

**HIAS Foundation, Inc.**

Audited Financial Statements

December 31, 2023

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## Independent Auditor's Report

Board of Directors  
HIAS Foundation, Inc.

### Opinion

We have audited the accompanying financial statements of HIAS Foundation, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Sax CPAs LLP*

New York, NY  
July 31, 2024

# HIAS Foundation, Inc.

## Statement of Financial Position

As of December 31, 2023

### ASSETS

Cash and cash equivalents	\$ 1,052,554
Pledges receivable	24,955
Investments held for endowment	20,835,402
Pledges receivable - restricted towards endowment	<u>100,000</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 22,012,911</u></u></b>

### LIABILITIES AND NET ASSETS

Accounts payable accrued expenses	\$ 125,653
Total liabilities	<u>125,653</u>
<b>NET ASSETS</b>	
Without donor restrictions	21,287,258
With donor restrictions	<u>600,000</u>
Total net assets	<u><u>21,887,258</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 22,012,911</u></u></b>

*The attached notes and auditor's report are an integral part of these financial statements.*

# HIAS Foundation, Inc.

## Statement of Activities

For the Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public support and revenue - contributions	\$ 20,297,788	\$ 600,000	\$ 20,897,788
In-kind contributions	277,852	-	277,852
Investment return	1,379,402	-	1,379,402
Total public support and revenue	<u>21,955,042</u>	<u>600,000</u>	<u>22,555,042</u>
<b>EXPENSES</b>			
Program services	<u>204,900</u>	-	<u>204,900</u>
Supporting services:			
Management and general	451,497	-	451,497
Fundraising	89,924	-	89,924
Total supporting services	<u>541,421</u>	-	<u>541,421</u>
Total expenses	<u>746,321</u>	-	<u>746,321</u>
Change in net assets	<b>21,208,721</b>	<b>600,000</b>	<b>21,808,721</b>
NET ASSETS, <i>beginning of year</i>	<u>78,537</u>	-	<u>78,537</u>
NET ASSETS, <i>end of year</i>	<u><b>\$ 21,287,258</b></u>	<u><b>\$ 600,000</b></u>	<u><b>\$ 21,887,258</b></u>

The attached notes and auditor's report are an integral part of these financial statements.

# HIAS Foundation, Inc.

## Statement of Functional Expenses

For the Year Ended December 31, 2023

	Supporting Services			Total Supporting Services	Total
	Program Services	Management and General	Fundraising		
Salaries	\$ -	\$ 98,553	\$ 34,780	\$ 133,333	\$ 133,333
Payroll taxes and benefits	-	27,275	19,250	46,525	46,525
Contribution expense	204,900	-	-	-	204,900
Professional fees	-	36,560	15,000	51,560	51,560
Insurance	-	4,235	-	4,235	4,235
Travel and conferences	-	-	11,456	11,456	11,456
Supplies	-	2,211	-	2,211	2,211
IT and communications	-	180	-	180	180
Membership fees	-	-	370	370	370
Postage	-	-	109	109	109
In-kind services	-	277,852	-	277,852	277,852
Food service	-	1,254	-	1,254	1,254
Bank Charges	-	3,377	-	3,377	3,377
Registration fees	-	-	8,959	8,959	8,959
<b>Total expenses</b>	<b>\$ 204,900</b>	<b>\$ 451,497</b>	<b>\$ 89,924</b>	<b>\$ 541,421</b>	<b>\$ 746,321</b>

*The attached notes and auditor's report are an integral part of these financial statements.*

# HIAS Foundation, Inc.

## Statement of Cash Flows

For the Year Ended December 31, 2023

### CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 21,808,721
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Realized and unrealized gains on investments	(1,105,889)
Donated securities - board designated endowment	(20,000,000)
Donated securities - endowment	(500,000)
Changes in assets and liabilities:	
Pledges receivable	20,517
Pledges receivable - restricted towards endowment	(100,000)
Accounts payable and accrued expenses	125,653
Total adjustments	<u>(21,559,719)</u>
Net cash flows provided by operating activities	<u>249,002</u>

### CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales of investments	<u>770,487</u>
Net cash flows provided by investing activities	<u>770,487</u>

**Net increase in cash and cash equivalents** **1,019,489**

**CASH AND CASH EQUIVALENTS, *beginning of year*** 33,065

**CASH AND CASH EQUIVALENTS, *end of year*** \$ 1,052,554

*The attached notes and auditor's report are an integral part of these financial statements.*



# HIAS Foundation, Inc.

## Notes to Financial Statements

December 31, 2023

### Note 1 - Organization

HIAS Foundation, Inc. (“the Organization” or “the Foundation”) was formed in the State of New York on October 27, 2021 as a 501(c)(3) public charity to provide support to HIAS, Inc. in carrying out its mission to provide vital services to refugees and asylum seekers around the world and advocate for their fundamental rights so they can rebuild their lives.

