

CONSOLIDATED FINANCIAL STATEMENTS

HIAS, INC. AND RELATED ENTITIES

**FOR THE YEAR ENDED SEPTEMBER 30, 2025
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2024**

HIAS, INC. AND RELATED ENTITIES

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of HIAS, Inc. and Related Entities (together, HIAS), which comprise the consolidated statement of financial position as of September 30, 2025, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of HIAS as of September 30, 2025, and the consolidated change in its net assets and its consolidated 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of HIAS 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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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 and the standards applicable to financial audits contained in *Government 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HIAS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HIAS' 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 HIAS' 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 17, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2026, on our consideration of HIAS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of HIAS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HIAS' internal control over financial reporting and compliance.



May 4, 2026

HIAS, INC. AND RELATED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 4,389,528	\$ 22,426,094
Investments	35,698,125	38,178,121
Investments held for charitable gift annuities and trusts	3,681,611	4,823,352
Grants receivable, net	12,975,998	13,296,803
Contributions receivable	7,171,239	3,125,161
Due from HIAS EAF	264,255	137,138
Deposits, prepaid and other assets	2,410,404	3,036,119
Building and land - held for sale	3,350,000	6,271,074
Property and equipment, net	-	48,472
Operating lease right-of-use assets, net	<u>6,148,514</u>	<u>7,532,550</u>
TOTAL ASSETS	<u>\$ 76,089,674</u>	<u>\$ 98,874,884</u>

LIABILITIES AND NET ASSETS**LIABILITIES**

Line of credit	\$ 9,418,962	\$ 11,000,000
Accounts payable and accrued expenses	5,300,357	7,640,971
Due to HIAS Foundation	385,929	17,683
Due to HIAS Europe	173,598	387,594
Refundable advances	3,397,334	7,279,585
Client deposits	2,775,335	3,553,382
Severance obligations	2,252,783	5,226,926
Grants payable	7,643,092	10,104,751
Operating lease liabilities	7,007,208	8,418,595
Pension obligations	1,042,960	1,488,101
Annuity obligations	<u>2,474,615</u>	<u>2,600,214</u>
Total liabilities	<u>41,872,173</u>	<u>57,717,802</u>

NET ASSETS

Without donor restrictions:		
Undesignated	4,456,326	-
Board designated	<u>16,207,351</u>	<u>22,567,244</u>
Total net assets without donor restrictions	20,663,677	22,567,244
With donor restrictions	<u>13,553,824</u>	<u>18,589,838</u>
Total net assets	<u>34,217,501</u>	<u>41,157,082</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 76,089,674</u>	<u>\$ 98,874,884</u>

HIAS, INC. AND RELATED ENTITIES

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions	\$ 27,466,255	\$ 6,671,258	\$ 34,137,513	\$ 44,661,972
Contributions of nonfinancial assets	18,746,450	-	18,746,450	21,704,635
Operating grants	24,218,141	-	24,218,141	25,298,324
Government grants	73,962,058	-	73,962,058	99,964,747
Migrant loan processing fees and repayments	581,383	-	581,383	319,245
Investment income designated for current operations	1,589,001	110,999	1,700,000	1,500,000
Service fee revenues and other revenues	1,291,403	-	1,291,403	164,391
Net assets released from donor restrictions	<u>7,755,178</u>	<u>(7,755,178)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>155,609,869</u>	<u>(972,921)</u>	<u>154,636,948</u>	<u>193,613,314</u>
EXPENSES				
Program Services - Refugee and Immigration Assistance:				
U.S. Operations	80,432,761	-	80,432,761	91,092,254
International Operations	<u>48,098,539</u>	<u>-</u>	<u>48,098,539</u>	<u>79,813,433</u>
Total program services	<u>128,531,300</u>	<u>-</u>	<u>128,531,300</u>	<u>170,905,687</u>
Supporting Services:				
Management and General	18,681,598	-	18,681,598	26,633,514
Fundraising	<u>6,223,987</u>	<u>-</u>	<u>6,223,987</u>	<u>6,359,803</u>
Total supporting services	<u>24,905,585</u>	<u>-</u>	<u>24,905,585</u>	<u>32,993,317</u>
Total operating expenses	<u>153,436,885</u>	<u>-</u>	<u>153,436,885</u>	<u>203,899,004</u>
Change in net assets from operations	<u>2,172,984</u>	<u>(972,921)</u>	<u>1,200,063</u>	<u>(10,285,690)</u>
NON-OPERATING ACTIVITIES				
Non-operating investment income	871,638	(56,227)	815,411	3,152,447
Actuarial gain on split-interest agreements	233,857	-	233,857	752,477
Foreign currency adjustments	(113,112)	-	(113,112)	323,699
Change in pension obligations	5,048	-	5,048	372,485
Transfer to HIAS Foundation	(2,099,482)	(4,006,866)	(6,106,348)	(3,452,950)
Building and land valuation impairment loss	<u>(2,974,500)</u>	<u>-</u>	<u>(2,974,500)</u>	<u>-</u>
Total non-operating activities	<u>(4,076,551)</u>	<u>(4,063,093)</u>	<u>(8,139,644)</u>	<u>1,148,158</u>
Change in net assets	(1,903,567)	(5,036,014)	(6,939,581)	(9,137,532)
Net assets at beginning of year	<u>22,567,244</u>	<u>18,589,838</u>	<u>41,157,082</u>	<u>50,294,614</u>
NET ASSETS AT END OF YEAR	\$ <u>20,663,677</u>	\$ <u>13,553,824</u>	\$ <u>34,217,501</u>	\$ <u>41,157,082</u>

