




The Bronx Defenders

Independent Auditor's Report and Financial Statements

June 30, 2022 and 2021



The Bronx Defenders

June 30, 2022 and 2021

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Independent Auditor's Report

Board of Directors
The Bronx Defenders
Bronx, New York

Opinion

We have audited the financial statements of The Bronx Defenders, which comprise the statements of financial position as of June 30, 2022 and 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of The Bronx Defenders as of June 30, 2022 and 2021, 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 (GAAS). 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 Bronx Defenders 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 Bronx Defenders' ability to continue as a going concern within one year after the date that these 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 GAAS 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 GAAS, 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 Bronx Defenders' 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 Bronx Defenders' 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.

FORVIS,LLP

New York, New York
June 20, 2023

The Bronx Defenders
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash	\$ 3,971,136	\$ 2,390,783
Receivables from governmental grants, current	15,170,579	13,776,155
Grants and contributions receivable, current	629,936	813,573
Prepaid expenses and other receivables	700,177	149,233
Security deposit	398,417	482,090
Property and equipment, net	4,048,687	4,607,575
Total assets	\$ 24,918,932	\$ 22,219,409
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 2,188,074	\$ 1,830,742
Contract advances	6,409,571	1,696,666
Deferred rent	779,764	862,813
Due to government agencies	173,524	73,524
Line of credit	-	5,100,000
Loans payable	7,959,159	6,792,797
Total liabilities	17,510,092	16,356,542
Net Assets		
Without donor restrictions	6,135,926	4,344,916
With donor restrictions	1,272,914	1,517,951
Total net assets	7,408,840	5,862,867
Total liabilities and net assets	\$ 24,918,932	\$ 22,219,409

The Bronx Defenders
Statements of Activities
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support						
Governmental grants	\$ 46,279,354	\$ -	\$ 46,279,354	\$ 43,223,826	\$ -	\$ 43,223,826
Grants and contributions	1,892,265	1,645,333	3,537,598	1,753,474	2,108,377	3,861,851
Forgiveness of loan and interest	1,871,868	-	1,871,868	-	-	-
Special events revenue				\$ 258,938		
Less cost of direct benefits to donors				(31,516)		
Net special events revenue	-	-	-	227,422	-	227,422
Lawsuit settlement and attorney fees	66,130	-	66,130	24,915	-	24,915
In-kind donations	10,471	-	10,471	-	-	-
Other income	51,083	-	51,083	10,962	-	10,962
Net assets released from restrictions	1,890,370	(1,890,370)	-	1,637,282	(1,637,282)	-
Total revenues and other support	52,061,541	(245,037)	51,816,504	46,877,881	471,095	47,348,976
Expenses						
Program - legal services	41,921,117	-	41,921,117	40,969,364	-	40,969,364
Management and general	6,758,307	-	6,758,307	5,464,484	-	5,464,484
Fundraising	430,215	-	430,215	378,950	-	378,950
Total support services	7,188,522	-	7,188,522	5,843,434	-	5,843,434
Total expenses before depreciation and amortization	49,109,639	-	49,109,639	46,812,798	-	46,812,798
Change in net assets before depreciation and amortization	2,951,902	(245,037)	2,706,865	65,083	471,095	536,178
Depreciation and amortization expense	1,160,892	-	1,160,892	1,168,495	-	1,168,495
Change in Net Assets	1,791,010	(245,037)	1,545,973	(1,103,412)	471,095	(632,317)
Net Assets, Beginning of Year	4,344,916	1,517,951	5,862,867	5,448,328	1,046,856	6,495,184
Net Assets, End of Year	\$ 6,135,926	\$ 1,272,914	\$ 7,408,840	\$ 4,344,916	\$ 1,517,951	\$ 5,862,867

The Bronx Defenders
Statements of Functional Expenses
Years Ended June 30, 2022 and 2021

