

THE BECKET FUND  
AUDITED  
FINANCIAL STATEMENTS

Years Ended September 30, 2023 and 2022

# HOZIK & COMPANY, P.L.C.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Becket Fund  
Washington, D.C.

### Opinion

We have audited the accompanying financial statements of The Becket Fund ("Becket") (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities 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 The Becket Fund as of September 30, 2023 and 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Becket Fund 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.

### Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, *Leases*, effective October 1, 2022. Our conclusion is not modified with respect to this matter.

### 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 Becket Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' 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. 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 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 The Becket Fund's 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 Becket Fund'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.

*Herzik & Company, P.L.C.*

Vienna, Virginia  
December 15, 2023

THE BECKET FUND  
STATEMENTS OF FINANCIAL POSITION  
September 30, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Cash	\$ 3,075,053	\$ 11,619,511
Restricted cash	275,521	275,521
Short-term investment	12,533,904	-
Prepaid expenses and other assets	385,215	334,910
Refundable employee retention credit	294,000	435,677
Other receivables	7,695	12,812
Contributions receivable, net	4,474,914	2,639,300
Deposits	9,793	9,793
Finance lease right-of-use assets	94,600	-
Operating lease right-of-use assets	7,086,942	-
Property and equipment, net	<u>156,614.00</u>	<u>213,818.00</u>
 TOTAL ASSETS	 <u>\$ 28,394,251</u>	 <u>\$ 15,541,342</u>
 LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 88,842	\$ 217,102
Clinic support payable, net	1,435,500	2,131,500
Refundable advances - Canterbury Medal Gala	12,000	11,000
Capital leases payable	-	48,203
Deferred rent incentive	-	1,658,722
Finance lease liabilities	95,442	-
Operating lease liabilities	<u>8,683,759</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>10,315,543</u>	 <u>4,066,527</u>
 NET ASSETS		
Without donor restrictions		
Undesignated	13,322,320	8,790,669
With donor restrictions	<u>4,756,388</u>	<u>2,684,146</u>
 TOTAL NET ASSETS	 <u>18,078,708</u>	 <u>11,474,815</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 28,394,251</u>	 <u>\$ 15,541,342</u>

See notes to financial statements.

THE BECKET FUND  
STATEMENTS OF ACTIVITIES  
Years ended September 30, 2023 and 2022

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE						
Contributions and grants	\$ 7,708,564	\$ 5,864,228	\$ 13,572,792	\$ 8,981,310	\$ 1,635,300	\$ 10,616,610
Canterbury Medal Gala	587,059	-	587,059	569,050	-	569,050
Less: costs of direct benefit to donors	(159,554)	-	(159,554)	(171,769)	-	(171,769)
	427,505	-	427,505	397,281	-	397,281
Legal fees and awards	3,389,842	-	3,389,842	3,308,023	-	3,308,023
Honorarium income	3,679	-	3,679	870	-	870
Interest and other income	268,265	-	268,265	7,953	-	7,953
TOTAL SUPPORT AND REVENUE	11,797,855	5,864,228	17,662,083	12,695,437	1,635,300	14,330,737
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of donation restrictions	3,791,986	(3,791,986)	-	1,778,654	(1,778,654)	-
TOTAL SUPPORT, REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS	15,589,841	2,072,242	17,662,083	14,474,091	(143,354)	14,330,737
EXPENSES						
Program services	9,292,233	-	9,292,233	8,092,263	-	8,092,263
Supporting services						
General and administrative	686,296	-	686,296	638,867	-	638,867
Fundraising	1,079,661	-	1,079,661	1,073,727	-	1,073,727
TOTAL EXPENSES	11,058,190	-	11,058,190	9,804,857	-	9,804,857
TOTAL INCREASE (DECREASE) IN NET ASSETS	4,531,651	2,072,242	6,603,893	4,669,234	(143,354)	4,525,880
NET ASSETS AT BEGINNING OF YEAR	8,790,669	2,684,146	11,474,815	4,121,435	2,827,500	6,948,935
NET ASSETS AT END OF YEAR	\$ 13,322,320	\$ 4,756,388	\$ 18,078,708	\$ 8,790,669	\$ 2,684,146	\$ 11,474,815

See notes to financial statements.

