

BEND THE ARC JEWISH ACTION

REPORT ON AUDIT OF
FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

YEARS ENDED JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

May 13, 2021

To the Board of Directors
Bend the Arc Jewish Action
New York, New York

We have audited the accompanying financial statements of Bend the Arc Jewish Action ("BTA JA") (a nonprofit corporation) which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 BTA JA as of June 30, 2020 and 2019, 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.



BEND THE ARC JEWISH ACTION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 3,071,957	\$ 2,314,702
Contributions receivable, net	29,135	80,670
Other assets	324	13,500
Fixed assets, net	776	1,474
TOTAL ASSETS	<u>\$ 3,102,192</u>	<u>\$ 2,410,346</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 71,688	\$ 38,528
Managed project	-	80,006
Due to Bend the Arc - A Jewish Partnership for Justice	1,451,043	1,127,096
Total Liabilities	1,522,731	1,245,630
Net Assets		
Without donor restrictions	\$ 1,550,326	\$ 1,134,716
With donor restrictions	29,135	30,000
Total Net Assets	1,579,461	1,164,716
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,102,192</u>	<u>\$ 2,410,346</u>

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

BEND THE ARC JEWISH ACTION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
General contributions	\$ 1,473,958	\$ 29,135	\$ 1,503,093	\$ 1,334,352	\$ 874	\$ 1,335,226
Grants	2,600,000	-	2,600,000	2,000,000	-	2,000,000
Fees	11,000	-	11,000	24,000	-	24,000
Other income	1,359	-	1,359	2,712	-	2,712
Interest income	4,650	-	4,650	2,860	-	2,860
Satisfaction of time restriction	30,000	(30,000)	-	35,000	(35,000)	-
TOTAL SUPPORT AND REVENUE	4,120,967	(865)	4,120,102	3,398,924	(34,126)	3,364,798
EXPENSES						
Program	3,061,171	-	3,061,171	2,678,855	-	2,678,855
Administration	494,082	-	494,082	441,633	-	441,633
Development	150,104	-	150,104	142,682	-	142,682
TOTAL EXPENSES	3,705,357	-	3,705,357	3,263,170	-	3,263,170
INCREASE (DECREASE) IN NET ASSETS	415,610	(865)	414,745	135,754	(34,126)	101,628
NET ASSETS - Beginning of Year	1,134,716	30,000	1,164,716	998,962	64,126	1,063,088
NET ASSETS - End of Year	\$ 1,550,326	\$ 29,135	\$ 1,579,461	\$ 1,134,716	\$ 30,000	\$ 1,164,716

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

BEND THE ARC JEWISH ACTION

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019				
	<u>Program</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>	<u>Program</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>
Fees for services	\$ 2,268,767	\$ 317,479	\$ 101,332	\$ 2,687,578	\$ 1,863,450	\$ 260,761	\$ 83,229	\$ 2,207,440
Occupancy	211,885	66,255	14,556	292,696	203,723	63,702	13,996	281,421
Meetings, conferences and programs	87,973	-	-	87,973	100,259	-	-	100,259
Professional services	32,478	2,477	-	34,955	38,147	2,909	-	41,056
Consulting	279,729	61,456	10,746	351,931	287,645	63,195	11,050	361,890
Travel and meals	9,538	2,982	655	13,175	9,766	3,054	671	13,491
Dues and subscriptions	31,653	-	-	31,653	12,112	-	-	12,112
Office expenses	4,449	1,391	306	6,146	16,575	5,183	1,138	22,896
Depreciation and amortization	10,278	3,214	706	14,198	10,278	3,214	706	14,198
Telecommunications	25,754	8,053	1,769	35,576	26,453	8,271	1,817	36,541
Printing and design	246	-	62	308	10,206	-	2,552	12,758
Advertising	-	-	13,212	13,212	-	-	20,636	20,636
Technology	65,410	20,453	4,493	90,356	70,376	22,006	4,835	97,217
Bank and credit card fees	9,392	2,937	645	12,974	9,854	3,081	677	13,612
Miscellaneous	1,628	509	112	2,249	9,752	3,049	670	13,471
Staff training	6,207	1,941	426	8,574	-	-	-	-
Security	7,963	2,490	547	11,000	-	-	-	-
Insurance	5,200	1,626	357	7,183	6,883	2,152	473	9,508
Postage and delivery	2,621	819	180	3,620	3,376	1,056	232	4,664
TOTAL	\$ 3,061,171	\$ 494,082	\$ 150,104	\$ 3,705,357	\$ 2,678,855	\$ 441,633	\$ 142,682	\$ 3,263,170

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

BEND THE ARC JEWISH ACTION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 414,745	\$ 101,628
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	14,198	14,198
Changes in assets and liabilities which affected cash		
Decrease (Increase)		
Pledge receivable	51,535	(16,544)
Other assets	(324)	-
Increase (Decrease)		
Accounts payable and accrued expenses	33,160	1,722
Managed project	(80,006)	(195,622)
Due to Bend the Arc - A Jewish Partnership for Justice	323,947	832,167
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>757,255</u>	<u>737,549</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	757,255	737,549
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,314,702</u>	<u>1,577,153</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 3,071,957</u>	<u>\$ 2,314,702</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

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

BEND THE ARC JEWISH ACTION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Bend the Arc Jewish Action ("BTA-JA") is cultivating a new approach to faith-based activism - bringing a specifically Jewish voice into the political fold like never before. Not afraid to take sides or organize bold actions, BTA-JA is cultivating the Jewish community's progressive voice to hold our politicians' feet to the fire in order to represent the most vulnerable, and create justice and opportunity for all. BTA-JA qualifies as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code; accordingly, there is no income tax applicable to its activities.

