

Pennsylvania Health Law Project

Financial Statements and
Supplementary Information

Years Ended June 30, 2023 and 2022
with Independent Auditor's Reports

MaherDuessel

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PENNSYLVANIA HEALTH LAW PROJECT

YEARS ENDED JUNE 30, 2023 AND 2022

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Independent Auditor's Report

**Board of Directors
Pennsylvania Health Law Project**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Pennsylvania Health Law Project (PHLP), which comprise the statement of financial position as of June 30, 2023, and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the PHLP as of June 30, 2023, and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the PHLP, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 PHLP'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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 PHLP'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 PHLP'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents 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 supplementary 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 9, 2023 on our consideration of the 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 the 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 9, 2023

PENNSYLVANIA HEALTH LAW PROJECT

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 1,734,273	\$ 1,963,041
Accounts receivable:		
Developmental Disabilities Planning Council	-	36,714
Pennsylvania Legal Aid Network	67,727	134,688
Other	62,500	62,500
Prepaid expenses	36,823	23,522
Security deposits	12,096	12,096
Total Assets	<u>\$ 1,913,419</u>	<u>\$ 2,232,561</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 27,230	\$ 190,147
Accrued compensated absences	41,108	36,884
Payroll taxes and withholdings	11,114	1,829
Refundable advances	43,976	88,260
Total Liabilities	<u>123,428</u>	<u>317,120</u>
Net assets:		
Without donor restrictions	<u>1,789,991</u>	<u>1,915,441</u>
Total Net Assets	<u>1,789,991</u>	<u>1,915,441</u>
Total Liabilities and Net Assets	<u>\$ 1,913,419</u>	<u>\$ 2,232,561</u>

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

PENNSYLVANIA HEALTH LAW PROJECT

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues and Other Support:						
Contracts and grants	\$ 1,572,284	\$ -	\$ 1,572,284	\$ 2,009,641	\$ -	\$ 2,009,641
Contributions	184,415	-	184,415	164,905	-	164,905
Other income	6,233	-	6,233	242,350	-	242,350
Interest income	83	-	83	83	-	83
Net assets released from restrictions	-	-	-	-	-	-
Total revenues and other support	1,763,015	-	1,763,015	2,416,979	-	2,416,979
Expenses:						
Program services	1,662,951	-	1,662,951	1,869,829	-	1,869,829
Management and general	171,937	-	171,937	147,525	-	147,525
Fundraising	53,577	-	53,577	5,934	-	5,934
Total expenses	1,888,465	-	1,888,465	2,023,288	-	2,023,288
Change in Net Assets	(125,450)	-	(125,450)	393,691	-	393,691
Net Assets:						
Beginning of year	1,915,441	-	1,915,441	1,521,750	-	1,521,750
End of year	\$ 1,789,991	\$ -	\$ 1,789,991	\$ 1,915,441	\$ -	\$ 1,915,441

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

PENNSYLVANIA HEALTH LAW PROJECT

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2023 AND 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2023</u>
Salaries	\$ 1,108,600	\$ 57,016	\$ 27,907	\$ 1,193,523
Fringe benefits	396,621	20,399	9,984	427,004
Consultants and contractors	11,201	69,397	4,140	84,738
Travel	3,741	3,364	-	7,105
Space costs	91,780	4,721	2,310	98,811
Consumable supplies	1,732	89	44	1,865
Equipment related expense	12,974	668	326	13,968
Other	36,302	16,283	8,866	61,451
Total expenses	<u>\$ 1,662,951</u>	<u>\$ 171,937</u>	<u>\$ 53,577</u>	<u>\$ 1,888,465</u>

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2022</u>
Salaries	\$ 1,152,403	\$ 34,467	\$ 592	\$ 1,187,462
Fringe benefits	441,931	13,263	227	455,421
Consultants and contractors	111,087	77,360	2,043	190,490
Travel	3,354	70	-	3,424
Space costs	102,262	3,059	52	105,373
Consumable supplies	5,328	159	3	5,490
Equipment related expense	9,679	290	4	9,973
Other	43,785	18,857	3,013	65,655
Total expenses	<u>\$ 1,869,829</u>	<u>\$ 147,525</u>	<u>\$ 5,934</u>	<u>\$ 2,023,288</u>

