

BEND THE ARC -
A JEWISH PARTNERSHIP FOR JUSTICE

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7 - 16



O'CONNELL
& COMPANY^{LLC}

INDEPENDENT AUDITOR'S REPORT

May 14, 2025

Board of Directors
Bend the Arc – A Jewish Partnership for Justice

Opinion

We have audited the accompanying financial statements of Bend the Arc – A Jewish Partnership for Justice (“BTA-JPJ”) (a nonprofit organization) which comprise the statements of financial position as of June 30, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of BTA-JPJ as of June 30, 2024 and 2023, 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. 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 BTA-JPJ 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 BTA-JPJ’s ability to continue as a going concern within one year after the date that the 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 generally accepted auditing standards will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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, including omissions, 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 generally accepted auditing standards, 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 BTA-JPJ's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies 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 BTA-JPJ's 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.



O'Connell and Company, LLC

BEND THE ARC - A JEWISH PARTNERSHIP FOR JUSTICE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 11,618,770	\$ 10,716,094
Investments	6,749,525	6,287,518
Pledges receivable, net	100,000	426,895
Beneficial interest in lead trust	-	8,179
Due from Bend the Arc Jewish Action	1,538,473	1,636,274
Other assets	109,024	93,330
Right of use asset - operating leases	85,414	328,405
Fixed assets, net	<u>24,207</u>	<u>31,095</u>
TOTAL ASSETS	<u><u>\$ 20,225,413</u></u>	<u><u>\$ 19,527,790</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Managed projects	\$ 13,229,792	\$ 12,725,438
Accounts payable and accrued expenses	194,740	260,541
Operating lease liabilities	<u>67,736</u>	<u>324,075</u>
Total Liabilities	13,492,268	13,310,054
 Net Assets		
Without donor restrictions	4,644,656	3,761,915
With donor restrictions		
Purpose and time restriction	669,003	1,171,327
Perpetual in nature	<u>1,419,486</u>	<u>1,284,494</u>
Total with donor restrictions	<u>2,088,489</u>	<u>2,455,821</u>
 Total Net Assets	<u>6,733,145</u>	<u>6,217,736</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 20,225,413</u></u>	<u><u>\$ 19,527,790</u></u>

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

BEND THE ARC - A JEWISH PARTNERSHIP FOR JUSTICE

STATEMENTS OF ACTIVITIES

JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
General contributions	\$ 2,905,883	\$ 180,859	\$ 3,086,742	\$ 2,962,635	\$ 234,076	\$ 3,196,711
Investment income	363,515	148,328	511,843	192,265	86,785	279,050
Fees	839,988	-	839,988	900,314	-	900,314
Other income	126,250	-	126,250	120,816	-	120,816
Bequests	3,616	-	3,616	-	-	-
Satisfaction of time restrictions	416,517	(416,517)	-	326,517	(326,517)	-
Satisfaction of program restrictions	266,666	(266,666)	-	266,667	(266,667)	-
Endowment transfer	13,336	(13,336)	-	42,553	(42,553)	-
TOTAL SUPPORT AND REVENUE	4,935,771	(367,332)	4,568,439	4,811,767	(314,876)	4,496,891
EXPENSES						
Administration	352,653	-	352,653	373,014	-	373,014
Program	3,193,637	-	3,193,637	4,100,034	-	4,100,034
Development	506,740	-	506,740	524,189	-	524,189
TOTAL EXPENSES	4,053,030	-	4,053,030	4,997,237	-	4,997,237
INCREASE (DECREASE) IN NET ASSETS	882,741	(367,332)	515,409	(185,470)	(314,876)	(500,346)
NET ASSETS - Beginning of Year	3,761,915	2,455,821	6,217,736	3,947,385	2,770,697	6,718,082
NET ASSETS - End of Year	\$ 4,644,656	\$ 2,088,489	\$ 6,733,145	\$ 3,761,915	\$ 2,455,821	\$ 6,217,736

