



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, 2017 AND 2016

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success


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ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

AVODAH: THE JEWISH SERVICE CORPS

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Avodah: The Jewish Service Corps
125 Maiden Lane, Suite #8B
New York, NY 10038

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, 2017 and 2016, 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, 2017 and 2016, 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 10, 2017

AVODAH: THE JEWISH SERVICE CORPS

STATEMENTS OF FINANCIAL POSITION AUGUST 31,

2017 2016

ASSETS (Note 3)	2017	2016
Current Assets:		
Cash and cash equivalents (Note 7).....	\$ 564,782	\$ 619,652
Contributions receivable, current portion (Note 7).....	714,060	824,760
Placement fees receivable.....	50,500	58,750
Other receivables.....	5,601	50
Prepaid expenses.....	22,053	22,857
TOTAL CURRENT ASSETS	1,356,996	1,526,069
Board designated investments (Notes 2, 7, and 8).....	205,915	204,543
Contributions receivable, net of current portion (Note 7).....	175,000	590,000
Security deposits.....	51,276	49,163
Property and equipment, net of accumulated depreciation.....	16,950	23,456
TOTAL ASSETS	\$ 1,806,137	\$ 2,393,231
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses.....	\$ 79,885	\$ 126,892
Accrued vacation.....	48,148	31,307
Deferred housing fees.....	2,400	-
TOTAL LIABILITIES	130,433	158,199
Commitments and contingencies (Notes 2, 3, 4, 5, 6, 7, and 8)		
Net Assets:		
Unrestricted		
Undesignated.....	322,789	389,306
Board designated (Notes 2 and 8).....	205,915	204,543
Temporarily restricted (Note 4).....	1,147,000	1,641,183
TOTAL NET ASSETS	1,675,704	2,235,032
TOTAL LIABILITIES AND NET ASSETS	\$ 1,806,137	\$ 2,393,231

AVODAH: THE JEWISH SERVICE CORPS

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2017

SUPPORT AND REVENUE:	Unrestricted	Temporarily Restricted	Total
Contributions (Note 4).....	\$ 1,152,647	\$ 500,750	\$ 1,653,397
Net assets released from restrictions (Note 4).....	994,933	(994,933)	-
Gross proceeds from special events.....	134,995	-	134,995
Less: direct benefits to donors.....	(24,566)	-	(24,566)
Net proceeds from special events.....	110,429	-	110,429
TOTAL SUPPORT	2,258,009	(494,183)	1,763,826
Placement fees.....	207,250	-	207,250
Housing allowance (Note 5).....	262,065	-	262,065
Interest income (Note 8).....	2,938	-	2,938
Other income.....	20,562	-	20,562
In-kind contributions.....	80,460	-	80,460
TOTAL REVENUE	573,275	-	573,275
TOTAL SUPPORT AND REVENUE	2,831,284	(494,183)	2,337,101
EXPENSES:			
Program services.....	2,302,082	-	2,302,082
Management and general.....	281,411	-	281,411
Fundraising.....	312,936	-	312,936
TOTAL EXPENSES	2,896,429	-	2,896,429
CHANGE IN NET ASSETS	(65,145)	(494,183)	(559,328)
Net assets, beginning of year.....	593,849	1,641,183	2,235,032
Net assets, end of year.....	\$ 528,704	\$ 1,147,000	\$ 1,675,704

AVODAH: THE JEWISH SERVICE CORPS

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2016

SUPPORT AND REVENUE:	Unrestricted	Temporarily Restricted	Total
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.....	15,715	-	15,715
TOTAL SUPPORT	2,171,025	820,483	2,991,508
Placement fees.....	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.....	79,961	-	79,961
TOTAL REVENUE	577,004	-	577,004
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.....	275,802	-	275,802
TOTAL EXPENSES	2,719,142	-	2,719,142
CHANGE IN NET ASSETS	28,887	820,483	849,370
Net assets, beginning of year.....	564,962	820,700	1,385,662
Net assets, end of year.....	\$ 593,849	\$ 1,641,183	\$ 2,235,032