THE BECKET FUND  
STATEMENTS OF CASH FLOWS  
Years ended September 30, 2023 and 2022

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2023</u>	<u>2022</u>
Increase in net assets	\$ 6,603,893	\$ 4,525,880
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization of property and equipment	25,035	40,189
Amortization of finance lease right-of-use assets	20,167	-
Amortization of operating lease right-of-use assets	763,397	-
Increase (decrease) in discount on contributions receivable	55,300	(9,300)
Decrease in discount on clinic support payable	29,000	43,500
Donated investments	(287,663)	(125,456)
Realized gain on donated investments	(5,088)	(1,065)
Proceeds from the sale of donated investments	293,315	128,575
(Gain) loss on disposal of right-of-use assets	(3,357)	320
Changes in operating assets and liabilities		
Prepaid expenses and other assets	(50,305)	102,809
Accounts receivable - legal fees and awards receivable	-	1,950,000
Refundable employee retention credit	141,677	-
Other receivables	5,117	-
Contributions receivable	(1,890,914)	(52,500)
Deposits	-	205
Accounts payable and accrued expenses	(128,260)	73,341
Clinic support payable	(725,000)	(725,000)
Refundable advances - Canterbury Medal Gala	1,000	10,000
Deferred rent incentive	-	755,436
Operating lease liability	(825,302)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,022,012	6,716,934
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of short-term investment	(12,540,349)	-
Proceeds from the sale of short-term investments	5,881	-
Purchase of property and equipment	(13,308)	(3,157)
NET CASH USED BY INVESTING ACTIVITIES	(12,547,776)	(3,157)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on finance/capital leases	(18,694)	(17,885)
NET CASH USED BY FINANCING ACTIVITIES	(18,694)	(17,885)
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	(8,544,458)	6,695,892
CASH AND RESTRICTED CASH AT BEGINNING OF THE YEAR	11,895,032	5,199,140
CASH AND RESTRICTED CASH AT END OF YEAR	\$ 3,350,574	\$ 11,895,032
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 2,953	\$ 8,124
Cash paid for amounts included in the measurement of operating lease liability	\$ 825,302	\$ -
Noncash operating activity:		
Operating lease right-of-use assets upon ASC 842 implementation	\$ 9,446,254	\$ -
Operating lease right-of-use asset obtained in exchange for new operating lease liability	\$ 62,807	\$ -
Non cash financing activity:		
Finance lease right-of-use asset obtained in exchange for new finance lease liability	\$ 75,699	\$ -
Finance lease right-of-use assets upon ASC 842 implementation	\$ 57,252	\$ -
Equipment acquired under capital lease	\$ -	\$ 22,722

See notes to financial statements.

THE BECKET FUND  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2023 and 2022

NOTE 1 - ORGANIZATION

The Becket Fund for Religious Liberty is a non-profit, public interest law firm that protects the free expression of all religions. Becket exists to vindicate a simple but frequently neglected principle: that because the religious impulse is natural to human beings, religious expression is natural to human culture. As a public interest law firm, Becket represents its clients free of charge (pro-bono) and takes on cases to challenge federal, state, and local violations against the first Amendment right to free expression. Since its founding in 1993, it has been the leading firm in defending the rights of people from “A to Z,” from Anglicans to Zoroastrians. Past and current clients include Buddhists, Christians, Hindus, Jews, Muslims, Sikhs, Native Americans and Zoroastrians. Becket has obtained kosher food for Jewish prisoners in Texas, made it possible for a mosque to open in Tennessee, kept a Sikh boy from getting kicked out of high school for wearing a kirpan, protected a Christian family-owned pharmacy from being forced to sell drugs that violated their religious beliefs, and protected the rights of a New York Amish community to build their houses according to their faith.

