

# **Pennsylvania Health Law Project**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2020  
with Independent Auditor's Reports

**MaherDuessel**  
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

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# PENNSYLVANIA HEALTH LAW PROJECT

YEAR ENDED JUNE 30, 2020

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### **Independent Auditor's Report in Accordance with *Government Auditing Standards***

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## Independent Auditor's Report

**The Board of Directors  
Pennsylvania Health  
Law Project**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Pennsylvania Health Law Project (PHLP), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of PHLP as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principles**

As described in Note 2 to the financial statements, PHLP adopted the following Accounting Standards Updates (ASU): ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*," and ASU 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*." Our opinion is not modified with respect to these matters.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 15 through 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2020, on our consideration of PHLP's 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 PHLP's 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 PHLP's internal control over financial reporting and compliance.

*Maher Duessel*

Harrisburg, Pennsylvania  
October 1, 2020

# PENNSYLVANIA HEALTH LAW PROJECT

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

### Assets

Cash and cash equivalents	\$ 1,557,760
Accounts receivable:	
Developmental Disabilities Planning Council	70,082
Pennsylvania Legal Aid Network	143,198
Pennsylvania Commission on Crime and Delinquency	43,202
Other	37,495
Prepaid expenses	34,474
Security deposits	12,096
<b>Total Assets</b>	<b>\$ 1,898,307</b>

### Liabilities and Net Assets

Liabilities:	
Accounts payable and accrued expenses	\$ 76,746
Accrued compensated absences	33,683
Payroll taxes and withholdings	2,984
Loan payable	238,700
Refundable advances	174,828
Total Liabilities	<u>526,941</u>
Net assets:	
Without donor restrictions	1,332,078
With donor restrictions	39,288
Total Net Assets	<u>1,371,366</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,898,307</b>

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

# PENNSYLVANIA HEALTH LAW PROJECT

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Revenues and Other Support:</b>			
Contracts and grants	\$ 1,578,030	\$ -	\$ 1,578,030
Contributions	150,419	-	150,419
Other income	1,982	-	1,982
Interest income	566	-	566
Net assets released from restrictions	151,147	(151,147)	-
Total revenues and other support	1,882,144	(151,147)	1,730,997
<b>Expenses:</b>			
Program services	1,530,849	-	1,530,849
Management and general	150,455	-	150,455
Fundraising	10,827	-	10,827
Total expenses	1,692,131	-	1,692,131
<b>Change in Net Assets</b>	190,013	(151,147)	38,866
<b>Net Assets:</b>			
Beginning of year	1,142,065	190,435	1,332,500
End of year	\$ 1,332,078	\$ 39,288	\$ 1,371,366

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

# PENNSYLVANIA HEALTH LAW PROJECT

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 937,662	\$ 48,486	\$ 6,063	\$ 992,211
Fringe benefits	370,887	18,344	2,251	391,482
Consultants and contractors	53,826	61,628	-	115,454
Travel	7,817	-	-	7,817
Space costs	100,652	5,205	650	106,507
Consumable supplies	3,023	156	20	3,199
Equipment related expense	17,521	906	113	18,540
Other	39,461	15,730	1,730	56,921
Total expenses	<u>\$ 1,530,849</u>	<u>\$ 150,455</u>	<u>\$ 10,827</u>	<u>\$ 1,692,131</u>

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



# PENNSYLVANIA HEALTH LAW PROJECT

## STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

### **Cash Flows From Operating Activities:**

Change in net assets	\$ 38,866
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:	
(Increase) decrease in:	
Accounts receivable	67,952
Promises to give	63,000
Prepaid expenses	(14,791)
Increase (decrease) in:	
Accounts payable and accrued expenses	(33,239)
Accrued compensated absences	16,351
Payroll taxes and withholdings	(3,811)
Refundable advances	174,828
Net cash and cash equivalents provided by operating activities	<u>309,156</u>

