

THE BECKET FUND
AUDITED
FINANCIAL STATEMENTS

Years Ended September 30, 2021 and 2020

HOZIK & COMPANY, P.L.C.

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INDEPENDENT AUDITORS' REPORT

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

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, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Herzik & Company, P.L.C.

Vienna, Virginia
December 14, 2021

THE BECKET FUND
STATEMENTS OF FINANCIAL POSITION
September 30, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
Cash	\$ 4,923,619	\$ 3,040,125
Restricted cash	275,521	291,451
Investments	2,377	63,907
Prepaid expenses and other assets	437,396	367,430
Accounts receivable - legal fees and awards receivable	1,950,000	-
Refundable employee retention credit	435,677	-
Other receivables	12,812	68,498
Contributions receivable, net of allowance for discount of \$50,000 and \$34,000 as of September 30, 2021 and 2020, respectively	2,577,500	2,929,730
Property and equipment, net	228,448	109,678
Deposits	<u>9,998</u>	<u>40,322</u>
TOTAL ASSETS	<u>\$ 10,853,348</u>	<u>\$ 6,911,141</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 143,761	\$ 146,739
Refundable advances - Canterbury Medal Gala	1,000	50,062
Capital leases payable	43,366	53,419
Deferred rent incentive	<u>903,286</u>	<u>37,572</u>
TOTAL LIABILITIES	1,091,413	287,792
NET ASSETS		
Without donor restrictions		
Undesignated	6,934,435	3,693,619
With donor restrictions	<u>2,827,500</u>	<u>2,929,730</u>
TOTAL NET ASSETS	<u>9,761,935</u>	<u>6,623,349</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,853,348</u>	<u>\$ 6,911,141</u>

See notes to financial statements.

THE BECKET FUND
STATEMENTS OF ACTIVITIES
Years ended September 30, 2021 and 2020

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE						
Contributions and grants	\$ 5,680,109	\$ 2,479,000	\$ 8,159,109	\$ 4,408,143	\$ 3,071,730	\$ 7,479,873
Canterbury Medal Gala	854,566	-	854,566	-	-	-
Less: costs of direct benefit to donors	(123,564)	-	(123,564)	-	-	-
	731,002	-	731,002	-	-	-
Legal fees and awards	2,157,049	-	2,157,049	1,875	-	1,875
Employee retention credit	435,677	-	435,677	-	-	-
Reimbursed litigation expenses	2,070	-	2,070	-	-	-
Miscellaneous income (loss)	19,406	-	19,406	(4,450)	-	(4,450)
TOTAL SUPPORT AND REVENUE	9,025,313	2,479,000	11,504,313	4,405,568	3,071,730	7,477,298
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of donation restrictions	2,581,230	(2,581,230)	-	1,907,256	(1,907,256)	-
TOTAL SUPPORT, REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS	11,606,543	(102,230)	11,504,313	6,312,824	1,164,474	7,477,298
EXPENSES						
Program services	6,948,485	-	6,948,485	6,163,517	-	6,163,517
Supporting services						
General and administrative	466,964	-	466,964	402,903	-	402,903
Fundraising	950,278	-	950,278	696,953	-	696,953
TOTAL EXPENSES	8,365,727	-	8,365,727	7,263,373	-	7,263,373
TOTAL INCREASE (DECREASE) IN NET ASSETS	3,240,816	(102,230)	3,138,586	(950,549)	1,164,474	213,925
NET ASSETS AT BEGINNING OF YEAR	3,693,619	2,929,730	6,623,349	4,644,168	1,765,256	6,409,424
NET ASSETS AT END OF YEAR	\$ 6,934,435	\$ 2,827,500	\$ 9,761,935	\$ 3,693,619	\$ 2,929,730	\$ 6,623,349

See notes to financial statements.

