



**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, 2020 AND 2019***

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CERTIFIED PUBLIC ACCOUNTANTS

# *AVODAH: THE JEWISH SERVICE CORPS*

## *FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019 TABLE OF CONTENTS*

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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, 2020 and 2019, 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended are in conformity with accounting principles generally accepted in the United States of America.

*Corin & Associates LLP*

Bohemia, New York  
January 19, 2021

# AVODAH: THE JEWISH SERVICE CORPS

## STATEMENTS OF FINANCIAL POSITION AUGUST 31,

	2020	2019
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents.....	\$ 981,803	\$ 775,596
Contributions receivable, current portion.....	582,876	1,419,789
Placement fees receivable.....	68,550	73,529
Other receivables.....	1,689	6,173
Prepaid expenses.....	25,910	25,600
	1,660,828	2,300,687
<b>TOTAL CURRENT ASSETS</b>		
Contributions receivable, net of current portion.....	98,300	225,000
Security deposits.....	36,768	38,593
Investments.....	90	90
Property and equipment, net of accumulated depreciation.....	1,090	4,130
Board designated investments.....	636,898	238,438
	2,433,974	2,806,938
<b>TOTAL ASSETS</b>		
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses.....	\$ 79,005	\$ 49,295
Accrued vacation.....	65,706	43,031
Deferred housing fees.....	-	22,854
	144,711	115,180
<b>TOTAL LIABILITIES</b>		
<b>Net Assets:</b>		
Without donor restrictions:		
Undesignated.....	431,139	419,820
Board designated.....	636,898	238,438
Total net assets without donor restrictions.....	1,068,037	658,258
With donor restrictions.....	1,221,226	2,033,500
	2,289,263	2,691,758
<b>TOTAL NET ASSETS</b>		
<b>TOTAL LIABILITIES AND NET ASSETS</b>		
	\$ 2,433,974	\$ 2,806,938

# AVODAH: THE JEWISH SERVICE CORPS

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2020

SUPPORT AND REVENUE:	Without Donor Restrictions	With Donor Restrictions	Total
Contributions.....	\$ 1,325,217	\$ 819,565	\$ 2,144,782
Net assets released from restrictions.....	1,631,839	(1,631,839)	-
Gross proceeds from special events.....	19,113	-	19,113
Less: direct benefits to donors.....	-	-	-
Net proceeds from special events.....	19,113	-	19,113
<b>TOTAL SUPPORT</b>	2,976,169	(812,274)	2,163,895
Placement fees.....	226,500	-	226,500
Housing allowance.....	291,544	-	291,544
Interest income.....	5,427	-	5,427
Paycheck Protection Program loan forgiveness.....	358,707	-	358,707
Other income.....	42,511	-	42,511
In-kind contributions.....	74,563	-	74,563
<b>TOTAL REVENUE</b>	999,252	-	999,252
<b>TOTAL SUPPORT AND REVENUE</b>	3,975,421	(812,274)	3,163,147
<b>EXPENSES:</b>			
Program services.....	2,836,128	-	2,836,128
Management and general.....	321,919	-	321,919
Fundraising.....	407,595	-	407,595
<b>TOTAL EXPENSES</b>	3,565,642	-	3,565,642
<b>CHANGE IN NET ASSETS</b>	409,779	(812,274)	(402,495)
Net assets, beginning of year.....	658,258	2,033,500	2,691,758
Net assets, end of year.....	\$ 1,068,037	\$ 1,221,226	\$ 2,289,263

## AVODAH: THE JEWISH SERVICE CORPS

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2019

SUPPORT AND REVENUE:	Without Donor Restrictions	With Donor Restrictions	Total
Contributions.....	\$ 1,594,463	\$ 1,088,500	\$ 2,682,963
Net assets released from restrictions.....	1,264,500	(1,264,500)	-
Gross proceeds from special events.....	133,334	-	133,334
Less: direct benefits to donors.....	(39,736)	-	(39,736)
Net proceeds from special events.....	93,598	-	93,598
<b>TOTAL SUPPORT</b>	2,952,561	(176,000)	2,776,561
Placement fees.....	246,600	-	246,600
Housing allowance.....	276,390	-	276,390
Interest income.....	6,860	-	6,860
Paycheck Protection Program loan forgiveness.....	-	-	-
Other income.....	109,763	-	109,763
In-kind contributions.....	60,796	-	60,796
<b>TOTAL REVENUE</b>	700,409	-	700,409
<b>TOTAL SUPPORT AND REVENUE</b>	3,652,970	(176,000)	3,476,970
<b>EXPENSES:</b>			
Program services.....	2,850,843	-	2,850,843
Management and general.....	320,277	-	320,277
Fundraising.....	396,825	-	396,825
<b>TOTAL EXPENSES</b>	3,567,945	-	3,567,945
<b>CHANGE IN NET ASSETS</b>	85,025	(176,000)	(90,975)
Net assets, beginning of year.....	573,233	2,209,500	2,782,733
Net assets, end of year.....	\$ 658,258	\$ 2,033,500	\$ 2,691,758

