

BEND THE ARC - JEWISH ACTION

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REPORT ON AUDIT OF  
FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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# O'CONNELL & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

SUITE 1100  
165 TOWNSHIP LINE ROAD  
JENKINTOWN, PA 19046

## INDEPENDENT AUDITOR'S REPORT

May 10, 2023

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

### ***Opinion***

We have audited the accompanying financial statements of Bend the Arc - Jewish Action ("BTA - JA") (a nonprofit corporation) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BTA - JA as of June 30, 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. 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 - JA 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 - JA'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.

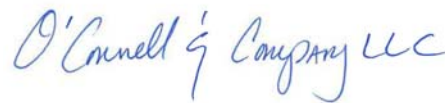
***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

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- JA'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 - JA'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 - JEWISH ACTION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

|  | <u>2022</u>         | <u>2021</u>         |
|--|---------------------|---------------------|
| ASSETS   |                     |                     |
| Cash and cash equivalents                              | \$ 2,808,353        | \$ 2,585,882        |
| Contributions receivable, net                          | 361,154             | 321,056             |
| Other assets   | 5,200               | 9,916               |
| Fixed assets, net                                      | <u>-</u>            | <u>269</u>          |
| TOTAL ASSETS   | <u>\$ 3,174,707</u> | <u>\$ 2,917,123</u> |
|  |                     |                     |
| LIABILITIES AND NET ASSETS                             |                     |                     |
| Liabilities  |                     |                     |
| Accounts payable and accrued expenses                  | \$ 52,659           | \$ 85,250           |
| Managed project  | 34,831              | 48,491              |
| Due to Bend the Arc - A Jewish Partnership for Justice | <u>1,533,698</u>    | <u>850,559</u>      |
| Total Liabilities                                      | 1,621,188           | 984,300             |
| Net Assets   |                     |                     |
| Without donor restrictions                             | \$ 1,238,293        | \$ 1,621,767        |
| With donor restrictions                                | <u>315,226</u>      | <u>311,056</u>      |
| Total Net Assets                                       | <u>1,553,519</u>    | <u>1,932,823</u>    |
| TOTAL LIABILITIES AND NET ASSETS                       | <u>\$ 3,174,707</u> | <u>\$ 2,917,123</u> |

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

BEND THE ARC - JEWISH ACTION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

|                                   | 2022          |              |              | 2021          |              |              |
|-----------------------------------|---------------|--------------|--------------|---------------|--------------|--------------|
|                                   | Without Donor | With Donor   |              | Without Donor | With Donor   |              |
|                                   | Restrictions  | Restrictions | Total        | Restrictions  | Restrictions | Total        |
| SUPPORT AND REVENUE               |               |              |              |               |              |              |
| General contributions             | \$ 509,391    | \$ 114,170   | \$ 623,561   | \$ 1,280,762  | \$ 291,921   | \$ 1,572,683 |
| Grants                            | 2,500,000     | -            | 2,500,000    | 3,200,000     | -            | 3,200,000    |
| Fees                              | 9,978         | -            | 9,978        | 20,563        | -            | 20,563       |
| Other income                      | -             | -            | -            | 526           | -            | 526          |
| Interest income                   | 2,105         | -            | 2,105        | 2,309         | -            | 2,309        |
| Satisfaction of time restriction  | 110,000       | (110,000)    | -            | 10,000        | (10,000)     | -            |
| TOTAL SUPPORT AND REVENUE         | 3,131,474     | 4,170        | 3,135,644    | 4,514,160     | 281,921      | 4,796,081    |
| EXPENSES                          |               |              |              |               |              |              |
| Program                           | 2,920,527     | -            | 2,920,527    | 3,699,206     | -            | 3,699,206    |
| Administration                    | 461,702       | -            | 461,702      | 585,206       | -            | 585,206      |
| Development                       | 132,719       | -            | 132,719      | 158,307       | -            | 158,307      |
| TOTAL EXPENSES                    | 3,514,948     | -            | 3,514,948    | 4,442,719     | -            | 4,442,719    |
| (DECREASE) INCREASE IN NET ASSETS | (383,474)     | 4,170        | (379,304)    | 71,441        | 281,921      | 353,362      |
| NET ASSETS - Beginning of Year    | 1,621,767     | 311,056      | 1,932,823    | 1,550,326     | 29,135       | 1,579,461    |
| NET ASSETS - End of Year          | \$ 1,238,293  | \$ 315,226   | \$ 1,553,519 | \$ 1,621,767  | \$ 311,056   | \$ 1,932,823 |

