




# **The Bronx Defenders**

## **Independent Auditor's Report and Financial Statements**

June 30, 2025 and 2024



**The Bronx Defenders  
Contents  
June 30, 2025 and 2024**

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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, 2025 and 2024, 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, 2025 and 2024, 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 Mazars, LLP**

**New York, New York  
March 12, 2026**

**The Bronx Defenders**  
**Statements of Financial Position**  
**June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash	\$ 1,891,668	\$ 2,699,731
Receivables from governmental grants, current, net	13,307,598	13,671,837
Grants and contributions receivable, current	617,517	228,000
Prepaid expenses and other receivables	430,150	387,008
Security deposits	413,692	413,692
Property and equipment, net	4,171,389	4,518,751
Right-of-use assets - operating leases	13,742,391	15,859,513
<b>Total Assets</b>	<u>\$ 34,574,405</u>	<u>\$ 37,778,532</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 6,107,070	\$ 5,343,919
Contract advances	306,927	66,632
Deferred income	116,400	47,500
Due to government agencies	173,524	173,524
Line of credit	3,000,000	2,500,000
Loans payable	1,722,986	5,402,430
Finance lease obligations	316,780	457,102
Operating lease obligations	15,666,169	17,918,748
<b>Total Liabilities</b>	<u>27,409,856</u>	<u>31,909,855</u>
<b>Net Assets</b>		
Without donor restrictions	6,207,403	5,265,168
With donor restrictions	957,146	603,509
<b>Total Net Assets</b>	<u>7,164,549</u>	<u>5,868,677</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 34,574,405</u>	<u>\$ 37,778,532</u>

**The Bronx Defenders  
Statements of Activities  
Years Ended June 30, 2025 and 2024**

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support</b>						
Governmental grants	\$ 66,263,967	\$ -	\$ 66,263,967	\$ 59,390,120	\$ -	\$ 59,390,120
Employee retention credit	-	-	-	2,660,576	-	2,660,576
Employee retention credit interest	763,660	-	763,660	-	-	-
Grants and contributions	758,278	1,578,809	2,337,087	962,070	1,498,992	2,461,062
Special events revenue	\$ 451,127			\$ 545,727		
Less direct cost of special events	<u>(164,212)</u>			<u>(128,867)</u>		
Net special events revenue	286,915	-	286,915	416,860	-	416,860
Lawsuit settlement and attorney fees	7,409	-	7,409	194,972	-	194,972
Other income	137,307	-	137,307	415,497	-	415,497
In-kind donations	6,662,845	-	6,662,845	-	-	-
Net assets released from restrictions	<u>1,225,172</u>	<u>(1,225,172)</u>	<u>-</u>	<u>2,026,031</u>	<u>(2,026,031)</u>	<u>-</u>
<b>Total Revenues and Other Support</b>	<u>76,105,553</u>	<u>353,637</u>	<u>76,459,190</u>	<u>66,066,126</u>	<u>(527,039)</u>	<u>65,539,087</u>
<b>Expenses</b>						
Program - legal services	<u>65,644,419</u>	<u>-</u>	<u>65,644,419</u>	<u>57,012,146</u>	<u>-</u>	<u>57,012,146</u>
Management and general	8,000,345	-	8,000,345	7,628,062	-	7,628,062
Fundraising	<u>402,884</u>	<u>-</u>	<u>402,884</u>	<u>650,600</u>	<u>-</u>	<u>650,600</u>
<b>Total Support Services</b>	<u>8,403,229</u>	<u>-</u>	<u>8,403,229</u>	<u>8,278,662</u>	<u>-</u>	<u>8,278,662</u>
<b>Total Expenses Before Depreciation and Amortization</b>	<u>74,047,648</u>	<u>-</u>	<u>74,047,648</u>	<u>65,290,808</u>	<u>-</u>	<u>65,290,808</u>
<b>Change in Net Assets Before Depreciation and Amortization</b>	2,057,905	353,637	2,411,542	775,318	(527,039)	248,279
Depreciation and amortization expense	<u>1,115,670</u>	<u>-</u>	<u>1,115,670</u>	<u>1,036,630</u>	<u>-</u>	<u>1,036,630</u>
<b>Change in Net Assets</b>	942,235	353,637	1,295,872	(261,312)	(527,039)	(788,351)
<b>Net Assets, Beginning of Year</b>	<u>5,265,168</u>	<u>603,509</u>	<u>5,868,677</u>	<u>5,526,480</u>	<u>1,130,548</u>	<u>6,657,028</u>
<b>Net Assets, End of Year</b>	<u>\$ 6,207,403</u>	<u>\$ 957,146</u>	<u>\$ 7,164,549</u>	<u>\$ 5,265,168</u>	<u>\$ 603,509</u>	<u>\$ 5,868,677</u>

