,032,786	-	55,032,786	34,021,294	-	34,021,294
Total program services	67,666,936	-	67,666,936	48,618,143	-	48,618,143
Supporting services:						
Management and general	11,539,403	-	11,539,403	9,606,408	-	9,606,408
Fundraising	3,211,681	-	3,211,681	3,327,220	-	3,327,220
Total supporting services	14,751,084	-	14,751,084	12,933,628	-	12,933,628
Total operating expenses	82,418,020	-	82,418,020	61,551,771	-	61,551,771
Changes in net assets from operations	(5,052,629)	168,593	(4,884,036)	(2,937,058)	498,526	(2,438,532)
<b>Non-operating activities:</b>						
Non-operating investment income (Note 4)	16,400	118,825	135,225	5,708,895	799,837	6,508,732
Bequests	2,967,242	-	2,967,242	1,067,512	-	1,067,512
Actuarial gain (loss) on split-interest agreements	244,723	-	244,723	331,533	(138,029)	193,504
Changes in pension obligations other than net periodic benefit cost	367,745	-	367,745	517,071	-	517,071
Total non-operating activities	3,596,110	118,825	3,714,935	7,625,011	661,808	8,286,819
<b>CHANGE IN NET ASSETS</b>	(1,456,519)	287,418	(1,169,101)	4,687,953	1,160,334	5,848,287
<b>Net assets - beginning of year</b>	48,173,427	6,845,034	55,018,461	43,485,474	5,684,700	49,170,174
<b>Net assets - end of year</b>	\$ 46,716,908	\$ 7,132,452	\$ 53,849,360	\$ 48,173,427	\$ 6,845,034	\$ 55,018,461

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

HIAS, Inc. and Related Entities

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020

	Program Services - Refugee and Immigration Assistance			Supporting Services			
	U.S. Operations	International Operations	Total	Management and General	Fundraising	Total	2020 Total
Payments to resettling communities	\$ 7,145,454	\$ 432,865	\$ 7,578,319	\$ -	\$ -	\$ -	\$ 7,578,319
Transportation and transient assistance	629,386	14,977,199	15,606,585	-	-	-	15,606,585
Total emigration and resettlement expenses	7,774,840	15,410,064	23,184,904	-	-	-	23,184,904
<b>Personnel expenses:</b>							
Salaries	2,817,820	17,673,574	20,491,394	6,343,936	1,709,619	8,053,555	28,544,949
Payroll taxes and employee benefits (including pension cost of approximately \$ 522,033 ) (Note 7)	832,263	5,611,683	6,443,946	4,335,165	644,738	4,979,903	11,423,849
Total personnel expenses	3,650,083	23,285,257	26,935,340	10,679,101	2,354,357	13,033,458	39,968,798
<b>Other expenses:</b>							
Rent, utilities, taxes, maintenance and insurance (Note 8)	24,268	3,059,740	3,084,008	1,496,586	-	1,496,586	4,580,594
Communications costs	7,456	663,745	671,201	150,817	558	151,375	822,576
Mailing costs	33,904	48,797	82,701	27,528	538,524	566,052	648,753
Computers, furniture and equipment	105,548	1,737,344	1,842,892	699,081	68,260	767,341	2,610,233
Professional and consulting fees	173,384	1,901,957	2,075,341	2,510,721	85,773	2,596,494	4,671,835
Project support	19,716	261,411	281,127	563,106	136,470	699,576	980,703
Program supplies	-	1,659,072	1,659,072	-	-	-	1,659,072
Memberships and subscriptions	29,877	477,909	507,786	33,000	9,318	42,318	550,104
Printing and office supplies	2,524	505,614	508,138	201,958	9,908	211,866	720,004
Publications and media	18,348	24,513	42,861	144,330	-	144,330	187,191
Travel, site visits, conferences and meetings	25,265	377,483	402,748	71,641	7,004	78,645	481,393
International travel	13,252	118,091	131,343	44,694	-	44,694	176,037
Advertising	2,027	6,899	8,926	10,004	381	10,385	19,311
Depreciation and amortization	-	80,635	80,635	31,680	-	31,680	112,315
Bank charges and miscellaneous	28,571	503,633	532,204	510,865	1,128	511,993	1,044,197
Indirect costs	725,087	4,910,622	5,635,709	(5,635,709)	-	(5,635,709)	-
Total other expenses	1,209,227	16,337,465	17,546,692	860,302	857,324	1,717,626	19,264,318
Total functional expenses	\$ 12,634,150	\$ 55,032,786	\$ 67,666,936	\$ 11,539,403	\$ 3,211,681	\$ 14,751,084	\$ 82,418,020

The accompanying notes are an integral part of this consolidated financial statement.



HIAS, Inc. and Related Entities

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2019

	Program Services - Refugee and Immigration Assistance			Supporting Services			
	U.S. Operations	International Operations	Total	Management and General	Fundraising	Total	2019 Total
Payments to resettling communities	\$ 8,326,111	\$ 129,711	\$ 8,455,822	\$ -	\$ -	\$ -	\$ 8,455,822
Transportation and transient assistance	618,786	7,148,587	7,767,373	-	-	-	7,767,373
Total emigration and resettlement expenses	8,944,897	7,278,298	16,223,195	-	-	-	16,223,195
<b>Personnel expenses:</b>							
Salaries	2,443,401	10,900,194	13,343,595	5,318,497	1,546,595	6,865,092	20,208,687
Payroll taxes and employee benefits (including pension cost of approximately \$425,572) (Note 7)	668,488	4,657,276	5,325,764	2,902,389	462,823	3,365,212	8,690,976
Total personnel expenses	3,111,889	15,557,470	18,669,359	8,220,886	2,009,418	10,230,304	28,899,663
<b>Other expenses:</b>							
Rent, utilities, taxes, maintenance and insurance (Note 8)	208,765	2,104,948	2,313,713	1,266,888	-	1,266,888	3,580,601
Communications costs	5,542	228,161	233,703	136,021	-	136,021	369,724
Mailing costs	44,096	107,548	151,644	43,868	790,422	834,290	985,934
Computers, furniture and equipment	59,042	1,286,662	1,345,704	420,155	108,042	528,197	1,873,901
Professional and consulting fees	889,089	2,137,676	3,026,765	1,631,262	105,761	1,737,023	4,763,788
Local transportation	11,451	345,251	356,702	9,229	2,024	11,253	367,955
Project support	166,403	4,157	170,560	1,894	1,400	3,294	173,854
Program supplies	-	534,354	534,354	-	-	-	534,354
Memberships and subscriptions	15,321	40,468	55,789	87,244	13,114	100,358	156,147
Printing and office supplies	1,087	332,778	333,865	47,881	1,309	49,190	383,055
Publications and media	47,635	1,162	48,797	148,083	9,847	157,930	206,727
Travel, site visits, conferences and meetings	389,494	808,902	1,198,396	306,882	33,205	340,087	1,538,483
International travel	5,953	436,266	442,219	181,769	10,006	191,775	633,994
Advertising	5,459	435	5,894	204,829	241,750	446,579	452,473
Depreciation and amortization	-	19,391	19,391	73,491	-	73,491	92,882
Bank charges and miscellaneous	24,178	126,466	150,644	163,475	922	164,397	315,041
Indirect costs	666,548	2,670,901	3,337,449	(3,337,449)	-	(3,337,449)	-
Total other expenses	2,540,063	11,185,526	13,725,589	1,385,522	1,317,802	2,703,324	16,428,913
Total functional expenses	\$ 14,596,849	\$ 34,021,294	\$ 48,618,143	\$ 9,606,408	\$ 3,327,220	\$ 12,933,628	\$ 61,551,771

