



***AVODAH: THE JEWISH SERVICE CORPS***

***FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT***

***FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014***

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# ***AVODAH: THE JEWISH SERVICE CORPS***

## ***FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014 TABLE OF CONTENTS***

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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

### *Report on the Financial Statements*

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, 2015 and 2014, 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, 2015 and 2014, 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.

*Cerini & Associates LLP*

Bohemia, New York  
February 23, 2016

**AVODAH: THE JEWISH SERVICE CORPS**

**STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31,**

**2015**

**2014**

**ASSETS (Note 3)**

**Current Assets:**

Cash and cash equivalents (Note 7).....	\$ 463,902	\$ 254,978
Contributions receivable (Note 7).....	630,355	879,900
Placement fees receivable.....	29,250	41,250
Other receivables.....	3,695	5,213
Prepaid expenses.....	29,323	39,783

**TOTAL CURRENT ASSETS** 1,156,525 1,221,124

Board designated investments (Notes 2, 7, and 8).....	153,643	118,374
Contributions receivable (Note 7).....	110,000	-
Security deposits.....	50,651	49,040
Property and equipment, net of accumulated depreciation.....	-	487

**TOTAL ASSETS** \$ 1,470,819 \$ 1,389,025

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable and accrued expenses.....	\$ 85,584	\$ 76,845
Accrued vacation.....	30,073	26,570
Deferred revenue.....	136,750	161,260

**TOTAL LIABILITIES** 252,407 264,675

Commitments and contingencies (Notes 2, 3, 4, 5, 6, 7, and 8)

**Net Assets:**

Unrestricted		
Undesignated.....	244,069	200,121
Board designated (Notes 2 and 8).....	153,643	118,374
Temporarily restricted (Note 4).....	820,700	805,855

**TOTAL NET ASSETS** 1,218,412 1,124,350

**TOTAL LIABILITIES AND NET ASSETS** \$ 1,470,819 \$ 1,389,025

**AVODAH: THE JEWISH SERVICE CORPS**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2015**

<b>SUPPORT AND REVENUE:</b>	<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.....	<u>(48,223)</u>	<u>-</u>	<u>(48,223)</u>
Net proceeds from special events.....	115,095	-	115,095
<b>TOTAL SUPPORT</b>	2,110,639	14,845	2,125,484
Placement fees.....	167,750	-	167,750
Housing allowance.....	286,950	-	286,950
Interest income.....	455	-	455
Other income.....	27,659	-	27,659
In-kind contributions.....	<u>34,195</u>	<u>-</u>	<u>34,195</u>
<b>TOTAL REVENUE</b>	<u>517,009</u>	<u>-</u>	<u>517,009</u>
<b>TOTAL SUPPORT AND REVENUE</b>	2,627,648	14,845	2,642,493
<b>EXPENSES:</b>			
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>
<b>TOTAL EXPENSES</b>	<u>2,548,431</u>	<u>-</u>	<u>2,548,431</u>
<b>CHANGE IN NET ASSETS</b>	79,217	14,845	94,062
Net assets, beginning of year.....	<u>318,495</u>	<u>805,855</u>	<u>1,124,350</u>
Net assets, end of year.....	<u>\$ 397,712</u>	<u>\$ 820,700</u>	<u>\$ 1,218,412</u>

**AVODAH: THE JEWISH SERVICE CORPS**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2014**

<b>SUPPORT AND REVENUE:</b>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Contributions (Notes 4 and 7).....	\$ 1,225,666	\$ 384,995	\$ 1,610,661
Net assets released from restrictions (Note 4).....	643,088	(643,088)	-
Gross proceeds from special events.....	231,268	-	231,268
Less: direct benefits to donors.....	<u>(24,689)</u>	<u>-</u>	<u>(24,689)</u>
Net proceeds from special events.....	<u>206,579</u>	<u>-</u>	<u>206,579</u>
<b>TOTAL SUPPORT</b>	2,075,333	(258,093)	1,817,240
Placement fees.....	130,500	-	130,500
Housing allowance.....	282,600	-	282,600
Interest income.....	489	-	489
Other income.....	7,417	-	7,417
In-kind contributions.....	<u>14,670</u>	<u>-</u>	<u>14,670</u>
<b>TOTAL REVENUE</b>	<u>435,676</u>	<u>-</u>	<u>435,676</u>
<b>TOTAL SUPPORT AND REVENUE</b>	2,511,009	(258,093)	2,252,916
<b>EXPENSES:</b>			
Program services.....	2,074,900	-	2,074,900
Management and general.....	324,276	-	324,276
Fundraising.....	<u>186,875</u>	<u>-</u>	<u>186,875</u>
<b>TOTAL EXPENSES</b>	<u>2,586,051</u>	<u>-</u>	<u>2,586,051</u>
<b>CHANGE IN NET ASSETS</b>	(75,042)	(258,093)	(333,135)
Net assets, beginning of year.....	<u>393,537</u>	<u>1,063,948</u>	<u>1,457,485</u>
Net assets, end of year.....	<u>\$ 318,495</u>	<u>\$ 805,855</u>	<u>\$ 1,124,350</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**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2014**

