

**PHILADELPHIA LAWYERS FOR SOCIAL EQUITY**

**FINANCIAL STATEMENTS  
CASH BASIS**

**YEAR ENDED JUNE 30, 2017**

**AND**

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

**FRIEDMAN LLP<sup>®</sup>**  
**ACCOUNTANTS AND ADVISORS**

# PHILADELPHIA LAWYERS FOR SOCIAL EQUITY

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## 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, 2017, and the related statements of support, revenue, expenses and change 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  
March 3, 2020

**PHILADELPHIA LAWYERS FOR SOCIAL EQUITY**

**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS**

**JUNE 30, 2017**

**ASSETS**

Cash	\$	10,855
<b>Total assets</b>	<b>\$</b>	<b>10,855</b>

**Commitments**

**Net assets**

Unrestricted	\$	10,855
<b>Total net assets</b>	<b>\$</b>	<b>10,855</b>

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

**PHILADELPHIA LAWYERS FOR SOCIAL EQUITY**  
**STATEMENT OF SUPPORT, REVENUES AND EXPENSES**  
**AND CHANGE IN NET ASSETS - CASH BASIS**

**YEAR ENDED JUNE 30, 2017**

<b>Support and revenue</b>	
Grants and contracts	\$ 17,063
Contributions	
Other	14,268
Program services	67,723
Total support and revenue	99,054
<b>Expenses</b>	
Program services	
Expungement	64,895
Pardons	7,488
Community	27,455
	99,838
Supporting services	
Management and general	2,049
Total expenses	101,887
<b>Change in net assets</b>	(2,833)
Net assets, beginning of year	13,688
<b>Net assets, end of year</b>	\$ 10,855

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, 2017**

	Program Services				Supporting Services			
	Expungement	Pardons	Community	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Payroll	\$ 51,565	\$ 5,949	\$ 21,816	\$ 79,330	\$ -	\$ -	\$ -	\$ 79,330
Payroll taxes and employee benefits	4,280	494	1,810	6,584	-	-	-	6,584
	55,845	6,443	23,626	85,914	-	-	-	85,914
Bank fees	-	-	-	-	231	-	231	231
Consulting	1,072	124	454	1,650	-	-	-	1,650
Insurance	1,559	180	659	2,398	-	-	-	2,398
Miscellaneous	577	67	244	888	-	-	-	888
Office	1,533	177	648	2,358	-	-	-	2,358
Professional fees	-	-	-	-	1,818	-	1,818	1,818
Rent	4,164	480	1,762	6,406	-	-	-	6,406
Travel	145	17	62	224	-	-	-	224
<b>Total expenses</b>	<b>\$ 64,895</b>	<b>\$ 7,488</b>	<b>\$ 27,455</b>	<b>\$ 99,838</b>	<b>\$ 2,049</b>	<b>\$ -</b>	<b>\$ 2,049</b>	<b>\$101,887</b>

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. The Organization had no temporarily restricted net assets for the year ended June 30, 2017.

*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, 2017.



# 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. Restricted contributions whose restriction was met in the same period are reflected as unrestricted contributions.

#### **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 month-to-month lease. Rent expense for the office space including shared utilities and other costs for the year ended June 30, 2017 was \$6,406.

### 4 - 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.

**PHILADELPHIA LAWYERS FOR SOCIAL EQUITY**  
**NOTES TO FINANCIAL STATEMENTS**

**5 - SUBSEQUENT EVENTS**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 3, 2020, the date on which the financial statements were available to be issued.