HIAS, INC. AND RELATED ENTITIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2025

WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

	2025						2024
	Program Services - Refugee and Immigration Assistance			Supporting Services			
	U.S. Operations	International Operations	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Payments to resettling communities	\$ 43,866,459	\$ 6,095,558	\$ 49,962,017	\$ 252,539	\$ -	\$ 252,539	\$ 50,214,556
Transportation and transient assistance	2,922,107	3,216,079	6,138,186	3,086	-	3,086	6,141,272
Total emigration and resettlement expenses	46,788,566	9,311,637	56,100,203	255,625	-	255,625	56,355,828
Personnel Expenses:							
Salaries	8,570,726	17,305,013	25,875,739	8,470,671	2,369,633	10,840,304	36,716,043
Payroll taxes and employee benefits	3,518,563	9,268,070	12,786,633	3,645,149	985,823	4,630,972	17,417,605
Total personnel expenses	12,089,289	26,573,083	38,662,372	12,115,820	3,355,456	15,471,276	54,133,648
Other Expenses:							
Occupancy, utilities, taxes, maintenance and insurance	911,198	3,889,161	4,800,359	895,707	71,126	966,833	5,767,192
Communications costs	129,531	460,377	589,908	40,063	10,207	50,270	640,178
Mailing costs	7,857	58,114	65,971	40,056	526,429	566,485	632,456
Computers, furniture and equipment	941,989	904,759	1,846,748	986,251	329,399	1,315,650	3,162,398
Professional and consulting fees	19,388,358	1,315,634	20,703,992	2,773,542	1,805,712	4,579,254	25,283,246
Project support	-	103,073	103,073	-	-	-	103,073
Program supplies	1,598	2,385,466	2,387,064	-	-	-	2,387,064
Memberships and subscriptions	66,348	64,152	130,500	219,088	48,446	267,534	398,034
Printing and office supplies	11,606	328,803	340,409	4,094	887	4,981	345,390
Publications and media	3,571	4,959	8,530	6,561	198	6,759	15,289
Travel, site visits, conferences and meetings	53,219	1,813,339	1,866,558	69,876	53,825	123,701	1,990,259
International travel	29,744	211,804	241,548	60,939	21,762	82,701	324,249
Advertising	14	41,055	41,069	2,604	1	2,605	43,674
Depreciation and amortization	6,762	39,295	46,057	1,892	523	2,415	48,472
Bank charges and miscellaneous	3,111	593,828	596,939	1,209,480	16	1,209,496	1,806,435
Total other expenses	21,554,906	12,213,819	33,768,725	6,310,153	2,868,531	9,178,684	42,947,409
TOTAL	\$ 80,432,761	\$ 48,098,539	\$ 128,531,300	\$ 18,681,598	\$ 6,223,987	\$ 24,905,585	\$ 153,436,885
							\$ 203,899,004

See accompanying notes to consolidated financial statements.

HIAS, INC. AND RELATED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (6,939,581)	\$ (9,137,532)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	48,472	168,309
Building and land valuation impairment loss	2,974,500	-
Unrealized gain on investments	(2,542,700)	(1,643,338)
Realized loss (gain) on sales of investments	785,606	(1,932,324)
Change in allowance for doubtful accounts	(298,293)	(683,260)
Contributions restricted for long-term endowment	-	(402,296)
Actuarial gain on split-interest agreements	(233,857)	(752,477)
Amortization of operating lease right-of-use assets	1,429,761	1,507,907
Gain on lease terminations	(5,619)	-
Contributed land and building	-	(6,271,074)
Gain on pension obligation	(5,048)	(372,485)
Decrease (increase) in:		
Grants receivable	619,098	129,646
Contributions receivable	(4,046,078)	(1,604,350)
Due from HIAS EAF	(127,117)	(121,442)
Due from Hias Foundation	-	128,411
Deposits, prepaid and other assets	625,715	(401,251)
(Decrease) increase in:		
Accounts payable and accrued expenses	(2,340,614)	(874,662)
Refundable advances	(3,882,251)	(75,325)
Due to HIAS Foundation	368,246	17,683
Due to HIAS Europe	(213,996)	(466,522)
Client deposits	(778,047)	(449,619)
Severance obligations	(2,974,143)	484,047
Grants payable	(2,461,659)	2,598,127
Operating lease liabilities	(1,451,493)	(1,270,870)
Pension obligations	(440,093)	(96,641)
Net cash used by operating activities	<u>(21,889,191)</u>	<u>(21,521,338)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of building renovations	(53,426)	-
Purchase of investments	(20,227,706)	(77,117,735)
Proceeds from sale of investments	<u>25,978,751</u>	<u>99,661,545</u>
Net cash provided by investing activities	<u>5,697,619</u>	<u>22,543,810</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term endowment	-	402,296
Payments of annuity obligations	(263,956)	(272,411)
Proceeds from line of credit	-	11,000,000
Payments on line of credit	<u>(1,581,038)</u>	<u>(2,000,000)</u>
Net cash (used) provided by financing activities	<u>(1,844,994)</u>	<u>9,129,885</u>
Net (decrease) increase in cash and cash equivalents	(18,036,566)	10,152,357
Cash and cash equivalents at beginning of year	<u>22,426,094</u>	<u>12,273,737</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 4,389,528</u></u>	<u><u>\$ 22,426,094</u></u>