The accompanying notes are an integral part of this consolidated financial statement.

HIAS, Inc. and Related Entities

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31,

	2020	2019
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,169,101)	\$ 5,848,287
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	112,315	92,882
Donor-restricted endowment	(431,886)	(635,959)
Realized gain on investments	(10,474,980)	(1,098,963)
Unrealized loss (gain) on investments	8,102,800	(7,075,435)
Gain on split-interest agreements	(244,723)	(193,504)
Changes in operating assets and liabilities:		
Grants receivables	(1,902,156)	(564,938)
Contribution receivables	203,943	(324,304)
Other receivables	(260,580)	(172,193)
Deposits and prepaid expenses	(469,677)	(180,110)
Accounts payable and accrued expenses	554,952	1,416,795
Deferred revenue	28,788	1,790,776
Client deposits	(235,065)	(583,695)
Deferred rent	281,144	122,969
Severance obligations	1,106,239	1,290,647
Grants payable	(219,036)	136,018
Pension obligations	1,050,224	460,699
Net cash (used in) provided by operating activities	(3,966,799)	329,972
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	49,021,104	12,689,704
Purchase of investments	(41,674,942)	(12,369,467)
Purchase of equipment	(883,276)	(273,315)
Net cash provided by investing activities	6,462,886	46,922
<b>Cash flows from financing activities:</b>		
Donor-restricted endowment	431,886	635,959
Payments of annuity obligations	(185,785)	(171,272)
Investment income subject to annuity obligations	244,533	209,187
Net cash provided by financing activities	490,634	673,874
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,986,721</b>	<b>1,050,768</b>
<b>Cash - beginning of year</b>	<b>7,512,760</b>	<b>6,461,992</b>
<b>Cash - end of year</b>	<b>\$ 10,499,481</b>	<b>\$ 7,512,760</b>

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

## HIAS, Inc. and Related Entities

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

#### NOTE 1 - ORGANIZATION

HIAS, Inc. and related entities (collectively, HIAS) rescue people whose lives are in danger for being who they are. HIAS protects the most vulnerable refugees, helping them build new lives and reuniting them with their families in safety and freedom. HIAS advocates for the protection of refugees and assures that displaced people are treated with the dignity they deserve. Guided by its Jewish values and history, HIAS brings more than 140 years of expertise to its work with refugees. HIAS operates in the United States, Asia, Caribbean, Latin America, Africa and Europe. The consolidated financial statements of HIAS included certain related entities in these geographical locations.

The primary sources of revenue are: federal funding through United States (U.S.) Government Grants (see Note 9), operating grants, contributions and investment income, derived mainly from quasi endowments.

HIAS is a nonprofit organization exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). The consolidated financial statements include the accounts of HIAS' domestic and international operations offices. All material interoffice balances and transactions have been eliminated.

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

##### ***Principles of Consolidation***

The consolidated financial statements include all related entities within the regions as mentioned above. All significant intercompany transactions have been eliminated.

##### ***Basis of Presentation***

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, the classification of HIAS' net assets and its support, revenues and expenses are based on the existence or absence of donor-imposed restrictions. The amounts for each of the two classes of net assets, with and without donor restrictions, are displayed in the consolidated statements of financial position, and the changes in each of those classes of net assets are displayed in the consolidated statements of activities.

Net assets consist of the following:

*Net Assets Without Donor Restrictions* - net assets that are without any restrictions by donor-imposed stipulations and, therefore, are available to carry out HIAS' operations.

*Net Assets With Donor Restrictions* - net assets resulting from contributions and other inflows of assets whose use by HIAS is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of HIAS pursuant to those stipulations. When such stipulations end or are fulfilled, such net assets with donor restrictions are reclassified to net assets without restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Also included in this category are net assets resulting from contributions and other inflows of assets whose use by HIAS is limited in perpetuity by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of HIAS. These restricted net assets are comprised primarily of funds restricted by donors to be held in perpetuity, the income from which is intended to support the operations of HIAS.

HIAS has elected to recognize the revenue in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized.

##### ***Concentration of Credit Risk***

Financial instruments that potentially subject HIAS to concentrations of credit and market risk consist principally of cash on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation (FDIC) limit, and investments. At December 31, 2020, HIAS had \$10,249,481 in excess of the FDIC insured limit. Management does not believe that a significant risk of loss is likely due to the failure of a financial institution HIAS utilizes. Management also believes that its market risk is mitigated by an adequate diversification of its investments amongst a variety of asset classes.

## HIAS, Inc. and Related Entities

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

#### **Investments**

Investments are stated at quoted market values or values provided by the respective fund manager or general partner as of the measurement date. Realized and unrealized gains or losses on investments pertaining to HIAS have been reflected on the accompanying consolidated statements of activities as part of non-operating investment income - net. Dividends are accrued based on the ex-dividend date. Interest income is recognized as earned. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility changes. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported on the accompanying consolidated financial statements.