1 Summary of Significant Accounting Policies

Accrual Basis -- The financial statements have been prepared on the accrual basis.

Cash and Cash Equivalents -- Cash and cash equivalents includes cash on deposit, cash on hand, money market funds and certificates of deposit with original maturities less than three months.

Investments -- Investments are reported at fair value.

Fixed Assets -- Fixed assets are recorded at cost. BTA-JA's policy is to capitalize major improvements to buildings and grounds and equipment with a unit cost of \$500 or more. Depreciation is calculated by the straight-line method over the estimated useful lives of depreciable assets. Estimated useful lives are as follows:

Equipment	5 years
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Net Assets -- Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period when the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

BEND THE ARC JEWISH ACTION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

1 Summary of Significant Accounting Policies (Continued)

Revenue and Revenue Recognition -- BTA-JA recognizes revenue from fees during the year in which the related services are provided. The performance obligation of fees is simultaneously received and consumed; therefore, the revenue is recognized in the period earned.

Contributions -- Contributions of cash and other assets are recorded when an unconditional promise to give such assets is received from a donor. Contributions are recorded at the fair market value of the assets received and are classified as either with or without donor restriction, depending on whether the donor has imposed a restriction on the use of such assets. BTA-JA reports restricted contributions as without donor restriction if the restrictions are satisfied in the same reporting period in which the contributions are received.

Functional Allocation of Expenses -- The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value Measurements -- Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term as the financial instrument. Alternative investments' fair value are based on their net asset value per unit as reported by their managers.

Level 3 - Inputs to the valuation methodology are unobservable.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

1 Summary of Significant Accounting Policies (Continued)

Assets and liabilities that are measured at fair value are based on one or more of the three valuation techniques that follow:

Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Cost approach - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost).

Income approach - Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques and option-pricing models).

Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

Advertising -- The cost of advertising is charged to expensed as incurred.

Income Taxes -- BTA-JA is exempt from income tax under IRC section 501(c)(4), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. BTA-JA has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations; and to identify and evaluate other matters that may be considered tax positions. BTA-JA has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

2 Concentration of Risk

BTA-JA maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. BTA-JA has not experienced any losses in such accounts. Management believes BTA-JA is not exposed to any significant credit risk related to cash and cash equivalents.

A significant portion of BTA-JA's revenue came from one major donor for the years ended June 30, 2020 and 2019, respectively.

BEND THE ARC JEWISH ACTION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

3 Liquidity

The table below represents financial assets available for general expenditures within one year at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 3,071,957	\$ 2,314,702
Contributions receivable	<u>29,135</u>	<u>80,670</u>
Total financial assets	3,101,092	2,395,372
Less amounts not available to be used within one year:		
Managed projects	-	(80,006)
Time restricted contributions	<u>(19,135)</u>	<u>-</u>
Total amounts not available to be used within one year:	<u>(19,135)</u>	<u>(80,006)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,081,957</u>	<u>\$ 2,315,366</u>

BTA-JA has certain donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year. BTA-JA has other donor-restricted assets that are not available for general expenditure within one year in the normal course of operations. These assets limited to use, which are more fully described in Note 8 are not available for general expenditure within the next year.

BTA-JA also has assets managed project funds. These assets limited to use, which are more fully described in Note 7 are not available for general expenditure within the next year.

As part of BTA-JA's liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds.

4 Due to Bend the Arc - A Jewish Partnership for Justice

BTA-JA owed Bend the Arc - A Jewish Partnership for Justice \$1,451,043 and \$1,127,096 for operating expenses as of June 30, 2020 and 2019, respectively.

BEND THE ARC JEWISH ACTION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

5 Contributions Receivable

BTA-JA had contributions receivable of \$29,135 as of June 30, 2020. Contributions receivable have been reported at their net present value using a discount rate of 3%. The contributions are expected to be collected as follows:

2021	\$ 10,000
2022	10,000
2023	10,000
Less present value adjustment	<u>(865)</u>
	<u>\$ 29,135</u>

6 Fixed Assets

Fixed assets consist of the following:

	<u>2020</u>	<u>2019</u>
Equipment	3,491	3,491
Less accumulated depreciation	<u>(2,715)</u>	<u>(2,017)</u>
	<u>\$ 776</u>	<u>\$ 1,474</u>

Depreciation expense was \$698 for the years ended June 30, 2020 and 2019, respectively.

7 Managed Project

BTA-JA offers administrative services to manage projects for other agencies performing charitable works. BTA-JA will charge the agencies a management fee. During the years ended June 30, 2020 and 2019, BTA-JA received funds totaling \$6,136 and \$200,000 and paid out \$86,142 and \$395,623, respectively, on behalf of the Managed Project. As of June 30, 2020 and 2019, the amount held for the Managed Project was \$0 and \$80,006, respectively.

8 Net Assets with Donor Restrictions

Net assets with donor restriction are available for the following purposes as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Time restricted contributions	<u>\$ 29,135</u>	<u>\$ 30,000</u>

BEND THE ARC JEWISH ACTION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

8 Net Assets with Donor Restrictions (Continued)

Net assets were reduced from donor restriction by incurring expenses satisfying the restricted purpose or by occurrences of other events specified by donors.

	<u>2020</u>	<u>2019</u>
Time Restriction Accomplished		
Time restricted contributions	<u>\$ 30,000</u>	<u>\$ 35,000</u>

9 Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact change in net assets. Other financial impact could occur though such potential impact is unknown at this time.

10 Subsequent Event

BTA-JA has evaluated all subsequent events through May 13, 2021, the date the financial statements were available to be issued.