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

PENNSYLVANIA HEALTH LAW PROJECT

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities:		
Change in net assets	\$ (125,450)	\$ 393,691
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Forgiveness of loan payable	-	(238,700)
(Increase) decrease in:		
Accounts receivable	103,675	230,373
Promises to give	-	-
Prepaid expenses	(13,301)	7,988
Increase (decrease) in:		
Accounts payable and accrued expenses	(162,917)	(85,590)
Accrued compensated absences	4,224	(4,363)
Payroll taxes and withholdings	9,285	(9,990)
Refundable advances	(44,284)	(109,140)
Net cash and cash equivalents provided by (used in) operating activities	(228,768)	184,269
Net Increase (Decrease) in Cash and Cash Equivalents	(228,768)	184,269
Cash and Cash Equivalents:		
Beginning of year	1,963,041	1,778,772
End of year	\$ 1,734,273	\$ 1,963,041

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

PENNSYLVANIA HEALTH LAW PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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, 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 Medicaid (also called Medical Assistance), the Children's Health Insurance Program (CHIP), and Medicare. 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 clients 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

YEARS ENDED JUNE 30, 2023 AND 2022

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 Statements 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 years ended, June 30, 2023 and 2022.

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

PENNSYLVANIA HEALTH LAW PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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.

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. At an employee's termination of employment (voluntary or involuntary), final paychecks, including accrued vacation leave pay, will be issued up to predetermined maximum, provided that proper notice is given, cases are in proper order, and PHLP property has been returned.

Contracts, Grants 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.

Contributed Nonfinancial Assets

Nonfinancial 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. 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. Contributed services totaled zero for the years ended June 30, 2023 and 2022.

PENNSYLVANIA HEALTH LAW PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Expense Allocation

The costs of providing the legal services program have been summarized on a functional basis in the Statements of Activities and in the Statements 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.

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. Refundable Advances

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

	2023	2022
Access to Justice Act	\$ -	\$ 32,558
IOLTA	-	5,822
Developmental Disabilities Council	39,096	-
FISA Foundation	-	45,000
Other	4,880	4,880
	<u>\$ 43,976</u>	<u>\$ 88,260</u>

PENNSYLVANIA HEALTH LAW PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

All refundable advances as of June 30, 2023 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. No waiver was requested by PHLP or granted by IOLTA for the year that ended June 30, 2023. Actual carry over for the years ended June 30, 2023 and 2022 was 10% of Access to Justice Act and IOLTA funding.

4. Leases

PHLP leases office facilities in Philadelphia and Pittsburgh, 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 31, 2021, starting at \$57,171 for the first year, and then increasing to \$60,180. The lease was extended through July 31, 2022. On August 1, 2022, the lease was extended at \$5,140 per month through July 31, 2023.

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 Pittsburgh office entered into a new lease for a five-year period at a rate of \$1,861 per month. On August 1, 2021, the Pittsburgh office entered into a new lease that can be renewed annually at a rate of \$1,768 per month. On August 1, 2022, the lease was renewed at \$1,768 per month through July 31, 2023.

During the year end June 30, 2022, PHLP leased office facilities in Harrisburg, Pennsylvania. 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 continued on a month-to-month basis for \$800 per month until July 2022 when PHLP ended the Harrisburg lease with PLAN.

Rent expense incurred for the years ended June 30, 2023 and 2022 was \$83,580 and \$91,094, respectively.

PENNSYLVANIA HEALTH LAW PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

PHLP also has operating leases for copiers. Equipment operating lease payments totaled \$4,117 and \$3,689 for the years ended June 30, 2023 and 2022, respectively.

The future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 6,909
Total	<u>\$ 6,909</u>

5. Funding

During the years ended June 30, 2023 and 2022, approximately 90% and 77%, respectively, of PHLP's funding was provided by PLAN, PA IOLTA, and Commonwealth of Pennsylvania Developmental Disabilities Council (DDC).

6. 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 \$60,298 and \$79,443 to the Plan during the year ended June 30, 2023 and 2022, respectively.

7. 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.

PENNSYLVANIA HEALTH LAW PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

8. 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, 2023. There was no balance on the line of credit at June 30, 2023 and 2022.

9. 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.

10. Related Party Transactions

The former Executive Director of PHLP, who resigned on March 3, 2023, is the President of the Board of Directors of the Pennsylvania Health Access Network (PHAN), for which PHLP is a subgrantee of a contract between the Robert Wood Johnson Foundation, partnering with Community Catalyst in the Value Advocacy Project, and PHAN as a part of the Rural Health Access Grant from PA Developmental Disabilities Council (PA DDC). During the years ended June 30, 2023 and 2022, PHLP received \$0 and \$15,500, respectively, related to the grant contracts with PHAN. At June 30, 2023 and 2022, \$0 and \$0, respectively, was due to PHLP from PHAN.