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

BEND THE ARC - A JEWISH PARTNERSHIP FOR JUSTICE

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024				2023			
	Administration	Program	Development	Total	Administration	Program	Development	Total
Salaries and benefits	\$ 225,989	\$ 1,812,881	\$ 394,406	\$ 2,433,276	\$ 189,097	\$ 1,516,933	\$ 330,020	\$ 2,036,050
Advertising	-	5,659	-	5,659	-	8,825	-	8,825
Bank and credit card fees	800	3,839	693	5,332	1,665	7,989	1,443	11,097
Board expenses	7,408	1,010	-	8,418	490	67	-	557
Consulting	16,401	93,931	38,765	149,097	38,202	218,793	90,295	347,290
Depreciation and amortization	2,600	14,180	2,248	19,028	2,482	13,540	2,146	18,168
Dues and subscriptions	274	1,315	237	1,826	835	4,011	724	5,570
Grants	-	1,000,000	-	1,000,000	-	2,000,000	-	2,000,000
Insurance	4,761	23,819	4,116	32,696	4,349	21,761	3,760	29,870
Meetings, conferences and programs	-	9,668	1,930	11,598	-	9,578	1,913	11,491
Miscellaneous	8,245	2,063	10,319	20,627	16,282	4,074	20,378	40,734
Occupancy	7,932	51,145	7,261	66,338	9,917	63,949	9,079	82,945
Office expenses	1,578	6,343	1,059	8,980	2,101	8,444	1,410	11,955
Postage and delivery	73	1,483	771	2,327	352	7,129	3,706	11,187
Printing and design	8	249	243	500	40	1,228	1,199	2,467
Professional services	52,872	23,862	4,188	80,922	62,230	28,085	4,930	95,245
Staff training	5,462	31,995	10,544	48,001	9,353	54,791	18,058	82,202
State registration fees	-	-	-	-	13,749	-	-	13,749
Technology	14,453	72,310	12,495	99,258	16,646	83,285	14,392	114,323
Telecommunications	2,970	14,256	2,574	19,800	4,278	20,530	3,707	28,515
Travel/meals	827	23,629	14,891	39,347	946	27,022	17,029	44,997
TOTAL	<u>\$ 352,653</u>	<u>\$ 3,193,637</u>	<u>\$ 506,740</u>	<u>\$ 4,053,030</u>	<u>\$ 373,014</u>	<u>\$ 4,100,034</u>	<u>\$ 524,189</u>	<u>\$ 4,997,237</u>

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

BEND THE ARC - A JEWISH PARTNERSHIP FOR JUSTICE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 515,409	\$ (500,346)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	19,028	18,168
Change in value of lead trust	(5,157)	(14,966)
Unrealized gain on investments	(265,853)	(131,980)
Reduction in lease liability	(256,339)	(227,947)
Right of use lease amortization	242,991	223,617
Changes in assets and liabilities which affect cash		
(Increase) Decrease		
Pledges receivable	326,895	556,262
Due from Bend the Arc Jewish Action	97,801	(102,576)
Other assets	(15,694)	(1,185)
Increase (Decrease)		
Accounts payable and accrued expenses	(65,801)	(60,069)
Managed projects	504,354	1,936,957
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>1,097,634</u>	<u>1,695,935</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	89,127	57,430
Purchase of investments	(285,281)	(725,290)
Purchase of fixed assets	(12,140)	(3,833)
NET CASH FLOWS USED BY INVESTING ACTIVITIES	<u>(208,294)</u>	<u>(671,693)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Trust distributions	13,336	42,553
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	<u>13,336</u>	<u>42,553</u>
NET INCREASE IN CASH	902,676	1,066,795
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>10,716,094</u>	<u>9,649,299</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 11,618,770</u>	<u>\$ 10,716,094</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ -</u>	<u>\$ -</u>

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

BEND THE ARC - A JEWISH PARTNERSHIP FOR JUSTICE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Bend the Arc - A Jewish Partnership for Justice ("BTA-JPJ") was formed on August 2, 2006 upon the merger of The Shefa Fund into the Jewish Fund for Justice. BTA-JPJ achieves its purpose by mobilizing the full array of Jewish resources - human, financial and moral - in partnership with other communities to create impact in the United States of America. The mission is to deeply engage Jews in sustained action that manifests the tradition of working to heal and repair the world, and to create a powerful, widely recognized Jewish voice championing equality and justice for disenfranchised residents of the United States of America. BTA-JPJ qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code; accordingly, there is no income tax applicable to its activities.

1 Summary of Significant Accounting Policies

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

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

Investments -- Investments are reported at fair value.

Pledges Receivable -- Pledges receivable are reported at their net present value and carried at cost less an allowance for doubtful accounts. On a periodic basis, pledges receivable are evaluated, and an allowance for doubtful accounts is established when deemed necessary.

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

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

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

Level 3 - Inputs to the valuation methodology are unobservable.

