

**The Bronx  
Defenders** **Redefining  
public  
defense.**

**THE BRONX DEFENDERS**  
**Financial Statements**  
**June 30, 2020 and 2019**  
**With Independent Auditor's Report**

**The Bronx Defenders**  
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**June 30, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
The Bronx Defenders:

We have audited the accompanying financial statements of The Bronx Defenders, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets and cash flows for the years 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 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 audits 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 The Bronx Defenders as of June 30, 2020 and 2019, the results of its operations 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.

### Emphasis of Matter

As discussed in Note 2, in 2020, The Bronx Defenders adopted Accounting Standards Update (“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 this matter.

The financial statements of The Bronx Defenders for the year ended June 30, 2019 were consolidated including activity for Still She Rises which are not included in 2020 (Note 7). Our opinion is not modified with respect to this matter.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

February 3, 2021

**The Bronx Defenders**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,815,705	\$ 1,023,331
Receivables from the City of New York	6,047,281	7,022,923
Grants receivable	4,622,075	1,165,268
Prepaid expenses and other assets	183,812	225,594
Security deposit	479,905	477,763
Fixed assets, net	<u>5,776,070</u>	<u>6,501,971</u>
Total assets	<u>\$ 19,924,848</u>	<u>\$ 16,416,850</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,908,003	\$ 1,693,462
Other contract advances	4,619,602	1,388,520
Deferred rent	1,035,738	1,123,559
Due to government agencies	73,524	73,524
Loan payable	5,792,797	-
Lines of credit	<u>-</u>	<u>4,500,000</u>
Total liabilities	<u>13,429,664</u>	<u>8,779,065</u>
Net assets		
Without donor restrictions	5,448,328	7,396,355
With donor restrictions	<u>1,046,856</u>	<u>241,430</u>
Total net assets	<u>6,495,184</u>	<u>7,637,785</u>
Total liabilities and net assets	<u>\$ 19,924,848</u>	<u>\$ 16,416,850</u>

The Notes to Financial Statements are an integral part of these statements.

**The Bronx Defenders**  
**Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and other support</b>						
Grants	\$ 40,401,494	\$ 2,498,954	\$ 42,900,448	\$ 36,129,262	\$ 2,866,941	\$ 38,996,203
Contributions	878,135	-	878,135	476,485	-	476,485
Special events, net of direct cost of \$169,564 and \$135,793 for 2020 and 2019, respectively	576,102	-	576,102	462,518	-	462,518
Case processing revenue	-	-	-	30,589	-	30,589
Lawsuit settlement and attorney fees	130,595	-	130,595	872,255	-	872,255
Miscellaneous revenue	36,106	-	36,106	179,802	-	179,802
Total revenues and other support	42,022,432	2,498,954	44,521,386	38,150,911	2,866,941	41,017,852
Net assets released from restrictions	1,693,528	(1,693,528)	-	3,647,661	(3,647,661)	-
Total revenues and other support	43,715,960	805,426	44,521,386	41,798,572	(780,720)	41,017,852
<b>Expenses</b>						
Program services - legal services	39,045,515	-	39,045,515	36,646,701	-	36,646,701
Management and general	4,822,246	-	4,822,246	4,902,242	-	4,902,242
Fundraising	568,458	-	568,458	286,526	-	286,526
Total expenses	44,436,219	-	44,436,219	41,835,469	-	41,835,469
Changes in net assets before depreciation and amortization	(720,259)	805,426	85,167	(36,897)	(780,720)	(817,617)
Depreciation and amortization	1,227,768	-	1,227,768	1,195,931	-	1,195,931
<b>Changes in net assets</b>	(1,948,027)	805,426	(1,142,601)	(1,232,828)	(780,720)	(2,013,548)
<b>Net assets</b>						
Beginning of year	7,396,355	241,430	7,637,785	8,629,183	1,022,150	9,651,333
End of year	\$ 5,448,328	\$ 1,046,856	\$ 6,495,184	\$ 7,396,355	\$ 241,430	\$ 7,637,785

The Notes to Financial Statements are an integral part of these statements.