## AVODAH: THE JEWISH SERVICE CORPS

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED AUGUST 31, 2020

	Program Services	Management and General	Fundraising	Total
Salaries.....	\$ 1,335,820	\$ 155,000	\$ 263,645	\$ 1,754,465
Occupancy.....	550,370	15,018	27,777	593,165
Professional fees.....	280,262	56,669	14,898	351,829
Payroll taxes and fringe benefits.....	234,830	55,816	46,375	337,021
Participant orientation and retreats.....	65,887	-	-	65,887
Program related.....	50,478	-	-	50,478
Weekly program costs.....	49,693	-	-	49,693
Dues, licenses, permits.....	22,223	1,913	21,129	45,265
Office related expenses (postage, supplies, printing).....	26,922	8,671	6,329	41,922
Recruiting.....	39,042	-	-	39,042
Travel and meetings.....	27,484	7,971	2,954	38,409
Alumni network.....	27,570	-	-	27,570
Communications.....	15,478	3,563	3,510	22,551
Insurance.....	11,936	780	1,476	14,192
Special events.....	-	-	5,413	5,413
Board expenses.....	-	3,181	-	3,181
Depreciation.....	-	3,040	-	3,040
Miscellaneous (including in-kind).....	98,133	10,297	14,089	122,519
Totals	<u>\$ 2,836,128</u>	<u>\$ 321,919</u>	<u>\$ 407,595</u>	<u>\$ 3,565,642</u>

## AVODAH: THE JEWISH SERVICE CORPS

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED AUGUST 31, 2019

	Program Services	Management and General	Fundraising	Total
Salaries.....	\$ 1,280,628	\$ 142,005	\$ 227,863	\$ 1,650,496
Occupancy.....	553,921	15,091	25,307	594,319
Payroll taxes and fringe benefits.....	234,166	46,194	41,631	321,991
Professional fees.....	242,543	49,719	26,947	319,209
Participant orientation and retreats.....	133,328	348	487	134,163
Weekly program costs.....	72,129	127	-	72,256
Travel and meetings.....	40,652	17,789	4,077	62,518
Recruiting.....	54,130	-	-	54,130
Program related.....	47,696	-	-	47,696
Special events.....	-	-	44,279	44,279
Alumni network.....	36,375	-	-	36,375
Dues, licenses, permits.....	20,529	1,123	11,074	32,726
Office related expenses (postage, supplies, printing)....	21,142	5,667	3,429	30,238
Communications.....	19,398	2,725	2,785	24,908
Insurance.....	11,824	641	1,043	13,508
Depreciation.....	-	11,515	-	11,515
Board expenses.....	-	10,604	-	10,604
Miscellaneous (including in-kind).....	82,382	16,729	7,903	107,014
Totals	<u>\$ 2,850,843</u>	<u>\$ 320,277</u>	<u>\$ 396,825</u>	<u>\$ 3,567,945</u>

# AVODAH: THE JEWISH SERVICE CORPS

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

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets.....	\$ (402,495)	\$ (90,975)
<u>Adjustment to reconcile change in net assets to net cash</u>		
<u>provided by operating activities:</u>		
Depreciation.....	3,040	11,515
Donated stock.....	(46,040)	(75,900)
Net loss on sales of donated stock.....	968	1,750
Change in accrued interest.....	(765)	(517)
<u>Changes in operating assets and liabilities:</u>		
Contributions receivable.....	963,613	181,341
Placement fees receivable.....	4,979	(15,729)
Other receivables.....	4,484	(5,632)
Prepaid expenses.....	(310)	(5,942)
Security deposits.....	1,825	16,680
Accounts payable and accrued expenses.....	29,710	(9,827)
Accrued vacation.....	22,675	(3,748)
Deferred housing fees.....	(22,854)	22,854
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>558,830</b>	<b>25,870</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment.....	-	(3,269)
Proceeds from sales of donated stock.....	45,072	74,150
Issuance of funds to increase the operating reserve.....	(325,000)	-
Purchases of board designated investments.....	(697,695)	(429,257)
Proceeds from sales of board designated investments.....	625,000	400,000
<b>NET CASH (USED IN) / PROVIDED BY INVESTING ACTIVITIES</b>	<b>(352,623)</b>	<b>41,624</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from line of credit.....	150,000	-
Repayments of line of credit.....	(150,000)	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>206,207</b>	<b>67,494</b>
Cash and cash equivalents, beginning of year.....	775,596	708,102
Cash and cash equivalents, end of year.....	<u>\$ 981,803</u>	<u>\$ 775,596</u>