#### **Fair Value Measurements**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. As required by U.S. GAAP for fair value measurement, HIAS uses a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level 1 -** Quoted prices are available in active markets for identical assets or liabilities as of the measurement date that HIAS has the ability to access. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 -** Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the measurement date. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed. As of December 31, 2020 and 2019, HIAS had no investments which were deemed to be Level 2.
- Level 3 -** Securities that have little to no pricing observability as of the measurement date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation. As of December 31, 2020 and 2019, HIAS had no investments which were deemed to be Level 3.

HIAS uses the net asset value (NAV) to determine the fair value of all underlying investments which (1) do not have a readily determinable fair value and (2) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

#### **Cash and Cash Equivalents**

HIAS considers all highly liquid investments with original maturities of less than three months from the date of purchase to be cash and cash equivalents, except for those cash equivalents which are included in HIAS' investment portfolio which are considered to be for long-term investment purposes. HIAS' foreign deposits were monitored in accordance with HIAS' cash policy. HIAS had cash in foreign accounts totaling \$5,411,053 and \$3,219,696 as of December 31, 2020 and 2019, respectively.

#### **Valuation of Investments**

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

*Equity Securities and Mutual Funds* - Valued at the closing share price reported on the active market on which the individual securities are traded.

*Fixed Income Securities* - When quoted prices are available in an active market, they are classified within Level 1 of the fair value hierarchy. Quoted prices in inactive markets are classified within Level 2. If quoted market prices are not available or accessible, then fair values are estimated using pricing modules, matrix pricing, or discounted cash flow models. The most significant inputs to the discounted cash flow model are the coupon, yield and expected maturity date.

*Collective Trust and Alternative Investments* - The collective trust and alternative investments consist of investments in funds of funds based on their underlying investments. The fair value of such investments are determined using the NAV per share as a practical expedient to estimate the fair value, unless it is probable that all or portion of the investment will be sold for an amount different from

## HIAS, Inc. and Related Entities

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NAV. As of December 31, 2020 and 2019, HIAS had no plans to sell investments at amounts different from NAV. Investments measured at NAV as a practical expedient to estimate fair value are not classified in the fair value hierarchy.

#### **Capital Assets**

HIAS defines a capital asset as tangible property/equipment that meets all of the following requirements:

- It was procured through HIAS unrestricted funds;
- Total unit cost, including tax, shipping, duty, installation, etc., is \$5,000 or more; and
- It has an expected useful life of more than one year.

HIAS depreciates assets on a straight-line basis over the estimated useful life associated with each class of asset. The table below shows these useful lives:

Asset Type	Estimated Useful Life
Leasehold property improvements	Shorter of 10 years or remaining lease period
Motor vehicles	3 years, unless the context determines that a shorter life would be more appropriate
Furniture and office equipment	5 years
Computer hardware	3 years
Computer software	3 years

#### **Client Deposits (Care and Maintenance Funds)**

HIAS receives care and maintenance funds from U.S. based sponsors on behalf of clients. A list of deposits is maintained by both HIAS Headquarters (HQ) and HIAS' office in Vienna. These funds are recorded as a liability upon receipt and presented as Client deposits in the consolidated statements of financial position. All travel is expected to be completed in the next fiscal year, although in some cases, travel might be delayed due to various factors. The current HIAS liability represents care and maintenance funds that HIAS is carrying on behalf of the beneficiaries' expenses to resettle in the United States.

#### **Annuity Agreements**

The contribution portion of a charitable gift annuity agreement is recognized as a contribution without donor restrictions if the donor does not restrict the use of the assets contributed to the organization. Adjustments to annuity liabilities to reflect the amortization of the discount and revaluation of expected future payment to beneficiaries based on changes in actuarial assumptions are made annually and recognized in revenue as non-operating actuarial gain (loss) on split-interest agreements in the accompanying consolidated statements of activities. There were eight new charitable gift annuity agreements signed in 2020 for a total of \$315,000. There were seven new charitable gift annuity agreements signed in 2019 for a total of \$268,847.

#### **Severance Obligation**

Severance obligations are recorded when a qualifying event occurs or, for country offices, based on the respective country's labor laws.

#### **Governmental and Operating Grants and Contributions**

HIAS recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met in accordance with Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift.

An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity. No allowance was recorded at December 31, 2020 and 2019. All contributions are expected to be collected in the next year, therefore no discount has been recorded. Contributions receivable are written-off in the period deemed uncollectible.

## HIAS, Inc. and Related Entities

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Contributed services are recorded at their estimated fair value and are recognized as revenues and expenses on the consolidated statements of activities in the period received. Contributed legal services for the years ended December 31, 2020 and 2019 totaled \$877,345 and \$758,721, respectively, and are included in contribution revenue, and professional and consulting fees within other expenses, on the accompanying consolidated statements of activities.

Government and operating grants are treated as conditional contributions and revenue is recognized when a contribution becomes unconditional in accordance with ASU 2018-08. Typically, contract and grant agreements contain a right of return or right of release from obligation provision and HIAS has limited discretion over how funds transferred should be spent. As such, HIAS recognizes revenue for these conditional contributions when the related barrier(s) has been overcome which is to the extent that expenses have been incurred for the purposes specified by the grantors.

The amounts reported as accounts receivable in the accompanying consolidated statements of financial position represent grant program expenses incurred in advance of the receipt of funds. HIAS estimates uncollectible amounts based on the aging of outstanding accounts receivable and management estimate of their net realizable values. Accounts are written-off when deemed uncollectible. Funds received in advance of incurred grant program expenses are reported as deferred revenue in the accompanying consolidated statements of financial position.

HIAS had approximately \$35,254,595 in unrecognized conditional contributions as of December 31, 2020. The revenue related to these awards is conditioned on HIAS incurring allowable expenditures under the terms of the agreements.

#### ***Grants Expense***

#### ***Migrant Loan Processing Fees, Repayments, Service Fees and Other Revenues***

HIAS' travel loan services operate in accordance with its Reception and Placement Cooperative Agreement with the State Department and the Memorandum of Understanding with the International Organization for Migration (IOM). Under these agreements, HIAS is responsible for the maintenance of transportation loans funded by the State Department and granted by IOM to HIAS' refugee clients for the cost of their transportation to the United States.