HIAS, INC. AND RELATED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

	<u>2025</u>	<u>2024</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	\$ <u>660,342</u>	\$ <u>434,020</u>
SCHEDULE OF NONCASH TRANSACTIONS:		
Right-of-Use Assets	\$ <u>229,569</u>	\$ <u>1,321,189</u>
Operating Lease Liabilities for Right-of-Use Assets	\$ <u>229,569</u>	\$ <u>1,321,189</u>

HIAS, INC. AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Drawing on its Jewish values and history, HIAS, Inc. and Related Entities (collectively, HIAS) provides vital services to refugees and asylum seekers around the world and advocates for their fundamental rights so they can rebuild their lives. HIAS is the international Jewish non-profit that stands for a world in which refugees find welcome, safety, and opportunity. The consolidated financial statements of HIAS includes its U.S. and branch office activities as well as the activities of its various controlled related entities in the aforementioned geographical locations.

On January 24, 2025, the Federal Government notified HIAS that certain awards were temporarily suspended and then subsequently terminated. As a result, HIAS implemented cost-reduction measures, including significant staff layoffs, and closed or downsized operations in several international offices.

Management continues to assess the financial and operational impacts of these actions and has taken steps to maintain essential operations and mitigate long-term risks to HIAS' programs and mission. During 2025, HIAS, along with other international NGOs, initiated legal action against the Federal Government related to the award terminations. The outcome of these cases remain pending as of the date of this report.

Program Services -

U.S. Operations -

In the United States, HIAS resettles and provides legal support for refugees and asylees, advocates for refugee rights, and engages our community network to support refugees. The refugee resettlement is done in collaboration with affiliates across the country.

International Operations (Work Supporting Refugees Around the World) -

Internationally, HIAS works in twenty (15 countries by the end of fiscal year) countries across Latin America, Africa, and Eurasia focusing on supporting refugees and other forcibly displaced populations. HIAS implements programs that support participants' economic well-being, legal protection, mental health and psychosocial support, child protection, and food security.

Principles of consolidation -

The accounts of HIAS have been consolidated with its Related Entities in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-profit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

HIAS, INC. AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Basis of presentation (continued) -

- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with HIAS' consolidated financial statements for year ended September 30, 2024, from which the summarized information was derived.

Cash and cash equivalents -

HIAS considers all highly liquid investments with maturities of three months or less, which are not part of the investment portfolio, to be cash and cash equivalents. Money market funds held by investment managers totaled \$7,644,502 as of September 30, 2025. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, HIAS maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

HIAS had approximately \$3,145,000 of cash and cash equivalents held at financial institutions in foreign countries as of September 30, 2025. Amounts held in foreign countries are subject to local deposit insurance regulations and may be uninsured.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income designated for current operations and non-operating investment income, which are presented net of investment expenses paid to external investment advisors, in the accompanying Consolidated Statement of Activities and Change in Net Assets.

Investments acquired by gift, such as donated securities, are recorded at their fair value at the date of the gift. HIAS' policy is to liquidate all gifts of investments as soon as possible after the gift.

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. If applicable, the discount on long-term grants and contributions receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received.

HIAS, INC. AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Grants and contributions receivable (continued) -

Amortization of the discount is included in contributions. Non-current grants and contributions totaled \$1,350,000 as of September 30, 2025.

The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor. The allowance for doubtful accounts totaled \$973,879 as of September 30, 2025.

Property and equipment -

Property and equipment acquisition greater than \$5,000 are capitalized and stated at cost. Property and equipment is depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses when incurred. Depreciation and amortization expense totaled \$48,472 for the year ended September 30, 2025.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is compared to its current value, and a loss is reported in the Consolidated Statement of Activities and Change in Net Assets, in order to adjust the carrying value to the asset's current fair value.

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 HIAS' headquarters. These funds are recorded as a liability upon receipt and presented as client deposits in the Consolidated Statement 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 U.S.

On December 31, 2025, HIAS' longstanding series of grants to operate the Resettlement Support Center (RSC) in Austria expired. The Department of State communicated that there is no likelihood of renewal in the foreseeable future. As a result of the expiration of this grant HIAS is closing its office in Austria and ending programming. HIAS is working to return these funds to the clients.

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 on split-interest agreements in the accompanying Consolidated Statement of Activities and Change in Net Assets. There was one new charitable gift annuity agreements formalized during the year ended September 30, 2025 totaling \$12,750.

HIAS, INC. AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Severance obligation -

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

Grants payable -

Grants payable represent amounts owed to subrecipients under reimbursement basis subaward agreements. Grant expense and grants payable are recorded as subrecipients incur qualifying expenditures.

Income taxes -

HIAS, Inc. is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. HIAS, Inc. is not a private foundation.

HIAS' Related Entities are registered in several countries primarily as not-for-profit (and tax-exempt) organizations.

Revenue from contracts with customers -

HIAS' Migrant loan processing fees and repayments, as well as Service fees revenues and other revenues are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. HIAS has elected to opt out of all disclosures not required for nonpublic entities. Transaction price is based on sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. HIAS' contracts with customers generally have initial terms of one year or less.

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 U.S.