# AVODAH: THE JEWISH SERVICE CORPS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

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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: Since Avodah's founding in 1998, it has offered exceptional Jewish leadership programs that focus on the intersection of Judaism and social justice. With a mission to strengthen the Jewish community's fight against the causes and effects of poverty in the United States, 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. Its alumni network - nearly 1,300 across the country -- includes C-suite nonprofit leaders, rabbis, Jewish communal professionals, activists, social workers, doctors, and many others who hold professional and lay leadership roles in the Jewish and social justice landscapes. 82% of Avodah's alumni report that they continue to work in the social justice field, and 61% of alumni who were moderately, minimally, or not at all involved in Jewish life before Avodah indicate that they live a more Jewish life as a result of Avodah. All bring to their work a Jewish social justice lens and are actively working to address the structural injustices that millions of people in the United States face today. Avodah's Community Engagement programs bring its expertise to Jewish communities across the country, in many cases connecting alumni leaders to communities seeking skilled Jewish justice educators, enabling Avodah to reach a wider audience of Jews interested in Jewish social justice learning and action.

Avodah's four program areas include:

**Jewish Service Corps:** The only program of its kind, the Jewish Service Corps attracts young 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 that explores 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.

Avodah places corps members in yearlong positions at approximately 60 nonprofits nationwide annually that work on issues such as criminal justice, immigration, public health, housing and homelessness, and more. Its partners include some of the most effective antipoverty organizations in the country such as the Greater New Orleans Fair Housing Action Center, Medicare Rights Center in New York, and the National Immigrant Justice Center in Chicago, and include many Jewish organizations such as HIAS in DC, Footsteps in New York, and The ARK in Chicago. Over the past 23 years, Avodah corps members have worked in yearlong, full-time roles - more than 2 million hours in service - at 215 nonprofit agencies, serving approximately 777,000 individuals and adding more than \$23 million in staffing capacity. 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.

# AVODAH: THE JEWISH SERVICE CORPS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

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

In their placements, corps members build the capacity of Avodah's partner agencies to directly address many of the issues faced by the most vulnerable populations in the country. 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.

As corps members make a difference, Avodah provides these recent college graduates with a place to build the foundations for meaningful careers, Jewish community, and lifelong activism in social and economic justice movements.

**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.

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 justice 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.

**The Alumni Network:** Avodah's alumni community is a vast and collaborative network of 1,295 Jewish leaders and changemakers 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. Avodah conducted an alumni survey in the summer of 2017 and found that 82% say that their current job involves antipoverty or social justice work, while 85% say they are better equipped to help advance social justice work thanks to Avodah.

# AVODAH: THE JEWISH SERVICE CORPS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

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

**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 we face in this country, and to bring the Jewish community to the table in a more present, thoughtful way to address these challenges. Avodah trains Jewish leaders, serves as consultants to other organizations, disseminates educational resources, develops strategic partnerships with peer organizations, and much more.

For example, Avodah trains program alumni as Jewish educators who teach Jewish justice workshops using Avodah's curricula in synagogues, at Jewish conferences, and at other Jewish gatherings in their communities. Avodah also offers a b'nei mitzvah curriculum that helps communities teach their teens about how they can lead meaningful lives inspired by Jewish values of justice as they enter into Jewish adulthood. Finally, Avodah's Speak Torah to Power program, a speaker series in New York, introduced thousands to some of the leading Jewish progressive voices of our time.

**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 the years ended August 31, 2020 or 2019.

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 net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

However, contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions 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 net assets without donor restrictions.

**Basis of Presentation:** Avodah is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, which are defined as follows:

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

# AVODAH: THE JEWISH SERVICE CORPS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

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

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by action of Avodah and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. 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. Donor restricted contributions are reported as increases in net assets with donor restrictions. As of August 31, 2020 and 2019, there were no net assets held in perpetuity.

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, 2020 and 2019, 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 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 support with donor restriction or without donor restriction 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.