### **Cash Flows From Financing Activities:**

Proceeds from loan payable	<u>238,700</u>
Net cash and cash equivalents provided by financing activities	<u>238,700</u>

### **Net Increase in Cash and Cash Equivalents**

547,856

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

Beginning of year	<u>1,009,904</u>
End of year	<u>\$ 1,557,760</u>

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

# PENNSYLVANIA HEALTH LAW PROJECT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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### 1. Organization

Pennsylvania Health Law Project (PHLP) is a Pennsylvania nonprofit corporation that was formed and is operated for the sole charitable purpose of providing free civil legal services in the area of health law to indigent persons otherwise financially incapable of obtaining such services. PHLP is financially supported by governmental grants and contracts, publicly supported foundations, and funding from Pennsylvania Interest on Lawyers' Trust Account (PA IOLTA).

PHLP protects and advances the health rights of low-income and underserved individuals. PHLP provides free legal services to Pennsylvanians seeking health coverage and to recipients already in Pennsylvania's publicly financed health care programs who are having problems accessing services. These include the Children's Health Insurance Program, Medicare, and many categories of Medical Assistance. To qualify for free legal services from PHLP, clients must meet the low-income eligibility guidelines provided by the Pennsylvania Department of Human Services for use by all legal services programs in the Commonwealth of Pennsylvania. Unlike some other Pennsylvania Legal Aid Network (PLAN) Programs, PHLP also serves consumers with income above 125 percent of the Federal Poverty Level who have been denied coverage or services from state-funded health care programs.

PHLP provides free legal representation in health law cases either by directly representing a client or by co-counseling with other legal service programs or other 501(c)(3) tax-exempt organizations that do not bill clients for legal representation and that have the identical charitable purpose of providing legal services to those financially incapable of obtaining such services.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The financial statements of PHLP have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

# PENNSYLVANIA HEALTH LAW PROJECT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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### Basis of Presentation

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of PHLP and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of PHLP and/or the passage of time or maintained permanently by PHLP.

### Management's Use of Estimates

The preparation of 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, PHLP considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

### Accounts Receivable

Contracts and grants receivable, which include PLAN receivables, are for expenses incurred prior to the fiscal year-end that have not yet been reimbursed from the funding agency.

PHLP uses the specific write-off method in recording uncollectible accounts. PHLP exhausts all avenues before receivables are written off. Management believes all receivables are collectible. Total bad debt expense was zero for the year ended June 30, 2020.

### Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be

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# PENNSYLVANIA HEALTH LAW PROJECT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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collected in future years are recorded at the present value of their net realizable value. Conditional promises to give are not included as support until the conditions are substantially met.

### Property and Equipment

Property and equipment, consisting of office furniture and equipment, have been recorded at cost. Assets with an initial, individual cost of more than \$5,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

### Accrued Compensated Absences

Employees are permitted to carry over a pre-determined maximum amount of unused vacation and personal leave from one fiscal year to the next. Employees receive payment for their unused vacation, up to a maximum, at termination. PHLP has established a liability for unused vacation and personal leave based on the aggregate maximum payable per employee.

### Revenue, Support, and Refundable Advances

Conditional contributions are recorded as refundable advances until the conditions are substantially met. When the conditions are substantially met, the contribution becomes unconditional.

Unconditional contributions are recorded as without donor restrictions or with donor restrictions. This classification is dependent on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in 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 and reported in the statement of activities as net assets released from restrictions.

### In-Kind Contributions

In-kind contributions are recorded at fair market value at the time of receipt. These contributions are recognized as both revenue and expense in the Statement of Activities.

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# PENNSYLVANIA HEALTH LAW PROJECT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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Only those contributed services that create or enhance non-financial assets, require specialized skills, and are provided by such individuals possessing those skills, and would typically need to be purchased, if not provided by donation, are recognized in the financial statements. In-kind contributed services were zero for the year ended June 30, 2020.

### Expense Allocation

The costs of providing the legal services program have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among program and support services benefited.