The Foundation’s goals are to:

- Steward, conserve and grow a permanent endowment via sound investment for the purpose of supporting HIAS, Inc.
- Leverage the power of gift planning to promote tax efficient vehicles for donors to support the HIAS Foundation, and thus the future of HIAS, Inc. through gifts of assets via various creative charitable mechanisms.
- Engage individuals, both donors and prospects to consider supporting the HIAS Foundation endowment to have long-lasting permanent impact on HIAS, Inc.’s annual operations.

By building an endowment through planned gifts, the HIAS Foundation furthers HIAS, Inc.’s mission. Every year, income from HIAS Foundation’s endowments will be made available to HIAS, Inc. to help refugees and asylum seekers around the world realize their rights and rebuild their lives in safety and freedom.

The Foundation’s support comes primarily from contributions.

The Foundation has been notified by the Internal Revenue Service that it is exempt from Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws. The Foundation has not been designated as a private foundation.

### Note 2 - Summary of Significant Accounting Policies

#### *a. Basis of Accounting and Financial Statement Presentation*

The financial statements have been prepared on the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred rather than received or paid.

The financial statements are presented in accordance with the provisions of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958 - *Presentation of Financial Statements of Not-For Profit Entities*. FASB ASC 958 requires the Organization to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets without Donor Restrictions* - represents all activity without donor-imposed restrictions.
- *Net Assets with Donor Restrictions* - relates to contributions of cash and other assets with donor stipulations that make clear the assets’ restrictions, either due to a program nature, the passage of time, and/or must remain intact, in perpetuity.

# HIAS Foundation, Inc.

## Notes to Financial Statements

December 31, 2023

### Note 2 - Summary of Significant Accounting Policies - Continued

#### *b. Revenue Recognition*

The Foundation follows the requirements of FASB ASC 958-605 - *Revenue Recognition* for recording contributions, which are recognized at the time a pledge becomes unconditional in nature. Contributions that do not contain donor restrictions are recorded in the class of net assets without donor restrictions. Contributions that do contain donor restrictions are recorded in the class of net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified in the class of net assets without donor restrictions.

Contributions may be subject to conditions, which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations and are recognized as income once the conditions have been substantially met.

Unconditional promises to give are recorded at net realizable value if expected to be received in less than one year, or at fair value using a risk-adjusted discount rate if expected to be received in greater than one year.

The Organization assesses whether there are any potential uncollectible accounts based on its historical loss experience and considering the age of the receivables. At December 31, 2023 and 2022, there was no established allowance.

#### *c. Cash and Cash Equivalents*

The Organization considers cash held in banks and money market funds to be cash and cash equivalents which can be converted to cash within three months, except for cash held in the Organization's investment portfolio.

#### *d. Concentration of Credit Risk*

Financial instruments, which potentially subject the Foundation to a concentration of credit risk consist of cash accounts, which are placed with financial institutions that management deems to be creditworthy. Investments are subject to market value fluctuations and principal is not guaranteed. The Organization maintains its cash balances in financial institutions which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times, balances may exceed federally insured limits. While at year end the Organization had uninsured balances, management feels they have little risk and have not experienced any losses due to bank failure.

#### *e. Investments*

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses, net of investment fees, are recognized on the statement of activities.

# HIAS Foundation, Inc.

## Notes to Financial Statements

December 31, 2023

### Note 2 - Summary of Significant Accounting Policies - Continued

#### *f. Fair Value Measurements*

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

#### *g. Donated Services*

The Organization records contributed services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and typically would have been purchased if they had not been donated. During 2023, HIAS, Inc. provided certain management support services to the Organization without charge. In-kind services totaling \$277,852 have been recognized and included in the statement of activities and is based on the estimated time spent by HIAS, Inc. employees.

#### *h. Management Estimates*

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

#### *i. Functional Allocation of Expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Salaries, payroll taxes and benefits have been allocated using time and effort as the basis. All other expenses have been charged directly to the applicable program or supporting services.