THE BECKET FUND
STATEMENTS OF CASH FLOWS
Years ended September 30, 2021 and 2020

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2021</u>	<u>2020</u>
Increase in net assets	\$ 3,138,586	\$ 213,925
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation and amortization of property and equipment	61,368	107,494
Increase in discount on contributions receivable	16,000	25,700
Donated investments	(32,740)	(30,492)
Realized and unrealized (gain) loss on investments	(14,277)	3,941
Capitalized lease incentive	(181,850)	-
Loss on disposal of property and equipment	1,112	1,648
Changes in operating assets and liabilities		
Prepaid expenses and other assets	(69,966)	(206,429)
Accounts receivable - legal fees and awards receivable	(1,950,000)	-
Refundable employee retention credit	(435,677)	-
Other receivables	55,686	(68,498)
Contributions receivable	336,230	(1,259,741)
Deposits	30,324	-
Accounts payable and accrued expenses	(2,978)	33,089
Refundable advances - Canterbury Medal Gala	(49,062)	50,062
Deferred rent incentive	<u>865,714</u>	<u>(124,480)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,768,470	(1,253,781)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	108,547	-
Proceeds from the sale of property and equipment	600	258
Purchase of property and equipment	<u>-</u>	<u>(23,809)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	109,147	(23,551)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital leases	<u>(10,053)</u>	<u>(16,886)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(10,053)</u>	<u>(16,886)</u>
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH	1,867,564	(1,294,218)
CASH AND RESTRICTED CASH AT BEGINNING OF THE YEAR	<u>3,331,576</u>	<u>4,625,794</u>
CASH AND RESTRICTED CASH AT END OF YEAR	<u><u>\$ 5,199,140</u></u>	<u><u>\$ 3,331,576</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 8,233	\$ 3,819

See notes to financial statements.

THE BECKET FUND
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

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 year ended September 30, 2021, Canterbury Medal Gala on the statements of activities is comprised of:

Canterbury Medal Gala	
Contributions	\$704,566
Dinner value	<u>150,000</u>
	<u>\$854,566</u>

There was no Canterbury Medal Gala for the year ended September 30, 2020.

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:

THE BECKET FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Restricted Cash (Continued):

	<u>2021</u>	<u>2020</u>
Cash	\$4,923,619	\$3,040,125
Restricted cash	<u>275,521</u>	<u>291,451</u>
Total cash and restricted cash as shown in the statements of cash flows	<u>\$5,199,140</u>	<u>\$3,331,576</u>

Restricted cash is comprised of a money market deposit account that serves as collateral for Becket's letter of credit. See Note 13.

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.

At September 30, 2021 and 2020, Becket is invested principally in stocks. Such investments are exposed to various risks such as market and interest rate fluctuations.

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, 2021 and 2020.

The outbreak of COVID-19 (coronavirus) caused by a novel strain of the coronavirus was recognized as a pandemic by the World Health Organization on March 11, 2020, and the outbreak has become increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including, but not limited to, the temporary closures of many businesses, "shelter in place" and other governmental regulations, "work from home" directives, and there are many unknowns.

Becket continues to monitor the impact of the COVID-19 outbreak closely. The extent to which the COVID-19 outbreak will impact Becket's results of operations, financial condition, and cash flows is uncertain.

Accounts Receivable: Accounts receivable for fees, reimbursable expenses and awards are reported on the statements of financial position at the outstanding principal balance adjusted for any write-offs. Accounts receivable are considered past due based on contractual payment terms. Uncollectible accounts receivable are written off when it is finally determined they are uncollectible. No allowance for doubtful accounts is considered necessary at September 30, 2021. There were no accounts receivable at September 30, 2020.