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

BEND THE ARC - A JEWISH PARTNERSHIP FOR JUSTICE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

1 Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued) -- Assets and liabilities that are measured at fair value are based on one or more of the three valuation techniques that follow:

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

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

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

Fixed Assets -- Fixed Assets are recorded at cost. Equipment and improvements with a unit cost of \$500 or more are capitalized. Depreciation is calculated by the straight-line method over the estimated useful lives of depreciable assets.

Property and equipment	5 - 10 years
Furniture and fixtures	5 - 10 years
Computer equipment and software	3 - 5 years

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

Contributions -- BTA-JPJ recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give (that is, those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been met. Contributions are recorded at the fair market value of the assets received and are classified as either with or without donor restriction, depending on whether the donor has imposed a restriction on the use of such assets. BTA-JPJ reports restricted contributions as without donor restriction if the restrictions are satisfied in the same reporting period in which the contributions are received.

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

BEND THE ARC - A JEWISH PARTNERSHIP FOR JUSTICE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

1 Summary of Significant Accounting Policies (Continued)

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

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

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

Endowment -- Endowment funds represent gifts and bequests which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity or for a specified period, with only the income to be utilized. Investment income is reported as investment income with donor restrictions.

Endowment Spending -- BTA-JPJ has adopted a total return investment policy in accordance with state law. The primary investment objective is to maximize long-term return through a combination of income and capital appreciation achieved in a prudent manner. Therefore, the financial objective is to earn a total return equal to or exceeding the spending rate plus the inflation rate as measured by the Consumer Price Index. The investment policy of BTA-JPJ will be carried out by means of investment strategies that reflect continuous evaluation of changing investment environments, management judgment regarding the allocation of assets among different kinds of asset classes, identification of appropriate investment vehicles and the making of specific investment decisions. BTA-JPJ has adopted a 1.0% and 3.4% spending policy for each of the years ended June 30, 2024 and 2023, respectively. BTA-JPJ's goal is to preserve the purchasing power of the endowed assets. The distribution or spending of the aggregate amount is guided by the individual endowment agreements first, and then the balance is determined by BTA-JPJ's Board.

BEND THE ARC - A JEWISH PARTNERSHIP FOR JUSTICE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

1 Summary of Significant Accounting Policies (Continued)

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

Income Taxes -- BTA-JPJ is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. BTA-JPJ has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations; and to identify and evaluate other matters that may be considered tax positions. BTA-JPJ has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2 Liquidity

The table below represents financial assets available for general expenditures within one year at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 11,618,770	\$10,716,094
Investments	6,749,525	6,287,518
Pledges receivable, net	100,000	426,895
Beneficial interest in lead trust	-	8,179
Due from related party	<u>1,538,473</u>	<u>1,636,274</u>
Total financial assets	20,006,768	19,074,960
Less amounts not available to be used within one year:		
Endowment assets	1,406,150	1,241,941
Time restricted assets	-	125,000
Managed project funds	<u>13,229,792</u>	<u>12,725,438</u>
Financial assets not available to be used within one year	<u>14,635,942</u>	<u>14,092,379</u>
Financial assets available to meet general expenditures within one year	<u>\$ 5,370,826</u>	<u>\$ 4,982,581</u>

BEND THE ARC - A JEWISH PARTNERSHIP FOR JUSTICE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

2 Liquidity (Continued)

BTA-JPJ has certain donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year. BTA-JPJ has other donor-restricted assets that are not available for general expenditure within one year in the normal course of operations. These assets limited to use, which are more fully described in Notes 12 and 13 are not available for general expenditure within the next year.

BTA-JPJ also has assets managed project funds. These assets limited to use, which are more fully described in Note 10 are not available for general expenditure within the next year.

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

3 Concentration of Risk

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

4 Related Party

BTA-JPJ has amounts due from Bend the Arc Jewish Action, a related party, totaling \$1,538,473 and \$1,636,274 as of June 30, 2024 and 2023, respectively.

BTA-JPJ made grants of \$1,000,000 and \$2,000,000 to Bend the Arc Jewish Action during the years ended June 30, 2024 and 2023, respectively.

5 Pledges Receivable

BTA-JPJ received gifts in the form of pledges. As of June 30, 2024 and 2023, net pledges receivable were \$100,000 and \$426,895, respectively. The pledges have been reported at their net present value utilizing a discount rate of 3%, respectively. Pledges receivable are expected to be collected in full during the year ended June 30, 2025.