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

BEND THE ARC - JEWISH ACTION

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

|                                       | 2022                |                   |                   |                     | 2021                |                   |                   |                     |
|---------------------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|---------------------|
|                                       | Program             | Administration    | Development       | Total               | Program             | Administration    | Development       | Total               |
| Fees for services                     | \$ 2,323,288        | \$ 325,109        | \$ 103,767        | \$ 2,752,164        | \$ 2,572,857        | \$ 360,032        | \$ 114,914        | \$ 3,047,803        |
| Occupancy                             | 177,218             | 55,415            | 12,174            | 244,807             | 119,460             | 37,354            | 8,206             | 165,020             |
| Meetings, conferences<br>and programs | 49,817              | -                 | -                 | 49,817              | 35,316              | -                 | -                 | 35,316              |
| Professional services                 | 58,244              | 4,441             | -                 | 62,685              | 54,425              | 4,150             | -                 | 58,575              |
| Consulting                            | 153,255             | 33,670            | 5,888             | 192,813             | 626,370             | 137,614           | 24,062            | 788,046             |
| Travel and meals                      | 2,149               | 672               | 148               | 2,969               | 821                 | 257               | 56                | 1,134               |
| Dues and subscriptions                | 14,466              | -                 | -                 | 14,466              | 21,740              | -                 | -                 | 21,740              |
| Office expenses                       | 1,584               | 495               | 109               | 2,188               | 3,163               | 989               | 217               | 4,369               |
| Depreciation and amortization         | 195                 | 61                | 13                | 269                 | 367                 | 115               | 25                | 507                 |
| Telecommunications                    | 27,913              | 8,728             | 1,917             | 38,558              | 21,384              | 6,686             | 1,469             | 29,539              |
| Printing and design                   | 5,710               | -                 | 1,428             | 7,138               | 4,031               | -                 | 1,008             | 5,039               |
| Advertising                           | 797                 | -                 | -                 | 797                 | 117,720             | -                 | -                 | 117,720             |
| Technology                            | 83,344              | 26,061            | 5,725             | 115,130             | 94,047              | 29,408            | 6,461             | 129,916             |
| Bank and credit card fees             | 6,314               | 1,974             | 434               | 8,722               | 9,287               | 2,904             | 638               | 12,829              |
| Miscellaneous                         | 1,297               | 406               | 89                | 1,792               | 5,248               | 1,641             | 360               | 7,249               |
| Staff training                        | 5,993               | 1,874             | 412               | 8,279               | 3,030               | 947               | 208               | 4,185               |
| Security                              | -                   | -                 | -                 | -                   | 2,389               | 747               | 164               | 3,300               |
| Insurance                             | 7,084               | 2,215             | 487               | 9,786               | 5,780               | 1,808             | 397               | 7,985               |
| Postage and delivery                  | 1,859               | 581               | 128               | 2,568               | 1,771               | 554               | 122               | 2,447               |
| TOTAL                                 | <u>\$ 2,920,527</u> | <u>\$ 461,702</u> | <u>\$ 132,719</u> | <u>\$ 3,514,948</u> | <u>\$ 3,699,206</u> | <u>\$ 585,206</u> | <u>\$ 158,307</u> | <u>\$ 4,442,719</u> |

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

BEND THE ARC - JEWISH ACTION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES  |                     |                     |
| (Decrease) Increase in net assets   | \$ (379,304)        | \$ 353,362          |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                     |                     |
| Depreciation and amortization   | 269                 | 507                 |
| Changes in assets and liabilities which affected cash                                       |                     |                     |
| (Increase) Decrease   |                     |                     |
| Pledge receivable   | (40,098)            | (291,921)           |
| Other assets  | 4,716               | (9,592)             |
| Increase (Decrease)   |                     |                     |
| Accounts payable and accrued expenses   | (32,591)            | 13,562              |
| Managed project   | (13,660)            | 48,491              |
| Due to Bend the Arc - A Jewish Partnership for Justice                                      | <u>683,139</u>      | <u>(600,484)</u>    |
| NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES                                      | <u>222,471</u>      | <u>(486,075)</u>    |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS  | 222,471             | (486,075)           |
| CASH AND CASH EQUIVALENTS - Beginning of Year   | <u>2,585,882</u>    | <u>3,071,957</u>    |
| CASH AND CASH EQUIVALENTS - End of Year   | <u>\$ 2,808,353</u> | <u>\$ 2,585,882</u> |
| SUPPLEMENTAL INFORMATION  |                     |                     |
| Interest paid   | <u>\$ -</u>         | <u>\$ -</u>         |

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



## BEND THE ARC - JEWISH ACTION

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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

#### 1 Summary of Significant Accounting Policies

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

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

Investments -- Investments are reported at fair value.