Becket supporters represent a myriad of religions, but they all share a common vision of a world where religious liberty is respected as a fundamental human right that all are entitled to enjoy and exercise. Its support comes from charitable contributions and grants from individuals and foundations of diverse faith traditions and backgrounds. It is internationally recognized as a leading public interest law firm by the elite media, religious leaders, academics and legal professionals.

Becket’s major sources of revenue are contributions and grants, legal fees and awards, and its annual gala.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: Becket maintains its accounting records on the accrual basis of accounting.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect certain reported amounts and disclosures. Accordingly, actual results differ from those estimates.

Basis of Presentation: In accordance with the *Not-For-Profit-Entities – Presentation of Financial Statements* sub topic of the FASB Accounting Standards Codification, Becket reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Becket. These net assets may be used at the discretion of Becket’s management and the Board of Directors.

THE BECKET FUND  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued):

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors that will be satisfied by action of Becket or by the passage of time.

Contributions and Grants: Contributions and grants are accounted for in accordance with the *Not-For-Profit Entities – Revenue Recognition* topic of the FASB Accounting Standards Codification. Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a 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.

Legal Fees and Awards: Legal fees and awards are recognized as revenue upon the execution of a settlement agreement or court order awarding the fees. At the time that legal fees and awards are awarded, Becket has met the performance obligation of providing litigation services to the client.

Canterbury Medal Gala: Revenue from the Canterbury Medal Gala is comprised of tickets and sponsorships for the event. The fair market value of the dinner portion of tickets and sponsorships has been determined to be exchange revenue, while amounts received in excess of the value of the dinner are contributions. All of the revenue for the fair market value of the dinner portion of tickets and sponsorships is recognized at a point in time, on the date that the gala is held. Payment for tickets and sponsorships is generally due in advance of the gala.

For the years ended September 30, 2023 and 2022, Canterbury Medal Gala on the statements of activities is comprised of:

Canterbury Medal Gala	<u>2023</u>	<u>2022</u>
Contributions	\$446,622	\$484,616
Dinner value	<u>140,437</u>	<u>84,434</u>
	<u>\$587,059</u>	<u>\$569,050</u>

Cash and Restricted Cash: Cash and restricted cash consists of checking accounts, money market deposit accounts and petty cash.

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total of the same such amounts as shown in the statements of cash flows as of September 30:

	<u>2023</u>	<u>2022</u>
Cash	\$3,075,053	\$11,619,511



THE BECKET FUND  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Restricted Cash (Continued):

Restricted cash	275,521	275,521
Total cash and restricted cash as shown in the statements of cash flows	\$3,350,574	\$11,895,032

Restricted cash is comprised of a money market deposit account that serves as collateral for Becket's letter of credit. See Note 14.

Financial and Credit Risks: Becket maintains cash in various financial institutions, which at times may exceed Federally insured limits. Becket has not experienced any losses in such accounts. Becket believes it is not exposed to any significant credit risk on cash.

Becket is a not-for-profit, nonpartisan public interest law firm. Becket's clients are located throughout the United States. Becket performs ongoing credit evaluation of its clients and requires no collateral against accounts receivable. Becket has had minimal credit losses on its accounts receivable. There were no accounts receivable from clients at September 30, 2023 or 2022.

Short-Term Investment: The short-term investment is comprised of a money market mutual fund. The short-term investment is valued at fair market value on the statements of financial position. The fair value of the investment which is traded on a national security exchange is valued at the closing price on the last business day of the year. Marketable securities acquired by donations are recorded at their fair value at the date of the donation.

Contributions Receivable and Refundable Advances: Unconditional contributions are recognized as revenues in the period received. Conditional contributions are recognized only when the condition on which they depend are substantially met and the contributions become unconditional. Contributions receivable are reported in the statements of financial position at the outstanding contribution balance adjusted for any write-offs and an allowance for uncollectible contributions, if applicable. Contributions anticipated to be received beyond one year are discounted to their net present value at a risk adjusted rate.