**The Bronx Defenders**  
**Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating activities</b>		
Changes in net assets	\$ (1,142,601)	\$ (2,013,548)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	1,227,768	1,195,931
Changes in assets and liabilities		
Receivables from the City of New York	975,642	441,400
Grants receivable	(3,456,807)	(154,288)
Prepaid expenses and other assets	41,782	(55,228)
Security deposits	(2,142)	108
Accounts payable and accrued expenses	214,541	447,088
Retainage payable	-	(69,519)
Other contract advances	3,231,082	1,335,635
Deferred rent	<u>(87,821)</u>	<u>(61,800)</u>
Net cash provided by operating activities	<u>1,001,444</u>	<u>1,065,779</u>
<b>Investing activities</b>		
Purchase of property and equipment	<u>(501,867)</u>	<u>(1,486,568)</u>
Net cash used in investing activities	<u>(501,867)</u>	<u>(1,486,568)</u>
<b>Financing activities</b>		
Drawdowns on line of credit	-	4,500,000
Repayments of line of credit	(4,500,000)	(3,963,369)
Proceeds from loan payable	<u>5,792,797</u>	<u>-</u>
Net cash provided by financing activities	<u>1,292,797</u>	<u>536,631</u>
Net change in cash and cash equivalents	1,792,374	115,842
<b>Cash and cash equivalents</b>		
Beginning of year	<u>1,023,331</u>	<u>907,489</u>
End of year	<u>\$ 2,815,705</u>	<u>\$ 1,023,331</u>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	<u>\$ 116,730</u>	<u>\$ 224,952</u>

The Notes to Financial Statements are an integral part of these statements.

**The Bronx Defenders**  
**Notes to Financial Statements**  
**June 30, 2020 and 2019**

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**1. NATURE OF ORGANIZATION**

The Bronx Defenders (the “Organization”) is a public defender non-profit that is radically transforming how low-income people in the Bronx are represented in the legal system, and, in doing so, is transforming the system itself. The Organization seeks thoughtful, creative, energetic individuals with a strong commitment to social justice to join our dynamic and diverse staff. The staff of over 350 includes interdisciplinary teams made up of criminal, civil, immigration, and family defense attorneys, as well as social workers, benefits specialists, legal advocates, parent advocates, investigators, and team administrators, who collaborate to provide holistic advocacy to address the causes and consequences of legal system involvement. Through this integrated team-based structure, we have pioneered a groundbreaking, nationally recognized model of representation called holistic defense that achieves better outcomes for our clients.

Each year, the Organization defends more than 20,000 low-income Bronx residents in criminal, civil, child welfare, and immigration cases, and reaches thousands more through our community intake, youth mentoring, and outreach programs. Through impact litigation, policy advocacy, and community organizing, we push for systemic reform at the local, state, and national level. The Organization takes what it learns from the clients and communities that the Organization serves and launches innovative initiatives designed to bring about real and lasting change. Its primary sources of revenues are grants from the City of New York.

Between June 2016 and July 2019, the Organization also provided legal services to the women and families of North Tulsa, Oklahoma, through a wholly-owned single member LLC, Still She Rises, A Project of the Bronx Defenders, LLC (“Still She Rises”) of which the Organization was the sole member (Note 7).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting and Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The financial statement presentation follows the guidance of the accounting standards relating to financial statements of not-for-profit organizations. Under these standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

**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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. The allowance for doubtful accounts, depreciation, and accounts payable and accrued expenses, among other accounts, requires the significant use of estimates. Actual results could differ from those estimates.

**Receivables from The City of New York**

Receivables from The City of New York result from providing legal services to indigent residents of Bronx County as per grant agreements with The City of New York.

**Grants Receivable**

Grants receivable result from providing legal services to indigent residents of Bronx County as per grant agreements with funders other than The City of New York. To the extent amounts received exceed amounts spent, The Bronx Defenders establishes advances from other contracts.



