

Consolidated Financial Statements and Report of
Independent Certified Public Accountants

HIAS, INC.

December 31, 2015 and 2014

HIAS, INC.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
HIAS, Inc.

We have audited the accompanying consolidated financial statements of HIAS, Inc. (“HIAS”), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, 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 consolidated 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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’ 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 the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 consolidated financial position of HIAS, Inc. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York

November 28, 2016

HIAS, INC.
Consolidated Statements of Financial Position
As of December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 4,852,728	\$ 4,264,026
Investments - allocated, client deposits, non-American pension plan (Note 3)	52,733,103	55,864,292
Investments held for charitable gift annuities and trusts (Notes 3 and 4)	2,441,824	2,677,108
Grants receivables (net of allowances of \$102,297 for 2015 and \$119,812 for 2014)	5,783,098	4,535,311
Contribution receivables	936,176	214,967
Other receivables	434,017	621,971
Allocations receivable - federations and welfare funds	-	96,300
Deposits and prepaid expenses	394,708	381,164
Beneficial interest in annuity trust	123,993	138,263
Property and equipment, net (Note 5)	<u>1,924,428</u>	<u>512,336</u>
Total assets	<u>\$ 69,624,075</u>	<u>\$ 69,305,738</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 4,531,367	\$ 2,899,447
Client deposits	6,681,089	3,563,611
Deferred rent	1,096,021	188,807
Severance obligations	324,367	660,756
Pension obligations (Note 6)	5,782,263	5,224,404
Annuity obligations	<u>1,381,356</u>	<u>1,374,707</u>
Total liabilities	<u>19,796,463</u>	<u>13,911,732</u>
NET ASSETS		
Unrestricted	43,444,930	48,851,423
Temporarily restricted (Note 9)	4,093,867	4,259,849
Permanently restricted (Note 10)	<u>2,288,815</u>	<u>2,282,734</u>
Total net assets	<u>49,827,612</u>	<u>55,394,006</u>
Total liabilities and net assets	<u>\$ 69,624,075</u>	<u>\$ 69,305,738</u>

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

HIAS, INC.
Consolidated Statement of Activities
For the years ended December 31, 2015 and 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014 Total</u>
REVENUES AND OTHER SUPPORT								
Contributions	\$ 3,801,962	\$ 328,284	\$ 6,000	\$ 4,136,246	\$ 2,676,204	\$ 152,644	\$ 7,750	\$ 2,836,598
Operating grants	7,964,447	660,888	-	8,625,335	6,970,592	450,889	-	7,421,481
Bequests	52,776	-	-	52,776	65,789	-	12,500	78,289
Governmental and intergovernmental agencies								
U.S. Department of Health and Human Services	2,765,195	-	-	2,765,195	2,546,469	-	-	2,546,469
U.S. Department of State	17,663,704	-	-	17,663,704	16,959,850	-	-	16,959,850
Other domestic government grants	-	-	-	-	25,454	-	-	25,454
Migrant loan processing fees and repayments	657,445	-	-	657,445	581,763	-	-	581,763
Investment income (Note 5)	2,353,872	-	-	2,353,872	2,296,143	-	-	2,296,143
Service fee revenues and other revenues	1,248,115	-	-	1,248,115	797,445	-	-	797,445
Net assets released from restriction	<u>1,034,741</u>	<u>(1,034,741)</u>	<u>-</u>	<u>-</u>	<u>2,419,538</u>	<u>(2,419,538)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>\$ 37,542,257</u>	<u>\$ (45,569)</u>	<u>\$ 6,000</u>	<u>\$ 37,502,688</u>	<u>\$ 35,339,247</u>	<u>\$ (1,816,005)</u>	<u>\$ 20,250</u>	<u>\$ 33,543,492</u>

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

HIAS, INC.
Consolidated Statement of Activities
For the years ended December 31, 2015 and 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2015</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2014</u>
EXPENSES								
Program services - refugee and immigration assistance:								
U.S. operations	\$ 10,197,584	\$ -	\$ -	\$ 10,197,584	\$ 12,700,729	\$ -	\$ -	\$ 12,700,729
Matching grant	1,706,738	-	-	1,706,738	1,689,077	-	-	1,689,077
Non-U.S. operations	20,500,742	-	-	20,500,742	18,053,321	-	-	18,053,321
Total program services	32,405,064	-	-	32,405,064	32,443,127	-	-	32,443,127
Supporting services								
Management and general	6,687,768	-	-	6,687,768	2,423,754	-	-	2,423,754
Fundraising	2,273,095	-	-	2,273,095	1,752,574	-	-	1,752,574
Total supporting services	8,960,863	-	-	8,960,863	4,176,328	-	-	4,176,328
Total operating expenses	41,365,927	-	-	41,365,927	36,619,455	-	-	36,619,455
Changes in net assets from operations	(3,823,670)	(45,569)	6,000	(3,863,239)	(1,280,208)	(1,816,005)	20,250	(3,075,963)
NON-OPERATING ACTIVITIES								
Non-operating investment income (loss) (Note 3)	(3,351,299)	(97,926)	81	(3,449,144)	(666,114)	195,760	94	(470,260)
Bequest income (non-operating)	2,514,432	-	-	2,514,432	3,088,441	-	-	3,088,441
Actuarial gain (loss) on split-interest agreements	(152,425)	(22,487)	-	(174,912)	(80,635)	(9,361)	-	(89,996)
Adjustment to minimum pension liability	(593,531)	-	-	(593,531)	(3,010,933)	-	-	(3,010,933)
Total non-operating activities	(1,582,823)	(120,413)	81	(1,703,155)	(669,241)	186,399	94	(482,748)
Change in net assets	(5,406,493)	(165,982)	6,081	(5,566,394)	(1,949,449)	(1,629,606)	20,344	(3,558,711)
Net assets - beginning of year	48,851,423	4,259,849	2,282,734	55,394,006	50,800,872	5,889,455	2,262,390	58,952,717
Net assets - end of year	\$ 43,444,930	\$ 4,093,867	\$ 2,288,815	\$ 49,827,612	\$ 48,851,423	\$ 4,259,849	\$ 2,282,734	\$ 55,394,006