	2022				
	Program	Support Services			Total
	Legal Services	Management and General	Fundraising	Total Support Services	
Salaries and wages	\$ 28,572,028	\$ 3,886,233	\$ 240,549	\$ 4,126,782	\$ 32,698,810
Payroll taxes and employee benefits	7,081,729	963,223	59,621	1,022,844	8,104,573
Consultants - client service	720,656	-	-	-	720,656
Outside consultants	1,695,596	1,161,807	13,561	1,175,368	2,870,964
Equipment	301,100	40,954	2,535	43,489	344,589
Communications	110,711	15,058	932	15,990	126,701
Rent and occupancy	2,035,825	276,903	17,140	294,043	2,329,868
Repairs and maintenance	55,799	7,590	470	8,060	63,859
Depreciation and amortization	986,758	174,134	-	174,134	1,160,892
Merchant service charges	-	8,218	9,112	17,330	17,330
Dues and subscriptions	437,344	-	-	-	437,344
Travel	269,037	76,738	2,265	79,003	348,040
Recruitment and hiring costs	162,141	22,053	1,365	23,418	185,559
Insurance	174,097	23,680	1,466	25,146	199,243
Supplies and other	305,054	41,492	81,199	122,691	427,745
Interest expense	-	171,557	-	171,557	171,557
Miscellaneous	-	62,801	-	62,801	62,801
	<u>\$ 42,907,875</u>	<u>\$ 6,932,441</u>	<u>\$ 430,215</u>	<u>\$ 7,362,656</u>	<u>\$ 50,270,531</u>
Total expenses by function					

The Bronx Defenders
Statement of Functional Expenses (Continued)
Years Ended June 30, 2022 and 2021

	2021				
	Program Total Services	Support Services		Total Support Services	Total
		Management and General	Fundraising		
Salaries and wages	\$ 29,003,720	\$ 3,419,434	\$ 245,230	\$ 3,664,664	\$ 32,668,384
Payroll taxes and employee benefits	6,561,143	773,535	55,475	829,010	7,390,153
Consultants - client service	576,572	-	-	-	576,572
Outside consultants	1,156,914	769,187	9,732	778,919	1,935,833
Equipment	45,731	5,391	387	5,778	51,509
Communications	134,623	15,872	1,138	17,010	151,633
Rent and occupancy	2,214,243	261,051	18,722	279,773	2,494,016
Repairs and maintenance	2,109	249	18	267	2,376
Depreciation and amortization	1,037,416	122,308	8,771	131,079	1,168,495
Merchant service charges	2,604	9,208	10,071	19,279	21,883
Dues and subscriptions	483,874	-	-	-	483,874
Travel	144,939	83,470	1,225	84,695	229,634
Recruitment and hiring costs	179,025	21,106	1,514	22,620	201,645
Insurance	172,204	29,313	1,456	30,769	202,973
Supplies and other	291,663	34,386	2,466	36,852	328,515
Cost of direct benefits to donors	-	-	31,516	31,516	31,516
Interest expense	-	37,792	-	37,792	37,792
Bad debts	-	25,000	-	25,000	25,000
Miscellaneous	-	11,006	-	11,006	11,006
	<u>42,006,780</u>	<u>5,618,308</u>	<u>387,721</u>	<u>6,006,029</u>	<u>48,012,809</u>
Total expenses by function					
Less expenses included with revenues on the statements of activities					
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>(31,516)</u>	<u>(31,516)</u>	<u>(31,516)</u>
Total expenses included in the expense section on the statements of activities	<u>\$ 42,006,780</u>	<u>\$ 5,618,308</u>	<u>\$ 356,205</u>	<u>\$ 5,974,513</u>	<u>\$ 47,981,293</u>

The Bronx Defenders
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ 1,545,973	\$ (632,317)
Items not requiring cash		
Forgiveness of loan and interest	(1,871,868)	-
Noncash interest expense	38,230	
Depreciation and amortization	1,160,892	1,168,495
Changes in		
Receivables from the City of New York	(1,394,424)	(3,991,952)
Grants receivable	183,637	71,580
Prepaid expenses and other	(550,944)	48,421
Security deposits	83,673	(2,185)
Accounts payable and accrued expenses	357,332	(91,103)
Contract advances	4,712,905	(2,922,936)
Due to government agencies	100,000	-
Deferred rent	(83,049)	(172,925)
Net cash provided by (used in) operating activities	4,282,357	(6,524,922)
Investing Activities		
Purchase of property and equipment	(602,004)	-
Net cash used in investing activities	(602,004)	-
Financing Activities		
Drawdown on line of credit	-	6,100,000
Repayment on line of credit	(5,100,000)	(1,000,000)
Repayment of long-term debt	(1,000,000)	-
Proceeds from long-term debt	4,000,000	1,000,000
Net cash (used in) provided by financing activities	(2,100,000)	6,100,000
Net Change in Cash	1,580,353	(424,922)
Cash, Beginning of Year	2,390,783	2,815,705
Cash, End of Year	\$ 3,971,136	\$ 2,390,783
Supplemental Cash Flows Information		
Interest paid	\$ 171,557	\$ 37,792

The Bronx Defenders

Notes to Financial Statements

June 30, 2022 and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Bronx Defenders (the Organization) is a public defender nonprofit 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, and energetic individuals with a strong commitment to social justice to join its dynamic and diverse staff. The staff of over 400 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, the Organization have pioneered a groundbreaking, nationally recognized model of representation called holistic defense that achieves better outcomes for their 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, the Organization pushed 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.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

At June 30, 2022, the Organization's cash accounts exceeded federally insured limits by approximately \$3,810,000.