PHLP allocates expenses among PLAN and other funding sources. The expense allocation among funding sources is made based on annualized budgetary revenue relationships and specific identification. The funding source expense allocation is summarized in the Schedule of Revenues and Other Support, Expenses, and Changes in Net Assets by Primary Funding Sources, included as supplementary information.

### Income Tax Status

PHLP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code and from Commonwealth of Pennsylvania corporate taxes. In addition, PHLP qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). PHLP annually files a Form 990.

### Adoption of Accounting Standards

The requirements of the following Financial Accounting Standards Board (FASB) Accounting Standards Updates (ASU) were adopted during the year ended June 30, 2020:

ASU 2014-09, *“Revenue from Contracts with Customers (Topic 606),”* provides guidance for revenue recognition related to contracts involving the transfer of promised goods or services to customers and the related disclosures. This ASU had no effect on the financial statements.

ASU 2018-08, *“Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958),”* provides guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions

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# PENNSYLVANIA HEALTH LAW PROJECT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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(exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. This ASU was applied on a modified prospective basis.

### Pending Standards Update

ASU 2016-02, “Leases (Topic 842),” is effective for PHLP’s financial statements for the year ending June 30, 2023. This amendment will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU 2018-15, “Intangibles: Goodwill and Other Internal-Use Software (Subtopic 350-40),” is effective for PHLP’s financial statements for the year ending June 30, 2022. This amendment will help entities evaluate the accounting fees paid by a customer in a cloud computing arrangement (hosting arrangement) by providing guidance for determining when the arrangement includes a software lease.

Management has not yet determined the impact of these amendments on PHLP’s financial statements.

### Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

### **3. Conditional Promises to Give**

Conditional promises to give are expected to be collected as follows as of June 30, 2020:

<u>Year Ending June 30,</u>	
2021	\$ 339,664
2022	<u>223,694</u>
Total	<u><u>\$ 563,358</u></u>

# PENNSYLVANIA HEALTH LAW PROJECT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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The promises will become unconditional when qualifying expenses are incurred. Revenue will be recognized when the promises becomes unconditional.

### 4. Property and Equipment

Property and equipment as of June 30, 2020 consist of the following:

Property and equipment	\$ 107,910
Less: accumulated depreciation	<u>(107,910)</u>
Total equipment	<u><u>\$ -</u></u>

Depreciation expense was zero for the year ended June 30, 2020.

### 5. Loan Payable

In April 2020, PHLP received a Paycheck Protection Program loan from the United States Small Business Administration for \$238,700 with an interest rate of 1%. PHLP will apply for forgiveness for this loan. If the loan is not forgiven, payments of principal and interest are due beginning in December 2020 and through April 2022.

At June 30, 2020, principal payments are due, if the loan is not forgiven, as follows:

<u>Year Ending June 30,</u>	
2021	\$ 97,881
2022	<u>140,819</u>
Total	<u><u>\$ 238,700</u></u>

# PENNSYLVANIA HEALTH LAW PROJECT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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### 6. Refundable Advances

PHLP's refundable advances as of June 30, 2020 are as follows:

Access to Justice Act	\$ 152,658
IOLTA	22,146
Other	<u>24</u>
	<u>\$ 174,828</u>

All refundable advances as of June 30, 2020 are considered conditional contributions with an unmet barrier to incur qualifying expenses.

Access to Justice Act and IOLTA funding permit a 10% carryover of current funding to the next fiscal year. The recipient may request a written waiver to carry over more than 10% of these funds. A waiver was granted to PHLP to carry over up to 50% of Access to Justice Act and IOLTA funding for the year ended June 30, 2020. Actual carry over for the year ended June 30, 2020 was 45% of Access to Justice Act and IOLTA funding.

### 7. Leases

PHLP leases office facilities in Philadelphia, Pittsburgh, and Harrisburg, Pennsylvania.