Payments received for conditional contributions in advance of satisfying the conditions are recorded as refundable advances on the statements of financial position. Refundable advances at September 30, 2023 and 2022 represent payments received for a future Canterbury Medal Gala.

Property and Equipment: Property and equipment of Becket are recorded at cost. The cost of disposed assets is removed from the respective fixed asset and accumulated depreciation and amortization accounts. Leasehold improvements are amortized over the shorter of the term of the related lease or the estimated useful life of the improvement. Depreciation and amortization

THE BECKET FUND  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued):

of all other property and equipment is calculated using the straight-line method over the estimated useful lives of the related assets ranging from three to ten years. Becket's policy is to capitalize all purchases of property and equipment in excess of \$1,500.

Clinic Support Payable: Clinic support payable represents an unconditional gift to support the Harvard Law Clinic. Payments due in greater than one year from the statements of financial position have been discounted to present value using a rate of 2% per annum.

Functional Allocation of Expenses: The cost of providing program and other activities has been summarized on a functional basis in the statements of activities. Expenses directly attributable to a specific functional area of Becket are reported as expenses of those functional areas. Payroll and benefit expenses have been allocated across program and other supporting services based on the estimated time and effort spent by the employees in each area. Rent, travel and related, professional fees, books and subscriptions, depreciation and amortization, office expenses, other insurance, dues, fees and seminars, postage and delivery, and printing and reproduction have been primarily allocated based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

Income Taxes: Becket is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. However, any income from certain activities not directly related to Becket's tax-exempt purpose would be subject to taxation as unrelated business income. Becket did not incur any income tax expense related to unrelated business income for the years ended September 30, 2023 and 2022. As of September 30, 2023, the federal and state statute of limitations remains open for the 2020 through the 2023 tax years.

Reclassifications:

Certain balances at September 30, 2022 have been reclassified to conform to the September 30, 2023 presentation.

Subsequent Events: In preparing these financial statements, management has evaluated events and transactions that occurred after the statements of financial position date for potential recognition or disclosure through December 15, 2023, the date the financial statements were available to be issued. None were noted.

New Accounting Standard: During February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") No. 2016-02, *Leases (Topic 842)* ("ASC 842"). Under the new standard, lessees are required to recognize the following for all leases with a term of twelve months or greater at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use ("ROU") asset, representing the lessee's right to use, or control the use of, a specified asset for the lease term. Leases are classified as either operating or finance leases (formerly referred to as capital leases). Recognition, measurement, and presentation of expenses and cash flows arising from a lease are determined by a lease's

THE BECKET FUND  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standard (Continued)

classification. Becket adopted the new standard on October 1, 2022 using the modified retrospective transition approach and elected a package of practical expedients which, among other provisions, allowed Becket to carry forward the historical lease classification relating to its existing leases.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents Becket's financial assets at September 30, 2023 and 2022:

Financial assets at year end:	<u>2023</u>	<u>2022</u>
Cash	\$3,075,053	\$11,619,511
Restricted cash	275,521	275,521
Short-term investment	12,533,904	-
Refundable employee retention credit	294,000	435,677
Other receivables	7,695	12,812
Contributions receivable, gross – due in one year	<u>2,070,798</u>	<u>1,235,000</u>
	18,256,971	13,578,521
Less amounts not available to be used for general expenditures within one year:		
Net assets with donor restrictions	(4,756,388)	(2,684,146)
Restricted cash	(275,521)	(275,521)
Less net assets with time restrictions to be met in less than one year	<u>2,070,798</u>	<u>1,235,000</u>
	<u>(2,961,111)</u>	<u>(1,724,667)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$15,295,860</u>	<u>\$11,853,854</u>

Becket maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 4 - SHORT-TERM INVESTMENT

Short-term investment at September 30, 2023 is follows:

Money market mutual fund	\$12,533,904
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There was no short-term investment at September 30, 2022.