AVODAH: THE JEWISH SERVICE CORPS

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED AUGUST 31, 2017

	Program Services	Management and General	Fundraising	Total
Salaries.....	\$ 1,103,236	\$ 129,772	\$ 194,338	\$ 1,427,346
Payroll taxes and fringe benefits (Note 6).....	171,824	31,454	29,662	232,940
Professional fees.....	58,828	37,608	4,351	100,787
Occupancy (Note 5).....	539,211	13,049	19,049	571,309
Office equipment and supplies.....	11,128	1,544	1,347	14,019
Communications.....	29,151	1,389	1,989	32,529
Postage.....	3,326	427	587	4,340
Photocopying.....	2,357	281	424	3,062
Printing and publicity.....	8,798	3,114	1,186	13,098
Travel and meetings.....	12,201	10,484	2,515	25,200
Recruiting.....	13,780	-	-	13,780
Participant orientation and retreats.....	114,347	-	-	114,347
Program awards and stipends.....	56,714	-	-	56,714
Weekly and Sunday programs.....	53,001	-	-	53,001
Insurance.....	13,651	721	1,083	15,455
Depreciation.....	-	8,475	-	8,475
Website maintenance and development.....	10,619	973	1,466	13,058
Alumni programmatic.....	22,478	-	-	22,478
Board expenses.....	-	8,371	-	8,371
Special events.....	-	-	26,325	26,325
Dues, licenses, permits.....	15,583	722	6,407	22,712
Miscellaneous (including in-kind).....	61,849	33,027	22,207	117,083
Totals	<u>\$ 2,302,082</u>	<u>\$ 281,411</u>	<u>\$ 312,936</u>	<u>\$ 2,896,429</u>

AVODAH: THE JEWISH SERVICE CORPS

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

	Program Services	Management and General	Fundraising	Total
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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31,

2017

2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets.....	\$ (559,328)	\$ 849,370
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Adjustment to reconcile change in net assets to net cash

(used in)/provided by operating activities:

Depreciation.....	8,475	-
Donated stock.....	(34,154)	(38,103)
Net gain on sales of donated stock.....	(1,960)	(410)
Change in accrued interest.....	(166)	(804)

Changes in operating assets and liabilities:

Contributions receivable.....	525,700	(674,405)
Placement fees receivable.....	8,250	1,000
Other receivables.....	(5,551)	3,645
Prepaid expenses.....	804	6,466
Security deposits.....	(2,113)	1,488
Accounts payable and accrued expenses.....	(47,007)	41,308
Accrued vacation.....	16,841	1,234
Deferred housing fees.....	2,400	-

NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	(87,809)	190,789
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CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment.....	(1,969)	(23,456)
Transfers from investments to cash.....	-	50,000
Transfers from cash to investments.....	-	(50,644)
Proceeds from sales of donated stock.....	36,114	38,513
Purchases of board designated investments.....	(351,206)	(199,452)
Sales of board designated investments.....	350,000	150,000

NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	32,939	(35,039)
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NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(54,870)	155,750
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Cash and cash equivalents, beginning of year.....	619,652	463,902
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Cash and cash equivalents, end of year.....	\$ 564,782	\$ 619,652
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AVODAH: THE JEWISH SERVICE CORPS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

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: Founded in 1998, Avodah is a national Jewish leadership and social justice organization whose mission is to strengthen the Jewish community's fight against the causes and effects of poverty in the United States. Through Avodah's four program areas described in detail below, Avodah provides Jewish leaders and communities with the tools, experiences, knowledge, and networks they need to live out Jewish values of justice and work for an end to domestic poverty. Over the past 20 years, Avodah has developed a national network of Jewish leaders who are changing lives and inspiring their communities to engage meaningfully in issues related to social and economic justice.

