



A V O D A H

Sparking Jewish Leaders, Igniting Social Change

AVODAH: THE JEWISH SERVICE CORPS

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT*

FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

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CERTIFIED PUBLIC ACCOUNTANTS

AVODAH: THE JEWISH SERVICE CORPS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Avodah: The Jewish Service Corps
45 West 36th Street, 8th Floor
New York, New York 10018

We have audited the accompanying financial statements of Avodah: The Jewish Service Corps ("Avodah," a not-for-profit corporation), which comprise the statements of financial position as of August 31, 2016 and 2015, and the related statements of activities, functional expenses, 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 audits 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 Avodah'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 Avodah'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 Avodah as of August 31, 2016 and 2015, 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.

Corin E. Associates LLP

Bohemia, New York

November 9, 2016

AVODAH: THE JEWISH SERVICE CORPS

STATEMENTS OF FINANCIAL POSITION AUGUST 31,

	2016	2015
ASSETS (Note 3)		
Current Assets:		
Cash and cash equivalents (Note 7).....	\$ 619,652	\$ 463,902
Contributions receivable, current portion (Note 7).....	824,760	630,355
Placement fees receivable (Note 9).....	58,750	59,750
Other receivables.....	50	3,695
Prepaid expenses.....	22,857	29,323
TOTAL CURRENT ASSETS	1,526,069	1,187,025
Board designated investments (Notes 2, 7, and 8).....	204,543	153,643
Contributions receivable, net of current portion (Note 7).....	590,000	110,000
Security deposits.....	49,163	50,651
Property and equipment, net of accumulated depreciation.....	23,456	-
TOTAL ASSETS	\$ 2,393,231	\$ 1,501,319
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses.....	\$ 126,892	\$ 85,584
Accrued vacation.....	31,307	30,073
TOTAL LIABILITIES	158,199	115,657
Commitments and contingencies (Notes 2, 3, 4, 5, 6, 7, and 8)		
Net Assets:		
Unrestricted		
Undesignated.....	389,306	411,319
Board designated (Notes 2 and 8).....	204,543	153,643
Temporarily restricted (Note 4).....	1,641,183	820,700
TOTAL NET ASSETS	2,235,032	1,385,662
TOTAL LIABILITIES AND NET ASSETS	\$ 2,393,231	\$ 1,501,319

AVODAH: THE JEWISH SERVICE CORPS

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2016

SUPPORT AND REVENUE:	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Contributions (Notes 4 and 7).....	\$ 1,534,610	\$ 1,441,183	\$ 2,975,793
Net assets released from restrictions (Note 4).....	620,700	(620,700)	-
Gross proceeds from special events.....	18,666	-	18,666
Less: direct benefits to donors.....	(2,951)	-	(2,951)
Net proceeds from special events.....	<u>15,715</u>	<u>-</u>	<u>15,715</u>
TOTAL SUPPORT	2,171,025	820,483	2,991,508
Placement fees (Note 9).....	193,000	-	193,000
Housing allowance (Note 5).....	273,300	-	273,300
Interest income (Note 8).....	1,942	-	1,942
Other income.....	28,801	-	28,801
In-kind contributions.....	<u>79,961</u>	<u>-</u>	<u>79,961</u>
TOTAL REVENUE	<u>577,004</u>	<u>-</u>	<u>577,004</u>
TOTAL SUPPORT AND REVENUE	2,748,029	820,483	3,568,512
EXPENSES:			
Program services.....	2,150,100	-	2,150,100
Management and general.....	293,240	-	293,240
Fundraising.....	<u>275,802</u>	<u>-</u>	<u>275,802</u>
TOTAL EXPENSES	<u>2,719,142</u>	<u>-</u>	<u>2,719,142</u>
CHANGE IN NET ASSETS	28,887	820,483	849,370
Net assets, beginning of year.....	<u>564,962</u>	<u>820,700</u>	<u>1,385,662</u>
Net assets, end of year.....	<u>\$ 593,849</u>	<u>\$ 1,641,183</u>	<u>\$ 2,235,032</u>