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

HIAS, INC.
Consolidated Statement of Functional Expenses
For the year ended December 31, 2015

	Program Services - Refugee and Immigration Assistance				Supporting Services			Total 2015
	U.S. Operations	Matching Grant	Non-U.S. Operations	Total	Management and General	Fundraising	Total	
Payments to resettling communities	\$ 7,038,213	\$ 1,476,850	\$ -	\$ 8,515,063	\$ -	\$ -	\$ -	\$ 8,515,063
Resettlement documentation	-	-	549,166	549,166	-	-	-	549,166
Transportation and transient assistance	155,338	28,210	3,098,246	3,281,794	-	-	-	3,281,794
Total emigration and resettlement expenses	<u>7,193,551</u>	<u>1,505,060</u>	<u>3,647,412</u>	<u>12,346,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,346,023</u>
PERSONNEL EXPENSES								
Salaries	1,439,078	106,169	7,375,288	8,920,535	3,432,582	937,724	4,370,306	13,290,841
Payroll taxes and employee benefits (including pension costs of approximately \$196,751) (Note 6)	387,473	28,965	2,376,010	2,792,448	1,339,383	256,655	1,596,038	4,388,486
Total personnel expenses	<u>1,826,551</u>	<u>135,134</u>	<u>9,751,298</u>	<u>11,712,983</u>	<u>4,771,965</u>	<u>1,194,379</u>	<u>5,966,344</u>	<u>17,679,327</u>
OTHER EXPENSES								
Rent, utilities, taxes, maintenance and insurance (net of rental income of \$43,930) (Note 7)	157,805	14,260	1,364,035	1,536,100	890,294	251,824	1,142,118	2,678,218
Communications costs	12,520	939	166,685	180,144	102,295	33,723	136,018	316,162
Mailing costs	10,620	130	23,105	33,855	49,470	442,944	492,414	526,269
Computers, furniture and equipment	58,217	9,685	805,185	873,087	183,843	87,196	271,039	1,144,126
Professional and consulting fees	422,207	5,954	1,456,762	1,884,923	1,024,279	100,277	1,124,556	3,009,479
Local transportation	2,360	-	223,496	225,856	9,358	6,317	15,675	241,531
Project support	118,361	-	250,919	369,280	-	207	207	369,487
Memberships and subscriptions	3,229	-	52,102	55,331	58,523	10,299	68,822	124,153
Printing and office supplies	7,557	625	318,637	326,819	42,558	10,604	53,162	379,981
Publications and media	-	-	496,752	496,752	50,841	7,799	58,640	555,392
Travel, site visits, conferences and meetings	122,702	16,740	453,641	593,083	326,699	40,325	367,024	960,107
International travel	3,368	-	215,435	218,803	164,601	17,752	182,353	401,156
Scholarships	-	-	153,301	153,301	-	-	-	153,301
Advertising	630	-	5,692	6,322	48,414	259	48,673	54,995
Depreciation and amortization	-	-	85,176	85,176	70,892	65,324	136,216	221,392
Bank charges and miscellaneous	20,126	-	85,302	105,428	95,534	3,866	99,400	204,828
Indirect cost	237,780	18,211	945,807	1,201,798	(1,201,798)	-	(1,201,798)	-
Total other expenses	<u>1,177,482</u>	<u>66,544</u>	<u>7,102,032</u>	<u>8,346,058</u>	<u>1,915,803</u>	<u>1,078,716</u>	<u>2,994,519</u>	<u>11,340,577</u>
Total functional expenses	<u>\$ 10,197,584</u>	<u>\$ 1,706,738</u>	<u>\$ 20,500,742</u>	<u>\$ 32,405,064</u>	<u>\$ 6,687,768</u>	<u>\$ 2,273,095</u>	<u>\$ 8,960,863</u>	<u>\$ 41,365,927</u>

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

HIAS, INC.
Consolidated Statement of Functional Expenses
For the year ended December 31, 2014