**The Bronx Defenders**  
**Notes to Financial Statements**  
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**Allowance for Doubtful Accounts**

The Organization determines whether an allowance for uncollectible accounts should be provided for grants receivable and receivables from The City of New York. Such estimates are based on management's assessment of the aged basis of its contributions and grants, current economic conditions and historical information. Grants receivable and receivables from The City of New York are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding balances. Based on the aging of the receivables and the subsequent receipts, management has determined that an allowance for doubtful accounts was not necessary as of June 30, 2020 and 2019.

**Fixed Assets**

Fixed assets and leasehold improvements are stated at cost. Items with a cost of \$5,000 and an estimated useful life of greater than one year are capitalized. Depreciation of fixed assets is provided on the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is provided on the straight-line method over the shorter of the life of the asset or the term of the lease.

<u>Description</u>	<u>Estimates Life (Years)</u>
Equipment and furniture	5 - 15
Leasehold improvements	10

Upon retirement or sale, the cost of the assets disposed, and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recorded in the statements of activities and changes in net assets. Construction in progress amounts are recorded at cost until the renovations are fully completed and deemed to be placed in service.

**Valuation of Long-Lived Assets**

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

**Due to Government Agencies**

Due to government agencies consists of overpayments from funders, which are owed back to the funders.

**Classification of Net Assets**

**Without donor restrictions:** includes net assets having no restriction as to use or purpose imposed by donors. They include resources under full control of the Board of Directors for use in achieving the purposes of the Organization.

**With donor restrictions:** includes resources that have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations.

**Revenue Recognition and Grants Receivable**

*Grants*

Grant revenue is recorded to the extent that expenses have been incurred for the purposes specified by the grantor or when the services have been provided.

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*Contributions*

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restriction net assets are reclassified as without donor restriction net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

*Lawsuit Settlement and Attorney Fees*

The Organization receives fees from lawsuit settlements based on a percentage of staff members' time spent in trial. The revenue is recorded once the settlement is paid out.

**Functional Allocation of Expenses**

The cost of providing the various program and supporting services has been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and support services as determined by management. The principal expenses that are allocated and the method of allocation are as follows:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Full-time equivalent
Fringe	Full-time equivalent
Outside consultants	Full-time equivalent
Equipment	Full-time equivalent
Postage, printing and supplies	Full-time equivalent
Travel	Full-time equivalent
Telephone and use charges	Organizational rate
Rent and occupancy	Full-time equivalent
Insurance	Full-time equivalent
Merchant service charges	Full-time equivalent
Repairs and maintenance	Full-time equivalent
Recruitment and hiring costs	Full-time equivalent

**Deferred Rent and Operating Leases**

Operating leases are recorded on the straight-line basis over the life of the lease. Deferred rent is recorded for the difference between the fixed payment and the rent expense.

Lease incentives are recorded as a deferred liability when received and subsequently credited to rent expense on a straight-line basis over the life of the lease.

**Concentration of Credit Risk**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents at various quality financial institutions. During the years ending June 30, 2020 and 2019, the Organization had cash in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit. Management monitors the soundness of the institutions and has not incurred any significant credit related losses. The Organization received approximately 80% and 78% of its revenue from contracts with The City of New York for the years ending June 30, 2020 and 2019, respectively. The Organization has not experienced a significant loss of contracts in the past. These contracts are also subject to audit by various agencies. To date, no significant adjustments have resulted from such audits.

**The Bronx Defenders**  
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**Income Taxes**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and exempt from state income tax under similar provisions. Accordingly, no provision for income taxes has been recorded in these financial statements. It is the Organization’s accounting policy to evaluate uncertain tax positions in accordance with the accounting pronouncement on uncertainly for income taxes. Management has determined that there are no uncertain tax positions at the Organization as of June 30, 2020 and 2019. The Organization has no income tax related penalties or interest for the periods reported in these financial statements.