Investments in Marketable Securities: Investments with readily determinable fair values are reported at fair market value on the statements of financial position. The fair value of the investments which are traded on national security exchanges is valued at the closing price on the

THE BECKET FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in Marketable Securities (Continued):

last business day of the year. Unrealized and realized gains and losses are included in the statements of activities as a component of miscellaneous income. 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. Contributions to be received in a period beyond one year from the date of the contribution are discounted to their net present value at a risk adjusted rate at the date of contribution. Refundable advances at September 30, 2021 represent payments received for the May 2022 Canterbury Medal Gala. Refundable advances at September 30, 2020 represent payments received for the May 2022 and 2021 Canterbury Medal Gala. During the year ended September 30, 2021, \$49,062 of the refundable advances at September 30, 2020 were recognized as revenue when the 2021 Canterbury Medal Gala was held.

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 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. As of October 1, 2020, Becket's policy is to capitalize all purchases of property and equipment in excess of \$1,500. Prior to October 1, 2020, Becket's policy was to capitalize all purchases of property and equipment in excess of \$500.

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

THE BECKET FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued):

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, 2021 and 2020. As of September 30, 2021, the federal and state statute of limitations remains open for the 2018 through the 2021 tax years.

Reclassifications: Certain balances at September 30, 2020 have been reclassified to conform to the September 30, 2021 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 14, 2021, the date the financial statements were available to be issued. None were noted.

New Accounting Pronouncement: In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014- 09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Becket adopted the new standard effective October 1, 2020, the first day of Becket's fiscal year using the modified retrospective approach.

Analysis of the provisions of the standard resulted in no significant changes in the way Becket recognizes revenue, and therefore no adjustments to opening net assets were required. The presentation and disclosures of revenue have been changed in accordance with the standard.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents Becket's financial assets at September 30, 2021 and 2020:

Financial assets at year end:	<u>2021</u>	<u>2020</u>
Cash	\$4,923,619	\$3,040,125
Restricted cash	275,521	291,451
Investments	2,377	63,907
Accounts receivable - legal fees and awards	1,950,000	-
Refundable employee retention credit	435,677	-
Other receivables	12,812	68,498
Contributions receivable, gross – due in one year	987,500	2,013,730
Deposits	<u>9,998</u>	<u>40,322</u>
	8,597,504	5,518,033
Less amounts not available to be used for general expenditures within one year:		

THE BECKET FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - AVAILABILITY AND LIQUIDITY (CONTINUED)

Net assets with donor restrictions	(2,827,500)	(2,929,730)
Restricted cash	(275,521)	(291,451)
Less net assets with time restrictions to be met in less than one year	<u>2,577,500</u>	<u>2,929,730</u>
	<u>(525,521)</u>	<u>(291,451)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$8,071,983</u>	<u>\$5,226,582</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 - INVESTMENTS AND INVESTMENT INCOME (LOSS)

Investments at September 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Stocks	\$1,938	\$61,867
Mutual fund	-	1,561
Cash	<u>439</u>	<u>479</u>
	<u>\$2,377</u>	<u>\$63,907</u>

Investment income (loss) consists of the following for the years ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$2,020	\$14
Net realized and unrealized gain/(loss)	<u>14,277</u>	<u>(3,941)</u>
	<u>\$16,297</u>	<u>\$(3,927)</u>

Investment income (loss) is included in miscellaneous income on the statements of activities.

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 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.

THE BECKET FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

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, 2021 and 2020:

	<u>2021</u> Unadjusted quoted market prices (Level 1)	<u>2020</u> Unadjusted quoted market prices (Level 1)
Stocks:		
Large cap	\$1,938	\$ -
High yield	-	4,696
Cyclical	-	33,790
Small value	-	23,381
Mutual Fund – large blend	-	1,561
Cash ¹	<u>439</u>	<u>479</u>
	<u>\$2,377</u>	<u>\$63,907</u>

¹ Becket's cash account is not valued at fair value under ASC 820, however is presented in this total to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

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.

The credit was designed to encourage employers to keep employees on their payroll and continue providing health benefits during the COVID-19 pandemic. Employers are eligible for the credit for quarters from January 1, 2020 and September 30, 2021 during which a significant decline in gross receipts was experienced as defined in the Acts. The amount of the credit is based on a percentage of qualifying wages paid to an employee between March 12, 2020 and September 30, 2021.