#### *j. Accounting for Uncertainty of Income Taxes*

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2022 (initial filing) and later are subject to examination by applicable taxing authorities.

# HIAS Foundation, Inc.

## Notes to Financial Statements

December 31, 2023

### Note 3 - Investments and Fair Value Measurements

The following summarizes the composition of investments, which have been determined to be Level 1 investments:

Cash and cash equivalents	\$ 263,706
Mutual funds - equity	16,613,174
Mutual funds - fixed income	3,958,522
Total investments	<u>\$ 20,835,402</u>

The following summarizes net investment return:

Realized and unrealized gains	\$ 1,105,889
Interest and dividends	280,475
Investment fees	(6,962)
Net investment return	<u>\$ 1,379,402</u>

### Note 4 - Board Designated Net Assets and Net Assets With Donor Restrictions - Endowment Funds

The Organization's endowment includes a board designated endowment as well as two separate donor restricted funds to be held in perpetuity.

In connection with a \$20,000,000 contribution received from HIAS, Inc. during 2023, the Organization established a board designated endowment. The purpose of the board designated endowment is to guarantee stable and predictable support for HIAS, Inc., contribution funding to HIAS Inc.'s current operations on an annual basis and to fund operations and administration of the Organization. The Organization may appropriate for expenditure based on established spending rate.

Subsequent to year-end, on March 27, 2024, the Organization agreed to grant unrestricted funds from the board designated endowment totaling \$17,200,000 to HIAS, Inc. to support its ongoing operations. In connection with this, the Organization received \$7,200,000 in donor restricted endowment funds from HIAS, Inc.

In 2023, the Organization received a \$500,000 contribution to establish an anonymously named endowment fund. Under the term of the agreement, the endowment will provide funds in perpetuity to HIAS, Inc. to assist refugees and asylum seekers. The funds are invested in the Organization's pooled endowment investment account.

In 2023, the Organization entered into an agreement with the Bivas El-Yachar Family Fund to establish a permanently restricted endowment fund in the amount of \$100,000. As of December 31, 2023, these funds had yet to be received by the Organization and accordingly are reflected as pledges receivable on the statement of financial position.

#### *Interpretation of Relevant Law*

The Organization follows New York Prudent Management of Institutional Funds Act ("NYPMIFA"), which the Board of Directors has interpreted as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the fair value of the original gift will be preserved as of the gift date of all donor restricted endowment funds. However, under certain circumstances, the fair value of the original gift can be appropriated in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

# HIAS Foundation, Inc.

## Notes to Financial Statements

December 31, 2023

### Note 4 - Board Designated Net Assets and Net Assets With Donor Restrictions - Endowment Funds - Continued

As a result of this interpretation, the Organization classified as endowment: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

When endowment earnings have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the Board appropriates for expenditure. Therefore, they have been classified in the class of net assets with donor restrictions.

#### *Endowment Investment Policies*

The Organization has adopted investment and spending policies for endowment assets that attempt to provide sufficient income to meet various program and operational expenses, and to extend the pursuit of the Organization's mission in perpetuity. A total return strategy is used, and investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A diversified asset allocation strategy is used that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### *Spending Policies*

In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Organization and the donor restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources available;
- (7) The investment policies;
- (8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization.

Changes in endowment net assets for the year ended December 31, 2023 are as follows:

	Without Donor Restrictions Board Designated	With Donor Restrictions Endowment Corpus	Total
Endowment net assets, beginning of year	\$ -	\$ -	\$ -
Contributions	20,000,000	500,000	20,500,000
Board appropriations	(1,044,000)	-	(1,044,000)
Net investment return	1,379,402	-	1,379,402
Endowment net assets, end of year	<u>\$ 20,335,402</u>	<u>\$ 500,000</u>	<u>\$ 20,835,402</u>

# HIAS Foundation, Inc.

## Notes to Financial Statements

December 31, 2023

### Note 5 - Availability and Liquidity

The following reflects the Organization's financial assets at December 31, 2023 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:

Cash and cash equivalents	\$ 1,052,554
Pledges receivable	<u>24,955</u>

Financial assets available to meet cash needs for operations within one year

\$ 1,077,509

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for ongoing operations. As part of its liquidity management, the Organization operates its programs within a board approved budget.

### Note 6 - Subsequent Events

Subsequent events have been evaluated through July 31, 2024, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.