Under the IOM agreement, HIAS keeps 25% of the total amounts collected and recognizes it as migrant loan processing fees and repayments revenue in the accompanying consolidated statements of activities. The revenue is reported at the amount that reflects the consideration to which the HIAS expects the loan to be recovered. Revenue is recognized based on the loan amount recovered.

HIAS is not only collecting loans on behalf of IOM, but also assisting clients with basic financial literacy and trying to build strong connections with them. Building on this methodology, HIAS assists clients link closely with HIAS' livelihoods team to drive better value for the clients we resettle and serve.

Each HIAS affiliate is required to provide orientation to clients on loan repayment responsibilities. The Loan Services team provides technical assistance to the HIAS affiliate network. Historically, HIAS initial contact with the loan recipient is established with the first billing statement, issued six months after date of arrival. HIAS started to establish its relationship much earlier in 2018 by sending welcome letters that explain to its clients what to expect when they start receiving actual invoices. HIAS also supplements this technical assistance with materials that will explain the importance of building good credit in the United States and improving fiscal discipline overall.

The travel loan repayments are the first step towards credit building for HIAS' clients in the U.S. This helps HIAS serve its clients better and help clients in the long run with their economic integration in the U.S.

HIAS adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers (ASC 606), effective January 1, 2019. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five steps of the model include: 1) identify the contract(s) with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations in the contract; and 5) recognize revenue when (or as) the Association satisfies a performance obligation. Service fee revenues are direct program service fees recognized as revenues as services are rendered. Performance obligations are determined based on the nature of the services provided. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to the total expected or actual charges. Because all of its performance obligations relate to contracts within a duration of less than one year, HIAS has elected to apply the optional exemption provided in ASC 606 and not disclose the information about remaining performance obligation associated with those contracts.

HIAS also recognizes revenue from other revenue streams which are within the scope of ASC 606. However, these revenue streams are not significant to HIAS' overall operations.

## **HIAS, Inc. and Related Entities**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

#### ***Contract Balances***

HIAS' contract balances are comprised of receivable and client deposits. HIAS' receivables from contracts amounting to \$499,199 and \$228,945 for the years ended December 31, 2020 and 2019, respectively, is disclosed as part of other receivables on the consolidated statements of financial position. Client deposits are separately disclosed on the consolidated statements of financial position.

#### ***Rent***

Rent is recognized on a straight-line basis over the terms of the various leases.

#### ***Functional Allocation of Expenses***

The costs of providing HIAS' programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on actual labor expenses.

#### ***Foreign Currency Translation***

The consolidated financial statements and transactions of HIAS' foreign operational offices are generally maintained in the relevant local currency. Where local currencies are used (other than those located in countries with highly inflationary economies, including Venezuela), assets and liabilities are translated at current exchange rates in effect at the date on the consolidated statements of financial position. Revenues and expenses are translated at the average exchange rate for each period. Gains and losses from foreign currency transactions are included in the consolidated statements of activities.

#### ***Venezuela - Foreign Currency and Inflation***

HIAS has been adversely impacted by developments in Venezuela, including the significant devaluation of the Venezuelan Bolivar that have occurred in recent years, hyperinflation and restrictive exchange control regulations which reduced access to U.S. dollars through the official currency exchange mechanisms.

For the years ended December 31, 2020 and 2019, there was no official foreign currency exchanges in Venezuela and the available exchange information available did not account for inflation. The exchange rate used in translating the local currency to U.S. dollars are the actual rates HIAS received on the exchanges.

#### ***Income Taxes***

HIAS has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. No material taxable unrelated business income was generated and, accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

HIAS follows the accounting guidance that creates a single model to address uncertainty in tax positions and clarifies accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in its consolidated financial statements. Under the requirements of this guidance, organizations could now be required to record an obligation as the result of tax positions they have historically taken on various tax exposure items. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. HIAS is not required to record such an obligation.

#### ***Risk of Operating Outside the United States***

HIAS is subject to the risks of doing business outside the United States, including, among other risks, foreign currency exchange rate risks, tax laws, political or labor disturbances, and safety and security risks to HIAS staff and assets.

#### ***New Accounting Pronouncements Not Yet Adopted***

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes the guidance in former ASC Topic 840, *Leases*. The most significant change will result in the recognition of lease assets for the right to use the underlying asset, and lease liabilities for the obligation to make lease payments by lessees, for those leases classified as operating leases under current guidance. The new guidance will also require significant additional disclosures about the amount, timing and uncertainty of cash flows from leases. This standard is effective for the fiscal year ending December 31, 2022, with early adoption permitted. Upon adoption of Topic

# **HIAS, Inc. and Related Entities**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

842, entities are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. HIAS is evaluating the impact this ASU will have on the consolidated financial statement presentation.

### ***Use of Estimates***

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the consolidated financial statements and revenues and expenses recognized during the reporting period. Actual results may differ from those estimates.

## **NOTE 3 - FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of December 31, 2020 and 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<b>2020</b>	<b>2019</b>
<b>Financial assets and liquid resources:</b>		
Cash	\$ 10,499,481	\$ 7,512,760
Contribution receivable within a year	1,946,283	2,150,226
Grants and other receivables, net	6,061,057	3,900,871
Endowment funds available for operations	2,441,112	2,961,510
	<hr/>	<hr/>
Total financial assets available within one year	20,947,933	16,525,367
	<hr/>	<hr/>
Less: Net assets with donor restrictions	(7,312,452)	(6,845,034)
	<hr/>	<hr/>
Total financial and liquidation resources available within one year	<u>\$ 13,635,481</u>	<u>\$ 9,680,333</u>

The cash flows for HIAS have seasonal variations during the year. During year end holidays, special occasions and anniversaries like the World Refugee Day and Passover, HIAS experiences a high inflow of donations. To manage liquidity, HIAS keeps funds in the money market to manage cash flows. As of December 31, 2020 and 2019, there was \$3,028,108 and \$6,010,638, respectively, in United States Treasury bills.