Government Contract Revenue, Receivables, and Advances

Revenues from government contracts are recognized when reimbursable expenses are incurred or when performance goals are met under the terms of the contract. Contract revenues are subject to audit by the contracting agencies. Revenue and receivables are recorded when earned. Advances are recorded for any deposits received but not earned.

The Bronx Defenders
Notes to Financial Statements
June 30, 2022 and 2021

Allowance for Doubtful Accounts

The Organization determines whether an allowance for uncollectible accounts should be provided for contracts receivable. Such estimates are based on management's assessment of the aged basis of its contracts, current economic conditions, subsequent receipts and historical information. Contracts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of June 30, 2022 and 2021, the Organization had no allowance for doubtful accounts.

Property and Equipment

Property and equipment acquisitions over \$5,000 are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Furniture and equipment	5–15 years
Leasehold improvements	10 years

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2022 and 2021.

Deferred Rent/Rent Expense

Rent is recognized on the straight-line basis over the term of the lease. Deferred rent is recognized for the accumulated difference between the rent expense and the cash paid by the Organization.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor.

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

The Bronx Defenders
Notes to Financial Statements
June 30, 2022 and 2021

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-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 statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue without donor restrictions.

The Bronx Defenders
Notes to Financial Statements
June 30, 2022 and 2021

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general, and fundraising categories based on the full-time equivalents and other methods.

Note 2: Grant Reimbursements Receivable and Future Commitments

The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Organization are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2022 have been recorded as receivables. The conditional amounts will be recognized as grant revenues when the Organization incurs qualifying expenses. The following are the grant commitments that extend beyond June 30, 2022:

Grant	Term	Grant Amount	Earned Through 2022	Funding Available
Criminal	Through June 2023	\$50,412,077	\$25,130,732	\$25,281,345
Juvenile Defense	Through March 2025	1,109,050	456,448	652,602
JCLS	Through March 2023	692,418	161,223	531,195
IOLA	Through March 2023	432,000	279,478	152,522
Private grants	Through February 2024	2,015,000	721,430	1,293,570
		<u>\$54,660,545</u>	<u>\$26,749,311</u>	<u>\$27,911,234</u>

The Bronx Defenders
Notes to Financial Statements
June 30, 2022 and 2021

Note 3: Conditional Gifts

The Organization has received the following conditional promises to give at June 30, 2022 and 2021 that are not recognized in the financial statements:

	2022	2021
Conditional promise to give upon the provision of qualifying expenses related to these programs:		
Mobility labs	\$ 183,737	\$ 497,070
Legal assistance	5,975,834	927,959
Centralized clearinghouse	250,000	271,637
	\$ 6,409,571	\$ 1,696,666

Note 4: Property and Equipment

Property and equipment at June 30 consists of:

	2022	2021
Furniture and equipment	\$ 2,061,319	\$ 2,951,104
Leasehold improvements	12,582,573	14,774,477
	14,643,892	17,725,581
Less accumulated depreciation and amortization	(10,595,205)	(13,118,006)
	\$ 4,048,687	\$ 4,607,575

Note 5: Line of Credit

The Organization had a \$5,500,000 revolving line of credit that expired and was fully paid off in November 2021. At June 30, 2021, there was \$5,100,000 borrowed against this line. The line was collateralized by substantially all of the Organization's assets. Interest rate equaled to the sum of the greater of the LIBOR Daily Floating Rate or 1.25% plus 3.05%, which was 4.30% at June 30, 2021, and was payable monthly.

The Bronx Defenders
Notes to Financial Statements
June 30, 2022 and 2021

Note 6: Loans Payable

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act*. On April 15, 2020, the Organization received a loan in the amount of \$5,792,797 pursuant to the Paycheck Protection Program (PPP). The Organization has elected to account for the funding as a loan in accordance with Accounting Standards Codification (ASC) Topic 470, *Debt*. On May 25, 2022, the Organization received a notice of partial forgiveness of the loan in the amount of \$1,833,638. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to any gain recognized.