AVODAH: THE JEWISH SERVICE CORPS

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2015

SUPPORT AND REVENUE:	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Contributions (Notes 4 and 7).....	\$ 1,189,689	\$ 820,700	\$ 2,010,389
Net assets released from restrictions (Note 4).....	805,855	(805,855)	-
Gross proceeds from special events.....	163,318	-	163,318
Less: direct benefits to donors.....	(48,223)	-	(48,223)
Net proceeds from special events.....	<u>115,095</u>	<u>-</u>	<u>115,095</u>
TOTAL SUPPORT	2,110,639	14,845	2,125,484
Placement fees (Note 9).....	167,250	-	167,250
Housing allowance (Note 5).....	286,950	-	286,950
Interest income (Note 8).....	455	-	455
Other income.....	27,659	-	27,659
In-kind contributions.....	<u>34,195</u>	<u>-</u>	<u>34,195</u>
TOTAL REVENUE	<u>516,509</u>	<u>-</u>	<u>516,509</u>
TOTAL SUPPORT AND REVENUE	2,627,148	14,845	2,641,993
EXPENSES:			
Program services.....	1,959,142	-	1,959,142
Management and general.....	346,738	-	346,738
Fundraising.....	<u>242,551</u>	<u>-</u>	<u>242,551</u>
TOTAL EXPENSES	<u>2,548,431</u>	<u>-</u>	<u>2,548,431</u>
CHANGE IN NET ASSETS	78,717	14,845	93,562
Net assets, beginning of year, as restated (Note 9).....	<u>486,245</u>	<u>805,855</u>	<u>1,292,100</u>
Net assets, end of year.....	<u>\$ 564,962</u>	<u>\$ 820,700</u>	<u>\$ 1,385,662</u>

AVODAH: THE JEWISH SERVICE CORPS

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED AUGUST 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries.....	\$ 979,716	\$ 125,922	\$ 179,710	\$ 1,285,348
Payroll taxes and fringe benefits (Note 6).....	172,669	33,412	34,775	240,856
Professional fees.....	38,390	35,070	2,907	76,367
Occupancy (Note 5).....	569,874	16,413	17,505	603,792
Office equipment and supplies.....	8,717	967	1,401	11,085
Communications.....	17,022	2,151	1,772	20,945
Postage.....	1,729	213	331	2,273
Photocopying.....	2,585	333	367	3,285
Printing and publicity.....	4,368	357	714	5,439
Travel and meetings.....	14,439	7,260	4,713	26,412
Recruiting.....	8,155	-	-	8,155
Participant orientation and retreats.....	132,850	-	-	132,850
Program awards and stipends.....	38,818	-	-	38,818
Weekly and Sunday programs.....	51,475	-	-	51,475
Insurance.....	12,624	594	511	13,729
Depreciation.....	-	-	-	-
Website maintenance and development.....	24,028	1,024	1,084	26,136
Alumni programmatic.....	16,158	-	-	16,158
Board expenses.....	-	7,260	-	7,260
Special events.....	-	-	22,437	22,437
Dues, licenses, permits.....	7,090	8,724	2,929	18,743
Miscellaneous (including in-kind).....	49,393	53,540	4,646	107,579
Totals	<u>\$ 2,150,100</u>	<u>\$ 293,240</u>	<u>\$ 275,802</u>	<u>\$ 2,719,142</u>

AVODAH: THE JEWISH SERVICE CORPS

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED AUGUST 31, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries.....	\$ 906,653	\$ 93,489	\$ 116,060	\$ 1,116,202
Payroll taxes and fringe benefits (Note 6).....	179,296	21,029	27,919	228,244
Professional fees.....	57,483	147,110	41,940	246,533
Occupancy (Note 5).....	569,103	16,917	20,676	606,696
Office equipment and supplies.....	8,115	6,790	1,326	16,231
Communications.....	13,343	1,305	1,774	16,422
Postage.....	2,756	376	560	3,692
Photocopying.....	2,721	390	507	3,618
Printing and publicity.....	4,003	-	647	4,650
Travel and meetings.....	12,429	5	1,679	14,113
Recruiting.....	3,008	-	-	3,008
Participant orientation and retreats.....	47,944	-	-	47,944
Program awards and stipends.....	39,038	-	-	39,038
Weekly and Sunday programs.....	44,504	-	-	44,504
Insurance.....	12,568	394	639	13,601
Depreciation.....	-	487	-	487
Website maintenance and development.....	16,231	2,308	1,400	19,939
Alumni programmatic.....	22,353	-	-	22,353
Board expenses.....	-	4,535	-	4,535
Special events.....	-	-	22,112	22,112
Dues, licenses, permits.....	4,043	20,008	25	24,076
Miscellaneous (including in-kind).....	13,551	31,595	5,287	50,433
Totals	<u>\$ 1,959,142</u>	<u>\$ 346,738</u>	<u>\$ 242,551</u>	<u>\$ 2,548,431</u>