**The Bronx Defenders  
Statement of Functional Expenses  
Years Ended June 30, 2025 and 2024**

	<b>2025</b>				
	<b>Program Services</b>	<b>Support Services</b>			<b>Total</b>
	<b>Legal Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Support Services</b>	
Salaries and wages	\$ 39,721,292	\$ 4,262,303	\$ 263,800	\$ 4,526,103	\$ 44,247,395
Payroll taxes and employee benefits	9,954,278	1,068,146	66,109	1,134,255	11,088,533
Consultants - client service	1,059,161	7,858	96	7,954	1,067,115
Outside consultants	1,684,317	1,435,761	44,718	1,480,479	3,164,796
In kind pro bono legal services	6,512,152	150,693	-	150,693	6,662,845
Equipment	491,633	31,129	1,707	32,836	524,469
Communications	730,726	30,203	3,096	33,299	764,025
Rent and occupancy	3,816,473	197,476	-	197,476	4,013,949
Repairs and maintenance	135,933	16,412	6,806	23,218	159,151
Depreciation and amortization	849,627	260,400	5,643	266,043	1,115,670
Merchant service charges	78	31,589	8,480	40,069	40,147
Dues and subscriptions	525,957	21,307	-	21,307	547,264
Travel	365,871	132,968	4,969	137,937	503,808
Professional development	109,719	47,879	-	47,879	157,598
Recruitment and hiring costs	21,950	252,618	-	252,618	274,568
Insurance	187,342	50,738	1,110	51,848	239,190
Supplies and other	326,878	41,732	1,993	43,725	370,603
Direct cost of special events	-	-	164,212	164,212	164,212
Interest expense	-	124,553	-	124,553	124,553
Miscellaneous	659	96,980	-	96,980	97,639
<b>Total Expenses by Function</b>	<b>66,494,046</b>	<b>8,260,745</b>	<b>572,739</b>	<b>8,833,484</b>	<b>75,327,530</b>
Less expenses included with revenues on the statements of activities direct cost of special events	-	-	(164,212)	(164,212)	(164,212)
<b>Total Expenses Included in the Expense Section on the Statements of Activities</b>	<b>\$ 66,494,046</b>	<b>\$ 8,260,745</b>	<b>\$ 408,527</b>	<b>\$ 8,669,272</b>	<b>\$ 75,163,318</b>

**The Bronx Defenders  
Statement of Functional Expenses  
Years Ended June 30, 2025 and 2024**

**(Continued)**

	<b>2024</b>				
	<b>Program Services</b>	<b>Support Services</b>			<b>Total</b>
	<b>Legal Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Support Services</b>	
Salaries and wages	\$ 37,475,459	\$ 3,747,546	\$ 416,394	\$ 4,163,940	\$ 41,639,399
Payroll taxes and employee benefits	10,049,398	1,004,940	111,660	1,116,600	11,165,998
Consultants - client service	1,139,718	-	-	-	1,139,718
Outside consultants	2,527,747	1,321,672	27,846	1,349,518	3,877,265
Equipment	290,555	29,056	3,228	32,284	322,839
Communications	305,213	30,521	3,391	33,912	339,125
Rent and occupancy	3,260,329	326,033	36,226	362,259	3,622,588
Repairs and maintenance	40,660	4,066	452	4,518	45,178
Depreciation and amortization	881,135	155,495	-	155,495	1,036,630
Merchant service charges	-	36,233	36,074	72,307	72,307
Dues and subscriptions	543,499	-	-	-	543,499
Travel	425,965	203,329	4,733	208,062	634,027
Professional development	202,758	20,276	2,253	22,529	225,287
Recruitment and hiring costs	219,164	21,916	2,435	24,351	243,515
Internship incentive	1,188	119	13	132	1,320
Insurance	233,624	23,362	2,596	25,958	259,582
Supplies and other	296,869	29,687	3,299	32,986	329,855
Direct cost of special events	-	-	128,867	128,867	128,867
Bad debt expense	-	198,337	-	198,337	198,337
Interest expense	-	614,638	-	614,638	614,638
Miscellaneous	-	16,331	-	16,331	16,331
<b>Total Expenses by Function</b>	<b>57,893,281</b>	<b>7,783,557</b>	<b>779,467</b>	<b>8,563,024</b>	<b>66,456,305</b>
Less expenses included with revenues on the statements of activities direct cost of special events	-	-	(128,867)	(128,867)	(128,867)
<b>Total Expenses Included in the Expense Section on the Statements of Activities</b>	<b>\$ 57,893,281</b>	<b>\$ 7,783,557</b>	<b>\$ 650,600</b>	<b>\$ 8,434,157</b>	<b>\$ 66,327,438</b>