Under the IOM agreement, HIAS assists with the collection of migrant loan repayments and receives compensation equal to 25% of the total amounts collected. HIAS recognizes this compensation as migrant loan processing fees and repayments revenue in the accompanying Consolidated Statement of Activities and Change in Net Assets.

The revenue is reported at the amount that reflects the consideration to which 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 through HIAS' livelihoods team to create and assist in developing financial independence for the clients HIAS resettles and serves.

HIAS, INC. AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue from contracts with customers (continued) -

Each HIAS affiliate is required to provide orientation to clients on loan repayment responsibilities. The Loan Services team provides technical assistance to 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 U.S. 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 assists clients in the long run with their economic transition into the U.S.

On January 27th, 2026 IOM provided notice of termination of the Memorandum of Understanding between HIAS and IOM effective May 1st, 2026. HIAS is actively working to manage the termination of the MoU with IOM.

Support from grants and contributions, including Federal awards -

HIAS receives grants and contributions, including Federal awards from the U.S. Government. Contributions are recognized in the appropriate category of net assets in the period received. HIAS performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions "with donor restrictions" either in excess of expenses incurred or with unexpired time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for allowable direct and indirect program cost, and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. HIAS' refundable advances totaled \$3,397,334 as of September 30, 2025.

In addition, HIAS has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. HIAS' unrecognized conditional contributions to be received in future years totaled \$42,772,522 as of September 30, 2025.

HIAS, INC. AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Contributions of nonfinancial assets -

Contributions of nonfinancial assets are recorded at their fair value as of the date of the gift and consist of contributed legal services other professional services. Donated legal and professional services are valued based on current rates for similar services in the U.S. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by HIAS. None of the contributed nonfinancial assets were restricted by donors.

Foreign currency translation -

The U.S. Dollar is the functional currency for HIAS' worldwide operations. Transactions in currencies other than U.S. Dollars are converted into U.S. Dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into U.S. Dollars at the exchange rate in effect at the date of the Consolidated Statement of Financial Position.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing HIAS' programs and supporting services have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and expenses that benefited more than one functional area, such as personnel costs, were allocated based on estimated time and effort.

Investment risks and uncertainties -

HIAS invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

HIAS, INC. AND RELATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are presented in the Consolidated Statement of Financial Position as follows:

Investments (money market, mutual funds, equities/securities)	\$ 35,698,125
Investments held for charitable gift annuities and trusts	<u>3,681,611</u>
TOTAL INVESTMENTS	<u>\$ 39,379,736</u>

Net investment return consisted of the following for the year ended September 30, 2025:

Interest and dividends	\$ 1,131,253
Unrealized gain on investments	2,542,700
Realized loss on sales of investments	(785,606)
Investment expenses	<u>(372,936)</u>
NET INVESTMENT RETURN	<u>\$ 2,515,411</u>

Net investment return is presented in the accompanying Consolidated Statement of Activities and Change in Net Assets as investment income designated for current operations and non-operating investment income totaling \$1,700,000 and \$815,411, respectively.

In accordance with FASB ASC 820, *Fair Value Measurement*, HIAS has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market HIAS has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

HIAS, INC. AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2025

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended September 30, 2025. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *Equities and Fixed Income Securities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by HIAS are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by HIAS are deemed to be actively traded.

U.S. GAAP permits, as a practical expedient, the fair value of investments within scope to be estimated using the net asset value (NAV) or its equivalent. NAV or its equivalent is the value per share or value of ownership interest in partner's capital, as provided by the fund, whose consolidated financial statements are prepared in a manner consistent with measurement principles of an investment company or that have the attributes of an investment company. In many instances, NAV will not equal fair value that would be calculated pursuant to the Fair Value Measurement Topic.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of September 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 7,644,502	\$ -	\$ -	\$ 7,644,502
Mutual funds	8,115,410	-	-	8,115,410
Equities - U.S. small cap	11,198,552	-	-	11,198,552
Fixed income securities	<u>1,353,504</u>	<u>-</u>	<u>-</u>	<u>1,353,504</u>
Sub total investments using fair value hierarchy	28,311,968	-	-	28,311,968
Investments measured at NAV per practical expedient	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,067,768</u>
TOTAL INVESTMENTS	<u>\$ 28,311,968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,379,736</u>

HIAS, INC. AND RELATED ENTITIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following is a summary of the investments valued using NAV as a practical expedient and the related unfunded commitments and redemption restrictions associated with each major asset category as of September 30, 2025:

Type	Strategy	Net Asset Value	Unfunded Commitments	Redemption Terms
Alternative investment	Multi-Strategy Event Driven Fund designed to generate absolute returns with limited correlation to equity and fixed income markets	\$ 167,967	\$ -	Full Liquidity annually or partial liquidity up to 25% quarterly with no lock-up period.
Alternative investment	Private Market Fund focused on lower-mid market opportunities within Multi-unit, Consumer, Healthcare and related services.	2,028,024	174,014	10 Years from final closing subject to tow one-year extensions.
Alternative investment	Private Credit Fund manager that provides collateralized loans to small and mid-sized, non-sponsored businesses.	2,178,927	-	5 years subject to four one-year extensions.
Alternative investment	Private Market Fund focused on early stage investments in technology companies.	2,554,591	146,668	10 years from final closing with three one-year extensions.
Alternative investment	Private Market Fund focused on growth stage investments in technology companies.	769,347	133,332	10 years from final closing with three one-year extensions.
Alternative investment	Private Equity Fund focused on large buyouts.	2,475,356	456,872	10 years from final closing subject to three one-year extensions.
Alternative investment	Private Equity Fund focused on large buyouts.	198,616	-	10 years from final closing subject to three one-year extensions.
Alternative investment	Private Equity Fund focused on large buyouts.	28,727	-	10 years from final closing subject to three one-year extensions.
Alternative investment	Private Equity Fund focused on large buyouts.	357,964	-	10 years from final closing subject to three one-year extensions.
Alternative investment	Private Equity Fund focused on large buyouts.	15,245	237,125	10 years from final closing subject to three one-year extensions.
Alternative investment	Private Equity Fund focused on large buyouts.	<u>293,004</u>	<u>483,000</u>	10 years from final closing subject to three one-year extensions.
TOTAL		<u>\$ 11,067,768</u>	<u>\$ 1,631,011</u>	