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

THE BECKET FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 - EMPLOYEE RETENTION CREDIT (CONTINUED)

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 credit were met by September 30, 2021, Becket has recorded employee retention credit income and a related receivable on its September 30, 2021 financial statements.

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, 2021 and 2020 are unconditional. Contributions receivable due twelve months or more after the statements of financial position date are discounted at 2% per annum.

Unconditional contributions receivable as of September 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$987,500	\$2,013,730
Receivable in one to five years	<u>1,640,000</u>	<u>950,000</u>
Total unconditional contributions receivable	2,627,500	2,963,730
Less discount to net present value	<u>(50,000)</u>	<u>(34,000)</u>
Net unconditional contributions receivable	<u>\$2,577,500</u>	<u>\$2,929,730</u>

No allowance for doubtful contributions is considered necessary at September 30, 2021 and 2020.

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment, net at September 30, 2021 and 2020 consists of:

	<u>2021</u>	<u>2020</u>
Computers and equipment	\$249,293	\$180,212
Furniture	247,405	158,853
Website and server	187,731	187,731
Artwork	15,500	15,500
Software	1,700	10,848
Leasehold improvements	-	22,673
Less accumulated depreciation and amortization	<u>(473,181)</u>	<u>(466,139)</u>
Total	<u>\$228,448</u>	<u>\$109,678</u>

THE BECKET FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 - PROPERTY AND EQUIPMENT (CONTINUED)

As of September 30, 2021 and 2020, Becket leased two copiers under long-term capital leases.

Property and equipment includes the following amount for the leases that have been capitalized at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Equipment	\$77,059	\$77,059
Less accumulated amortization	<u>(40,762)</u>	<u>(26,783)</u>
	<u>\$36,297</u>	<u>\$50,276</u>

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

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED
FROM RESTRICTIONS

Net assets with donor restrictions at September 30, 2021 and 2020 were restricted for the following purposes:

Subject to expenditure for specified purpose or passage of time:	<u>2021</u>	<u>2020</u>
Contributions receivable	\$2,577,500	\$2,929,730
General operations- fiscal year 2022	<u>250,000</u>	<u>-</u>
	<u>\$2,827,500</u>	<u>\$2,929,730</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, 2021 and 2020 are as follows:

Releases due to purpose restrictions accomplished:	<u>2021</u>	<u>2020</u>
MT New Staff	\$ -	\$150,000
Law clinics at elite schools	170,000	448,040
Next Generation of Scholars and Practitioners Project	225,000	-
Religious Liberty Index	-	50,000
Pro Life Litigation	250,000	301,000
Fulton case	-	26,000
Chung vs WIAA case	<u>-</u>	<u>1,000</u>
	645,000	976,040
Releases due to passage of time:		
Contributions receivable	<u>1,936,230</u>	<u>931,216</u>
Net assets released from restrictions	<u>\$2,581,230</u>	<u>\$1,907,256</u>

THE BECKET FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 - EMPLOYEE BENEFITS

Becket has a 401(k) plan, which covers employees who meet the eligibility requirements and 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, 2021 and 2020, the total expense for the 401(k) Plan is \$121,188 and \$112,917, respectively. Becket also has a flexible benefits plan for employees.

NOTE 11 - MAJOR CONTRIBUTORS AND CONTRIBUTIONS

Approximately 24% of support and revenue for the year ended September 30, 2021 was provided from two donors. Approximately 31% of support and revenue for the year ended September 30, 2020 was provided from two donors.

NOTE 12 - RELATED PARTY TRANSACTIONS

Transactions with related parties for the years ended September 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Contributions from Board members	\$2,163,916	\$618,694

Balances due from related parties at September 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Contributions receivable from Board members	\$1,500,000	\$600,000

NOTE 13 - LEASE, RENT EXPENSE AND OTHER COMMITMENTS

Becket leases office space in Washington, D.C., Mount Pleasant, South Carolina, and Salt Lake City, Utah under operating leases. Becket also leases copiers under capital leases that expire May 2023 and September 2024.