## **NOTE 4 - INVESTMENTS**

Investments are carried at fair value and consist of the following at December 31:

	<b>2020 Fair Value</b>	<b>2019 Fair Value</b>
Cash and cash equivalents	<u>\$ 5,667,873</u>	<u>\$ 11,018,270</u>
Mutual funds:		
Equity funds	24,647,067	18,844,202
Fixed-income funds	2,140,859	4,048,225
All asset funds	-	4,744,041
	<hr/>	<hr/>
Total mutual funds	26,787,926	27,636,468
	<hr/>	<hr/>
Equities - U.S. small cap	14,929,793	1,595,352
Fixed income securities	929,781	487,705
Collective trust	1,940,870	6,528,416
Alternative investments	10,379,133	18,260,269
	<hr/>	<hr/>
Total investment	<u>\$ 60,635,376</u>	<u>\$ 65,526,480</u>



**HIAS, Inc. and Related Entities**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

These investments are presented in the consolidated statements of financial position as follows:

	<b>2020</b>	<b>2019</b>
Investments - allocated, client deposits, non-American pension plan	\$ 57,897,740	\$ 63,162,583
Investments held for charitable gift annuities and trusts	2,737,636	2,363,897
<b>Total investments</b>	<b>\$ 60,635,376</b>	<b>\$ 65,526,480</b>

Investment income consists of the following:

	<b>2020</b>	<b>2019</b>
Interest and dividends	\$ 2,431,434	\$ 905,641
Realized gain	10,474,980	1,098,963
Unrealized (loss) gain	(8,102,800)	7,075,435
	4,803,614	9,080,039
Less:		
Investment fees	(380,654)	(394,351)
Investment return designated for current operations	(4,287,735)	(2,176,956)
<b>Non-operating investment income</b>	<b>\$ 135,225</b>	<b>\$ 6,508,732</b>

The following tables set forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2020 and 2019:

	<b>2020</b>		
	<b>Level 1</b>	<b>Reported at NAV</b>	<b>Total</b>
Mutual funds:			
Equity funds	\$ 24,647,067	\$ -	\$ 24,647,067
Fixed - income funds	2,140,859	-	2,140,859
All asset funds	-	-	-
<b>Total mutual funds</b>	<b>26,787,926</b>	<b>-</b>	<b>26,787,926</b>
Equity - U.S. small cap	14,929,793	-	14,929,793
Fixed income securities	929,781	-	929,781
Collective trust *	-	1,940,870	1,940,870
Alternative investments *	-	10,379,133	10,379,133
<b>Total investments, at fair value</b>	<b>\$ 42,647,500</b>	<b>\$ 12,320,003</b>	<b>54,967,503</b>
Cash and cash equivalents			5,667,873
<b>Total investments</b>			<b>\$ 60,635,376</b>

# **HIAS, Inc. and Related Entities**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

	<b>2019</b>		
	<b>Level 1</b>	<b>Reported at NAV</b>	<b>Total</b>
Mutual funds:			
Equity funds	\$ 18,844,202	\$ -	\$ 18,844,202
Fixed - income funds	4,048,225	-	4,048,225
All asset funds	4,744,041	-	4,774,041
Total mutual funds	27,636,468	-	27,636,468
Equity - U.S. small cap	1,595,352	-	1,595,352
Fixed income securities	487,705	-	487,705
Collective trust *	-	6,528,416	6,528,416
Alternative investments *	-	18,260,269	18,260,269
Total investments, at fair value	\$ 29,719,525	\$ 24,788,685	54,508,210
Cash and cash equivalents			11,018,270
Total investments			<u>\$ 65,526,480</u>

\* HIAS uses the NAV per share, or its equivalent to determine the fair value as of the measurement date of all the underlying investments which: (a) do not have a readily determinable fair value and (b) prepare their investees financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. In accordance with ASC Subtopic 820-10, investments measured at fair value using NAV per share as a practical expedient have not been categorized in the fair value hierarchy.

**HIAS, Inc. and Related Entities**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

The following tables detail certain attributes pertaining to the investments reported at fair value using a NAV, or its equivalent, as of December 31, 2020 and 2019.

2020				
Type	Strategy	NAV in Funds	\$ Amount of Unfunded Commitments	Redemption Terms
Collective trust	Emerging Market Small Cap Equity benchmarked to the MSCI EM SC Index	\$ 1,940,870	\$ -	Monthly, as of the first day of any month upon notification by the 15th day of the prior month
Alternative investment	Multi-Strategy Event Driven Fund designed to generate absolute returns with limited correlation to equity and fixed income markets	3,187,149	-	Full Liquidity annually or partial liquidity up to 25% quarterly with no lock-up period
Alternative Investment	Absolute Return focused on structured credit strategies including mortgages, asset-backed and other securitized securities	1,906,904	-	Quarterly liquidity following an initial one-year lock-up.
Alternative investment	Absolute Return Fund that invest in municipal bond markets seeking returns through capital appreciation, income, relative value, event-driven and distressed opportunities	1,841,634	-	Monthly investments with allowance for quarterly withdrawals, upon 65 days' notice, subject to 25% gate if withdrawals exceed 25% of the Master Fund during a calendar quarter
Alternative investment	Absolute Return Fund invests primarily in Industry Loss Warranties seeking absolute returns associated with differences associated with policy premiums and weather-related peril risk	1,922,690	-	Partial liquidity available on a quarterly basis with full liquidity available annually
Alternative investment	Private market fund focused on secondary strategies through direct acquisition of original investments within LP Fund Structures	193,333	2,819,166	4-year investment period and a 10-year fund term
Alternative investment	Private market fund focused on lower-mid market opportunities within Multi-unit, Consumer, Healthcare and related services	1,327,423	1,111,207	10 years from final closing subject to tow one-year extensions
Total		<u>\$ 12,320,003</u>	<u>\$ 3,930,373</u>	

**HIAS, Inc. and Related Entities**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

<b>2019</b>				
<b>Type</b>	<b>Strategy</b>	<b>NAV in Funds</b>	<b>\$ Amount of Unfunded Commitments</b>	<b>Redemption Terms</b>
Collective trust	Global equity, bond and currency markets, and fixed-income securities	\$ 4,907,935	\$ -	Monthly, as of the last day of any month upon 2 days' prior notice
Collective trust	Outperform the Russell 1000 Growth Index by varying portfolio weights based on the volatilities and correlation of stocks	1,620,481	-	Monthly, as of the last day of any month upon 15 days' prior notice
Alternative investment	Diversified portfolio of equity securities of companies ordinarily incorporated in any county other than the U.S.	10,168,773	-	Monthly, as of the last day of any month upon 10 days' prior notice
Alternative investment	Global developed and emerging stocks, developed and emerging government bonds and emerging currencies, global inflation-protected bonds, U.S. high-yield and investment grade credit mortgages, global swap spreads and commodities	5,140,347	-	Monthly, as of the last day of any month upon 15 days' prior notice
Alternative investment	Investment grade, credit, high yield credit, bank loan, and securitized markets	2,951,149	-	1 <sup>st</sup> or 15 <sup>th</sup> day of month, with 30 days' written notice
Total		<u>\$ 24,788,685</u>	<u>\$ -</u>	

**NOTE 5 - SPLIT-INTEREST AGREEMENTS**

HIAS is the beneficiary of charitable remainder trusts and charitable remainder unitrusts. The present values of the annuities' obligations are based upon the expected future cash flows to be paid to the annuities' beneficiaries. Adjustments to the annuity liabilities reflect the amortization of the discount and the revaluation of expected future payments to beneficiaries based on changes in actuarial assumptions, and are made annually and recognized as actuarial gains (losses) on split-interest agreements as part of non-operating activities within the consolidated statements of activities.