HIAS, INC. AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2025

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30, 2025:

Furniture and equipment	\$ 252,196
Software development costs	792,845
Vehicles	<u>108,606</u>
Subtotal	1,153,647
Less: Accumulated depreciation and amortization	<u>(1,153,647)</u>
NET PROPERTY AND EQUIPMENT	\$ <u>-</u>

During the year ended September 30, 2024, HIAS received a contribution of land and a building with an initial appraised value of approximately \$6.2 million. The Board of Directors approved a plan to market the property for sale for the benefit of HIAS, and throughout fiscal year 2025, the organization continued efforts to sell the property. The building remained unsold as of September 30, 2025.

On January 26, 2026, HIAS executed a sales contract for the land and building with a buyer for a contract price of \$3,350,000. The sale successfully closed in March 2026. Based on the subsequent sales price, management determined that the carrying value of the land and building as of September 30, 2025 was materially impaired. Accordingly, HIAS recorded an impairment loss of \$2,974,500 to reduce the carrying value of the building to \$3,350,000.

As the building is classified as held for sale, no depreciation was recorded for the year ended September 30, 2025.

4. 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 Statement of Activities and Change in Net Assets. The discount rates ranged from 5.3% to 11.3% at September 30, 2025. During the year ended September 30, 2025, the assumptions used in the valuation of the liability include mortality data in accordance with the Annuity 2012 mortality table.

The following table shows the changes in the annuity obligations that have been recorded in the Consolidated Statement of Financial Position as of September 30, 2025:

Annuity obligations as of September 30, 2024	\$ 2,600,214
New agreements	12,750
Payments to annuitants	(263,956)
Change in actuarial valuations	<u>125,607</u>
ANNUITY OBLIGATIONS AS OF SEPTEMBER 30, 2025	\$ <u>2,474,615</u>

5. LINE OF CREDIT

HIAS held an \$11,000,000 bank line of credit with M&T Bank, which matured subsequent to fiscal year-end on November 17, 2025. Variable rate interest was calculated monthly on the outstanding balance using SOFR rate plus 1.30%, which was 5.00% as of September 30, 2025.

HIAS, INC. AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2025

5. LINE OF CREDIT (Continued)

The terms of the line of credit agreement required that HIAS comply with certain covenants. The balance due on the line of credit totaled \$9,418,962 as of September 30, 2025.

Subsequent to year-end, HIAS' line of credit matured in default, and the lender issued a forbearance agreement. Although the lender was under no obligation to do so, the lender agreed to forbear from exercising its rights with respect to the event of default during the forbearance period, which extends through December 31, 2026. Upon execution of the forbearance agreement, the line of credit was formally terminated, and HIAS was required to pledge the land and building held for sale (as discussed in Note 3) as collateral for the outstanding obligation.

The forbearance agreement contains various financial and nonfinancial covenants. In November 2025, HIAS made additional principal payments totaling approximately \$5.5 million (net of \$511,294 refunded from the bank), funded through liquidation of investments.

Upon sale of the land and building in March 2026 (please refer to Note 3), HIAS received gross proceeds of \$3,234,403. After the deduction of legal and related costs paid directly by the bank, net proceeds of \$3,052,472 were applied to further reduce the line of credit.

As of the date of the audit report, the outstanding balance on the line of credit totaled \$877,784.

6. BOARD DESIGNATED ENDOWMENT

HIAS' net assets without donor restrictions include certain amounts that have been designated by the Board of Directors. HIAS' Board has designated funds to be set aside to establish and maintain a Board endowment fund for the purpose of securing HIAS' long-term financial viability and continuing to meet the needs of the organization. The funds totaled \$16,207,351 at September 30, 2025.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of September 30, 2025:

Subject to expenditure for specified purpose:	
Scholarship awards	\$ 916,772
Resettlement of newly arrived immigrants within the U.S.	3,176,523
Rescue and resettlement of Russian Jewish children and other Russian Jews	176,697
Dire emergency use	32,091
Legal Service Program	1,387,596
Michael B. Rukin Refugee Law Fellows Program in Israel	13,917
Afghan Refugee Crisis	405,730
Ukraine Refugee Crisis	5,024,718
Israel Refugee Crisis	576,057
Social Service Program	894
Sponsorship Program	88,729
Housing Assistance	193,471
Accumulated investment earnings from endowed funds	19,115
Subject to passage of time:	1,441,514
Endowment to be invested in perpetuity	<u>100,000</u>

TOTAL NET ASSETS WITH DONOR RESTRICTIONS **\$ 13,553,824**

HIAS, INC. AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **SEPTEMBER 30, 2025**

7. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended September 30, 2025:

Purpose restrictions accomplished:	
Scholarship awards	\$ 102,697
Resettlement of newly arrived immigrants within the U.S.	2,574,490
Rescue and resettlement of Russian Jewish children and other Russian Jews	23,303
Dire emergency use	146,241
Legal Service Program	1,266,979
Michael B. Rukin Refugee Law Fellows Program in Israel	121,135
Afghan Refugee Crisis	106,166
Ukraine Refugee Crisis	2,202,040
Israel Refugee Crisis	15,471
Social Service Program	39,106
Sponsorship Program	97,374
Housing Assistance	14,693
Accumulated investment earnings from endowed funds	110,999
Expiration of time restrictions	<u>934,484</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 7,755,178</u>

8. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date comprise the following as of September 30, 2025:

Cash and cash equivalents	\$ 4,389,528
Investments	35,698,125
Grants receivable, net	12,975,998
Contributions receivable (current portion)	<u>5,821,239</u>
Subtotal financial assets available within one year	58,884,890
Less: Donor-purpose restricted funds	(12,012,310)
Less: Board designated funds	<u>(16,207,351)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 30,665,229</u>

HIAS has a policy to structure its financial assets to be available and liquid as its obligations become due. In addition, HIAS has Board designated net assets without donor restrictions that may be drawn upon in the event of financial distress or an immediate liquidity need.

9. CONTRIBUTIONS OF NONFINANCIAL ASSETS

HIAS was the beneficiary of certain contributed nonfinancial assets which allowed HIAS to provide greater resources towards its various programs. No donor-imposed restrictions were associated with the contributed nonfinancial assets, which are recorded at their estimated fair market value as of the date of the gift. In addition, there were no donated goods monetized through sale.

HIAS, INC. AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **SEPTEMBER 30, 2025**

9. CONTRIBUTIONS OF NONFINANCIAL ASSETS (Continued)

The contributed nonfinancial assets consisted of the following for the year ended September 30, 2025:

Legal Services	\$ 18,735,450
Data Security Workshop	<u>11,000</u>
TOTAL	<u>\$ 18,746,450</u>

The contributed nonfinancial assets have been recorded in support and in the following functional expense category for the year ended September 30, 2025:

U.S. Operations (Professional and Consulting Fees)	<u>\$ 18,746,450</u>
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10. LEASE COMMITMENTS

HIAS follows FASB ASC 842 for leases. HIAS has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. HIAS has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

During 2015, HIAS entered into an operating lease for office space in Silver Spring, Maryland. The lease was amended in 2019 to extend the lease term through February 28, 2029. The amended lease agreement includes annual rent escalations of 3% and a base rent of \$61,114 per month. The office lease includes an escalation of base rentals which is being amortized on a basis to achieve straight-line rent expense over the life of the lease.

In June 2023, HIAS entered into a ten-year operating lease for office space in New York, New York, that expires in May 2033. The lease was amended in 2024 to include additional office space. The amended lease agreement requires a fixed annual rent of \$520,290 for the first five years of the agreement and \$577,770 for the second five years of the agreement. The lease allows for rent abatement for the twelve months following the commencement date.

HIAS also leases office space in numerous foreign countries under both short and long-term lease agreements.

For the year ended September 30, 2025, total lease cost was \$3,090,915 and total cash paid was \$3,112,686 for all operating leases. As of September 30, 2025, the weighted-average remaining lease term and rate for operating leases is 5.87 years and 2.06%, respectively.

The following is a schedule of the future minimum lease payments due under long-term operating leases, net of imputed interest, as of September 30, 2025:

<u>Year Ending September 30,</u>	
2026	\$ 1,423,168
2027	1,402,502
2028	1,426,337
2029	949,137
2030	620,935
Thereafter	<u>1,592,464</u>
	7,414,543
Less: Imputed interest	<u>(407,335)</u>
TOTAL OPERATING LEASE LIABILITIES	<u>\$ 7,007,208</u>

HIAS, INC. AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **SEPTEMBER 30, 2025**

10. LEASE COMMITMENTS (Continued)

Lease expense related to all long-term operating leases totaled \$1,591,784 for the year ended September 30, 2025. Lease expense related to all short-term leases totaled \$1,520,902 for the year ended September 30, 2025. HIAS has elected the practical expedient exempting the recording of right-of-use assets and lease liabilities for short-term leases as the lease terms are less than 12 months.

As a result of circumstances further described in Note 1 (Organization paragraph); during the year ended September 30, 2025, HIAS terminated eight international leases. The related right-of-use asset balances of \$183,839 and lease liabilities of \$189,458. This resulted in a gain on lease terminations of \$5,619.

11. RETIREMENT PLAN

HIAS provides retirement benefits to its employees through a 401(k) defined contribution plan. In accordance with the provisions of the Plan, HIAS makes matching contributions up to 5% of a participant's total compensation to the Plan. HIAS' contributions to the Plan totaled \$822,828 for the year ended September 30, 2025, and have been included Payroll taxes and employee benefits in the accompanying Consolidated Statement of Functional Expenses.