	<u>Program Services - Refugee and Immigration Assistance</u>				<u>Supporting Services</u>			<u>Total 2014</u>
	<u>U.S. Operations</u>	<u>Matching Grant</u>	<u>Non-U.S. Operations</u>	<u>Total</u>	<u>Management and General</u>	<u>Membership Services and Solicitation</u>	<u>Total</u>	
Payments to resettling communities	\$ 7,421,953	\$ 1,328,210	\$ -	\$ 8,750,163	\$ -	\$ -	\$ -	\$ 8,750,163
Resettlement documentation	-	-	439,910	439,910	-	-	-	439,910
Transportation and transient assistance	104,601	-	3,048,542	3,153,143	-	-	-	3,153,143
Total emigration and resettlement expenses	<u>7,526,554</u>	<u>1,328,210</u>	<u>3,488,452</u>	<u>12,343,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,343,216</u>
PERSONNEL EXPENSES								
Salaries	2,179,626	192,708	7,074,688	9,447,022	980,729	677,537	1,658,266	11,105,288
Payroll taxes and employee benefits (including pension costs of approximately \$269,744) (Note 6)	710,251	58,606	1,579,261	2,348,118	273,833	193,994	467,827	2,815,945
Total personnel expenses	<u>2,889,877</u>	<u>251,314</u>	<u>8,653,949</u>	<u>11,795,140</u>	<u>1,254,562</u>	<u>871,531</u>	<u>2,126,093</u>	<u>13,921,233</u>
OTHER EXPENSES								
Rent, utilities, taxes, maintenance and insurance (net of rental income of \$47,688) (Note 7)	517,333	48,467	1,475,469	2,041,269	163,110	133,210	296,320	2,337,589
Communications costs	64,511	2,562	153,304	220,377	22,047	13,037	35,084	255,461
Mailing costs	56,922	2,030	26,071	85,023	9,000	358,937	367,937	452,960
Computers, furniture and equipment	183,397	25,842	467,559	676,798	63,098	86,813	149,911	826,709
Professional and consulting fees	266,627	5,926	1,784,172	2,056,725	678,137	156,613	834,750	2,891,475
Local transportation	9,248	-	232,878	242,126	1,393	1,378	2,771	244,897
Project support	260,177	-	187,201	447,378	-	-	-	447,378
Memberships and subscriptions	119,812	30	18,745	138,587	5,164	2,440	7,604	146,191
Printing and office supplies	38,593	3,074	280,387	322,054	19,842	11,032	30,874	352,928
Publications and media	1,609	-	456,135	457,744	2,263	21,093	23,356	481,100
Travel, site visits, conferences and meetings	221,848	17,182	285,502	524,532	37,118	32,276	69,394	593,926
International travel	82,000	-	184,468	266,468	60,633	217	60,850	327,318
Scholarships	406,230	-	132,818	539,048	-	-	-	539,048
Advertising	1,290	-	2,074	3,364	5,469	496	5,965	9,329
Business relocation	-	-	-	-	56,030	-	56,030	56,030
Depreciation and amortization	24,051	3,885	124,124	152,060	13,096	34,007	47,103	199,163
Bank charges and miscellaneous	30,650	555	100,013	131,218	32,792	29,494	62,286	193,504
Total other expenses	<u>2,284,298</u>	<u>109,553</u>	<u>5,910,920</u>	<u>8,304,771</u>	<u>1,169,192</u>	<u>881,043</u>	<u>2,050,235</u>	<u>10,355,006</u>
Total functional expenses	<u>\$ 12,700,729</u>	<u>\$ 1,689,077</u>	<u>\$ 18,053,321</u>	<u>\$ 32,443,127</u>	<u>\$ 2,423,754</u>	<u>\$ 1,752,574</u>	<u>\$ 4,176,328</u>	<u>\$ 36,619,455</u>

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

HIAS, INC.
Consolidated Statements of Cash Flows
For the years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (5,566,394)	\$ (3,558,711)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	221,392	199,163
Permanently restricted contributions	(6,000)	(20,250)
Investment income restricted for long-term investment	(81)	(94)
Realized and unrealized losses (gains) on investments	3,349,358	(640,596)
Loss on split-interest agreements	174,912	89,996
Loss on disposal of fixed assets	-	89,606
Changes in operating assets and liabilities		
Grants receivables	(1,392,825)	1,762,222
Contribution receivables	(721,209)	735,446
Other receivables	429,292	59,037
Deposits and prepaid expenses	(13,544)	(1,967)
Accounts payable and accrued expenses	1,631,920	118,208
Client deposits	3,117,478	(680,120)
Deferred rent	907,214	(97,486)
Severance obligations	(336,389)	280,361
Beneficial interest in trust	-	1,112,000
Pension obligations	557,860	3,022,701
Net cash provided by operating activities	<u>2,352,984</u>	<u>2,469,516</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	5,427,584	20,324,829
Purchase of investments	(5,284,407)	(20,275,941)
Fixed asset additions	(1,633,483)	(254,482)
Net cash used in investing activities	<u>(1,490,306)</u>	<u>(205,594)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Permanently restricted contributions	6,000	20,250
Payments of annuity obligations	(282,748)	(287,908)
Investment income subject to annuity obligations	2,691	9,234
Investment income restricted for reinvestment	81	94
Net cash used in financing activities	<u>(273,976)</u>	<u>(258,330)</u>
Net increase in cash	588,702	2,005,592
Cash - beginning of year	<u>4,264,026</u>	<u>2,258,434</u>
Cash - end of year	<u>\$ 4,852,728</u>	<u>\$ 4,264,026</u>