**New Accounting Pronouncements Adopted in the Current Year**

*Contribution Revenue Recognition*

During 2020, the Organization adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08 – *Not-for-profit Entities – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transaction or contributions and improve guidance to better distinguish between conditional and unconditional contributions. The Organization has implemented ASU 2018-08. The amendments have been applied on a full retrospective basis to all periods presented, with no effect on nets assets or changes to net assets

*Revenue Recognition*

FASB Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization adopted Topic 606 for the year ended June 30, 2020 on a full retrospective basis, which did not have a significant impact on the financial statements.

**New Accounting Pronouncements Issued Not Yet Effective**

*Leases*

In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842), which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments, on the statements of financial position for all of the Organization’s lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

**3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of June 30, 2020 and 2019, the Organization’s liquidity resources and financial assets available within one year for general expenditures, such as operating expenses, fulfillment of payment of accounts payable and expenditures, were as follows:

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$ 2,815,705	\$ 1,023,331
Receivables from the City of New York	6,047,281	7,022,923
Grants receivable	<u>4,622,075</u>	<u>1,165,268</u>
Financial assets available within one year	<u>\$ 13,485,061</u>	<u>\$ 9,211,522</u>

**The Bronx Defenders**  
**Notes to Financial Statements**  
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The Organization manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. In the event of an unanticipated liquidity need, the Organization could draw upon its \$5,500,000 line of credit which was fully available at year end. (Note 6).

**4. FIXED ASSETS**

Summary of fixed assets, net as of June 30, is as follows:

	<u>2020</u>	<u>2019</u>
Equipment and furniture	\$ 2,499,236	\$ 2,474,236
Leasehold improvements	<u>15,226,345</u>	<u>14,749,477</u>
	17,725,581	17,223,713
Less: Accumulated depreciation	<u>11,949,511</u>	<u>10,721,742</u>
	<u>\$ 5,776,070</u>	<u>\$ 6,501,971</u>

Depreciation and amortization amounted to \$1,227,768 and \$1,195,931 for the years ending June 30, 2020 and 2019, respectively.

**5. LINE OF CREDIT**

On May 15, 2019, the Organization entered into an agreement with Bank of America providing for a \$4,500,000 revolving line of credit with a variable interest rate, which was 4.30% and 5.90% at June 30, 2020 and 2019, respectively.

On June 18, 2020 the line of credit agreement was amended to \$5,500,000 and extended to May 1, 2021. The line of credit is secured by all business assets of the Organization. The outstanding balance was \$-0- and \$4,500,000 as of June 30, 2020 and 2019, respectively. Interest expense for the years ended June 30, 2020 and 2019 amounted to \$116,730 and \$224,952, respectively.

**6. LOAN PAYABLE**

On April 15, 2020, the Organization obtained a Paycheck Protection Program loan under the Division A, Title I of the Coronavirus Aid, Relief and Economic Security ("CARES") Act in the amount of \$5,792,797 through Bank of America.

The loan may be forgiven in whole or in part upon a review by the financial institution of the Organization's use of the loan proceeds in accordance with the CARES Act. If the financial institution determines the criteria for debt forgiveness has not been met, the loan matures April 15, 2022 and interest accrues at 1% per year. Any such debt forgiveness would be recognized at the time that the financial institution completed the aforementioned review and approved the forgiveness of the loan. Since the loan was over \$2,000,000, the Organization's loan forgiveness application will be subject to review and potential audit by Small Business Administration ("SBA"). The Organization will record the forgiveness of the loan as a gain on extinguishment in the period in which legal release is received. There is no certainty that any or all of the loan will be forgiven.

**The Bronx Defenders**  
**Notes to Financial Statements**  
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**7. STILL SHE RISES, A PROJECT OF THE BRONX DEFENDERS, LLC**

The Organization formed Still She Rises, a wholly-owned single-member LLC, in June 2016 to provide legal services to the women and families of North Tulsa, Oklahoma. On July 1, 2019, the Organization transferred its membership interest in the LLC to Still She Rises, Inc., an Oklahoma not-for-profit corporation, along with associated assets, operations and liabilities. The post-spin-off final reconciliation and payment of amounts owed between the parties were completed by September 2019.