A member of the PHLP Board of Directors is the Associate Director of the Regional Housing Legal Services (RHLS), a subgrantee of a contract between PHLP and PA DDC. During the years ended June 30, 2023 and 2022, PHLP paid RHLS \$0 and \$14,300, respectively, related to the grant contract. At June 30, 2023 and 2022, \$0 and \$10,000, respectively, was due to RHLS for those services. This member stepped down from the PHLP's Board of Directors during 2023. An organizational seat is reserved for someone else from RHLS to take the vacant seat.

An acting Co-director of PHLP serves on the Board of Directors for BAYADA Hearts for Home Care. The Hearts for Home Care arm of BAYADA is a separate entity. During the year ended June 30, 2023 financial support of \$125,000 was received from BAYADA.

PENNSYLVANIA HEALTH LAW PROJECT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

11. 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 to be available as necessary to fund its general expenses and the discharge of its liabilities and other obligations as they become due. 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 10.

The following reflects PHLP's financial assets as of June 30, 2023 and 2022 expected to be available within one year to meet the cash needs for general expenses are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,734,273	\$ 1,963,041
Accounts receivable	<u>130,227</u>	<u>233,902</u>
	<u>\$ 1,864,500</u>	<u>\$ 2,196,943</u>

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, 2023

(with comparative totals for year ended June 30, 2022)

	Pennsylvania Legal Aid Network									Totals	
	Federal Title XX	State	State Over Limit	State Managed Care	IOLTA	Access to Justice Funds	Total	PA IOLTA Special Grant			
								2023	2022		
Revenues and Other Support:											
Contracts and grants	\$ 111,706	\$ 85,991	\$ 121,250	\$ 510,000	\$ 35,292	\$ 444,990	\$1,309,229	\$ 84,450	\$ 183,485	\$ 1,577,164	\$2,009,641
Contributions	-	-	-	-	-	-	-	-	184,415	184,415	164,905
Other income	-	-	-	-	-	-	-	-	6,233	6,233	242,350
Interest income	-	-	-	-	1	12	13	1	69	83	83
Total revenues and other support	<u>111,706</u>	<u>85,991</u>	<u>121,250</u>	<u>510,000</u>	<u>35,293</u>	<u>445,002</u>	<u>1,309,242</u>	<u>84,451</u>	<u>374,202</u>	<u>1,767,895</u>	<u>2,416,979</u>
Expenses:											
Salaries:											
Attorneys	43,534	33,513	47,254	198,974	11,159	158,086	492,520	40,821	189,456	722,797	752,490
Paralegals	20,433	15,729	22,178	106,262	10,733	101,452	276,787	26,345	97,761	400,893	326,405
Program	-	-	-	-	-	-	-	-	-	-	45,992
Support	6,349	4,887	6,891	4,443	-	14,920	37,490	-	20,343	57,833	55,075
Law student	946	728	1,027	2,646	327	2,818	8,492	389	3,119	12,000	7,500
Total salaries	<u>71,262</u>	<u>54,857</u>	<u>77,350</u>	<u>312,325</u>	<u>22,219</u>	<u>277,276</u>	<u>815,289</u>	<u>67,555</u>	<u>310,679</u>	<u>1,193,523</u>	<u>1,187,462</u>
Fringe benefits:											
Payroll taxes	6,083	4,683	6,603	29,855	1,932	24,997	74,153	2,494	25,950	102,597	97,519
Health and dental insurance	13,655	10,512	14,821	67,142	4,615	56,162	166,907	5,611	58,290	230,808	251,372
Life, accident, and disability insurance	1,573	1,211	1,707	7,765	618	6,483	19,357	649	6,706	26,712	24,952
Workers' compensation	159	122	172	770	-	648	1,871	64	705	2,640	2,135
Loan repayment	233	180	253	1,149	75	960	2,850	96	1,003	3,949	-
Retirement	3,553	2,735	3,857	17,531	1,339	14,639	43,654	1,466	15,178	60,298	79,443
Total fringe benefits	<u>25,256</u>	<u>19,443</u>	<u>27,413</u>	<u>124,212</u>	<u>8,579</u>	<u>103,889</u>	<u>308,792</u>	<u>10,380</u>	<u>107,832</u>	<u>427,004</u>	<u>455,421</u>
Consultants and contractors:											
Auditing	-	-	-	-	-	3,113	3,113	234	6,298	9,645	14,497
Accounting and payroll	1,650	1,270	1,791	7,745	533	6,633	19,622	642	6,151	26,415	21,337
Consultants - other	2,461	1,895	2,671	11,461	738	9,855	29,081	1,183	18,414	48,678	154,656
Total consultants and contractors	<u>4,111</u>	<u>3,165</u>	<u>4,462</u>	<u>19,206</u>	<u>1,271</u>	<u>19,601</u>	<u>51,816</u>	<u>2,059</u>	<u>30,863</u>	<u>84,738</u>	<u>190,490</u>
Travel:											
Local	179	138	195	855	87	727	2,181	71	672	2,924	3,424
Non-local	271	208	294	1,233	-	1,072	3,078	102	936	4,116	-
Total travel	<u>450</u>	<u>346</u>	<u>489</u>	<u>2,088</u>	<u>87</u>	<u>1,799</u>	<u>5,259</u>	<u>173</u>	<u>1,608</u>	<u>7,040</u>	<u>3,424</u>