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS

*The Fair Value Measurements and Disclosures* topic of the FASB Accounting Standards Codification establishes a common definition for fair value to be applied to U.S. generally

THE BECKET FUND  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

The framework establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are inactive; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs for the asset or liability.

The following table summarizes the valuation of the financial instruments by the above pricing levels as of September 30, 2023:

	Unadjusted quoted market prices ( <u>Level 1</u> )
Money market mutual fund	\$12,533,904

NOTE 6 - EMPLOYEE RETENTION CREDIT

The Employee Retention Credit is a refundable tax credit established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), expanded under the Consolidated Appropriations Act of 2021 and extended by the American Rescue Plan Act of 2021. The Infrastructure Investment and Jobs Act ended the availability of the credit on September 30, 2021 for most employers.

Becket has determined the employee retention credit is a conditional grant where the conditions are that payroll costs must be incurred during the qualifying periods and a significant decline in gross receipts is experienced, both as defined in the Acts.

Becket filed amended payroll tax returns requesting credits totaling \$435,677 in September 2021. As the conditions of the employee retention credits were met by September 30, 2021, Becket recorded the employee retention credit income in its September 2021 financial statements. As of September 30, 2023 and 2022, Becket had receivables for employee retention credits of

THE BECKET FUND  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 - EMPLOYEE RETENTION CREDIT (CONTINUED)

\$294,000 and \$435,677, respectively.

Laws and regulations concerning government programs, including the employee retention credit, are complex and subject to varying interpretations. There can be no assurance that regulatory authorities will not challenge Becket's claim to the credit, however Becket does not expect that this would result in any material impact to the organization.

NOTE 7 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at September 30, 2023 and 2022 are unconditional. Contributions receivable due twelve months or more after the statements of financial position date are discounted between 2%-5% per annum.

Unconditional contributions receivable as of September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$2,070,798	\$1,235,000
Receivable in one to five years	<u>2,500,116</u>	<u>1,445,000</u>
Total unconditional contributions receivable	4,570,914	2,680,000
Less discount to net present value	<u>(96,000)</u>	<u>(40,700)</u>
Net unconditional contributions receivable	<u>\$4,474,914</u>	<u>\$2,639,300</u>

No allowance for doubtful contributions is considered necessary at September 30, 2023 and 2022.

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment, net at September 30, 2023 and 2022 consists of:

	<u>2023</u>	<u>2022</u>
Computers and equipment	\$168,779	\$241,712
Furniture	245,103	245,103
Website and server	187,731	187,731
Artwork	15,500	15,500
Software	1,700	1,700
Less accumulated depreciation and amortization	<u>(462,199)</u>	<u>(477,928)</u>
Total	<u>\$156,614</u>	<u>\$213,818</u>

NOTE 9 - CLINIC SUPPORT PAYABLE

Clinic support payable as of September 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Payable in less than one year	\$725,000	\$725,000

THE BECKET FUND  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 - CLINIC SUPPORT PAYABLE (CONTINUED)

Payable in one to five years	<u>725,000</u>	<u>1,450,000</u>
Total	1,450,000	2,175,000
Less discount to net present value	<u>(14,500)</u>	<u>(43,500)</u>
Net clinic support payable	<u>\$1,435,500</u>	<u>\$2,131,500</u>

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED  
FROM RESTRICTIONS

Net assets with donor restrictions at September 30, 2023 and 2022 were restricted for the following purposes:

Subject to expenditure for specified purpose or passage of time:	<u>2023</u>	<u>2022</u>
Contributions receivable	\$3,435,250	\$2,639,300
Law clinics at elite schools	1,321,138	-
Opposition research project	-	44,846
	<u>\$4,756,388</u>	<u>\$2,684,146</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions during the years ended September 30, 2023 and 2022 are as follows:

Releases due to purpose restrictions accomplished:	<u>2023</u>	<u>2022</u>
Law clinics at elite schools	\$177,080	\$40,000
Next Generation of Scholars and Practitioners Project	225,000	345,000
Religious Liberty Index	90,000	-
Intern program	11,000	-
Post-Dobbs litigation	169,384	-
Transgender Mandate litigation	50,483	-
Education litigation	35,343	-
Medical conscience rights	-	60,000
Other litigation	650,100	11,000
Opposition research project	144,846	55,154
Defense of the Catholic Church	-	50,000
	<u>1,553,236</u>	<u>561,154</u>
Releases due to passage of time:		
Contributions receivable	<u>2,238,750</u>	<u>1,217,500</u>
Net assets released from restrictions	<u>\$3,791,986</u>	<u>\$1,778,654</u>

NOTE 11 - EMPLOYEE BENEFITS

Becket has a 401(k) plan, which covers employees who meet the eligibility requirements and

THE BECKET FUND  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 - EMPLOYEE BENEFITS (CONTINUED)

who elect to participate. Under terms of the plan, eligible employees may defer a portion of their compensation, which is then contributed to the plan. Effective January 2016, Becket began matching three percent of participant's base salary in the Plan. For the years ended September 30, 2023 and 2022, the total expense for the 401(k) Plan is \$160,549 and \$138,511, respectively. Becket also has a flexible benefits plan for employees.

NOTE 12 - CONCENTRATION OF SUPPORT AND REVENUE

Approximately 12% and 13% of support and revenue for the years ended September 30, 2023 and 2022 was derived from one legal fee award, respectively.

NOTE 13 - RELATED PARTY TRANSACTIONS

Transactions with related parties for the years ended September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Contributions from Board members	\$2,125,000	\$530,100

Balances due from related parties at September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Contributions receivable from Board members	\$1,525,000	\$1,000,000

NOTE 14 - LEASE, RENT EXPENSE AND OTHER COMMITMENTS

Becket leases office space in Washington, D.C. under a twelve year operating lease. The lease contains one 5 year renewal term if Becket gives notice to the landlord no later than 15 months before the expiration of the initial lease term. The lease also contains a one-time option to terminate the lease effective as of the last day of the 102nd lease month if Becket gives written notice of the election no later than 12 months before the expiration of the lease term. Neither the renewal term nor the termination option were included in the lease term as neither was reasonably certain to be exercised at lease commencement.

Becket also leases office space in California under a two year operating lease. The lease automatically renews unless 3 months notice is given to the landlord prior to the expiration date. The renewal term was not included in the lease term as Becket was not reasonably certain to be exercised upon lease commencement.

Becket has other office leases that meet the short-term lease election ASC 842 and therefore are not accounted for on Becket's statements of financial position.

Becket also leases copiers under finance leases (capital leases in 2022).

The ROU assets and lease obligations were recognized at the present value of the lease payments

THE BECKET FUND  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 - LEASE, RENT EXPENSE AND OTHER COMMITMENTS (CONTINUED)

over the lease term at the lease commencement date. Becket elected to use risk free rates of return at lease inception for the operating leases. Becket used its incremental borrowing rate at the inception of the lease to determine the present value of the lease payments for the ROU assets and liabilities for finance leases. Becket has elected not to separate lease components from nonlease components as allowed for under ASC 842.

Future minimum lease payments on Becket's leases at September 30, 2023 are as follows:

<u>Year ending September 30:</u>	<u>Finance leases</u>	<u>Operating leases</u>	<u>Total</u>
2024	\$21,854	\$919,410	\$941,264
2025	21,854	930,622	952,476
2026	21,854	931,424	953,278
2027	21,854	954,762	976,616
2028	16,391	978,678	995,069
2029 and thereafter	<u>-</u>	<u>4,346,476</u>	<u>4,346,476</u>
Total minimum lease payments	103,807	9,061,372	<u>\$9,165,179</u>
Less amount representing Interest	<u>(8,365)</u>		
Less present value discount		<u>(377,613)</u>	
Present value of net minimum lease payments	<u>\$95,442</u>	<u>\$8,683,759</u>	