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

HIAS, INC.
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

1. ORGANIZATION STATEMENT

HIAS rescues people whose lives are in danger for being who they are. We protect the most vulnerable refugees, helping them build new lives and reuniting them with their families in safety and freedom. We advocate for the protection of refugees and assure that displaced people are treated with the dignity they deserve. Guided by our Jewish values and history, we bring more than 130 years of expertise to our work with refugees.

The primary sources of revenue are: federal funding through U.S. Government Grants (see Note 8), operating grants, contributions and investment income, derived mainly from endowments.

HIAS is a nonprofit organization exempt from federal income tax under Internal Revenue Code 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. Assets and liabilities of the foreign offices, whose functional currency is their local currency, are translated into U.S. dollars at exchange rates in effect at the balance sheet date and their revenues and expenses are reflected at the monthly average exchange rates. Net translation adjustments are not material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 ("US 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 three classes of net assets, permanently restricted, temporarily restricted and unrestricted, are displayed in the consolidated statement of financial position and the changes in each of those classes of net assets are displayed in the consolidated statement of activities.

Net assets consist of the following:

Unrestricted - net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations and, therefore, are available to carry out HIAS' operations.

Temporarily Restricted - 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 temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Permanently Restricted - 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 the HIAS. Permanently 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, INC.
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Concentration of Credit Risk

Financial instruments that potentially subject HIAS to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation limit, and investments. 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.

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 statement of activities. 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 US 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. 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. Also included in Level 2 are investments measured using a net asset value (“NAV”) per share, or its equivalent, that may be redeemed at that NAV at the date of the consolidated statement of financial position or in the near term, which HIAS has generally considered to be within 90 days.

HIAS, INC.
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

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. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at the NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions. As of December 31, 2015 and 2014, HIAS had no investments which were deemed to be Level 3.

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.

Valuation of Investments

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include cash and cash equivalents, mutual funds, and equities.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include collective trusts and alternative investments that can be redeemed within 90 days.

Fixed 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:

<u>Asset Type</u>	<u>Estimated Useful Life</u>
Leasehold property improvements	Shorter of 10 years and 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

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Client Deposits

HIAS receives deposits from clients in advance of their travel to the United States, which are recorded as a liability. All travel is expected to be completed in the next fiscal year, although in some cases travel might be delayed due to various different factors. The current HIAS liability represents client deposits 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 an unrestricted contribution 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 changes in split-interest agreements. There were no new charitable gift annuity agreements signed in 2015 or 2014.

Beneficial Interest in Annuity Trust

The trust has been recorded at its fair value at the date of the contribution, and is adjusted for subsequent changes in fair value based on changes to the underlying assets.

Severance Obligation

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

Contributions and Receivables

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged. 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. 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.

Contributed Services

Contributed services are recorded at their estimated fair value and are recognized as revenues and expenses on the consolidated statement of activities in the period received. Contributed legal services for the years ended December 31, 2015 and 2014 were \$88,267 and \$114,966, respectively, and are included in contribution revenue on the accompanying consolidated statement of activities.

Governmental and Operating Grants

Government and operating grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors.

Service Fee Revenues

Revenues from program service fees are recognized when earned.

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Migrant Loan Processing Fees and Repayments

HIAS has an agreement under which it collects on loans given out by the International Office of Migration (“IOM”) to refugees. HIAS keeps 25% of the total amounts collected, and recognizes it as migrant loan processing fees and repayments revenue in the accompanying consolidated statement of activities.

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.

Income Taxes

HIAS follows guidance that clarifies the accounting for uncertainty in income tax positions taken or expected to be taken in a tax return, including issues relating to consolidated financial statement recognition and measurement. This standard provides that the tax effects from an uncertain tax position can be recognized in the consolidated financial statements only if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure. Management believes there are no uncertain tax positions that would have an impact on the accompanying consolidated financial statements. The tax years ended 2012, 2013, 2014 and 2015 are still open to audit for both federal and state purposes.

Use of Estimates

The preparation of consolidated financial statements in conformity with US 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. The most significant estimates pertain to the determination of the allowance for doubtful accounts, the valuation of non-exchanged traded alternative investments, benefit obligations, and the useful lives assigned to fixed assets, amongst others. Actual results may differ from those estimates.

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 and political or labor disturbances.