12. PENSION PLANS

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 components of net periodic pension cost (gain) for the year ended September 30, 2025 are presented below:

Interest cost on projected benefit obligations	\$ 574,595
Expected return on Plan assets	(732,912)
Amount of loss recognized	<u>7,536</u>

NET PERIODIC PENSION COST (GAIN)	<u>\$ (150,781)</u>
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Amounts recognized in unrestricted net assets (not yet recognized as a component of net periodic pension cost) and applied to prepaid pension costs or accrued pension costs due to the effect of FASB ASC 715, *Compensation-Retirement Benefits*:

Net gain recognized	\$ 12,584
New actuarial loss occurring	<u>(7,536)</u>

GAIN RECOGNIZED AS NON-OPERATING ACTIVITY IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 5,048</u>
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The following table presents the funded status at September 30, 2025:

Projected benefit obligations	\$ (12,389,115)
Plan assets at fair value	<u>11,715,598</u>

FUNDED STATUS (UNDERFUNDED)	<u>\$ (673,517)</u>
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HIAS, INC. AND RELATED ENTITIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2025**

12. PENSION PLANS (Continued)

Domestic Pension Plan (continued)

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.

Weighted-average assumptions as of September 30, 2025:

	<u>Benefit Obligation</u>	<u>Net Benefit Cost</u>
Discount rate	5.15	4.76
Expected return on Plan assets	N/A	7.40
Rate of compensation increase	N/A	N/A

The expected return on Plan assets was determined by HIAS and the Board of Directors of HIAS together with its investment advisors. The rate is based primarily on expectations regarding future returns for the Plan's investment portfolio, with consideration given to the distribution of investments by class and historical rates of return for each individual asset class.

The fair values of HIAS' Pension Plan assets at September 30, 2025, by asset class, are as follows:

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 133,791	\$ -	\$ -	\$ 133,791
Equity mutual funds	4,182,738	-	-	4,182,738
Equities - U.S. Small Caps	3,465,708	-	-	3,465,708
Investments measured at NAV per practical expedient	-	-	-	3,933,361
TOTAL PLAN ASSET FAIR VALUE	\$ 7,782,237	\$ -	\$ -	\$ 11,715,598

The following is a schedule of benefits expected to be paid in each of the next five years, and in the aggregate for the five fiscal years thereafter as of September 30, 2025. The expected benefit payments below are based on the same assumptions used to determine the Projected Benefit Obligation as of September 30, 2025, and include benefits attributable to estimated future employee service.

<u>Year Ending September 30,</u>	
2026	\$ 816,336
2027	824,124
2028	888,161
2029	950,073
2030	963,261
2031 - 2035	4,791,910
TOTAL	\$ 9,233,865

HIAS, INC. AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2025

12. PENSION PLANS (Continued)

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 September 30, 2025, the accumulated benefit obligation was \$369,443 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 for the year ended September 30, 2025.

The assumptions used included a discount rate of 4.92% for the year ended September 30, 2025.

13. CONCENTRATION OF REVENUE

Awards from the U.S. Federal Government or pass-through entities comprise approximately 48% of HIAS' revenue and support for the year ended September 30, 2025. See Note 1 (Organization paragraph) regarding status of HIAS' relationship with the U.S Federal Government.

14. CONTINGENCY

HIAS receives grants from the U.S. Department of State. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the Federal awards is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits. Audits in accordance with the applicable provisions of Subpart F of the Uniform Guidance have been completed for all required fiscal years through 2025.

HIAS has been named as a defendant in lawsuits based upon activities that occurred in the ordinary course of business. HIAS' policy is to accrue amounts related to litigation when such amounts are probable and can be reasonably estimated based on consultation with outside legal counsel. While legal counsel has indicated that the outcome of these actions is not presently determinable, management believes that any resulting liability will not have a materially adverse impact on the financial position or operations of HIAS.

15. RELATED PARTY TRANSACTIONS

HIAS Europe -

HIAS partners with HIAS Europe, located in Brussels, Belgium. HIAS and HIAS Europe collaborate to accomplish a worldwide shared mission. HIAS and HIAS Europe inter-organizational program, human resources and logistic support on behalf of their related overseas programs. Both organizations have aligned missions, but no common Board Members. HIAS does not exercise control over HIAS Europe, nor does it have voting power. Accordingly, HIAS Europe's financials have not been included in the accompanying consolidated financial statements.

HIAS assists HIAS Europe in maintaining and building up its capacity to provide programmatic and financial oversight and support to affiliated country offices, as well as to enhance partnerships with European donors.

HIAS, INC. AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2025

15. RELATED PARTY TRANSACTIONS (Continued)

HIAS Europe (continued) -

During the year ended September 30, 2025, HIAS provided assistance to HIAS Europe totaling \$1,205,927 and provided payments totaling \$1,429,705 for the support of their operations. During the year ended September 30, 2025, HIAS Europe provided a contribution to HIAS for \$49,146 and made payments on behalf of HIAS for \$58,928. As of September 30, 2025, HIAS has recorded a net balance due to HIAS Europe totaling \$173,598.

HIAS Economic Advancement Fund (EAF) -

HIAS Economic Advancement Fund (EAF) was founded by HIAS and filed its articles of incorporation in Maryland on March 3, 2022, and began operations on February 14, 2023. EAF is a non-profit organization and emerging Community Development Financial Institution (CDFI) Loan Fund that provides refugees and other forcibly displaced entrepreneurs access to capital so they can launch and grow their businesses. EAF works alongside HIAS resettlement partners that are working on the ground in communities across the country to help refugees resettle and integrate into their new communities.