HIAS is the beneficiary of one charitable remainder trust in 2018 under an agreement where the assets are held and invested by a third party. HIAS recorded a receivable and a donor restricted contribution based on the present value of the estimated future distributions expected to be received by HIAS over the expected term of the agreement. This was liquidated in 2019.

The discount rate was 1.2 % for each of the years ended December 31, 2020 and 2019.

**HIAS, Inc. and Related Entities**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

The following tables show the changes in the annuity obligations:

	<b>2020</b>	<b>2019</b>
<b>Annuity obligations, beginning of year</b>	\$ 1,355,950	\$ 1,258,427
New agreements	315,000	268,847
Payments to annuitants	(194,140)	(197,115)
Change in actuarial valuations	8,355	25,791
<b>Annuity obligations, end of year</b>	<b>\$ 1,485,165</b>	<b>\$ 1,355,950</b>

**NOTE 6 - PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, consists of the following at December 31, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Furniture and equipment	\$ 1,033,765	\$ 1,034,943
Software development	383,316	-
Leasehold improvements	2,150,374	1,303,450
	3,567,455	2,338,393
Less: Accumulated depreciation	(1,425,217)	(1,199,428)
<b>Property and equipment, net</b>	<b>\$ 2,142,238</b>	<b>\$ 1,138,965</b>

Depreciation expense amounted to \$112,315 and \$92,882 for the years ended December 31, 2020 and 2019.

**NOTE 7 - PENSIONS**

***Domestic Pension Plan***

HIAS has a noncontributory defined benefit pension plan (the Plan) covering all of its eligible employees. All benefits under this plan were frozen effective February 15, 2012.

The following table sets forth the Plan's funded status and the components of net periodic benefit cost at December 31, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Reconciliation of benefit obligation:		
<b>Benefit obligation, beginning of year</b>	<b>\$ 17,623,649</b>	<b>\$ 15,225,577</b>
Service cost	160,000	160,000
Interest cost	530,475	614,002
Assumption gain	1,755,748	2,308,544
Actuarial (loss) gain	(11,725)	70,652
Expected expenses	-	-
Benefits paid	(735,728)	(755,126)
<b>Benefit obligation, end of year</b>	<b>\$ 19,322,419</b>	<b>\$ 17,623,649</b>

# **HIAS, Inc. and Related Entities**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
Reconciliation of fair value of plan assets:		
Plan assets, beginning of year	\$ 11,999,996	\$ 10,034,738
Actual return on assets	748,577	2,096,726
Employer contributions	714,208	623,658
Benefit payments and actual expenses	(874,925)	(755,126)
Plan assets, end of year	<u>\$ 12,587,856</u>	<u>\$ 11,999,996</u>
Projected benefit obligation	\$ (19,322,419)	\$ (17,623,649)
Accrued expenses	-	-
Fair value of plan assets	<u>12,587,856</u>	<u>11,999,996</u>
Funded status	<u>\$ (6,734,563)</u>	<u>\$ (5,623,653)</u>
Amounts that have not been recognized as components of net periodic benefit cost but are included in unrestricted net assets:		
Net actuarial loss	<u>\$ 6,777,049</u>	<u>\$ 5,598,164</u>
Components of net periodic benefit cost:		
Service cost	\$ 160,000	\$ 160,000
Interest cost	530,475	614,002
Expected return on plan assets	(855,452)	(643,628)
Amortization of net loss	<u>511,440</u>	<u>409,027</u>
Net periodic benefit cost	<u>\$ 346,463</u>	<u>\$ 539,401</u>
Changes in pension obligation other than net periodic benefit cost:		
Net loss	\$ 1,690,325	\$ 926,098
Amortization of net loss	<u>(511,440)</u>	<u>(409,027)</u>
Total	<u>\$ 1,525,348</u>	<u>\$ 517,071</u>
Estimated amounts expected to be recognized in net periodic benefit cost over the next fiscal year:		
Amortization of net loss	<u>\$ 744,897</u>	<u>\$ 20,330</u>

The weighted-average assumptions used to determine benefit obligations at December 31, 2020 and 2019, respectively, are as follows:

	<b>2020</b>	<b>2019</b>
Discount rate	2.26%	3.06%
Rate of compensation increase	N/A	N/A

The weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31, 2020 and 2019, respectively, are as follows:

	<b>2020</b>	<b>2019</b>
Discount rate	3.06%	4.11%
Rate of compensation increase	N/A	N/A
Long-term rate of return	7.15%	6.45%

The long-term rate of return on assets assumption was selected by the Plan sponsor based on review of investment allocations with the investment advisor and based on both historic and projected returns. This assumption was determined to be an appropriate estimate of the expected returns, based on the nature of the pension plan investment allocation and related strategy. Since the rate of return assumption reflects a long-term outlook, it is not expected to change based on short-term market fluctuations. The Plan sponsor routinely monitors the performance of the pension plan assets and based on consultation with the investment advisor, will make changes to the investment allocation and strategy as determined to be necessary in an effort to maximize returns within prudent risk constraints.