In May 2008, the Philadelphia office entered into a lease beginning on July 26, 2008 for a five-year period. In May 2013, the lease was extended for two additional years. In July 2015, the lease was extended for another two years. From August 2017 to March 2019, the lease continued on a month-to-month basis for \$4,639 per month. In April 2019, the lease was extended to July 2021, starting at \$57,171 for the first year, and increasing to \$60,180.

The Harrisburg office entered into a lease with PLAN, beginning on December 1, 2014, at a rate of \$400 per month through June 30, 2015, and \$800 per month from July 1, 2015 through November 30, 2015. This lease continues on a month-to-month basis for \$800 per month.

The Pittsburgh office sublets space from a funder at a rate of \$851 per month through March 31, 2010. This lease continued on a month-to-month basis until it was renewed through July 30, 2016 at a rate of \$1,225 per month. Beginning on August 1, 2016, the



# PENNSYLVANIA HEALTH LAW PROJECT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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Pittsburgh office entered into a new lease for a five-year period at a rate of \$1,861 per month.

Rent expense incurred for the year ended June 30, 2020 was \$90,487.

PHLP also has operating leases for copiers. Equipment operating lease payments totaled \$4,053 for the year ended June 30, 2020.

The future minimum lease payments as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 83,841
2022	8,084
Total	<u>\$ 91,925</u>

### 8. Funding

During the years ended June 30, 2020, approximately 73% of PHLP's funding was provided by PLAN, PA IOLTA, and Commonwealth of Pennsylvania Developmental Disabilities Council (DDC).

### 9. Retirement Plan

PHLP offers a 403(b) Plan for its employees. All employees are eligible to make contributions under the Plan. A percentage of an eligible employee's gross wages is contributed to the plan by PHLP. Employer contributions are made at the discretion of the Executive Director and Board of Directors. PHLP contributed \$68,396 to the Plan during the year ended June 30, 2020.

# PENNSYLVANIA HEALTH LAW PROJECT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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### 10. Net Assets

Net assets at June 30, 2020 consist of the following:

Net Assets Without Donor Restrictions:	
All other	<u>\$ 1,332,078</u>
Net Assets With Donor Restrictions:	
Independence Foundation	3,288
PEW Charitable Trusts	<u>36,000</u>
Total net assets with donor restrictions	<u>39,288</u>
Total	<u><u>\$ 1,371,366</u></u>

### 11. Concentrations of Credit Risk

Financial instruments, which potentially subject PHLP to concentration of credit risk, consist principally of temporary cash investments. PHLP invests its temporary cash with a high-credit, quality financial institution. The cash balances are secured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. The balances, at times, may exceed federally insured limits.

### 12. Line of Credit

PHLP has an unsecured line of credit of \$200,000 at prime plus 0.25%. The line of credit expires on November 26, 2020. There was no balance on the line of credit at June 30, 2020.

### 13. Commitment and Contingencies

Grants received are subject to audit and adjustment by grantor agencies, principally PLAN and DDC. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although PHLP expects such amounts, if any, to be immaterial.

# PENNSYLVANIA HEALTH LAW PROJECT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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### 14. Liquidity and Availability

PHLP's goal is to maintain financial assets on hand to fund 90 days of normal operating expenses. As part of PHLP's liquidity policy, its financial assets are managed in order to be available as necessary to fund its general expenses and the discharge of its liabilities and other obligations as they become due. In order to effectuate such a policy, including to provide for the possibility that unanticipated liquidity requirements might arise, PHLP has established a line of credit in the amount of \$200,000 as described in Note 12.

PHLP's financial assets as of June 30, 2020 expected to be available within one year to meet the cash needs for general expenses are as follows:

Cash and cash equivalents	\$ 1,557,760
Accounts receivable	<u>293,977</u>
	<u>\$ 1,851,737</u>

### 15. Risks and Uncertainties

In early 2020, an outbreak of a novel strain of coronavirus was identified, and infections have been found in a number of countries around the world, including the United States. The coronavirus and its associated impacts on supply chains, travel, employee productivity and other economic activities has had, and may continue to have, a material effect on financial markets and economic activity. The extent of the negative impact of the coronavirus on PHLP's operational and financial performance is currently uncertain and cannot be predicted and will depend on certain developments, including, among others, the duration and spread of the outbreak, its impact on PHLP's funders, employees and vendors, and governmental, regulatory and other responses to the coronavirus.