New Accounting Pronouncements

In May 2015, FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*. ASU 2015-07 exempts investments measured using the NAV practical expedient in ASC 820, Fair Value Measurement, from categorization within the fair value hierarchy and related disclosures. Instead, entities are required to separately disclose the information required under ASC 820 for assets measured using the NAV practical expedient. Entities are also required to show the carrying amount of investments measured using the NAV practical expedient as a reconciling item between the total amount of investments categorized within the fair value hierarchy and total investments measured at fair value on the face of the consolidated financial statements. The guidance

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requires retrospective application and is effective for fiscal years beginning after December 15, 2016. Early adoption is permitted.

HIAS did not early adopt the new accounting pronouncement and does not believe it will have a material effect on the disclosures in the consolidated financial statements.

Subsequent Events

HIAS evaluated its December 31, 2015 and 2014 consolidated financial statements for subsequent events through November 28, 2016, the date the consolidated financial statements were available to be issued. HIAS is not aware of any subsequent events that would require recognition or disclosure in the accompanying consolidated financial statements.

Reclassification

Certain 2014 financial statement amounts have been reclassified to conform to the 2015 financial statement classification. These reclassifications had no effect on total assets, liabilities, net assets, revenues, or expenses.

3. INVESTMENTS

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

	2015		2014	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 971,891	\$ 971,891	\$ 1,183,822	\$ 1,183,822
Mutual funds:				
Equity funds	5,595,462	5,816,656	6,271,659	5,438,983
Fixed-income funds	5,518,142	5,381,732	6,270,936	5,999,107
All asset funds	6,881,643	8,251,315	8,136,467	8,621,447
Total mutual funds	17,995,247	19,449,703	20,679,062	20,059,537
Equities - U.S. small cap	2,082,208	2,054,377	2,331,240	1,843,745
Collective trust	8,666,806	8,973,015	8,406,674	7,944,161
Alternative investments	25,248,775	12,372,516	25,730,602	12,199,548
State of Israel bonds	210,000	210,000	210,000	210,000
Total investments	\$ 55,174,927	\$ 44,031,502	\$ 58,541,400	\$ 43,440,813

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Investment income consists of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 2,602,134	\$ 1,526,475
Realized gains	388,776	4,175,961
Unrealized loss	<u>(3,738,134)</u>	<u>(3,535,365)</u>
	(747,224)	2,167,071
Less: investment fees	(348,048)	(341,188)
Less: investment return designated for current operations	<u>(2,353,872)</u>	<u>(2,296,143)</u>
	<u>\$ (3,449,144)</u>	<u>\$ (470,260)</u>

The following tables set forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2015 and 2014:

	<u>2015</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash and cash equivalents	\$ 971,891	\$ -	\$ 971,891
Mutual funds			
Equity funds	5,595,462	-	5,595,462
Fixed-income funds	5,518,142	-	5,518,142
All asset funds	<u>6,881,643</u>	<u>-</u>	<u>6,881,643</u>
Total mutual funds	<u>17,995,247</u>	<u>-</u>	<u>17,995,247</u>
Equities - U.S. small cap	2,082,208	-	2,082,208
Collective trust	-	8,666,806	8,666,806
Alternative investments	<u>-</u>	<u>25,248,775</u>	<u>25,248,775</u>
Total investments, at fair value	<u>\$ 21,049,346</u>	<u>\$ 33,915,581</u>	54,964,927
State of Israel bonds			<u>210,000</u>
Total investments			<u>\$ 55,174,927</u>

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	2014		
	Level 1	Level 2	Total
Cash and cash equivalents	\$ 1,183,822	\$ -	\$ 1,183,822
Mutual funds			
Equity funds	6,271,659	-	6,271,659
Fixed-income funds	6,270,936	-	6,270,936
All asset funds	8,136,467	-	8,136,467
Total mutual funds	<u>20,679,062</u>	<u>-</u>	<u>20,679,062</u>
Equities - U.S. small cap	2,331,240	-	2,331,240
Collective trust	-	8,406,674	8,406,674
Alternative investments	-	25,730,602	25,730,602
Total investments, at fair value	<u>\$ 24,194,124</u>	<u>\$ 34,137,276</u>	58,331,400
State of Israel bonds			<u>210,000</u>
Total investments			<u>\$ 58,541,400</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.

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The following tables detail certain attributes pertaining to the investments reported at fair value using a NAV, or its equivalent, as of December 31, 2015 and 2014.

2015				
Type	Strategy	NAV in Funds	\$ Amount of Unfunded Commitments	Redemption Terms
Collective trust	Global equity, bond and currency markets, and fixed-income securities	\$ 8,666,806	\$ -	Monthly, as of the last day of any month upon 2 days' prior notice
Alternative investment	Diversified portfolio of equity securities of companies ordinarily incorporated in any country other than the U.S.	9,741,242	-	Monthly, as of the last day of any month upon 10 days' prior written 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	4,972,320	-	Monthly, as of the last day of any month upon 15 days' prior notice
Alternative investment	Outperform the Russell 1000 Growth Index by varying portfolio weights based on the volatilities and correlations of stocks	5,751,537	-	Daily
Alternative investment	Investment grade credit, high yield credit, bank loan, and securitized markets	2,615,715	-	1st or 15th day of month, with 30 days' written notice.
Alternative investment	Investment grade credit, high yield credit, bank loan, and securitized markets	<u>2,167,961</u>	<u>-</u>	Monthly, as of the last day of any month upon 30 days' prior written notice
Total		<u>\$ 33,915,581</u>	<u>\$ -</u>	