**The Bronx Defenders**  
**Statements of Cash Flows**  
**Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Operating Activities</b>		
Change in net assets	\$ 1,295,872	\$ (788,351)
Items not requiring cash		
Depreciation and amortization	1,115,670	1,036,630
Provision for bad debt	-	198,337
Noncash operating lease expense	(348,998)	347,349
Changes in		
Receivables from governmental grants, current, net	364,239	308,426
Grants and contributions receivable, current	(389,517)	288,174
Prepaid expenses and other receivables	(43,142)	(17,034)
Accounts payable and accrued expenses	763,151	1,114,708
Contract advances	240,295	(3,716,369)
Deferred income	68,900	(91,700)
<b>Net Cash (Used in) Provided by Operating Activities</b>	<u>3,066,470</u>	<u>(1,319,830)</u>
<b>Investing Activities</b>		
Purchase of property and equipment	(695,089)	(778,492)
<b>Net Cash Used in Investing Activities</b>	<u>(695,089)</u>	<u>(778,492)</u>
<b>Financing Activities</b>		
Proceeds from line of credit	3,500,000	2,500,000
Repayment of finance leases		(100,921)
Repayment of long-term debt	(5,402,430)	(9,121,382)
Repayment of line of credit	(3,000,000)	-
Proceeds from long-term debt	1,722,986	4,823,672
<b>Net Cash Used in Financing Activities</b>	<u>(3,179,444)</u>	<u>(1,898,631)</u>
<b>Net Change in Cash</b>	(808,063)	(3,996,953)
<b>Cash, Beginning of Year</b>	<u>2,699,731</u>	<u>6,696,684</u>
<b>Cash, End of Year</b>	<u>\$ 1,891,668</u>	<u>\$ 2,699,731</u>
<b>Supplemental Cash Flows Information</b>		
Interest paid	\$ 124,553	\$ 614,638
Property and equipment in accounts payable	44,275	-
ROU assets obtained in exchange for new finance lease liabilities	-	558,023
ROU assets obtained in exchange for new operating lease liabilities	-	711,653

## **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 has 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, 2025, the Organization's cash accounts exceeded federally insured limits by approximately \$1,454,000.

### ***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 Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. As of June 30, 2025 and 2024, the Organization recorded an allowance for doubtful accounts of approximately \$200,000.

### ***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 Bronx Defenders**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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

Furniture and equipment	5 to 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, 2025 and 2024.

***Leases***

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

The Organization combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office space and equipment.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

***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, 2025 and 2024**

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**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. Conditional contributions of \$116,400 and \$47,500 as of June 30, 2025 and 2024, respectively, will be recognized in the following year when the event for which the funds have been received will take place.

**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.

**The Bronx Defenders**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**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, 2025 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, 2025:

<u>Grant</u>	<u>Term</u>	<u>Grant Amount</u>	<u>Earned Through 2025</u>	<u>Funding Available</u>
Family Defense Practice	Through June 2027	\$ 93,571,113	\$ 31,516,071	\$ 62,055,042
Criminal Defense Practice	Through June 2026	107,392,055	66,020,113	41,371,942
Immigration Practice	Through June 2026	17,149,999	11,483,163	5,666,836
Civil Action Practice	Through June 2027	10,037,595	2,923,373	7,114,222
IOLA	Through June 2030	5,000,000	124,744	4,875,256
JCLS	Through Dec 2026	3,769,388	2,693,154	1,076,234
		<u>\$ 236,920,150</u>	<u>\$ 114,760,618</u>	<u>\$ 122,159,532</u>

**Note 3. Conditional Gifts**

The Organization has received the following conditional promises to give at June 30, 2025 and 2024 that are not recognized in the financial statements:

	<u>2025</u>	<u>2024</u>
Conditional promise to give upon the provision of qualifying expenses related to these programs:		
Legal assistance	<u>\$ 306,927</u>	<u>\$ 66,632</u>

The *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), and subsequent legislation, provided a refundable employee retention tax credit (ERC) to eligible employers who meet either a gross receipts test or a government mandate test. The tax credit is equal to a specified percentage of qualified wages paid to employees subject to certain limits. During 2024, the Organization determined it qualifies for the tax credit and has claimed ERCs of \$2,660,576 which was recognized as revenue. Subsequent to year, the Organization received \$3,424,236 which includes interest of \$763,660.