(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, 2023

(with comparative totals for year ended June 30, 2022)

(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	
										2023	2022
Expenses (Continued):											
Space costs:											
Rent and parking	4,979	3,833	5,404	24,337	1,642	20,417	60,612	2,032	20,936	83,580	91,094
Utilities	679	523	738	3,280	171	2,769	8,160	273	2,807	11,240	11,122
Office maintenance	241	185	261	1,164	65	982	2,898	97	996	3,991	3,157
Total space costs	5,899	4,541	6,403	28,781	1,878	24,168	71,670	2,402	24,739	98,811	105,373
Office supplies	50	38	54	500	26	311	979	45	841	1,865	5,490
Equipment related expense:											
Equipment leased	206	159	224	1,969	-	-	2,558	100	1,459	4,117	3,689
Equipment and software expense	620	478	673	2,892	154	2,486	7,303	240	2,308	9,851	6,284
Maintenance agreement	-	-	-	-	-	-	-	-	-	-	-
Total equipment related expense	826	637	897	4,861	154	2,486	9,861		3,767	13,968	9,973
Other:											
Insurance and bonding	779	600	848	3,668	273	3,137	9,305	304	2,906	12,515	13,069
Printing and copying	-	-	-	-	-	-	-	-	-	-	-
Dues	291	222	313	1,317	7	1,145	3,295	111	1,063	4,469	7,656
Training and seminars	29	23	32	138	9	118	349	11	109	469	421
Advertising	2	1	2	7	1	6	19	1	4	24	1,006
Meetings	551	424	598	2,537	62	2,195	6,367	210	2,045	8,622	4,555
Periodicals	160	123	174	787	131	659	2,034	66	605	2,705	7,524
Telephone	879	677	955	4,157	297	3,547	10,512	345	3,338	14,195	14,703
Connectivity	170	131	184	821	112	692	2,110	68	636	2,814	5,773
Postage and freight	313	241	340	1,443	35	1,248	3,620	119	1,163	4,902	4,107
Development	526	405	571	2,426	71	2,097	6,096	201	1,952	8,249	2,995
Bank charges	148	114	161	708	81	612	1,824	60	540	2,424	2,190
Miscellaneous	4	3	4	18	-	16	45	341	(258)	128	1,656
Total other	3,852	2,964	4,182	18,027	1,079	15,472	45,576	1,837	14,103	61,516	65,655
Total expenses	111,706	85,991	121,250	510,000	35,293	445,002	1,309,242	84,451	494,432	1,888,465	2,023,288
Change in Net Assets	-	-	-	-	-	-	-	-	(120,230)	(120,570)	393,691
Net Assets:											
Beginning of year	-	-	-	-	-	-	-	-	1,521,750	1,915,441	1,521,750
End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,401,520	\$ 1,794,871	\$ 1,915,441
Acquisition of Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Concluded)

Pennsylvania Health Law Project

Independent Auditor's Report
in Accordance with
Government Auditing Standards

Year Ended June 30, 2023

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

**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, 2023 and the related statements of activities, functional expenses (if applicable), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 9, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the PHLP’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 PHLP’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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 PHLP’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PHLP’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maher Duessel

Harrisburg, Pennsylvania
October 9, 2023