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	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries.....	\$ 1,032,498	\$ 148,972	\$ 78,449	\$ 1,259,919
Payroll taxes and fringe benefits (Note 6).....	233,301	36,243	21,956	291,500
Professional fees.....	27,790	89,362	31,462	148,614
Occupancy (Note 5).....	550,146	19,548	17,549	587,243
Office equipment and supplies.....	8,910	3,628	1,585	14,123
Communications.....	12,601	1,387	1,384	15,372
Postage.....	3,565	517	824	4,906
Photocopying.....	2,836	466	419	3,721
Printing and publicity.....	2,625	113	1,886	4,624
Travel and meetings.....	9,638	-	842	10,480
Recruiting.....	911	-	-	911
Participant orientation and retreats.....	46,844	-	-	46,844
Program awards and stipends.....	40,910	-	-	40,910
Weekly and Sunday programs.....	36,089	-	-	36,089
Insurance.....	12,218	2,493	320	15,031
Depreciation.....	2,318	9,041	-	11,359
Website maintenance and development.....	9,365	1,985	1,158	12,508
Alumni programmatic.....	22,609	-	-	22,609
Board expenses.....	-	4,998	-	4,998
Special events.....	-	-	24,132	24,132
Dues, licenses, permits.....	6,812	2,263	4,104	13,179
Miscellaneous (including in-kind).....	12,914	3,260	805	16,979
Totals	<u>\$ 2,074,900</u>	<u>\$ 324,276</u>	<u>\$ 186,875</u>	<u>\$ 2,586,051</u>

**AVODAH: THE JEWISH SERVICE CORPS**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED AUGUST 31,**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets.....	\$ 94,062	\$ (333,135)
<u>Adjustment to reconcile change in net assets to net cash provided by/(used in)</u>		
<u>operating activities:</u>		
Depreciation.....	487	11,359
<u>Changes in operating assets and liabilities:</u>		
Contributions receivable.....	139,545	236,037
Placement fees receivable.....	12,000	(30,000)
Other receivables.....	1,518	2,192
Prepaid expenses.....	10,460	(5,053)
Security deposits.....	(1,611)	(940)
Accounts payable and accrued expenses.....	8,739	(16,474)
Accrued vacation.....	3,503	(11,672)
Deferred revenue.....	(24,510)	46,010
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	<b>244,193</b>	<b>(101,676)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investments in money market fund.....	(35,000)	-
Purchases of board designated investments.....	(150,000)	(380,000)
Sales of board designated investments.....	149,731	414,542
<b>NET CASH (USED IN)/ PROVIDED BY INVESTING ACTIVITIES</b>	<b>(35,269)</b>	<b>34,542</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from line of credit.....	50,000	75,000
Repayments of line of credit.....	(50,000)	(125,000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>-</b>	<b>(50,000)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>208,924</b>	<b>(117,134)</b>
Cash and cash equivalents, beginning of year.....	254,978	372,112
Cash and cash equivalents, end of year.....	<u>\$ 463,902</u>	<u>\$ 254,978</u>

# ***AVODAH: THE JEWISH SERVICE CORPS***

## ***NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014***

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### **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 domestic poverty by engaging participants in service and community building that inspires them to become lifelong leaders for social justice whose work is rooted in and nourished by Jewish values.

Founded in New York City in 1998, Avodah believes that Jewish leaders have the power to transform the world. Through its Jewish Service Corps, 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 domestic poverty.

Participants in the Jewish Service Corps program, post-college young adults (ages 21-26), spend one year working full time at leading antipoverty organizations, living together in an intentional Jewish community and participating in weekly educational programs designed to give them the skills and networks to prepare them to become Jewish leaders with a lifetime commitment to addressing America's most pressing problems. Over the past seventeen years, Avodah corps members across four cities (New York, Chicago, New Orleans and Washington, DC) have directly improved the lives of 588,000 individuals and added an estimated \$14.7 million in staffing capacity to 174 local antipoverty organizations.

"Avodah" in Hebrew means "work" or "service," and the combined meaning can be understood as one's "life's work." Avodah's Service Corps program has led participants to a sustained commitment to working for justice. A recent survey, facilitated by outside evaluators, about how the program influenced the trajectory of participants' lives found that:

- 75% (3 out of 4) 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.