AVODAH: THE JEWISH SERVICE CORPS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31,

2016

2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets.....	\$ 849,370	\$ 93,562
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Adjustment to reconcile change in net assets to net cash

provided by operating activities:

Depreciation.....	-	487
Donated stock.....	(38,103)	-
Net gain on sales of donated stock.....	(410)	-
Change in accrued interest.....	(804)	-

Changes in operating assets and liabilities:

Contributions receivable.....	(674,405)	139,545
Placement fees receivable.....	1,000	(12,010)
Other receivables.....	3,645	1,518
Prepaid expenses.....	6,466	10,460
Security deposits.....	1,488	(1,611)
Accounts payable and accrued expenses.....	41,308	8,739
Accrued vacation.....	1,234	3,503

NET CASH PROVIDED BY OPERATING ACTIVITIES	190,789	244,193
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CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment.....	(23,456)	-
Transfers from investments to cash.....	50,000	-
Transfers from cash to investments.....	(50,644)	-
Investments in money market fund.....	-	(35,000)
Proceeds from sales of donated stock.....	38,513	-
Purchases of board designated investments.....	(199,452)	(150,000)
Sales of board designated investments.....	150,000	149,731

NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	(35,039)	(35,269)
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CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from line of credit.....	-	50,000
Repayments of line of credit.....	-	(50,000)

NET CASH FROM FINANCING ACTIVITIES	-	-
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NET INCREASE IN CASH AND CASH EQUIVALENTS	155,750	208,924
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Cash and cash equivalents, beginning of year.....	463,902	254,978
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Cash and cash equivalents, end of year.....	\$ 619,652	\$ 463,902
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AVODAH: THE JEWISH SERVICE CORPS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Avodah: The Jewish Service Corps (hereinafter "Avodah") is presented to assist in understanding Avodah's financial statements. The financial statements and notes are representations of Avodah's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization: Avodah's mission is to strengthen the Jewish community's fight against the causes and effects of poverty in the United States. Founded in 1998, Avodah is a national organization that is building a new generation of Jewish leaders to work on our most pressing social and economic issues. We provide Jewish leaders and communities with the tools, experience, knowledge and networks they need to work for an end to poverty in America. Through Avodah's Jewish Service Corps, Justice Fellowship, Alumni Network, and community engagement initiatives, Avodah is seeding the American Jewish community with a network of Jewish leaders who have the knowledge and commitment to advance social justice and fight poverty.

The Jewish Service Corps places young Jewish adults, 21-26 years of age, in a year of full-time service at leading antipoverty organizations in Chicago, New York, New Orleans, and Washington, DC. During the year, Corps Members live together in intentional community and participate in weekly educational programs to deepen their skills and understanding of domestic poverty, and explore their work through the lens of Jewish tradition, regularly facilitated by local experts, educators, and community leaders. Over the past nineteen years, Avodah Corps Members have directly improved the lives of 634,000 individuals and added an estimated \$16.2 million in staffing capacity to 174 local antipoverty organizations. As local antipoverty organizations face increased demand for services coupled with declining funding, Avodah's high-quality and cost-effective staffing model offers agencies a real solution. In their placements, Avodah Corps Members build the capacity of Avodah's partner agencies to directly address many of the issues faced by the most vulnerable populations in our country. They work on crucial justice issues like immigration, hunger, education, public health, domestic violence and more. Avodah's partner agencies consistently report being able to offer their clients new and expanded services as a direct result of having an Avodah Corps Member on staff. The Avodah Jewish Service Corps provides recent college graduates a place to build the foundations for careers, Jewish community, and lifelong activism in social and economic justice movements.

The Avodah Justice Fellowship is a selective six-month learning, professional development, and community-building experience for Jewish early-career professionals and active volunteers working on domestic social and economic justice issues. The Justice Fellowship provides young professionals with an opportunity to join a vibrant Jewish community and build the support structures they need to keep working on tough issues over the long haul. Participants come together with experienced social justice leaders who help them develop their skills and build a support system that will strengthen them personally, professionally, and spiritually. Justice Fellows keep their day jobs; they join Avodah for regular evening seminars and engage in critical analysis about domestic justice while looking at their work through a Jewish lens.

Our Fellows work on a wide range of issues including education, health, housing, hunger, labor rights, financial empowerment, criminal justice reform, women's rights, immigration and more.