## **SUPPLEMENTARY INFORMATION**

# PENNSYLVANIA HEALTH LAW PROJECT

## SCHEDULE OF REVENUES AND OTHER SUPPORT, EXPENSES, AND CHANGES IN NET ASSETS BY PRIMARY FUNDING SOURCES

YEAR ENDED JUNE 30, 2020

### Pennsylvania Legal Aid Network

	State						PA IOLTA Special Grant	Other	Total	
	Federal Title XX	State	State Over Limit	State Managed Care	IOLTA	Access to Justice Funds				Total
<b>Revenues and Other Support:</b>										
Contracts and grants	\$ 113,973	\$ 54,046	\$ 125,000	\$ 510,000	\$ 27,050	\$ 186,046	\$ 1,016,115	\$ 136,676	\$ 425,239	\$ 1,578,030
Contributions	-	-	-	-	-	-	-	-	150,419	150,419
Other income	-	-	-	-	-	-	-	-	1,982	1,982
Interest income	-	-	-	-	8	241	249	24	293	566
Total revenues and other support	113,973	54,046	125,000	510,000	27,058	186,287	1,016,364	136,700	577,933	1,730,997
<b>Expenses:</b>										
Salaries:										
Attorneys	46,434	22,011	50,924	223,610	12,337	107,367	462,683	51,465	198,256	712,404
Paralegals	12,872	6,102	14,117	61,379	7,845	29,736	132,051	22,437	34,498	188,986
Support	8,171	3,873	8,961	15,783	1,376	11,960	50,124	6,368	29,262	85,754
Law student	481	228	528	1,716	72	660	3,685	573	809	5,067
Total salaries	67,958	32,214	74,530	302,488	21,630	149,723	648,543	80,843	262,825	992,211
Fringe benefits:										
Payroll taxes	5,500	2,607	6,032	24,481	1,750	12,117	52,487	6,543	21,272	80,302
Health and dental insurance	14,359	6,807	15,748	65,949	4,654	31,997	139,514	17,329	53,118	209,961
Life, accident, and disability insurance	1,430	678	1,568	6,363	455	3,150	13,644	1,701	5,421	20,766
Workers' compensation	141	67	155	627	45	310	1,345	168	544	2,057
Loan repayment	679	322	744	3,691	196	1,938	7,570	1,195	1,235	10,000
Retirement	4,709	2,232	5,164	20,959	1,499	10,374	44,937	5,601	17,858	68,396
Total fringe benefits	26,818	12,713	29,411	122,070	8,599	59,886	259,497	32,537	99,448	391,482
Consultants and contractors:										
Auditing	-	-	-	-	236	1,636	1,872	883	6,719	9,474
Accounting and payroll	1,710	810	1,875	7,611	544	3,767	16,317	2,034	3,464	21,815
Consultants - other	4,239	2,010	4,650	18,872	1,349	9,341	40,461	5,044	38,660	84,165
Total consultants and contractors	5,949	2,820	6,525	26,483	2,129	14,744	58,650	7,961	48,843	115,454
Travel:										
Local	594	282	652	2,645	189	1,309	5,671	707	1,439	7,817
Total travel	594	282	652	2,645	189	1,309	5,671	707	1,439	7,817

(Continued)

# PENNSYLVANIA HEALTH LAW PROJECT

## SCHEDULE OF REVENUES AND OTHER SUPPORT, EXPENSES, AND CHANGES IN NET ASSETS BY PRIMARY FUNDING SOURCES

YEAR ENDED JUNE 30, 2020

(Continued)