The following table presents the components of lease expense for the year ended September 30, 2023:

Operating lease cost	\$846,114
Finance lease cost	
Amortization of leased assets	20,167
Interest on lease	<u>2,953</u>
Total lease cost	<u>\$869,234</u>

The remaining weighted-average lease terms and the weighted-average average discount rates were as follows:

Weighted-average remaining lease term in years:	
Operating leases	9.12
Finance leases	3.66
Weighted-average discount rate:	
Operating leases	.93%
Finance leases	3.66%



THE BECKET FUND  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 - LEASE, RENT EXPENSE AND OTHER COMMITMENTS (CONTINUED)

Becket's lease agreement for office space in Washington D.C. requires a letter of credit for \$275,521 in lieu of a security deposit. The letter of credit is secured by a money market account.

Property and equipment included the following amount for the leases that had been capitalized at September 30, 2022:

Equipment	\$86,241
Less accumulated amortization	<u>(40,764)</u>
	<u>\$45,477</u>

Amortization of these assets, computed by the straight-line method over the useful life of the asset, was included in depreciation and amortization expense.

NOTE 15 - FUNCTIONAL EXPENSES

The functional allocation of expenses for the year ended September 30, 2023 is as follows:

		Supporting Services		
	Program	General and		
	services	administrative	Fundraising	Total
Payroll and benefits	\$ 6,693,856	\$ 363,421	\$ 542,816	\$ 7,600,093
Rent	754,458	90,572	59,916	904,946
Conferences and events	94,361	-	368,658	463,019
Communications	431,190	-	18,544	449,734
Research and special projects	319,898	-	-	319,898
Travel and related	95,304	190,607	31,768	317,679
Litigation support	246,958	-	-	246,958
Professional fees	173,668	9,022	13,852	196,542
Office expenses	112,713	5,953	9,140	127,806
Information technology	67,598	14,887	7,093	89,578
Subcontractor expense	77,983	4,118	6,324	88,425
Insurance	62,438	3,297	5,063	70,798
Clinic support	78,130	-	-	78,130
Depreciation and amortization	39,864	2,105	3,233	45,202
Postage and delivery	24,163	1,276	1,959	27,398
Printing and reproduction	9,009	476	731	10,216
Public relations	-	-	9,701	9,701
Interest	7,704	407	625	8,736
Books and subscriptions	2,938	155	238	3,331
	<u>\$ 9,292,233</u>	<u>\$ 686,296</u>	<u>\$1,079,661</u>	<u>\$11,058,190</u>

THE BECKET FUND  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 15 - FUNCTIONAL EXPENSES (CONTINUED)

The functional allocation of expenses for the year ended September 30, 2022 is as follows:

	Program services	Supporting Services		Total
		General and administrative	Fundraising	
Payroll and benefits	\$ 5,666,476	\$ 320,653	\$ 607,328	\$ 6,594,457
Rent	709,155	108,545	73,964	891,664
Conferences and events	303,268	4,635	294,763	602,666
Communications	357,172	570	12,839	370,581
Research and special projects	163,050	-	-	163,050
Travel and related	54,377	136,749	16,732	207,858
Litigation support	243,311	4,903	-	248,214
Professional fees	128,987	6,601	13,656	149,244
Office expenses	124,629	6,378	13,195	144,202
Information technology	76,296	15,469	9,419	101,184
Subcontractor expense	75,500	12,020	-	87,520
Insurance	60,948	3,119	6,453	70,520
Clinic support	43,500	-	-	43,500
Depreciation and amortization	34,735	1,777	3,677	40,189
Postage and delivery	22,670	1,160	2,400	26,230
Printing and reproduction	13,431	687	1,422	15,540
Public relations	407	9,442	16,296	26,145
Interest	7,022	359	743	8,124
Books and subscriptions	7,329	5,800	840	13,969
	<u>\$ 8,092,263</u>	<u>\$ 638,867</u>	<u>\$1,073,727</u>	<u>\$ 9,804,857</u>