AVODAH: THE JEWISH SERVICE CORPS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

They are eager to explore the intersections of Jewish life and justice, committed to personal growth and building community, and are invested in working on domestic justice for the long term. Upon their completion of the program, Avodah Fellows are integrated into the national Alumni Network and continue to benefit from Avodah's alumni engagement initiatives. Evaluations completed by our first three cohorts indicate: more than 90% of our Fellows reported that the program strengthened or sustained their commitment to work to address issues of social and economic justice.

The Alumni Network: Close to 900 Avodah alumni live across the United States and other parts of the world, and they have assumed leadership roles throughout the Jewish and nonprofit communities - as professionals, lay leaders, clergy, philanthropists, organizers, activists, and volunteers. As members of the alumni network, Avodah alumni receive advanced leadership training, networking opportunities, and support to foster their development as Jewish leaders.

Avodah's programs have led participants to a sustained commitment to working for justice. We conducted an alumni survey in 2012, facilitated by outside evaluators, and found that:

- 75% say that their current job involves antipoverty or social justice work;
- 92% say Avodah set them on their current professional path; and
- 85% say that Avodah helped them find their place in the Jewish community.

Community Engagement: Our network is now a tremendous repository of knowledge on our nation's most pressing social and economic issues and Jewish responses to them. Our community engagement work gives space for us to think creatively about many of the challenges of the world - and particularly bring the Jewish community to the table in a more present, thoughtful way to fight poverty, promote social justice and have a meaningful impact on the most vulnerable people in our country. Our work helps deepen the Jewish community's understanding of poverty & economic justice. Our community engagement work involves speaking, teaching, training leaders and much more. Examples from the past few years include co-running JustCity - a JTS/Avodah summer program for college students exploring Jewish social justice, co-leading the UJA-Federation of New York trainings provided as part of their Live With Purpose initiative, co-writing a curriculum with Repair the World to bring more thought and meaning to volunteering, leading workshops at Foundation for Jewish Camp conferences and much more.

Thousands of people participated in our various community engagement work during our 2016 fiscal year. We have seen a dramatic increase in interest in this area, and recently hired a Rabbi-in-Residence to lead this work for fiscal 2017 and beyond.

Income Taxes: Avodah is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is publicly supported, as described in section 509(a). Avodah evaluated for uncertain tax positions and has determined that there were no uncertain tax positions for 2016 or 2015.

Avodah files the IRS Form 990 and respective state tax returns. These returns are subject to review and examination by federal and state taxing authorities. Tax returns for the years ended August 31, 2013, 2014, 2015, and 2016 are open for examination by federal and state taxing authorities. Avodah has determined that it has registered in all states where it is required to be registered.

AVODAH: THE JEWISH SERVICE CORPS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

Contributions: Donor-restricted contributions are reported as an increase in temporarily restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction. However, contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Those contributions received that do not contain restrictions are recorded in the unrestricted class of net assets.

Basis of Presentation: Avodah is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, which are defined as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by action of Avodah and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by Avodah. Generally, the donors of these assets would permit Avodah to use all or part of the income earned on any related investments for general or specific purposes. Avodah had no permanently restricted net assets at August 31, 2016 and 2015.

Cash and Cash Equivalents: For purposes of the financial statements, Avodah considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Contributions Receivable: Avodah records unconditional promises to give as revenue in the period received at net realizable value if expected to be received within one year. Unconditional promises to give that are expected to be collected in future years are recorded at fair value based on market conditions using the income approach. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

As of August 31, 2016 and 2015, management considered all receivables to be fully collectable and as such, no allowance for doubtful accounts has been provided for.

Investments: Investments are recorded at fair market value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are reflected in the statements of activities.

AVODAH: THE JEWISH SERVICE CORPS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment: Property and equipment are stated at original cost, or estimated fair market value, if donated. Depreciation is computed using the straight-line method over the assets' estimated useful lives, which range from three to seven years.

Accrued Vacation: Full-time employees with up to two years of service are allotted fifteen vacation days per fiscal year. Full-time employees with more than two years but less than four years of service are allotted eighteen vacation days, and full-time employees with more than four years of service are allotted twenty vacation days. Part time employees are eligible for a vacation allowance that is pro-rated based on the full time employee allotments. Employees can carry forward up to ten unused vacation days. Upon termination, employees are paid out for any unused vacation time.

Placement Fees: Agencies receiving Avodah's Corps Members for one year of full time service pay a fee to help defray expenses associated with Avodah's placement process (publicity, recruiting, interviewing, etc.). The fee is assessed on a sliding scale, based on the placement agency's budget for salaries and benefits. Placement fees received are recorded as earned upon placement of Avodah's Corps Members at the respective agency.