There are close to 800 alumni living across the United States and other parts of the world and they have assumed leadership roles across the Jewish and nonprofit communities - as professionals, lay leaders, clergy, 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.

In addition to the Jewish Service Corps program's transformative impact on participants, Avodah also makes significant contributions to its nonprofit placement agencies and to the low-income communities they serve. As local antipoverty organizations face increased demand for

# ***AVODAH: THE JEWISH SERVICE CORPS***

## ***NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

services coupled with declining funding, Avodah's high-quality, 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 poor communities, including limited access to healthcare, housing, food security, and educational opportunities. 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.

Avodah's newest program, the Avodah Fellowship, is a leadership development and community-building program for early-career professionals and lay leaders working to advance social justice in America. 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 the first cohort include:

- 100% reported a deepened understanding of how social activism and Jewish life intersect.
- 95% reported that the Fellowship strengthened their connection to Jewish values.
- 82% reported better understanding the causes and effects of poverty.
- 94% reported sustained/strengthened commitment to do work on economic and social justice.

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 2015 or 2014.

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, 2012, 2013, 2014, and 2015 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.

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.

# **AVODAH: THE JEWISH SERVICE CORPS**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

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, 2015 and 2014.

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, 2015 and 2014, 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 working more than twenty

# **AVODAH: THE JEWISH SERVICE CORPS**

## **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

hours per week 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: Placement fees received are recorded as liabilities until the period that they apply, at which time they are recognized as revenue. 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.

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 when such services are performed.

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, 2015 and February 23, 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, 2015 AND 2014

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### 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, 2015 and 2014:

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

# **AVODAH: THE JEWISH SERVICE CORPS**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014**

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### **NOTE 2 – BOARD DESIGNATED INVESTMENTS (continued)**

	<b>Investments at Fair Value as of August 31, 2014</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market.....	\$ 18,303	\$ -	\$ -	\$ 18,303
Certificates of deposit .....	-	100,071	-	100,071
Total investments at fair value .....	<u>\$ 18,303</u>	<u>\$ 100,071</u>	<u>\$ -</u>	<u>\$ 118,374</u>

### **NOTE 3 – BANK LINE OF CREDIT**

As of August 31, 2015, Avodah had a \$100,000 revolving line of credit, collateralized by a general lien on all assets, which is payable on demand. Interest is calculated at 1.75% over the Wall Street Journal Prime rate (5.00% at August 31, 2015). As of August 31, 2015 and 2014, 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 2015 and 2014, Avodah received and expended \$524,000 and \$615,923, respectively, of such funds, which are included in unrestricted contributions.

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

	<u>2015</u>	<u>2014</u>
Chicago program.....	\$ 67,500	\$ 68,860
Washington, DC program.....	85,000	25,000
New Orleans program.....	50,000	-
Technology .....	57,000	10,000
Fellowship program.....	118,000	50,000
Alumni program.....	30,000	1,000
Women’s Leadership Initiative .....	38,200	20,500
Capacity building.....	100,000	-
Time restricted .....	275,000	630,495
Totals.....	<u>\$ 820,700</u>	<u>\$ 805,855</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 March 2017. Avodah receives rent revenue from the corps member of the various houses.



# **AVODAH: THE JEWISH SERVICE CORPS**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2015 AND 2014**

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### **NOTE 5 – LEASE COMMITMENTS (continued)**

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>
2016 .....	\$ 194,371	\$ 162,347	\$ 87,885	\$ 39,243	\$ 483,846
2017 .....	14,264	19,502	-	-	33,766
	\$ 208,635	\$ 181,849	\$ 87,885	\$ 39,243	\$ 517,612

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)
	\$ 139,801	\$ 97,424	\$ 237,225

Rent expense, net of the rent revenue, for the year ended August 31, 2014 was as follows:

	<u>Offices</u>	<u>Residences</u>	<u>Total</u>
Rent expense .....	\$ 136,019	\$ 371,932	\$ 507,951
Housing allowance .....	-	(282,600)	(282,600)
	\$ 136,019	\$ 89,332	\$ 225,351

### **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, 2015 and 2014 were \$25,107 and \$29,087, 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.

### **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, 2015 AND 2014

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### 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 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.

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

	<u>2015</u>	<u>2014</u>
Board designated endowment funds, beginning of year .....	\$ 118,374	\$ 152,917
Interest income, net of bank fees.....	269	457
Additions/(expenditures).....	35,000	(35,000)
Board designated endowment funds, end of year .....	<u>\$ 153,643</u>	<u>\$ 118,374</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.