Jewish Service Corps: The only program of its kind, the Jewish Service Corps attracts Jewish adults (ages 21-26) from across the United States and includes: full-time job placements at local nonprofits; communal living within a pluralistic Jewish framework; and a comprehensive educational curriculum consisting of an examination of the causes and effects of urban poverty, methods of social change, skills training, Jewish text study, and reflection. The program is based in Chicago, New Orleans, New York, and Washington, D.C.

Over the past twenty years, Avodah Corps Members have directly improved the lives of 673,000 individuals and added an estimated \$17.6 million in staffing capacity to 192 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 organizations 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 Avodah's 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.

Over the past year:

- 97% reported that their commitment to do economic and social justice work has deepened;
- 82% reported experiencing growth in their connections to Judaism and Jewish life;
- 95% reported having a stronger personal and professional network and expanded resources available to them to support their future work and leadership.

Avodah Justice Fellowship: This selective program is an eight-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 critical and tough issues over the long haul.

AVODAH: THE JEWISH SERVICE CORPS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and join Avodah for regular evening seminars and retreats. Together, they engage in critical analysis about domestic justice while looking at their work through a Jewish lens. Avodah's 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. They are eager to explore the intersections of Jewish life and justice, committed to personal growth and building community, and invested in working on domestic justice for the long term.

In evaluations completed by Avodah's first six cohorts, more than 95% of Avodah's Justice Fellows reported that the program strengthened or sustained their commitment to work to address issues of social and economic justice.

The Alumni Network: Avodah's alumni community is a vast and collaborative network of 1,000 Jewish leaders and change makers across the United States and other parts of the world. They have assumed leadership roles throughout nonprofit and Jewish communities as professionals, lay leaders, clergy, philanthropists, organizers, activists, and volunteers. All bring to their work a Jewish social justice lens and all are chipping away at the structural injustice that millions of Americans face today. Avodah bolsters their work and supports their development as Jewish social justice leaders by providing advanced leadership training, networking opportunities, and ongoing social and educational programming. With Avodah's support, Avodah's alumni serve as Jewish social justice experts at Jewish convenings nationwide and become stronger advocates for those they serve as professional and volunteer leaders.

Avodah's programs have led participants to a sustained commitment to working for justice. We conducted an alumni survey in the summer of 2017 and found that 81% say that their current job involves antipoverty or social justice work, while 87% say they are better equipped to help advance social justice work thanks to Avodah.

Community Engagement: Avodah's network is now a tremendous repository of knowledge on our nation's most pressing social and economic issues and Jewish responses to them. Community Engagement work gives space for Avodah to think creatively about many of the challenges of the world, and bring the Jewish community to the table in a more present, thoughtful way to address these challenges. Avodah serves as consultants to other organizations, trains Jewish leaders, disseminates educational resources, develops strategic partnerships with peer organizations, and much more.

Examples from the past few years include: running workshops for Hillels, Jewish youth groups, the Foundation for Jewish Camp, and synagogues; co-running JustCity, a JTS-Avodah summer program for college students exploring Jewish social justice; co-running the Chicago Social Justice Beit Midrash; co-leading the UJA-Federation of New York trainings provided as part of their Live With Purpose initiative; and creating curriculum to teach b'nai mitzvah students about social justice.

Approximately 7,000 people participated in Avodah's various community engagement initiatives during the 2017 fiscal year. We have seen a dramatic increase in interest, and have added more resources to strengthen Avodah's efforts.

AVODAH: THE JEWISH SERVICE CORPS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As Rabbi Angela Buchdahl, Avodah Board Member and senior rabbi of Central Synagogue in New York City, wrote recently in The New York Times, "By supporting Avodah, I am investing in leadership for a more just world."

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 2017 or 2016.

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. Avodah has determined that it has registered in all states where it is required to be registered.

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, 2017 and 2016.

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.

AVODAH: THE JEWISH SERVICE CORPS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2017 and 2016, 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.