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		2014		
Type	Strategy	NAV in Funds	\$ Amount of Unfunded Commitments	Redemption Terms
Collective trust	Global equity, bond and currency markets, and fixed-income securities	\$ 8,406,674	\$ -	Monthly, as of the last day of any month upon 2 days' prior notice
Alternative investment	Diversified portfolio of equity securities of companies ordinarily incorporated in any country other than the U.S.	9,622,230	-	Monthly, as of the last day of any month upon 10 days' prior written 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	5,486,506	-	Monthly, as of the last day of any month upon 15 days' prior notice
Alternative investment	Outperform the Russell 1000 Growth Index by varying portfolio weights based on the volatilities and correlations of stocks	5,512,788	-	Daily
Alternative investment	Investment grade credit, high yield credit, bank loan, and securitized markets	2,695,103	-	1st or 15th day of month, with 30 days' written notice.
Alternative investment	Investment grade credit, high yield credit, bank loan, and securitized markets	<u>2,413,975</u>	<u>-</u>	Monthly, as of the last day of any month upon 30 days' prior written notice
Total		<u>\$ 34,137,276</u>	<u>\$ -</u>	

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 in revenue as changes in split-interest agreements.

HIAS is the beneficiary of one charitable remainder trust under an agreement where the assets are held and invested by a third party. HIAS recorded a receivable and a temporarily 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.

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The discount rates ranged between 1.2% and 6.2% for each of the years ended December 31, 2015 and 2014.

The following tables show the changes in the split interest agreements:

	2015		
	Charitable Gift Annuities Unrestricted	Trusts Temporarily Restricted	Total
Investments, beginning of year	\$ 2,454,368	\$ 222,740	\$ 2,677,108
Net purchases (sales)	(68,332)	7,960	(60,372)
Change in value of split-interest agreements	<u>(152,425)</u>	<u>(22,487)</u>	<u>(174,912)</u>
Investments, end of year	<u>\$ 2,233,611</u>	<u>\$ 208,213</u>	<u>\$ 2,441,824</u>
	2014		
	Charitable Gift Annuities Unrestricted	Trusts Temporarily Restricted	Total
Investments, beginning of year	\$ 2,707,729	\$ 231,434	\$ 2,939,163
Net purchases (sales)	(172,726)	667	(172,059)
Change in value of split-interest agreements	<u>(80,635)</u>	<u>(9,361)</u>	<u>(89,996)</u>
Investments, end of year	<u>\$ 2,454,368</u>	<u>\$ 222,740</u>	<u>\$ 2,677,108</u>

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following at December 31, 2015 and 2014:

	2015	2014
Furniture and equipment	\$ 2,907,294	\$ 2,446,901
Leasehold improvements	<u>1,792,333</u>	<u>619,243</u>
	4,699,627	3,066,144
Less: Accumulated depreciation	<u>(2,775,199)</u>	<u>(2,553,808)</u>
Property and equipment, net	<u>\$ 1,924,428</u>	<u>\$ 512,336</u>

Depreciation expense amounted to \$221,392 and \$199,163 for the years ended December 31, 2015 and 2014.

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6. 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Reconciliation of benefit obligation		
Benefit obligation, beginning of year	\$ 16,854,291	\$ 14,062,573
Service cost	103,940	94,401
Interest cost	654,467	682,024
Actuarial loss	(467,021)	2,672,275
Benefits paid	<u>(1,216,341)</u>	<u>(656,982)</u>
Benefit obligation, end of year	<u>\$ 15,929,336</u>	<u>\$ 16,854,291</u>
Reconciliation of fair value of plan assets:		
Plan assets, beginning of year	\$ 12,180,098	\$ 12,366,216
Actual return on assets	(213,451)	429,304
Employer contributions	-	59,480
Benefit payments and actual expenses	<u>(1,257,429)</u>	<u>(674,902)</u>
Plan assets, end of year	<u>\$ 10,709,218</u>	<u>\$ 12,180,098</u>
Projected benefit obligation	\$ (15,929,336)	\$ (16,854,291)
Fair value of plan assets	<u>10,709,218</u>	<u>12,180,098</u>
Funded status	<u>\$ (5,220,118)</u>	<u>\$ (4,674,193)</u>
Amounts recognized on the statement of financial position consist of:		
Prepaid benefit cost	\$ 448,222	\$ 708,058
Unrestricted net assets	<u>(5,668,340)</u>	<u>(5,382,251)</u>
Total accrued benefit liability	<u>\$ (5,220,118)</u>	<u>\$ (4,674,193)</u>
Service cost	\$ 103,940	\$ 94,401
Interest cost	654,467	682,024
Expected return on plan assets	(835,565)	(843,738)
Amortization of net loss	<u>336,994</u>	<u>93,696</u>
Net periodic pension (income) expense	<u>\$ 259,836</u>	<u>\$ 26,383</u>

The estimated service cost, interest cost, expected return on assets, and amortization of net loss in the next fiscal year total \$146,000, (\$722,000), \$710,000, and \$408,000, respectively.