Future minimum lease payments on Becket's leases at September 30, 2021 are as follows:

<u>Year ending September 30:</u>	<u>Capital</u> <u>leases</u>	<u>Operating</u> <u>leases</u>	<u>Total</u>
2022	\$17,175	\$102,709	\$119,884
2023	16,138	905,844	921,982
2024	14,313	886,482	900,795
2025	-	908,668	908,668
2026	-	931,428	931,428
2027 and thereafter	<u>-</u>	<u>6,279,910</u>	<u>6,279,910</u>
	47,626	<u>\$10,015,041</u>	<u>\$10,062,667</u>

THE BECKET FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 - LEASE, RENT EXPENSE AND OTHER COMMITMENTS (CONTINUED)

Less amount representing
interest (4,260)
\$43,366

Rent expense was \$835,345 and \$481,619 for the years ended September 30, 2021 and 2020, respectively.

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.

NOTE 14 - FUNCTIONAL EXPENSES

The functional allocation of expenses for the year ended September 30, 2021 is as follows:

	Program services	Supporting Services		Total
		General and administrative	Fundraising	
Payroll and benefits	\$ 4,837,780	\$ 269,874	\$ 541,043	\$ 5,648,697
Rent	701,529	60,702	73,114	835,345
Communications	394,681	1,015	17,748	413,444
Conferences and events	1,938	20,195	242,519	264,652
Litigation support	237,526	-	-	237,526
Professional fees	144,824	7,540	15,627	167,991
Office expenses	111,113	27,397	11,991	150,501
Travel and related	115,163	5,996	12,427	133,586
Subcontractor expense	96,920	21,869	-	118,789
Research and special projects	101,422	(60)	-	101,362
Information technology	52,349	41,708	4,706	98,763
Depreciation and amortization	52,905	2,755	5,709	61,369
Insurance	48,112	2,505	5,191	55,808
Postage and delivery	23,190	1,207	2,502	26,899
Interest	7,097	370	766	8,233
Printing and reproduction	19,168	998	2,068	22,234
Public relations	-	26	11,271	11,297
Books and subscriptions	2,768	2,717	3,396	8,881
Donations	-	150	200	350
	<u>\$ 6,948,485</u>	<u>\$ 466,964</u>	<u>\$ 950,278</u>	<u>\$ 8,365,727</u>

The functional allocation of expenses for the year ended September 30, 2020 is as follows:

THE BECKET FUND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 - FUNCTIONAL EXPENSES (CONTINUED)

	Program services	Supporting Services		Total
		General and administrative	Fundraising	
Payroll and benefits	\$ 4,441,354	\$ 206,885	\$ 500,320	\$ 5,148,559
Rent	421,468	17,604	43,062	482,134
Communications	205,255	13,397	18,105	236,757
Conferences and events	8,028	13,219	14,413	35,660
Litigation support	265,602	-	-	265,602
Professional fees	165,659	9,957	28,230	203,846
Office expenses	83,762	3,839	9,390	96,991
Travel and related	94,060	84,588	30,046	208,694
Subcontractor expense	54,917	9,808	-	64,725
Research and special projects	175,722	-	-	175,722
Information technology	54,610	25,758	12,410	92,778
Depreciation and amortization	92,834	4,254	10,407	107,495
Insurance	45,528	2,086	5,104	52,718
Postage and delivery	21,512	986	2,411	24,909
Interest	3,298	151	370	3,819
Printing and reproduction	17,627	808	1,976	20,411
Public relations	4,369	9,468	20,409	34,246
Books and subscriptions	7,912	95		8,007
Donations	-	-	300	300
	<u>\$ 6,163,517</u>	<u>\$ 402,903</u>	<u>\$ 696,953</u>	<u>\$ 7,263,373</u>