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.

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 and other equitable bases for the related activities.

AVODAH: THE JEWISH SERVICE CORPS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2017 and November 10, 2017, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

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, 2017 and 2016:

	Investments at Fair Value as of August 31, 2017			
	Level 1	Level 2	Level 3	Total
Money market	\$ 5,232	\$ -	\$ -	\$ 5,232
Certificates of deposit.....	-	200,683	-	200,683
Total investments at fair value	\$ 5,232	\$ 200,683	\$ -	\$ 205,915

AVODAH: THE JEWISH SERVICE CORPS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

NOTE 2 - BOARD DESIGNATED INVESTMENTS (continued)

	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	<u>\$ 54,029</u>	<u>\$ 150,514</u>	<u>\$ -</u>	<u>\$ 204,543</u>

NOTE 3 - BANK LINE OF CREDIT

As of August 31, 2017, 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 (4.25% at August 31, 2017). As of August 31, 2017 and 2016, there was no outstanding balance under the line of credit. Subsequent to year-end, Avodah terminated the above line of credit agreement and plans to enter in to a new line of credit agreement with a different bank during the year ending August 31, 2018.

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 2017 and 2016, Avodah received and expended \$499,794 and \$833,861, respectively, of such funds, which are included in unrestricted contributions.

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

	<u>2017</u>	<u>2016</u>
Chicago program	\$ 67,500	\$ 67,500
Washington, DC program	75,000	75,000
New Orleans program.....	30,000	43,000
New York program.....	30,000	-
Speaking Torah to Power Speaker Series	45,000	-
Fellowship program	25,750	-
Alumni program	20,000	-
Women's Leadership Initiative.....	-	40,000
Capacity building.....	-	50,000
Resetting the Table program	-	6,133
Time restricted.....	853,750	1,359,550
Totals.....	<u>\$ 1,147,000</u>	<u>\$ 1,641,183</u>

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: THE JEWISH SERVICE CORPS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

NOTE 5 - LEASE COMMITMENTS (continued)

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

	New York	Washington, DC	Chicago	New Orleans	Total
2018.....	\$ 223,605	\$ 146,867	\$ 76,575	\$ 40,325	\$ 487,372
2019.....	118,000	-	-	4,975	122,975
2020.....	27,000	-	-	-	27,000
2021.....	22,500	-	-	-	22,500
Total	<u>\$ 391,105</u>	<u>\$ 146,867</u>	<u>\$ 76,575</u>	<u>\$ 45,300</u>	<u>\$ 659,847</u>

Rent expense, net of the rent revenue, for the year ended August 31, 2017 was as follows:

	Offices	Residences	Total
Rent expense	\$ 127,596	\$ 364,744	\$ 492,340
Housing allowance	-	(262,065)	(262,065)
Total	<u>\$ 127,596</u>	<u>\$ 102,679</u>	<u>\$ 230,275</u>

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

	Offices	Residences	Total
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>

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 20 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, 2017 and 2016 were \$30,369 and \$27,759, 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 56% and 71% of contributions receivable at August 31, 2017 and 2016, respectively. One donor represented approximately 50% of contribution revenue for the year ended 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: THE JEWISH SERVICE CORPS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

NOTE 8 - BOARD DESIGNATED ENDOWMENT (continued)

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 a low risk investment strategy for endowment assets that attempts to ensure that endowment funds remain liquid while earning maximum interest. Endowment funds may only be invested in FDIC insured certificates of deposit, bank deposits, or money market funds. The goal is to ensure that funds will be available for use if the circumstances stipulated by the board of directors were to arise.

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

	<u>2017</u>	<u>2016</u>
Board designated endowment funds, beginning of year.....	\$ 204,543	\$ 153,643
Investment income, net of bank fees.....	1,372	1,448
Net additions.....	-	49,452
Board designated endowment funds, end of year.....	<u>\$ 205,915</u>	<u>\$ 204,543</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.