# AVODAH: THE JEWISH SERVICE CORPS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

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

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. The value of these legal and coaching services provided to Avodah for the years ended August 31, 2020 and 2019 were \$3,588 and \$11,525, respectively. In addition, many individuals, such as board members and other individuals who volunteer their time and perform a variety of tasks that assist Avodah, have donated significant amounts of their time. No amounts have been reflected in the financial statements for these contributed services inasmuch 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 Allocation of Expenses: Expenses have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to program and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Avodah. Those costs that cannot be directly assigned to one function are allocated to program and supporting services based upon reasonable allocation methodologies, the most significant of which are:

- Salaries and related costs that are not directly assigned to one functional expense category are allocated based on management's estimate of personnel time spent.
- Occupancy costs are allocated based upon each functional category's respective use of the square footage of the facilities.
- Professional fees are allocated based on the purpose of the services provided.

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.

Recent Accounting Pronouncements: During the year ended August 31, 2020, Avodah adopted ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "ASC 606"), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of non-financial assets. Avodah's services that fall within the scope of ASC 606 are presented within support from special events, placement fees revenue, housing allowance revenue, and other income and are recognized as revenue as Avodah satisfies its obligations to its consumers and other parties.

# AVODAH: THE JEWISH SERVICE CORPS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

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

During the year ended August 31, 2020, Avodah adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 amends ASC 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU were intended to assist entities in (i) evaluating whether (reciprocal) transactions subject to other guidance (i.e. ASC 606) and (ii) determining whether a contribution(s) is conditional. Avodah has determined that there is no impact to the financial statements as a result of the adoption of this ASU.

Events Occurring After the Report Date: Avodah has evaluated events and transactions that occurred between September 1, 2020 and January 19, 2021, 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.

# AVODAH: THE JEWISH SERVICE CORPS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

### NOTE 2 - BOARD DESIGNATED INVESTMENTS (continued)

The fair value of Avodah's board designated investments by major security type are as follows at August 31, 2020 and 2019:

	Investments at Fair Value as of August 31, 2020			
	Level 1	Level 2	Level 3	Total
Money market .....	\$ 16,899	\$ -	\$ -	\$ 16,899
Certificates of deposit.....	-	619,999	-	619,999
Total investments at fair value.....	<u>\$ 16,899</u>	<u>\$ 619,999</u>	<u>\$ -</u>	<u>\$ 636,898</u>

	Investments at Fair Value as of August 31, 2019			
	Level 1	Level 2	Level 3	Total
Money market .....	\$ 12,673	\$ -	\$ -	\$ 12,673
Certificates of deposit.....	-	225,765	-	225,765
Total investments at fair value.....	<u>\$ 12,673</u>	<u>\$ 225,765</u>	<u>\$ -</u>	<u>\$ 238,438</u>

### NOTE 3 - BANK LINE OF CREDIT

Avodah entered into a \$150,000 revolving line of credit with a bank, collateralized by a general lien on all assets, which is payable on demand. Interest is calculated at 0.30% over the Wall Street Journal prime rate (3.25% and 5.25% at August 31, 2020 and 2019, respectively).

This line of credit is subject to financial covenants including (a) maintaining its operating accounts with the same bank, and (b) maintaining at all times Board designated funds in the amount of \$150,000. The original line of credit period ended November 7, 2018. The line of credit period was extended to December 12, 2019 and then renewed again for \$150,000 through March 12, 2021.

At August 31, 2020, Avodah was in compliance with the line of credit covenants. As of both August 31, 2020 and 2019, there was no outstanding balance under the line of credit.

### NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

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 net assets without restrictions. During the years ended August 31, 2020 and 2019, Avodah received and expended \$818,457 and \$448,381, respectively, of such funds, which are included in contributions without donor restrictions.

# AVODAH: THE JEWISH SERVICE CORPS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

### NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions were as follows as of August 31,:

	2020	2019
Specific purpose:		
Chicago program.....	\$ 52,500	\$ 147,500
Washington, DC program.....	108,750	85,000
New Orleans program.....	40,000	-
New York program.....	-	10,000
Speaking Torah to Power Speaker Series .....	-	60,000
National .....	491,700	1,080,500
AJA .....	-	50,000
Recruitment.....	50,000	50,000
San Diego program .....	151,661	165,000
Fellowship program.....	6,500	11,000
Total specific purpose.....	\$ 901,111	\$ 1,659,000
Time restricted.....	320,115	374,500
Total net assets with donor restrictions .....	\$ 1,221,226	\$ 2,033,500

Net assets released from donor restrictions were as follows during the years ended August 31,:

