

PHILADELPHIA LAWYERS FOR SOCIAL EQUITY
FINANCIAL STATEMENTS
CASH BASIS
YEAR ENDED JUNE 30, 2018
AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

PHILADELPHIA LAWYERS FOR SOCIAL EQUITY

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Review Report	1-2
Financial Statements	
Statement of Assets, Liabilities and Net Assets – Cash Basis	3
Statement of Support, Revenue and Expenses and Changes in Net Assets – Cash Basis	4
Statement of Functional Expenses – Cash Basis	5
Notes to Financial Statements	6-8

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Philadelphia Lawyers for Social Equity
Plymouth Meeting, Pennsylvania

We have reviewed the accompanying financial statements of Philadelphia Lawyers for Social Equity (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – cash basis as of June 30, 2018, and the related statement of support, revenue, expenses and changes in net assets – cash basis, and functional expenses – cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Friedman LLP". The signature is written in a cursive, flowing style.

Philadelphia, Pennsylvania
October 17, 2018

PHILADELPHIA LAWYERS FOR SOCIAL EQUITY

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS

JUNE 30, 2018

ASSETS

Cash and cash equivalents	\$ 46,074
Total assets	\$ 46,074

Commitments

Net assets

Unrestricted	\$ 45,074
Temporarily restricted	1,000
Total net assets	\$ 46,074

See notes to financial statements and Independent Accountants' Review Report.

PHILADELPHIA LAWYERS FOR SOCIAL EQUITY

STATEMENT OF SUPPORT, REVENUES AND EXPENSES AND CHANGES IN NET ASSETS - CASH BASIS

YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Grants and contracts	\$ 18,795	\$ -	\$ 18,795
Contributions			
Foundation	46,500	-	46,500
Other	70,230	1,000	71,230
Program services	43,767	-	43,767
Total support and revenue	179,292	1,000	180,292
Expenses			
Program services			
Expungement	74,868	-	74,868
Pardons	28,516	-	28,516
Community	28,468	-	28,468
	131,852	-	131,852
Supporting services			
Management and general	9,657	-	9,657
Fundraising	3,564	-	3,564
	13,221	-	13,221
Total expenses	145,073	-	145,073
Change in net assets	34,219	1,000	35,219
Net assets, beginning of year	10,855	-	10,855
Net assets, end of year	\$ 45,074	\$ 1,000	\$ 46,074

See notes to financial statements and Independent Accountants' Review Report.

PHILADELPHIA LAWYERS FOR SOCIAL EQUITY
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
YEAR ENDED JUNE 30, 2018

	Program Services			Supporting Services				Total Expenses
	Expungement	Pardons	Community	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Payroll	\$ 55,755	\$ 19,771	\$ 21,353	\$ 96,879	\$ -	\$ -	\$ -	\$ 96,879
Payroll taxes and employee benefits	9,521	3,376	3,646	16,543	-	-	-	16,543
	65,276	23,147	24,999	113,422	-	-	-	113,422
Bank fees	-	-	-	-	247	-	247	247
Consulting	540	2,160	-	2,700	4,536	3,564	8,100	10,800
Dues and subscriptions	1,030	365	395	1,790	-	-	-	1,790
Event	-	-	-	-	2,050	-	2,050	2,050
Insurance	963	341	369	1,673	-	-	-	1,673
Miscellaneous	657	233	252	1,142	621	-	621	1,763
Office	1,800	638	690	3,128	-	-	-	3,128
Professional fees	-	-	-	-	2,203	-	2,203	2,203
Rent	3,902	1,384	1,494	6,780	-	-	-	6,780
Travel	700	248	269	1,217	-	-	-	1,217
Total expenses	\$ 74,868	\$ 28,516	\$ 28,468	\$ 131,852	\$ 9,657	\$ 3,564	\$ 13,221	\$ 145,073

See notes to financial statements and Independent Accountants' Review Report.

PHILADELPHIA LAWYERS FOR SOCIAL EQUITY

NOTES TO FINANCIAL STATEMENTS

1 - ORGANIZATION

Organization and Nature of Activities

Philadelphia Lawyers for Social Equity (the "Organization"), a nonprofit organization whose purpose is to address the collateral consequences arising from the creation, dissemination, and destruction of criminal records in Pennsylvania. As a part of this mission, its Criminal Record Expungement Project not only provides educational presentations but also limited direct representation for qualifying low-income individuals.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accounting in the United States of America. Under that basis, support and revenue are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. That basis differs from generally accepted accounting principles because the Organization has not recognized contributions receivable from donors and accounts payable to vendors and the related effects on changes in net assets in the accompanying financial statements.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Net assets are categorized according to externally (donor) imposed restrictions. A description of the net asset categories is as follows:

Unrestricted net assets – are those assets that are available for the support of operations and whose use is not externally restricted.

Temporarily restricted net assets – are those assets whose use by the Organization has been limited by donors to a specific time period or purpose.

Permanently restricted net assets – are those assets that the donor stipulates must be maintained by the Organization in perpetuity. The Organization had no permanently restricted net assets for the year ended June 30, 2018.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in demand deposit accounts.

PHILADELPHIA LAWYERS FOR SOCIAL EQUITY

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contributions

Grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Grants and contributions are recorded upon receipt.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

In-kind Contributions

Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation. The in-kind support reflected in the accompanying financial statements is included in contribution revenue and is offset by like amounts included in expenses. For the year ended June 30, 2018, the Organization received \$850 in donated event related services.

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 based upon employee time spent on each program or service.

Income Taxes

The Organization is exempt from federal income taxes under the provisions of the Internal Revenue Code Section 501(c)(3), and is exempt from state income taxes under the provisions of the Pennsylvania Nonprofit Corporation Law. The Organization is not a private foundation.

3 - COMMITMENTS

The Organization leases office space under a long-term noncancelable lease through June 30, 2020. Rent expense for office space including shared utilities and other costs for the year ended June 30, 2018 was \$6,780.

PHILADELPHIA LAWYERS FOR SOCIAL EQUITY

NOTES TO FINANCIAL STATEMENTS

3 - COMMITMENTS (Continued)

Future minimum payments required under the above noncancelable operating lease as of June 30, 2018 are as follows:

<u>Year ending June 30,</u>	
2019	\$ 7,737
2020	7,978
	<u>\$ 15,715</u>

4 - RESTRICTIONS OF NET ASSETS

Temporarily restricted net assets as of June 30, 2018 consist of the following:

<u>Mike Lee Fellowship</u>	\$ 1,000
	<u>\$ 1,000</u>

5 - UNCERTAIN TAX POSITIONS

Management of the Organization considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities, including changes to the Organization's status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and has not identified any material uncertain tax positions subject to the unrelated business income tax that require recognition or disclosure in the accompanying financial statements.

6 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 17, 2018, the date on which the financial statements were available to be issued.