Amounts recognized in unrestricted net assets as of December 31, 2015 and 2014 consist of an actuarial loss of \$(5,668,340) and \$(5,382,251), respectively.

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The weighted-average assumptions used to determine benefit obligations at December 31, 2015 and 2014, respectively, are as follows:

	<u>2015</u>	<u>2014</u>
Discount rate	4.38%	3.94%
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, 2015 and 2014, respectively are as follows:

	<u>2015</u>	<u>2014</u>
Discount rate	4.38%	3.94%
Rate of compensation increase	N/A	N/A
Long-term rate of return	7.00%	7.00%

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.

The net periodic pension costs includes the following components:

	<u>2015</u>	<u>2014</u>
Benefit (income) cost	\$ 259,836	\$ 26,383
Employer contribution	-	59,480
Benefits paid and actual expenses paid	(1,257,429)	(674,902)

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

	2015		
	Level 1	Level 2	Total
Cash and cash equivalents	\$ 148,393	\$ -	\$ 148,393
Mutual funds			
Equity funds	1,087,537	-	1,087,537
Fixed-income funds	956,812	-	956,812
All asset funds	1,340,008	-	1,340,008
Total mutual funds	3,384,357	-	3,384,357
Equities - U.S. small cap	580,257	-	580,257
Collective trust	-	2,949,922	2,949,922
Alternative investments	-	4,015,581	4,015,581
Total investments, at fair value	\$ 4,113,007	\$ 6,965,503	11,078,510
State of Israel bonds			40,000
Total investments			\$ 11,118,510
	2014		
	Level 1	Level 2	Total
Cash and cash equivalents	\$ 295,433	\$ -	\$ 295,433
Mutual funds			
Equity funds	1,204,714	-	1,204,714
Fixed-income funds	1,092,141	-	1,092,141
All asset funds	1,680,131	-	1,680,131
Total mutual funds	3,976,986	-	3,976,986
Equities - U.S. small cap	652,821	-	652,821
Collective trust	-	3,384,208	3,384,208
Alternative investments	-	4,138,232	4,138,232
Total investments, at fair value	\$ 4,925,240	\$ 7,522,440	12,447,680
State of Israel bonds			40,000
Total investments			\$ 12,487,680

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

<u>Year Ending December 31,</u>	<u>Domestic</u>
2016	\$ 1,130,820
2017	1,114,270
2018	666,015
2019	614,734
2020	683,450
2021-2025	4,528,308

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, 2015 and 2014, the projected benefit obligation was \$562,145 and \$550,211, 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 2015.

The assumptions used included a discount rate of 4.38% and 3.94% for the years ended December 31, 2015 and 2014, respectively. The adjusted RP-2014 mortality table revised with the mortality improvement scale MP-2015 was used for the year ended December 31, 2015. The RP-2000 annuitant/nonannuitant mortality tables with fully generational projection of Scale AA and the withdrawal rates based on Table 5 of the Actuary's Pension Handouts were used for the year ended December 31, 2014.

401(k) Defined Contribution Plan

HIAS sponsors a defined contribution plan covering all eligible employees. The defined contribution plan permits elective deferrals pursuant to Internal Revenue Code 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 2015 and 2014 were \$196,751 and \$162,854, respectively.

7. COMMITMENTS AND CONTINGENCIES

Lease Commitments

New York

HIAS renewed its lease agreement on October 13, 2004 for its headquarters space in New York. The lease renewal commenced on March 1, 2005 and was to expire on August 31, 2016; however, HIAS vacated the space early and terminated the lease in March 2016 by making a \$200,000 payment to the landlord. HIAS also signed a lease for other office space in New York in August 2015. That lease commences with base rent of \$235,074 per annum, and increases over the life of the lease, which expires in December 2019.

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Maryland

In March 2015, HIAS signed a new lease for the purpose of relocating its corporate headquarters to Silver Spring, Maryland. The lease provides for a tenant improvement allowance of \$849,070, which is being amortized over the term of the lease, and provides for base rent of approximately \$401,000 per month after a six month rent abatement. Rent escalates by 2.75% per year until the lease expires in July 2025.

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 expires in August 2017.

Lease commitments are as follows:

	<u>Rent Expense</u>	<u>Less: Sublease Income</u>	<u>Net Rent Expense</u>
2016	\$ 1,209,165	\$ (37,463)	\$ 1,171,702
2017	754,905	(22,168)	732,737
2018	679,089	-	679,089
2019	698,394	-	698,394
2020 and beyond	<u>2,986,815</u>	<u>-</u>	<u>2,986,815</u>
	<u>\$ 6,328,368</u>	<u>\$ (59,631)</u>	<u>\$ 6,268,737</u>

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 consolidated financial position or changes in net assets of HIAS.