### Pennsylvania Legal Aid Network

	Federal Title XX	State	State Over Limit	State Managed Care	IOLTA	Access to Justice Funds	Total	PA IOLTA Special Grant	Other	Totals
<b>Expenses (Continued):</b>										
Space costs:										
Rent and parking	6,012	2,870	6,596	26,750	1,959	13,208	57,395	7,128	25,964	90,487
Utilities	741	351	813	3,298	236	1,632	7,071	881	1,501	9,453
Office maintenance	515	244	564	2,291	164	1,134	4,912	612	1,043	6,567
Total space costs	<u>7,268</u>	<u>3,465</u>	<u>7,973</u>	<u>32,339</u>	<u>2,359</u>	<u>15,974</u>	<u>69,378</u>	<u>8,621</u>	<u>28,508</u>	<u>106,507</u>
Office supplies	251	119	275	1,116	80	552	2,393	298	508	3,199
Equipment related expense:										
Equipment leased	318	151	348	1,414	-	-	2,231	-	1,822	4,053
Equipment and software expense	1,068	507	1,172	4,755	340	2,354	10,196	1,271	2,165	13,632
Maintenance agreement	67	32	73	298	21	148	639	80	136	855
Total equipment related expense	<u>1,453</u>	<u>690</u>	<u>1,593</u>	<u>6,467</u>	<u>361</u>	<u>2,502</u>	<u>13,066</u>	<u>1,351</u>	<u>4,123</u>	<u>18,540</u>
Other:										
Insurance and bonding	709	336	777	3,154	226	1,562	6,764	843	1,437	9,044
Printing and copying	93	44	101	412	29	204	883	110	310	1,303
Dues	240	114	263	1,068	76	529	2,290	286	487	3,063
Training and seminars	177	84	195	789	56	391	1,692	211	360	2,263
Advertising	30	14	33	133	9	66	285	35	60	380
Meetings	247	117	271	1,102	79	545	2,361	294	503	3,158
Periodicals	431	204	473	1,920	145	1,189	4,362	538	604	5,504
Telephone	447	212	490	1,990	142	985	4,266	532	2,044	6,842
Connectivity	682	323	748	3,034	217	1,502	6,506	811	8,503	15,820
Postage and freight	248	118	272	1,105	79	547	2,369	295	504	3,168
Development	-	-	-	-	-	-	-	-	1,546	1,546
Bank charges	108	51	119	481	34	238	1,031	129	219	1,379
Miscellaneous	270	126	299	1,204	79	356	2,334	298	819	3,451
Total other	<u>3,682</u>	<u>1,743</u>	<u>4,041</u>	<u>16,392</u>	<u>1,171</u>	<u>8,114</u>	<u>35,143</u>	<u>4,382</u>	<u>17,396</u>	<u>56,921</u>
Total expenses	<u>113,973</u>	<u>54,046</u>	<u>125,000</u>	<u>510,000</u>	<u>36,518</u>	<u>252,804</u>	<u>1,092,341</u>	<u>136,700</u>	<u>463,090</u>	<u>1,692,131</u>
<b>Change in Net Assets</b>	-	-	-	-	(9,460)	(66,517)	(75,977)	-	114,843	38,866
<b>Net Assets:</b>										
Beginning of year	-	-	-	-	9,460	66,517	75,977	-	1,256,523	1,332,500
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,371,366</u>	<u>\$ 1,371,366</u>
<b>Acquisition of Property</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

**Pennsylvania Health Law Project**

Independent Auditor's Report  
in Accordance with  
*Government Auditing Standards*

Year Ended June 30, 2020

**Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

**The Board of Directors  
Pennsylvania Health  
Law Project**

We have audited, in accordance with the 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, the financial statements of Pennsylvania Health Law Project (PHLP), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 1, 2020.

## **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered PHLP’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PHLP’s internal control. Accordingly, we do not express an opinion on the effectiveness of PHLP’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



The Board of Directors  
Pennsylvania Health Law Project  
Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether PHLP's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mahe Duessel*

Harrisburg, Pennsylvania  
October 1, 2020