The summarized financial information for Still She Rises is as follows for the fiscal years ended June 30:

	<u>2020</u>	<u>2019</u>
<b>Current assets</b>	\$ -	\$ -
Other assets	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>
<b>Current liabilities</b>	\$ -	\$ 44,421
Other liabilities	-	947,448
Net assets	-	(991,869)
Total liabilities and net assets	<u>\$ -</u>	<u>\$ -</u>
<b>Revenue</b>	\$ -	\$ 1,196,647
Salaries and other personnel costs	-	(1,953,226)
Other operating expenses	-	(635,034)
<b>Change in net assets</b>	<u>\$ -</u>	<u>\$ (1,391,613)</u>

**8. LEASED FACILITIES**

The Bronx Defenders leases facilities for its administrative office and program services under a noncancelable lease that ends in January 2021, the lease is in negotiations.

In addition, the Organization acquired additional leased space at 360 and 361 East 161st Street under a noncancelable lease that ends in April 2022 with two successive options to renew, each for an additional five years. The Organization entered into a lease for additional office space at 3160 Park Avenue that commenced in August 2017.

In connection with this lease agreement the Organization received \$433,500 as an incentive for tenant improvements. The balance of the lease incentive obligation at June 30, 2020 and 2019 was \$311,816 and \$373,201, respectively, and is included in deferred rent on the statements of financial position.

In March 2018, the 3160 Park Avenue lease was amended to include additional office space at the location. The amended lease has an initial ten-year term and the option to renew for two additional five-year terms. The additional space was ready for use and occupied by the Organization in October 2018.

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In accordance with generally accepted accounting principles in the United States of America, the Organization has recorded rent on the straight-line basis, reflecting rent expense evenly over the lives of the leases. Rent expense for the years ended June 30, 2020 and 2019 was \$1,645,618 and \$1,632,660, respectively.

Future rental payments are as follows:

2021	\$ 1,465,836
2022	1,173,971
2023	694,163
2024	710,767
2025	727,582
Thereafter	<u>1,976,543</u>
	<u>\$ 6,748,862</u>

**9. WITH DONOR RESTRICTION NET ASSETS**

With donor restriction net assets are available for the following purposes as of June 30:

	<u>2020</u>	<u>2019</u>
Civil Action Projects	\$ 7,282	\$ 1,135
Community Arts Exchange Program	31,476	31,476
Robert P. Patterson Mentoring Program	-	25,199
Adolescent Defense Project	7,922	7,922
Fair Punishment Project	74,698	74,698
Criminal Defense Practice	100,000	-
Family Defense Practice	70,000	-
Immigration	15,216	-
Systemic Reform	61,923	50,000
Client Emergency fund	129,368	51,000
Development	173,971	-
Time restricted	<u>375,000</u>	<u>-</u>
	<u>\$ 1,046,856</u>	<u>\$ 241,430</u>

**The Bronx Defenders**  
**Notes to Financial Statements**  
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Net assets were released from restrictions by incurring expenses satisfying the following restricted purposes for the years ending June 30:

	<u>2020</u>	<u>2019</u>
Civil Action Projects	\$ 339,571	\$ 1,141,277
Robert P. Patterson Mentoring Program	138,594	113,172
Adolescent Defense Project	-	229,837
Still She Rises	-	2,015,029
Criminal Defense Practice	5,904	-
Family Defense Practice	273,066	-
Immigration	103,063	37,500
Systemic Reform	268,077	50,000
Client Emergency fund	35,574	51,916
Development	222,029	-
Time restricted	75,000	-
Impact Litigation	137,650	-
Other programs	95,000	8,930
	<u>\$ 1,693,528</u>	<u>\$ 3,647,661</u>