	2020	2019
Satisfaction of purpose restrictions:		
Chicago program.....	\$ 147,500	\$ 14,500
Washington, DC program.....	60,000	92,000
New Orleans program.....	-	38,000
New York program.....	20,000	20,000
Speaking Torah to Power Speaker Series .....	60,000	-
AJA .....	50,000	-
Recruitment.....	50,000	-
San Diego program .....	88,339	-
Fellowship program.....	11,000	10,000
Alumni program .....	-	20,000
Total satisfaction of purpose restrictions.....	486,839	194,500
Time restricted.....	1,145,000	1,070,000
Total net assets with donor restrictions released.....	\$ 1,631,839	\$ 1,264,500

### 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 November 2022.

# AVODAH: THE JEWISH SERVICE CORPS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

### 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>
2021.....	\$ 169,923	\$ 163,771	\$ 98,323	\$ 50,243	\$ 482,260
2022.....	-	157,000	20,110	-	177,110
2023.....	-	-	5,065	-	5,065
Total .....	<u>\$ 169,923</u>	<u>\$ 320,771</u>	<u>\$ 123,498</u>	<u>\$ 50,243</u>	<u>\$ 664,435</u>

Rent expense, net of related rent revenue, for the year ended August 31, 2020, was as follows:

	<u>Offices</u>	<u>Residences</u>	<u>Total</u>
Rent expense .....	\$ 133,695	\$ 363,079	\$ 496,774
Housing allowance .....	-	( 291,544)	( 291,544)
Total .....	<u>\$ 133,695</u>	<u>\$ 71,535</u>	<u>\$ 205,230</u>

Rent expense, net of related rent revenue, for the year ended August 31, 2019, was as follows:

	<u>Offices</u>	<u>Residences</u>	<u>Total</u>
Rent expense .....	\$ 162,815	\$ 360,353	\$ 523,168
Housing allowance .....	-	( 276,390)	( 276,390)
Total .....	<u>\$ 162,815</u>	<u>\$ 83,963</u>	<u>\$ 246,778</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, 2020 and 2019 were \$26,114 and \$38,848, 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.

Five donors represented approximately 71% of contributions receivable at August 31, 2020 and three donors represented approximately 59% of contributions receivable at August 31, 2019. Seven donors represented approximately 34% of contribution revenue for the year ended August 31, 2020 and four donors represented approximately 31% of contribution revenue for the year ended August 31, 2019.

# AVODAH: THE JEWISH SERVICE CORPS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

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### 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 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>2020</u>	<u>2019</u>
Board designated endowment funds, beginning of year .....	\$ 238,438	\$ 208,754
Investment income, net of bank fees .....	3,460	4,684
Net additions .....	395,000	25,000
Board designated endowment funds, end of year .....	<u>\$ 636,898</u>	<u>\$ 238,438</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.

# AVODAH: THE JEWISH SERVICE CORPS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

### NOTE 9 - AVAILABILITY AND LIQUIDITY

The following represents Avodah's financial assets at August 31,:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents .....	\$ 981,803	\$ 775,596
Board designated investments .....	636,898	238,438
Contributions receivable .....	681,176	1,644,789
Placement fees receivable.....	68,550	73,529
Other receivables .....	1,689	6,173
Total financial assets	<u>2,370,116</u>	<u>2,738,525</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions .....	1,221,226	2,033,500
Board designated investments.....	<u>636,898</u>	<u>238,438</u>
Financial assets available to meet general expenditures over the next twelve months .....	<u>\$ 511,992</u>	<u>\$ 466,587</u>

Avodah's goal is generally to maintain financial assets to meet thirty days of operating expenses (approximately \$287,000).

### NOTE 10 - FINANCIAL IMPACTS RELATED TO THE COVID-19 PANDEMIC

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact operating results. The financial impact of this matter, if any, cannot be estimated at this time.

On April 30, 2020, Avodah received a \$358,707 Paycheck Protection Program ("PPP") loan pursuant to the U.S. CARES Act. The loan term is for two years, bears interest at 1%, has no payments for the first seven months, and then interest and principal are payable each month through maturity of the loan on April 30, 2022.

The loan contains certain forgiveness provisions that would allow the loan to be forgiven if the funds are expended on allowable payroll, benefits, rent, and utility costs incurred and paid during an eight- or twenty-four-week period commencing on May 4, 2020, the date the funds were deposited into Avodah's account. In the eight-week period subsequent to funding, Avodah expended the balance of the loan on qualified expenditures through the year ended August 31, 2020. As such, management expects all of this loan will be forgiven, and has recognized \$358,707 of PPP loan forgiveness income within the accompanying statement of activities for the year ended August 31, 2020. Avodah expects to file its loan forgiveness application during the year ending August 31, 2021.