**HIAS, Inc. and Related Entities**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

The fair value of the Plan assets by asset category is as follows:

<b>December 31, 2020</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Reported at NAV</b>	<b>Total Fair Value</b>
Mutual funds:				
Equity funds	\$ 5,266,615	\$ -	\$ -	\$ 5,266,615
Fixed - income funds	756,649	-	-	756,649
All asset funds	-	-	-	-
Total mutual funds	6,023,264	-	-	6,023,264
Equity - U.S. small cap	4,333,924	-	-	4,333,924
Alternative investments	-	-	1,249,355	1,249,355
Total investments, at fair value	<u>\$ 10,357,188</u>	<u>\$ -</u>	<u>\$ 1,249,355</u>	11,606,543
Cash and cash equivalents				981,313
Total investments				<u>\$ 12,587,856</u>

  

<b>December 31, 2019</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Reported at NAV</b>	<b>Total Fair Value</b>
Mutual funds:				
Equity funds	\$ 3,525,852	\$ -	\$ -	\$ 3,525,852
Fixed - income funds	1,139,850	-	-	1,139,849
All asset funds	1,564,044	-	-	1,564,044
Total mutual funds	6,229,746	-	-	6,229,746
Equity - U.S. small cap	768,857	-	-	768,857
Alternative investments	-	-	4,816,538	4,816,538
Total investments, at fair value	<u>\$ 6,998,603</u>	<u>\$ 40,000</u>	<u>\$ 4,816,538</u>	11,815,141
Cash and cash equivalents				184,855
Total investments				<u>\$ 11,999,996</u>

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

	<b>Domestic</b>
<b>Year ending December 31</b>	
2021	\$ 666,786
2022	715,365
2023	792,963
2024	863,668
2025	892,107
2026-2029	4,874,864

**Foreign Pension Plan**

HIAS had a nonqualified defined benefit pension plan covering eligible foreign employees. All benefits were frozen effective March 15, 2012. As of December 31, 2020 and 2019, the accumulated benefit obligation was \$500,508 and \$561,194, respectively, which is the present value of the benefits earned as of the date that the Plan froze benefit accruals. No additional pension contributions were incurred in 2020 or 2019.

The assumptions used included a discount rate of 1.98% and 2.86% for the years ended December 31, 2020 and 2019, respectively.

## HIAS, Inc. and Related Entities

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

#### **401(k) Defined Contribution Plan**

HIAS sponsors a defined contribution plan covering all eligible employees. The defined contribution plan permits elective deferrals pursuant to IRC Section 401(k), up to the maximum amount by law of pre-tax annual compensation, as defined in the Plan. HIAS makes matching contributions up to 5% of the employee's total compensation. Total contributions to the Plan by HIAS during 2020 and 2019 were \$522,033 and \$425,572, respectively.

### **NOTE 8 - COMMITMENTS AND CONTINGENCIES**

#### **Lease Commitments**

##### **New York**

HIAS signed leases for two office spaces in New York in June 2019. The first lease covers the space occupied since 2015 for three years starting January 1, 2020 and ending December 31, 2022. The second lease covers additional space for the New York office for a three-and-a-half-year period starting July 1, 2019 to December 31, 2022. The lease commenced with base rent of \$70,507 and \$259,421 per annum, respectively, and escalates by 3% per until expiry at December 31, 2022. Rent expense for the New York leases totaled \$330,634 and \$273,832 for the years ended December 31, 2020 and 2019, respectively.

##### **Maryland**

In June 2019, HIAS signed a new lease to add 9,860 square feet of the second floor at its corporate HQ in Silver Spring, Maryland. The lease signed in March 2015 was amended to extend the lease term from February 2026 to February 2029. The new lease provides for the tenant an additional improvement allowance of \$345,000 in addition to the \$849,070 allowance which was provided in the first lease. The total allowance of \$1,194,740 is being amortized over the term of the lease. The new lease provides for base rent of approximately \$123,250 per year after a six-month rent abatement. This brings the total rent abatement at the Silver Spring office to \$524,250. Rent escalates by 2.75% per year until the lease expires in February 2029. Rent expense for the Silver Spring lease totaled \$729,463 and \$573,114 for the years ended December 31, 2020 and 2019, respectively.

##### **Washington D.C.**

On August 2, 2007, HIAS signed a lease for office space in Washington, D.C. The lease commenced with an annual payment of \$129,836, with subsequent rent increases of 2.5% per year. HIAS subleased a portion of this space to another not-for-profit organization for the entirety of the lease, which expired in August 2017. On July 26, 2017, HIAS extended the Washington, D.C. lease through December 2020. Rent expense for the Washington, D.C. lease totaled \$30,640 and \$18,000 for the years ended December 31, 2020 and 2019, respectively.

Lease commitments are as follows:

	<b>Rent Expense</b>
<b>Year ending December 31</b>	
2021	\$ 1,051,482
2022	1,081,868
2023	761,991
2024	783,628
2025	805,879
Thereafter	2,683,967
	<hr/>
	\$ 7,168,815

#### **Contingencies**

HIAS is a party to litigation and other claims in the ordinary course of business. In the opinion of management, the ultimate resolution of these matters will not have a significant effect on the financial position or changes in net assets of HIAS.



# **HIAS, Inc. and Related Entities**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

### **NOTE 9 - CONCENTRATION RISK**

The most significant source of HIAS's revenue are grants from the U.S. Government. In 2020, HIAS received \$23,075,799 and \$4,656,058 from the U.S. Department of State and U.S. Department of Health and Human Services, respectively, accounting for approximately 30% and 6%, respectively, of total revenues and other support. In 2019, HIAS received \$16,884,904 and \$4,526,939 from the U.S. Department of State and U.S. Department of Health and Human Services, respectively, accounting for approximately 29% and 8%, respectively, of total revenues and other support.