**10. FUNCTIONAL EXPENSES**

Total expenses were for the following purposes for the year ending June 30, 2020:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 26,936,176	\$ 3,223,250	\$ 399,814	\$ 30,559,240
Fringe	6,170,327	738,357	91,586	7,000,270
Consultants - client service	712,900	-	-	712,900
Outside consultants	1,499,624	179,449	22,259	1,701,332
Equipment	29,018	3,472	431	32,921
Postage, printing and supplies	359,700	43,043	5,339	408,082
Travel	411,952	49,295	6,115	467,362
Telephone and use charges	126,662	9,685	1,366	137,713
Rent and occupancy	2,045,920	244,820	30,368	2,321,108
Fundraising	-	-	169,564	169,564
Interest expenses	-	116,730	-	116,730
Insurance	185,396	22,185	2,752	210,333
Dues and subscriptions	377,605	45,185	5,605	428,395
Merchant service charges	16,625	1,989	247	18,861
Repairs and maintenance	32,500	3,889	482	36,871
Recruitment and hiring costs	141,110	16,886	2,094	160,090
Miscellaneous	-	124,011	-	124,011
Total expenses before depreciation	39,045,515	4,822,246	738,022	44,605,783
Fundraising, netted with income	-	-	(169,564)	(169,564)
	39,045,515	4,822,246	568,458	44,436,219
Depreciation	-	1,227,768	-	1,227,768
	<u>\$ 39,045,515</u>	<u>\$ 6,050,014</u>	<u>\$ 568,458</u>	<u>\$ 45,663,987</u>

**The Bronx Defenders**  
**Notes to Financial Statements**  
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Total expenses were for the following purposes for the year ending June 30, 2019:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 24,882,152	\$ 2,555,982	\$ 201,619	\$ 27,639,753
Fringe	5,518,381	840,392	25,347	6,384,120
Consultants - client service	539,259	-	-	539,259
Outside consultants	1,532,899	410,250	2,404	1,945,553
Equipment	99,784	15,366	480	115,630
Postage, printing and supplies	373,873	57,865	1,834	433,572
Travel	754,267	116,740	3,701	874,708
Telephone and use charges	136,584	21,139	670	158,393
Rent and occupancy	1,961,101	414,317	18,414	2,393,832
Fundraising	-	-	155,027	155,027
Interest expenses	-	224,952	-	224,952
Insurance	156,319	24,194	767	181,280
Dues and subscriptions	529,274	-	-	529,274
Merchant service charges	-	6,175	11,643	17,818
Repairs and maintenance	29,302	4,381	139	33,822
Recruitment and hiring costs	132,300	8,605	274	141,179
Miscellaneous	1,206	201,884	-	203,090
Total expenses before depreciation	36,646,701	4,902,242	422,319	41,971,262
Fundraising, netted with income	-	-	(135,793)	(135,793)
	36,646,701	4,902,242	286,526	41,835,469
Depreciation	122,512	1,073,419	-	1,195,931
	<u>\$ 36,769,213</u>	<u>\$ 5,975,661</u>	<u>\$ 286,526</u>	<u>\$ 43,031,400</u>

**11. PENSION PLAN**

The Organization has a defined contribution pension plan available to its employees. Each employee may make annual contributions, subject to Internal Revenue Service ("IRS") limitations. All employees are eligible to make elective deferrals beginning on the date of hire. All employees are eligible to participate in the employer contributions once they complete one month of service. The employer contributed 3% of the amount of the employee's elective deferral. The employer portion vests after three years of service. Pension expense for the years ended June 30, 2020 and 2019, was \$915,077 and \$743,058, respectively.

**12. RISK AND UNCERTAINTIES**

On January 30, 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus ("COVID-19") a "Public Health Emergency of International Concern" and in early March 2020, declared the Coronavirus outbreak a global pandemic. Management is currently evaluating the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.



**The Bronx Defenders**  
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**13. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of February 3, 2021, the date for which the financial statements were available to be released. Based upon this evaluation, the Organization has determined that no subsequent events have occurred which require disclosure in or adjustment to the financial statements.