Revenue Recognition: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Avodah recognizes fee based revenue for placement of Avodah's Corps Members at the time of placement.

In-Kind Contributions: Donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind, are recognized at fair value. The value of legal and coaching services provided to Avodah on a pro-bono basis is included in the financial statements as both contributions and expenses in the statements of activities. In addition, many individuals have donated significant amounts of their time to Avodah such as board members and other individuals who volunteer their time and perform a variety of tasks that assist Avodah. No amounts have been reflected in the financial statements for these contributed services in as much as such services do not meet the criteria for recognition in the financial statements under generally accepted accounting principles in the United States of America, nor do they create or enhance non-financial assets.

Functional Expenses: Functional expenses for shared costs have been allocated between program services and support services based on an analysis of personnel time, space utilized, and other equitable bases for the related activities.

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

Events Occurring After the Report Date: Avodah has evaluated events and transactions that occurred between September 1, 2016 and November 9, 2016, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

AVODAH: THE JEWISH SERVICE CORPS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 2 - BOARD DESIGNATED INVESTMENTS

Avodah presents board designated investments in the statements of financial position at fair value. A fair value hierarchy has been established based on the observability of inputs to the evaluation of an asset or liability as of the measurement date. The three-level valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value levels (Level 1, 2, and 3).

- Level 1 - Level 1 instruments are valued using observable inputs that reflect quoted prices for identical assets or liabilities in active markets that Avodah has the ability to access at the measurement date. Level 1 assets include highly-liquid U.S. Treasury securities and exchange-traded equity securities.
- Level 2 - Level 2 instruments are valued using observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets and liabilities. Most debt securities and some preferred stocks are model-priced by vendors using observable inputs and are classified within Level 2. Also included in the Level 2 category are derivative instruments that are priced using models with observable market inputs, including interest rates, foreign currency, and certain credit swap contracts.
- Level 3 - Level 3 instruments are valued using valuations that are derived from techniques in which one or more of the significant inputs, are unobservable (including assumptions about risk). Level 3 securities include less liquid securities such as highly structured and/or lower quality, asset-backed securities ("ABS") and commercial mortgage-backed securities ("CMBS"), including ABS backed by sub-prime loans, and private placement debt and equity securities. Because Level 3 fair values, by their nature, contain unobservable market inputs, as there is no observable market for these assets and liabilities, considerable judgment is used to determine the Level 3 fair values. Level 3 fair values represent Avodah's best estimate of an amount that could be realized in a current market exchange absent actual market exchanges.

The fair value of Avodah's board designated investments by major security type are as follows at August 31, 2016 and 2015:

Investments at Fair Value as of August 31, 2016				
	Level 1	Level 2	Level 3	Total
Money market	\$ 54,029	\$ -	\$ -	\$ 54,029
Certificates of deposit.....	-	150,514	-	150,514
Total investments at fair value	\$ 54,029	\$ 150,514	\$ -	\$ 204,543

Investments at Fair Value as of August 31, 2015				
	Level 1	Level 2	Level 3	Total
Money market	\$ 53,574	\$ -	\$ -	\$ 53,574
Certificates of deposit.....	-	100,069	-	100,069
Total investments at fair value	\$ 53,574	\$ 100,069	\$ -	\$ 153,643

AVODAH: THE JEWISH SERVICE CORPS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 3 - BANK LINE OF CREDIT

As of August 31, 2016, Avodah had a \$150,000 revolving line of credit, collateralized by a general lien on all assets, which is payable on demand. Interest is calculated at 0.74% over the Wall Street Journal prime rate (4.24% at August 31, 2016). As of August 31, 2016 and 2015, there was no outstanding balance under the line of credit.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Avodah receives contributions that are restricted for use in specific programs and causes aligned with Avodah's mission. As outlined in Note 1, it is Avodah's policy to treat funds received and expended in the same year as unrestricted. During fiscal 2016 and 2015, Avodah received and expended \$833,861 and \$524,000, respectively, of such funds, which are included in unrestricted contributions.

Net assets from contributions were restricted for the following purposes at August 31:

	2016	2015
Chicago program	\$ 67,500	\$ 67,500
Washington, DC program	75,000	85,000
New Orleans program	43,000	50,000
Technology.....	-	57,000
Fellowship program	-	118,000
Alumni program	-	30,000
Women's Leadership Initiative.....	40,000	38,200
Capacity building.....	50,000	100,000
Resetting the Table program	6,133	-
Time restricted.....	1,359,550	275,000
Totals	\$ 1,641,183	\$ 820,700

NOTE 5 - LEASE COMMITMENTS

Avodah leases space for its offices and Corps members residing in cities located in New York, Washington, DC, Illinois, and Louisiana. These leases expire over various periods through July 2021. Avodah receives rent revenue from the Corps member of the various houses.