### **NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions released were:

	<b>2020</b>	<b>2019</b>
Scholarship awards	\$ 227,651	\$ 189,089
Refugee Border Crisis	88,600	61,960
Syrian/Europe Emergency Relief	-	5,001
Refugee Program for Artists, Scholars and Professionals	236,754	252,526
Michael B. Rukin Refugee Law Fellows Program in Israel	175,000	200,000
Refugee Crisis Deployment	-	228
New York Resettlement	3,578	15,000
Time restrictions	469,407	750,519
	<u>\$ 1,200,990</u>	<u>\$ 1,474,323</u>

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

	<b>2020</b>	<b>2019</b>
Scholarship awards	\$ 975,770	\$ 1,074,659
Refugee Border Crisis	179,935	232,685
Resettlement of newly arrived immigrants within the U.S.	68,835	68,835
Rescue and resettlement of Russian Jewish children and other Russian Jews	100,000	100,000
Dire emergency use	15,633	15,633
Legal Service Program	29,873	10,000
Refugee Crisis Deployment	31,403	31,403
Refugee Program for Artists, Scholars and Professionals	52,845	271,022
Michael B. Rukin Refugee Law Fellows Program in Israel	159,999	175,000
New York Resettlement	-	3,578
Donor-restricted endowments (Note 11)	4,578,529	4,120,355
	<u>6,192,822</u>	<u>6,103,170</u>
Net assets with time restrictions	939,630	741,864
	<u>\$ 7,132,452</u>	<u>\$ 6,845,034</u>

# **HIAS, Inc. and Related Entities**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

### **NOTE 11 - ENDOWMENT FUNDS**

HIAS' endowment funds include both donor-restricted "true" endowment funds and funds designated by the Board to function as endowments. HIAS has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the original gift, as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, HIAS classifies as net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with NYPMIFA, the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of HIAS and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of HIAS
- The investment policies of HIAS
- When appropriate, alternatives to spending from donor-restricted endowment funds and the possible effects on HIAS

HIAS has a policy of appropriating for distribution a certain percentage (7% and 5% in 2020 and 2019, respectively) of its endowment fund's average fair value over the prior 12 quarters. In establishing this policy, HIAS considered the long-term expected return on its endowment. For 2020 and 2019, this allocation amounted to \$4,287,735 and \$2,176,956, respectively.

The return objective of HIAS is to generate investment income while maintaining the principal endowment funds at the original amount designated by the donor. The investment policy to achieve this objective is to invest in a diversified portfolio of investments. Investment income is recorded as donor restricted income and released from restriction upon expenditure for the program for which the endowment fund was established.

The endowment net assets consist of:

	<b>2020</b>	<b>2019</b>
<b>Board-designated funds</b>	<b>\$ 47,349,057</b>	<b>\$ 44,037,160</b>
<b>Donor restricted endowment funds:</b>		
The HIAS scholarship program	923,845	864,608
Special projects and activities of organization	3,378,427	3,014,491
Rescue and resettlement of Jewish immigrants	276,256	241,256
Total donor-restricted endowment funds	<u>4,578,529</u>	<u>4,120,355</u>
Total endowment funds	<u>\$ 51,927,586</u>	<u>\$ 48,157,515</u>

# **HIAS, Inc. and Related Entities**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

The following are the changes in endowment net assets for the years ended December 31, 2020 and 2019:

	<b>2020</b>		
	<b>Board Designated</b>	<b>Donor Restricted</b>	<b>Total</b>
<b>Endowment net assets, beginning of year</b>	\$ 44,037,160	\$ 4,120,355	\$ 48,157,515
Investment income and fees	4,156,566	266,393	4,422,959
Contributions	2,967,242	431,886	3,399,128
Actuarial gain on split-interest agreement	244,723	-	244,723
Appropriation for archival project	(9,004)	-	(9,004)
Appropriate for expenditure	(4,047,630)	(240,105)	(4,287,735)
<b>Endowment net assets, end of year</b>	<b>\$ 47,349,057</b>	<b>\$ 4,578,529</b>	<b>\$ 51,927,586</b>

  

	<b>2019</b>		
	<b>Board Designated</b>	<b>Donor Designated</b>	<b>Total</b>
<b>Endowment net assets, beginning of year</b>	\$ 37,043,174	\$ 3,017,879	\$ 40,061,053
Investment income and fees	7,684,556	569,984	8,254,540
Contributions	1,067,512	635,959	1,703,471
Actuarial gain on split-interest agreement	331,533	-	331,533
Appropriation for archival project	(16,125)	-	(16,125)
Appropriate for expenditure	(1,527,307)	(103,467)	(2,176,956)
<b>Endowment net assets, end of year</b>	<b>\$ 44,037,160</b>	<b>\$ 4,120,355</b>	<b>\$ 48,157,515</b>

From time to time, the fair value of assets associated with individual donor restricted "true" endowment funds may fall below the level that the donor or NYPMIFA requires to be retained as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. As of December 31, 2020 and 2019, there were no funds with deficiencies.

## **NOTE 12 - BOARD DESIGNATED ENDOWMENT**

HIAS' board has designated funds to be set aside to establish and maintain a board endowment fund for the purpose of securing the organization's long-term financial viability and continuing to meet the needs of the organization. The funds totaled \$47,349,057 and \$44,037,160 at December 2020 and 2019, respectively. The fund generated \$2,967,242 and \$1,067,512 of additional contributions for the years ended December 31, 2020 and 2019, respectively.

Assets of both the donor-restricted and board-designated endowment funds are invested in a broadly diversified portfolio spread over multiple asset classes.

## **NOTE 13 - RELATED-PARTY TRANSACTIONS**

HIAS received contributions from board members and other related organizations during the years ended December 31, 2020 and 2019, totaling \$219,802 and \$150,026, respectively.

## **NOTE 14 - RISKS AND UNCERTAINTIES**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on HIAS's financial condition, liquidity, and delivery of operations. Management is actively monitoring the effect of this pandemic on its operations globally and its effects on refugees, financial condition, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the extent to which COVID-19 may impact the Organization's future consolidated financial position and changes in net assets and cash flows is uncertain.

**HIAS, Inc. and Related Entities**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2020 and 2019**

**NOTE 15 - SUBSEQUENT EVENTS**

HIAS evaluated its December 31, 2020 consolidated financial statements for subsequent events through July 1, 2021, the date the consolidated financial statements were available to be issued. HIAS is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.

## **Supplemental Information**

**HIAS, Inc. and Related Entities**  
**SCHEDULE OF SELECT CONTRIBUTIONS**  
**As of December 31, 2020**

<b>Project #</b>	<b>Donor</b>	<b>Total Award Amount</b>		<b>Obligated Award Amount</b>		<b>Award Period</b>	<b>Award Purposes</b>	<b>Expenses (Inception to Date) 2020</b>	<b>Cash Received (Inception to Date) 2020</b>
100750-7	Norwegian Church Aid	NOK	2,463,485	NOK	2,463,485	2019-2020	Rapid response to survivors of GBV through life-saving specialized GBV services	2,666,524	2,463,485

This schedule should be read in conjunction with the accompanying Report of Independent Certified Public Accountants and the Consolidated Financial Statements and Notes thereto.