The balance of the loan of \$3,959,159 is due five years from the date of the first disbursement under the loan and has a fixed interest rate of 1% per year.

On May 24, 2021, the Organization received a loan in the amount of \$1,000,000. The loan was interest-free and was due on May 24, 2022. The loan was repaid in November 2021.

During the fiscal year ended June 30, 2022, the Organization received a \$4,000,000 term loan from a not for profit organization. The loan matures on April 2024 and is collateralized by the Organization's assets. The interest rate is calculated at a floating interest rate of prime plus 3% as published in the Wall Street Journal and is payable quarterly and was 7.75% at June 30, 2022.

Aggregate annual maturities of long-term debt at June 30, 2022 are:

2023	\$ 1,261,431
2024	5,439,752
2025	<u>1,257,976</u>
	<u>\$ 7,959,159</u>

Note 7: Operating Leases

Noncancelable operating leases for office space expire in various years through 2029. Rent expense for the years ended June 30, 2022 and 2021 was \$1,463,390 and \$1,566,183, respectively.

Future minimum lease payments at June 30, 2022 were:

2023	\$ 1,680,049
2024	1,855,712
2025	1,900,255
2026	1,948,920
2027	1,881,250
Thereafter	<u>1,275,309</u>
	<u>\$ 10,541,495</u>

The Bronx Defenders
Notes to Financial Statements
June 30, 2022 and 2021

Note 8: Pension Plans

The Organization has a defined contribution pension plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of the Organization's contributions to the plan. Pension expense was \$1,008,740 and \$945,738 for the years ended June 30, 2022 and 2021, respectively.

Note 9: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose		
Community Arts Exchange Program	\$ 31,476	\$ 31,476
Adolescent Defense Project	7,922	7,922
Fair Punishment Project	74,698	74,698
Criminal/Civil Defense Practice	35,654	-
Family Defense Practice	-	150,000
Immigration	14,522	165,477
Client Emergency Fund	168,863	154,060
Educational Advocacy	145,026	162,266
Healthy Mothers Healthy Babies	178,934	70,000
Holistic Defense	241,470	-
Justice Fund	49,349	-
Other	100,000	10,937
Time restricted	<u>225,000</u>	<u>691,115</u>
	<u>\$ 1,272,914</u>	<u>\$ 1,517,951</u>

The Bronx Defenders
Notes to Financial Statements
June 30, 2022 and 2021

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2022</u>	<u>2021</u>
Expiration of time restrictions	\$ 25,000	\$ 233,885
Satisfaction of purpose restrictions		
Civil Action Project	-	457,282
Criminal/Civil Defense Practice	301,845	100,000
Family Defense Practice	500,000	97,000
Immigration	188,456	74,739
Systemic Reform	-	61,923
Client Emergency Fund	53,531	47,709
Development	-	173,971
Educational Advocacy	167,240	87,734
Mobility Labs	-	50,000
Healthy Mothers Healthy Babies	136,066	-
Legal clearinghouse	180,000	-
Other programs	179,702	153,039
Holistic Defense	158,530	-
COVID 19	-	100,000
	<u>\$ 1,890,370</u>	<u>\$ 1,637,282</u>

Note 10: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30 comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash	\$ 3,971,136	\$ 2,390,783
Receivables from governmental grants, current	15,170,579	13,776,155
Grants and contributions receivable, current	<u>629,936</u>	<u>813,573</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 19,771,651</u>	<u>\$ 16,980,511</u>

The Organization receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. As of June 30, 2022 and 2021, restricted contributions of \$1,272,914 and \$1,517,951, respectfully, were included in financial assets available to meet cash needs for general expenditures within one year.

The Bronx Defenders

Notes to Financial Statements

June 30, 2022 and 2021

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Note 11: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

Approximately 13% of all private contributions and grants were received from one donor in 2021, and 33% from two donors in 2022.

Governmental Grants

The Organization is dependent primarily on the City and State of New York for revenues and receivables.

Note 12: Subsequent Events

Subsequent events have been evaluated through June 20, 2023, which is the date the financial statements were available to be issued.

Note 13: Future Changes in Accounting Principles

Accounting for Leases

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021 and any interim periods within annual reporting periods that begin after December 15, 2022. The Organization is evaluating the effect the standard will have on the financial statements; however, the standard is expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for operating leases.