BEND THE ARC - A JEWISH PARTNERSHIP FOR JUSTICE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

6 Investments

The market value of investments as of June 30, 2024 and 2023 is as follows:

	2024	2023
Mutual funds	\$ 3,508,631	\$ 4,189,199
Common stocks	2,026,399	2,011,331
Exchange traded funds	1,093,964	-
Cash and cash equivalents	72,790	86,988
Real estate investment trust	47,741	-
	<u>\$ 6,749,525</u>	<u>\$ 6,287,518</u>

Investment income for the years ended June 30, 2024 and 2023 consists of the following:

	2024	2023
Interest and dividends	\$ 280,402	\$ 180,806
Gain on investments	265,853	131,980
Investment fees	(34,412)	(33,736)
	<u>\$ 511,843</u>	<u>\$ 279,050</u>

7 Fair Value Measurements

The following tables set forth by level, within the fair value hierarchy, BTA-JPJ's assets at fair value as of June 30, 2024 and 2023:

Assets at Fair Values as of June 30, 2024

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 3,508,631	\$ -	\$ -	\$ 3,508,631
Common stocks	2,026,399	-	-	2,026,399
Exchange traded funds	1,093,964	-	-	1,093,964
Cash and cash equivalents	72,790	-	-	72,790
Real estate investment trust	47,741	-	-	47,741
Total assets at fair value	<u>\$ 6,749,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,749,525</u>

Assets at Fair Values as of June 30, 2023

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 4,189,199	\$ -	\$ -	\$ 4,189,199
Common stocks	2,011,331	-	-	2,011,331
Cash and cash equivalents	86,988	-	-	86,988
Beneficial Interest in	-	-	-	-
Lead Trust	-	8,179	-	8,179
Total assets at fair value	<u>\$ 6,287,518</u>	<u>\$ 8,179</u>	<u>\$ -</u>	<u>\$ 6,295,697</u>

BEND THE ARC - A JEWISH PARTNERSHIP FOR JUSTICE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

8 Beneficial Interest in Lead Trust

BTA-JPJ is the sole beneficiary of a charitable lead trust (the Trust), under which it will receive annually 7% of the market value of the trust assets for twenty-five years beginning August 19, 1998 paid in quarterly installments. BTA-JPJ is not the trustee and does not exercise control over the Trust assets. BTA-JPJ has reflected its beneficial interest in the Trust as a net asset with donor restriction, recorded at the net present value of the expected future cash flows using a 3.5% discount rate. The amount received in the years ended June 30, 2024 and 2023 was \$13,336 and \$42,553, respectively. The Trust was fully liquidated during the year ended June 30, 2024.

9 Fixed Assets

Fixed assets consist of the following at June 30, 2024 and 2023:

	2024	2023
Equipment	\$ 348,868	\$ 336,728
Less accumulated depreciation	<u>(324,661)</u>	<u>(305,633)</u>
	<u>\$ 24,207</u>	<u>\$ 31,095</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$19,028 and \$18,168, respectively.

10 Managed Projects

BTA-JPJ offers administrative services to manage projects for other agencies performing charitable works. BTA-JPJ will charge the agencies a management fee. During the years ended June 30, 2024 and 2023, BTA-JPJ received funds totaling \$12,659,024 and \$13,598,509 and paid out \$12,154,670 and \$11,661,552, respectively, on behalf of the Managed Projects. As of June 30, 2024 and 2023, the amount held for Managed Projects was \$13,229,792 and \$12,725,438, respectively.

11 Operating Leases

BTA-JPJ is the lessee of equipment, office space, and storage space under operating leases. BTA-JPJ determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified, and recognized at lease commencement. BTA-JPJ categorizes leases with contractual terms longer than twelve months as either operating or finance leases. BTA-JPJ's leases generally have terms that range from one to five years. Operating lease right of use assets are separately presented on the statement of financial position. Operating lease liabilities are also separately presented on the statement of financial position. Lease assets represent BTA-JPJ's right to use an underlying asset for the lease term and lease liabilities represent BTA-JPJ's obligation to make lease payments arising from the lease.

BEND THE ARC - A JEWISH PARTNERSHIP FOR JUSTICE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

11 Operating Leases (Continued)

Operating lease right of use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, using the collateralized incremental borrowing rate at the commencement date in determining the present value of future payments.

Future minimum lease payments called for in the leases are as follows:

2025	\$ 68,674
Less: imputed interest	<u>(938)</u>
	<u>\$ 67,736</u>

Weighted average remaining lease term and discount rate for operating leases were as follows:

Weighted Average Remaining Lease Term	0.27 years
Weighted Average Discount Rate	8.25%

Lease expense was \$273,578 and \$265,628 for the years ended June 30, 2024 and 2023, respectively.