8. CONCENTRATIONS AND INTERNATIONAL RISKS

The most significant source of HIAS's revenue are grants from the U.S. Government. In 2015, HIAS received \$17,663,704 and \$2,765,195 from the U.S. Department of State and U.S. Department of Health and Human Services, respectively, accounting for approximately 47% and 7%, respectively, of total revenues and other support. In 2014, HIAS received \$16,959,850 and \$2,546,469 from the U.S. Department of State and U.S. Department of Health and Human Services, respectively, accounting for approximately 47% and 7% of total revenues and other support.

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9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets released from restrictions were:

	<u>2015</u>	<u>2014</u>
Scholarship awards	\$ 203,617	\$ 610,755
Schoolhouse in Israel	91,390	2,762
Internship Program	2,081	1,148
The Linking Communities	79,550	80,255
Child Safe Space in Chad	7,195	2,805
Legal Service Program	25,000	12,500
Refugee Program for Artists, Scholars and Professionals	300,926	346,751
Michael B. Rukin Refugee Law Fellows Program in Israel	113,499	43,894
LGBT Refugees, Asylum Seekers and Migrants in East Africa	140,356	116,692
Unaccompanied Children Project	15,060	38,068
Refugee Crisis Deployment	1,161	51,500
Time restriction	54,906	1,112,408
	<u>\$ 1,034,741</u>	<u>\$ 2,419,538</u>

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2015</u>	<u>2014</u>
Scholarship awards	\$ 1,592,013	\$ 1,770,565
Advocacy and legal assistance for Ethiopian Jews in Israel	6,933	6,933
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	50,000	50,000
Internship Program	10,645	8,977
The Linking Communities	83,909	63,459
Syrian/Europe Emergency Relief	211,818	7,194
Legal Service Program	-	37,500
Ministry of Interior-refugee status determination	13,880	13,880
Refugee Crisis Deployment	74,340	54,906
Refugee Program for Artists, Scholars and Professionals	1,221,857	1,558,561
Michael B. Rukin Refugee Law Fellows Program in Israel	104,385	86,995
LGBT Refugees, Asylum Seekers and Migrants in East Africa	79,319	69,675
New York Resettlement	113,610	2,560
Archive Project	80,000	55,000
	<u>3,811,544</u>	<u>3,955,040</u>
For periods after December 31, 2015 and 2014	<u>282,323</u>	<u>304,809</u>
	<u>\$ 4,093,867</u>	<u>\$ 4,259,849</u>

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10. ENDOWMENT FUNDS

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 permanently restricted net assets (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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by HIAS in a manner consistent with the standard of prudence prescribed by NYPMIFA. 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 (5% in 2015 and 2014) of its endowment fund’s average fair value over the prior twelve quarters. In establishing this policy, HIAS considered the long-term expected return on its endowment. For 2015 and 2014, this allocation amounted to \$2,353,872 and \$2,296,143, 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 temporarily restricted income and released from restriction upon expenditure for the program for which the endowment fund was established.

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The endowment net assets consist of:

	<u>2015</u>	<u>2014</u>
Board-designated endowment funds	\$ 41,187,399	\$ 60,356,413
Donor-restricted endowment funds:		
The HIAS scholarship program	1,082,331	1,084,250
Special projects and activities of the organization	1,345,519	1,342,598
Rescue and resettlement of Jewish immigrants (Gossels Fund - half of the income is reinvested in perpetuity)	<u>166,141</u>	<u>161,061</u>
Total donor-restricted endowment funds	<u>2,593,991</u>	<u>2,587,909</u>
Total endowment funds	<u>\$ 43,781,390</u>	<u>\$ 62,944,322</u>

The following are the changes in endowment net assets for the years ended December 31, 2015 and 2014:

	<u>2015</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 60,356,413	\$ 305,175	\$ 2,282,734	\$ 62,944,322
Investment income	(803,210)	-	81	(803,129)
Contributions	2,668,367	-	6,000	2,674,367
Actuarial loss on split-interest agreement	(152,425)	-	-	(152,425)
Appropriation of endowment assets for expenditure	<u>(20,881,745)</u>	<u>-</u>	<u>-</u>	<u>(20,881,745)</u>
Endowment net assets, end of year	<u>\$ 41,187,400</u>	<u>\$ 305,175</u>	<u>\$ 2,288,815</u>	<u>\$ 43,781,390</u>
	<u>2014</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 58,175,962	\$ 283,271	\$ 2,262,390	\$ 60,721,623
Investment income	1,970,421	43,304	94	2,013,819
Contributions	3,088,441	-	20,250	3,108,691
Actuarial loss on split-interest agreement	(80,635)	-	-	(80,635)
Appropriation of endowment assets for expenditure	<u>(2,797,776)</u>	<u>(21,400)</u>	<u>-</u>	<u>(2,819,176)</u>
Endowment net assets, end of year	<u>\$ 60,356,413</u>	<u>\$ 305,175</u>	<u>\$ 2,282,734</u>	<u>\$ 62,944,322</u>

Subsequent to December 31, 2014, the Board appropriated \$11,504,990 from the board-designated endowment to cover prior years' deficits.