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Laws and regulations concerning the employee retention credit are complex and subject to varying interpretation. These credits may be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the employee retention credit, and it is not possible to determine the impact this would have on the Organization.

**Note 4. Property and Equipment**

Property and equipment at June 30 consists of:

	<u>2025</u>	<u>2024</u>
Furniture and equipment	15,712,057	15,361,371
Leasehold improvements	<u>2,428,916</u>	<u>2,011,293</u>
	18,140,973	17,372,664
Less accumulated depreciation and amortization	<u>(13,969,584)</u>	<u>(12,853,913)</u>
	<u>\$ 4,171,389</u>	<u>\$ 4,518,751</u>

**Note 5. Line of Credit**

The Organization has a \$3,000,000 revolving line of credit available that expires on June 25, 2026. The line is collateralized by substantially all of the Organization's assets. The interest rate equals the sum of the note rate of 5.061% and 6.428% plus SOFR (Secured Overnight Financing Rate), as of June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024, the interest rate was 9.38% and 10.76%, respectively. The amount outstanding as of June 30, 2025 and 2024 was \$3,000,000 and \$2,500,000, respectively.

**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. The amount outstanding as of June 30, 2024 was \$1,260,388. The remaining balance was fully paid during fiscal year 2025.

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During the fiscal year ended June 30, 2022, the Organization received a \$4,000,000 term loan from a not-for-profit organization, which was collateralized by the Organization's assets. The loan initially matured April 30, 2024, but the maturity date for the remaining \$3,150,000 principal balance and any unpaid accrued interest was extended through September 30, 2024 under the same terms of the original agreement. The loan was fully paid during fiscal year 2025.

During the fiscal year ended June 30, 2024, the Organization received three bridge loans from New York City in the amounts of \$3,389,588, \$303,316, and \$138,726. The \$3,389,588 was due and paid off during the fiscal year ended June 30, 2024. The \$303,316 and \$138,726 loans were due either on May 26, 2024 and August 21, 2024, respectively, or approval of the request for funding from New York City, whichever is later. The two loans were repaid during fiscal year June 30, 2025. All three loans were interest-free.

During the fiscal year ended June 30, 2024, the Organization received an operating loan in the amount of \$550,000. The loan was fully paid during fiscal year 2025. The loan was interest-free.

During the fiscal year ended June 30, 2025, the Organization received a loan in the amount of \$72,986 to finance a life insurance policy at an interest rate of 10.7% annually. Principle payments are due annually starting August 1, 2025 and matures May 1, 2026.

On June 30, 2025, The Bronx Defenders entered into a loan agreement with FJC, a not-for-profit lender, for a principal amount of \$1,650,000. The loan is collateralized by substantially all assets of The Bronx Defenders. The purpose of the loan is to provide bridge funding for the organization's operations. Interest is payable quarterly, with principal due at December 31, 2025. At June 30, 2025, the interest rate was 10.50%, and the outstanding balance on the loan was \$1,650,000.

## **Note 7. Leases**

### ***Nature of Leases***

The Organization has entered into the following lease arrangements:

### ***Finance Leases***

These leases mainly consist of equipment. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

As of June 30, 2025, property and equipment on the statement of financial position included equipment under finance lease agreements in the amount of \$628,418 of equipment and accumulated depreciation of \$374,275 for a net balance of \$254,143.

### ***Operating Leases***

The Organization has leases for office space and equipment that expire in various years through 2033.

One of the lease agreements include a contribution from the landlord for renovation work performed on the property as well as reimbursement of certain costs which include broker fees. The contribution is to be paid back to the landlord over the life of the lease at a 6% interest. The contribution made by the landlord as of June 30, 2025 was \$1,894,936 with a repayment amount of \$21,309 monthly. The contribution may be prepaid at any time and if the lease were to terminate, the Organization would be liable to repay the remaining unamortized balance in full.

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Additionally, the landlord provided a revolving allowance of \$350,000 which has not been used as of June 30, 2025. Once the allowance is used, it would be repaid as additional rent each month over 10 years at an interest rate of 6%.

Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

**Short-Term Leases**

The Organization leases space on a monthly basis as needed.