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

|           |         |
|-----------|---------|
| Equipment | 5 years |
|-----------|---------|

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

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

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

BEND THE ARC - JEWISH ACTION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

*Level 3* - Inputs to the valuation methodology are unobservable.

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

BEND THE ARC - JEWISH ACTION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

2 Concentration of Risk

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

A significant portion of BTA-JA's revenue came from one major donor for the years ended June 30, 2021.

BEND THE ARC - JEWISH ACTION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

3 Liquidity

The table below represents financial assets available for general expenditures within one year at June 30, 2022 and 2021:

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| Financial assets at year end:   |                     |                     |
| Cash and cash equivalents   | \$ 2,808,353        | \$ 2,585,882        |
| Contributions receivable  | <u>361,154</u>      | <u>321,056</u>      |
| Total financial assets  | 3,169,507           | 2,906,938           |
| Less amounts not available to be used within one year:                  |                     |                     |
| Managed projects  | 34,831              | 48,491              |
| Time restricted contributions   | <u>213,600</u>      | <u>191,096</u>      |
| Total amounts not available to be used within one year:                 | <u>248,431</u>      | <u>239,587</u>      |
| Financial assets available to meet general expenditures within one year | <u>\$ 2,921,076</u> | <u>\$ 2,667,351</u> |

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

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

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

BTA-JA owed Bend the Arc - A Jewish Partnership for Justice ("BTA-JPJ") \$1,533,698 and \$850,559 for operating expenses as of June 30, 2022 and 2021, respectively.

BTA-JPJ made grants of \$2,500,000 and \$3,200,000 to Bend the - Arc Jewish Action during the years ended June 30, 2022 and 2021, respectively.

BEND THE ARC - JEWISH ACTION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

5 Contributions Receivable

BTA-JA had contributions receivable of \$361,154 as of June 30, 2022. Contributions receivable have been reported at their net present value using a discount rate of 3%. The contributions are expected to be collected as follows:

|                               |                   |
|-------------------------------|-------------------|
| 2023                          | \$ 164,528        |
| 2024                          | 158,600           |
| 2025                          | 50,000            |
| Less present value adjustment | <u>(11,974)</u>   |
|                               | <u>\$ 361,154</u> |

6 Fixed Assets

Fixed assets consist of the following:

|                               | <u>2022</u>    | <u>2021</u>    |
|-------------------------------|----------------|----------------|
| Equipment                     | 3,491          | 3,491          |
| Less accumulated depreciation | <u>(3,491)</u> | <u>(3,222)</u> |
|                               | <u>\$ -</u>    | <u>\$ 269</u>  |

Depreciation expense was \$269 and \$507 for the years ended June 30, 2022 and 2021, respectively.

7 Managed Project

BTA-JA offers administrative services to manage projects for other agencies performing charitable works. BTA-JA will charge the agencies a management fee. During the years ended June 30, 2022 and 2021, BTA-JA received funds totaling \$56,125 and \$205,630 and paid out \$69,785 and \$157,139, respectively, on behalf of the Managed Project. As of June 30, 2022 and 2021, the amount held for the Managed Project was \$34,831 and \$48,491, respectively.

8 Net Assets with Donor Restrictions

Net assets with donor restriction are available for the following purposes as of June 30, 2022 and 2021:

|                               | <u>2022</u>       | <u>2021</u>       |
|-------------------------------|-------------------|-------------------|
| Time restricted contributions | <u>\$ 315,226</u> | <u>\$ 311,056</u> |

BEND THE ARC - JEWISH ACTION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

8 Net Assets with Donor Restrictions (Continued)

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

|                               | <u>2022</u>       | <u>2021</u>      |
|-------------------------------|-------------------|------------------|
| Time Restriction Accomplished |                   |                  |
| Time restricted contributions | <u>\$ 110,000</u> | <u>\$ 10,000</u> |

9 Subsequent Event

BTA-JA has evaluated all subsequent events through May 10, 2023, the date the financial statements were available to be issued.