12 Net Assets with Donor Restrictions

Net assets with donor restriction are available for the following purposes as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to purpose or time restriction:		
Support of programs	\$ 669,003	\$ 1,171,327
Endowments		
Subject to endowment spending policy	<u>1,419,486</u>	<u>1,284,494</u>
Total Net Assets with Donor Restrictions	<u>\$ 2,088,489</u>	<u>\$ 2,455,821</u>

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

	<u>2024</u>	<u>2023</u>
Purpose Restriction Accomplished		
Support of programs	<u>\$ 266,666</u>	<u>\$ 266,667</u>
Time restriction	<u>\$ 416,517</u>	<u>\$ 326,517</u>

BEND THE ARC - A JEWISH PARTNERSHIP FOR JUSTICE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

13 Endowment

BTA-JPJ's endowment funds are made up of donor restricted funds. As required by accounting standards generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of BTA-JPJ has interpreted the New York state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent of explicit donor stipulations to the contrary. As a result of this interpretation, BTA-JPJ classifies as net assets with donor restriction (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) enhancements or diminishments of the fund from investment income, loss, and spending allowance.

BTA-JPJ has adopted investment and spending policies for endowment assets that attempt to provide a relatively predictable and growing stream of annual distributions in support of the institution while preserving the long-term, real purchasing power of assets. Endowment assets include those assets of donor-restricted funds that BTA-JPJ must hold in perpetuity.

BTA-JPJ's endowment net assets had the following activity for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Endowment net assets, beginning of year	\$ 1,284,494	\$ 1,240,262
Investment income	148,328	86,785
Spending allowance	<u>(13,336)</u>	<u>(42,553)</u>
Endowment net assets, end of year	<u>\$ 1,419,486</u>	<u>\$ 1,284,494</u>

Endowment net assets had the following net asset compositions as of the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
General operations	<u>\$ 1,419,486</u>	<u>\$ 1,284,494</u>

Spending Policy and How the Investment Objectives Relate to Spending Policy

BTA-JPJ has a policy of appropriating for distribution each year 1.0 % and 3.4% of its endowment fund's fair value based upon the prior three fiscal years' market values of the endowment fund for each of the years ended June 30, 2024 and 2023, respectively. Therefore, the financial objective is to earn a total return (net of all fees and expenses) equal to or exceeding the spending rate plus the inflation rate - as measured by the Consumer Price Index. This is consistent with BTA-JPJ's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

BEND THE ARC - A JEWISH PARTNERSHIP FOR JUSTICE

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

13 Endowment (Continued)

Strategies Employed for Achieving Objectives

The overall financial goal of the endowment is to maintain or enhance its market value while providing BTA-JPJ's operating budget with a relatively predictable stream of revenue targeted at approximately 4% - 6% of the average endowment balance. Therefore, the financial objective is to earn a total return (net of all fees and expenses) equal to or exceeding the spending rate plus the inflation rate as measured by the Consumer Price Index. For an endowment to maintain its level of support, it must earn an investment return equal to the spending rate plus the inflation rate. The rationale is to obtain the best possible expected return, given the level of risk assumed. The investment policies of BTA-JPJ will be carried out by means of investment strategies that reflect continuous evaluation of changing investment environments, manager judgment regarding the allocation of the assets among different kinds of asset classes, identification of appropriate investment vehicles and the making of specific investment decisions.

14 Retirement Plan

BTA-JPJ sponsors a 401(k) pension plan. Employees can make contributions to the plan immediately upon hire. BTA-JPJ may make discretionary contributions to the plan. BTA-JPJ made contributions to the plan of \$-0- and \$23,266 during the years ended June 30, 2024 and 2023.

15 Compensated Absences

Employees are entitled to paid vacations. It is impractical to estimate the amount of compensation for future vacation and, accordingly, no liability has been recorded in the accompanying financial statements. The policy is to recognize the costs of compensated absences when paid to employees.

16 Subsequent Event

BTA-JPJ's staff unionized in 2021 with Nonprofits Professional Employees Union. On July 15, 2024, BTA-JPJ finalized and ratified their first contract which is effective for three years, until July 14, 2027.

BTA-JPJ has evaluated all subsequent events through May 14, 2025, the date the financial statements were available to be issued.