EAF partners are the local presence in each community they serve, providing entrepreneurial refugees business technical assistance, financial and credit education and assistance accessing capital to launch or grow their businesses through EAF. EAF business loans are tailored for refugee entrepreneurs who are low-income, have little or no credit history, are unable to access credit from mainstream financial institutions, or are precluded from paying interest because of religious beliefs.

EAF has three loan products that are designed for entrepreneurs who are just starting out in business or established businesses that are looking to stabilize operations or expand. During the year ended September 30, 2025, HIAS provided net support totaling \$699,754 to EAF and EAF provided repayment of \$572,637. As of September 30, 2025, EAF owed a net of \$264,255 to HIAS, which is presented as a receivable in the accompanying Consolidated Statement of Financial Position. Included in the amount due from EAF is a loan receivable totaling \$225,000 which matures during the fiscal year ended September 30, 2030. HIAS and EAF do not maintain common Board Members. Additionally, HIAS does not exercise control or influence over EAF, nor does it have voting power. Accordingly, the financial statements of both organizations are not consolidated.

HIAS Foundation -

In 2023, HIAS established the HIAS Foundation to manage and steward a permanent endowment, intended to provide support to HIAS in perpetuity. The HIAS Foundation is a separate tax exempt 501(c)(3) non-profit organization. During the year ended September 30, 2024, HIAS made a conditional contribution to transfer additional endowment assets to the HIAS Foundation totaling approximately \$7,300,000. Of this amount, \$4,006,866, was recognized and transferred to the HIAS Foundation during the year ended September 30, 2025. HIAS has a similar agreement with the HIAS Foundation, in which HIAS will transfer all bequests received over a certain threshold to the HIAS Foundation. During the fiscal year ended September 30, 2025, such bequest transfers amounted to \$2,099,482. All transfers made to the HIAS Foundation are presented as non-operating activities on the accompanying Consolidated Statement of Activities and Change in Net Assets. HIAS does not exercise control over the HIAS Foundation, nor does it have voting power. Accordingly, the HIAS Foundation's financial statements have not been included in the accompanying consolidated financial statements. As of September 30, 2025, a balance of \$385,929 was due from HIAS to the HIAS Foundation.

HIAS, INC. AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2025

15. RELATED PARTY TRANSACTIONS (Continued)

Board of Directors Giving -

HIAS received contributions from Board Members and other related organizations during the year ended September 30, 2025, totaling \$242,186.

16. ENDOWMENT FUNDS

HIAS' endowment funds consist of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments (quasi-endowments). As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law -

In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by the state of Maryland, the Board of Directors considers the preservation of the long-term purchasing power of the original gift amount contributed to an endowment fund as one factors in its investment and spending decisions, 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 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.

Additionally, in accordance with UPMIFA, HIAS considers the following factors in determining whether to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose/mission of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and recession;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Return Objectives and Risk Parameters -

The return objective of HIAS is to generate investment income while maintaining the principal endowment funds at the original amount designated by its donors. 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 based upon HIAS' Board spend policy, absent any donor restrictions stipulating to the contrary.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, HIAS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). HIAS targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

HIAS, INC. AND RELATED ENTITIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS **SEPTEMBER 30, 2025**

16. ENDOWMENT FUNDS (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy -

HIAS has a policy, through action of the Board of Directors of appropriating for distribution 5% of its endowment fund's average fair value over the prior 12 quarters ("Board spend policy"). In establishing this policy, HIAS considered the long-term expected return on its endowment. For the year ended September 30, 2025, this allocation amounted to \$1,700,000.

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires HIAS to maintain as a fund of perpetual duration ("underwater endowment"). However, there were no such funds with deficiencies as of September 30, 2025.

Endowment funds consisted of the following as of September 30, 2025:

	Without Donor Restrictions	With Donor Restrictions		
		Available for Appropriation	Held in Perpetuity	Total
Board designated funds	\$ 16,207,351	\$ -	\$ -	\$ 16,207,351
Donor-restricted funds	<u>-</u>	<u>19,115</u>	<u>100,000</u>	<u>119,115</u>
ENDOWMENT FUNDS	<u>\$ 16,207,351</u>	<u>\$ 19,115</u>	<u>\$ 100,000</u>	<u>\$ 16,326,466</u>

Changes in endowment funds consisted of the following as of and for the year ended September 30, 2025:

	Without Donor Restrictions	With Donor Restrictions		
		Available for Appropriation	Held in Perpetuity	Total
Endowment funds, beginning of year	\$ 22,567,244	\$ 367,347	\$ 3,805,676	\$ 26,740,267
Contributions	-	9,185	-	9,185
Net investment return	1,953,790	54,772	-	2,008,562
Board spend policy	(1,589,001)	(110,999)	-	(1,700,000)
Undesignation of Board designated net assets for operations	(6,958,539)	-	-	(6,958,539)
Actuarial gain on split - interest agreement	233,857	-	-	233,857
Transfer to the HIAS Foundation	<u>-</u>	<u>(301,190)</u>	<u>(3,705,676)</u>	<u>(4,006,866)</u>
ENDOWMENT FUNDS, END OF YEAR	<u>\$ 16,207,351</u>	<u>\$ 19,115</u>	<u>\$ 100,000</u>	<u>\$ 16,326,466</u>

17. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, HIAS has evaluated events and transactions for potential recognition or disclosure through May 4, 2026, the date the consolidated financial statements were issued.

See Notes 3 and 5 for material subsequent events.