Future minimum lease commitments under these agreements are as follows for the years ending August 31:

	<u>New York</u>	<u>Washington, DC</u>	<u>Chicago</u>	<u>New Orleans</u>	<u>Total</u>
2017	\$ 139,690	\$ 155,957	\$ 90,574	\$ 39,243	\$ 425,464
2018	27,000	-	1,650	-	28,650
2019	27,000	-	-	-	27,000
2020	27,000	-	-	-	27,000
2021	22,500	-	-	-	22,500
Total.....	\$ 243,190	\$ 155,957	\$ 92,224	\$ 39,243	\$ 530,614

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 5 - LEASE COMMITMENTS (continued)

Rent expense, net of the rent revenue, for the year ended August 31, 2016 was as follows:

	<u>Offices</u>	<u>Residences</u>	<u>Total</u>
Rent expense.....	\$ 141,307	\$ 358,787	\$ 500,094
Housing allowance	-	(273,300)	(273,300)
Total	<u>\$ 141,307</u>	<u>\$ 85,487</u>	<u>\$ 226,794</u>

Rent expense, net of the rent revenue, for the year ended August 31, 2015 was as follows:

	<u>Offices</u>	<u>Residences</u>	<u>Total</u>
Rent expense.....	\$ 139,801	\$ 384,374	\$ 524,175
Housing allowance	-	(286,950)	(286,950)
Total	<u>\$ 139,801</u>	<u>\$ 97,424</u>	<u>\$ 237,225</u>

NOTE 6 - PENSION PLAN

Avodah sponsors a defined contribution pension plan. Employees that have more than three months of service and have worked at least 30 hours per week are eligible to receive a contribution from Avodah into the plan. Contributions are determined annually, as part of the budget process. Pension plan contributions for the years ended August 31, 2016 and 2015 were \$27,759 and \$25,107, respectively.

NOTE 7 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject Avodah to significant concentrations of credit risk consist principally of cash and cash equivalents, board designated investments, and receivables. At times cash balances held at financial institutions may be in excess of federally insured limits.

One donor represented approximately 50% of contribution revenue and 71% of contributions receivable at August 31, 2016.

NOTE 8 - BOARD DESIGNATED ENDOWMENT

Effective, September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the provisions of which apply to the endowment funds existing on or established after that date. Avodah's endowment was established for the purpose of maintaining a reserve fund for future use. Avodah is required to act prudently when making decisions to spend or accumulate board designated endowment assets and in doing so to consider a number of factors including the duration and preservation of its board designated endowment funds. The endowed balance consists of funds held in an investment account.

Return Objectives and Risk Parameter: Avodah has adopted an investment strategy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment. In order to have the funds readily available, Avodah's endowments are invested in certificates of deposit.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015

NOTE 8 - BOARD DESIGNATED ENDOWMENT (continued)

Changes in Board Designated Endowment Net Assets: The endowment had the following changes for the years ended August 31,:

	<u>2016</u>	<u>2015</u>
Board designated endowment funds, beginning of year.....	\$ 153,643	\$ 118,374
Interest income, net of bank fees	1,448	269
Net additions.....	<u>49,452</u>	<u>35,000</u>
Board designated endowment funds, end of year.....	<u>\$ 204,543</u>	<u>\$ 153,643</u>

Spending Policy: Under Avodah's spending policy, funds will be held in this account for its stated purpose. The use of these funds will be determined by the Board and any interest earned in this account will remain board designated.

NOTE 9 - PRIOR PERIOD ADJUSTMENT

During the year ended August 31, 2016, management became aware that the recording of placement fee revenue was previously not in accordance with accounting principles generally accepted in the United States of America. Prior to fiscal 2016, placement fee revenue was treated as deferred revenue and recognized as income when Avodah's Corps Members started their service as opposed to upon completion of the placement process. Through review of the placement agency contracts, management determined that placement fee revenue should be recognized upon completion of the placement process and not deferred. As a result, management recorded a prior period adjustment to increase beginning net assets at September 1, 2014 by \$167,750 and to decrease placement fees revenue by \$500, to increase placement fees receivable by \$30,500, and to decrease deferred revenue by \$136,750 as of and for the year ended August 31, 2015.