**All Leases**

The Organization has no material related-party leases.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**Quantitative Disclosures**

The lease cost and other required information for the year ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Lease cost		
Finance lease cost		
Amortization of right-of-use asset	\$ 179,314	\$ 178,041
Interest on lease liabilities	15,647	20,408
Operating lease cost	2,580,361	2,580,364
Short-term lease cost	-	81,088
	<u>\$ 2,775,322</u>	<u>\$ 2,859,901</u>
Total lease costs		
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 2,609,364	\$ 2,863,264
Financing cash flows from operating leases	193,063	163,118
Operating cash flows from finance leases	15,647	20,408
Right-of-use assets obtained in exchange for new operating lease liabilities	-	711,653
Right-of-use assets obtained in exchange for new financing lease liabilities	-	558,023
Weighted-average remaining lease term		
Operating leases	6.7 years	7.5 years
Finance leases	1.5 years	2.4 years
Weighted-average discount rate		
Operating leases	3.57%	3.50%
Finance leases	4.31%	4.30%

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Future minimum lease payments as well as repayments of landlord contributions at June 30, 2025 are as follows:

**Lease Payments**

	<u>Operating Leases</u>	<u>Finance Leases</u>
2026	\$ 2,670,298	\$ 247,047
2027	2,732,508	78,711
2028	2,605,513	-
2029	1,554,713	-
2030	1,524,174	-
Thereafter	4,644,960	-
	<u>15,732,166</u>	<u>325,758</u>
Total future undiscounted lease payments	15,732,166	325,758
Less imputed interest	<u>(1,674,277)</u>	<u>(8,978)</u>
Lease liabilities	<u>\$ 14,057,889</u>	<u>\$ 316,780</u>

**Landlord Contribution Repayment**

	<u>Operating Leases</u>	<u>Finance Leases</u>
2026	\$ 163,658	\$ -
2027	173,752	-
2028	184,469	-
2029	195,847	-
2030	214,242	-
Thereafter	676,312	-
	<u>\$ 1,608,280</u>	<u>\$ -</u>
Total	<u>\$ 1,608,280</u>	<u>\$ -</u>
Total lease obligations	<u>\$ 15,666,169</u>	<u>\$ 316,780</u>

**Note 8. Contributed Services**

Donated goods are recognized at their fair values at the date of donations. Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. During fiscal year 2025, the value of contributed legal services recognized as revenues and expenses in the accompanying financial statements was \$6,662,845.

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**Note 9. 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 \$1,283,049 and \$1,234,158 for the years ended June 30, 2025 and 2024, respectively.

**Note 10. Net Assets**

***Net Assets With Donor Restrictions***

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

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose		
Family Defense Practice	\$ 49,332	\$ 125,000
Client Emergency Fund	26,468	57,300
Systemic Reforms	225,022	180,807
Educational Advocacy	6,355	13,942
Healthy Mothers Healthy Babies	-	16,252
Holistic Defense	417	-
Justice Fund	130,000	170,208
Immigration	400	-
Family Policy Works	334,543	-
Early defense	175,000	-
The New York Bar Foundation	5,609	-
Other	4,000	40,000
	<u>\$ 957,146</u>	<u>\$ 603,509</u>

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**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>2025</u>	<u>2024</u>
Expiration of time restrictions	\$ -	\$ 375,000
Satisfaction of purpose restrictions		
Community Arts Exchange Program	-	31,476
Justice Fund	170,207	196,322
Fair Punishment Project	-	64,698
Systemic Reforms	479,785	377,985
Immigration	23,800	-
Client Emergency Fund	30,833	89,416
Educational Advocacy	7,587	211,058
Healthy Mothers Healthy Babies	16,252	68,900
Holistic Defense	319,583	460,696
Family Policy Works	40,457	-
Family Defense Practice	75,668	-
Other programs	61,000	150,480
	<u>\$ 1,225,172</u>	<u>\$ 2,026,031</u>

**Note 11. 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>2025</u>	<u>2024</u>
Financial assets		
Cash	\$ 1,891,668	\$ 2,699,731
Receivables from governmental grants, current	13,307,598	13,671,837
Grants and contributions receivable, current	617,517	228,000
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 15,816,783</u>	<u>\$ 16,599,568</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, 2025 and 2024, restricted contributions of \$957,146 and \$603,509, respectfully, were included in financial assets available to meet cash needs for general expenditures within one year.

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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 12. 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 70% of all private contributions and grants were received from two donors in 2025 and 45% from one donor in 2024.

***Governmental Grants***

The Organization is dependent primarily on the City and State of New York for revenues and receivables. Approximately 90% of total revenue was received from the City and State of New York in 2025 and 2024. Approximately 75% and 80% of receivables from government grants are from the City and State of New York as of June 30, 2025 and 2024, respectively.

***General Litigation***

The Organization is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets, and cash flows of the Organization. Events could occur that would change this estimate materially in the near term.

**Note 13. Subsequent Events**

Subsequent events have been evaluated through March 12, 2026, which is the date the financial statements were available to be issued.