

NATIONAL JEWISH OUTREACH PROGRAM INC.

FINANCIAL STATEMENTS

JUNE 30, 2018

WASSER BRETTLER KLAR & LIPSTEIN, LLP

CERTIFIED
PUBLIC
ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
National Jewish Outreach Program Inc.

We have audited the accompanying financial statements of National Jewish Outreach Program Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Jewish Outreach Program Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Wasser, Brettler, Klar & Lipstein, LLP

WASSER, BRETTLER, KLAR & LIPSTEIN, LLP
Certified Public Accountants

New York, New York
May 14, 2019

**NATIONAL JEWISH OUTREACH PROGRAM INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018**

ASSETS

Cash and cash equivalents	\$142,511
Marketable securities	530,093
Promises to give (net of allowance)	215,278
Loans and exchanges	47,684
Prepaid expenses	8,932
Security deposit	19,755
Fixed assets (net of accumulated depreciation of \$232,874)	<u>6,473</u>
Total Assets	<u>\$970,726</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 74,600
Loans payable	<u>256,654</u>
Total Liabilities	\$331,254
Commitments and Contingencies	
Net Assets	
Unrestricted - Undesignated	139,472
Permanently restricted	<u>500,000</u>
Total Net Assets	<u>639,472</u>
Total Liabilities and Net Assets	<u>\$970,726</u>

See independent auditor's report and accompanying notes to the financial statements.

NATIONAL JEWISH OUTREACH PROGRAM INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Support			
Contributions and grants	\$ 752,477	\$ -0-	\$ 752,477
Dinner and special events (net of direct costs of \$146,440)	763,016	-0-	763,016
Sale of resource materials and list rentals	5,345	-0-	5,345
Investment income	487	43,596	44,083
	<u>1,521,325</u>	<u>43,596</u>	<u>1,564,921</u>
Total Revenues and Support			
	<u>1,521,325</u>	<u>43,596</u>	<u>1,564,921</u>
Expenses			
Program related expenses	1,500,509	-0-	1,500,509
Management and general expenses	328,332	-0-	328,332
Fund raising expenses	220,786	-0-	220,786
	<u>2,049,627</u>	<u>-0-</u>	<u>2,049,627</u>
Total Expenses			
	<u>2,049,627</u>	<u>-0-</u>	<u>2,049,627</u>
Increase (Decrease) in Net Assets	(528,302)	43,596	(484,706)
Assets released from restrictions	43,596	(43,596)	-0-
Net Assets - July 1, 2017	<u>624,178</u>	<u>500,000</u>	<u>1,124,178</u>
Net Assets - June 30, 2018	<u>\$ 139,472</u>	<u>\$500,000</u>	<u>\$ 639,472</u>

See independent auditor's report and accompanying notes to the financial statements.

NATIONAL JEWISH OUTREACH PROGRAM INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	Management and General	Fund Raising	Total Expenses
Compensation	\$ 779,757	225,733	144,344	\$1,149,834
Occupancy	209,865	23,318	-0-	233,183
Fringe benefits	152,118	17,122	9,091	178,331
Program development and funding	149,474	-0-	-0-	149,474
Payroll taxes	49,152	13,115	8,525	70,792
Public relations	59,500	-0-	-0-	59,500
Printing	14,489	1,630	34,758	50,877
Postage	11,150	12,246	14,248	37,644
Information technology	20,213	-0-	2,246	22,459
Equipment rental	10,858	2,715	-0-	13,573
Professional fees	-0-	12,910	-0-	12,910
Interest expenses	9,787	1,152	576	11,515
Telephone	7,716	1,543	1,030	10,289
Bank fees and service charges	-0-	9,220	-0-	9,220
Insurance	6,904	863	863	8,630
Travel and conferences	6,787	754	-0-	7,541
Cleaning and maintenance	4,636	579	579	5,794
Office expenses	2,334	2,334	-0-	4,668
Fundraising	-0-	-0-	4,311	4,311
Advertising and promotion	2,930	-0-	-0-	2,930
Depreciation	1,723	215	215	2,153
Supplies	1,116	1,008	-0-	2,124
Filing fees	-0-	1,875	-0-	1,875
Total Expenses	\$1,500,509	\$328,332	\$220,786	\$2,049,627

See independent auditor's report and accompanying notes to the financial statements.

**NATIONAL JEWISH OUTREACH PROGRAM INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

Cash Flows From Operating Activities

Decrease in Net Assets		(\$484,706)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used In Operating Activities		
Depreciation expense	\$ 2,153	
Unrealized gain (net) on investments in marketable securities	(36,135)	
Decrease in promises to give	334,887	
Increase in loans and exchanges	1,788	
Increase in prepaid expenses	(928)	
Increase in accounts payable and accrued expenses	39,115	

Total Adjustments	<u>340,880</u>
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Net Cash Used In Operating Activities	(143,826)
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Cash Flows From Investing Activities

Sale of investments (net)	<u>90,397</u>
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Net Cash Provided By Investing Activities	90,397
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Cash Flows From Financing Activities

Loan proceeds	85,000
Loan repayment	<u>(18,902)</u>

Net Cash Provided By Financing Activities	<u>66,098</u>
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Net Increase in Cash and Cash Equivalents	12,669
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Cash and Cash Equivalents - July 1, 2017	<u>129,842</u>
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Cash and Cash Equivalents - June 30, 2018	<u><u>\$142,511</u></u>
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SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash Paid During the Year for:

Interest	<u><u>\$11,515</u></u>
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See independent auditor's report and accompanying notes to the financial statements.

NATIONAL JEWISH OUTREACH PROGRAM INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - ORGANIZATION

National Jewish Outreach Program Inc. ("NJOP") is a not for profit Organization and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Its primary purpose is to develop and coordinate programs of instruction in basic Judaism, predominately in the United States. NJOP is supported by donations from the general public

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statement Presentation

In accordance with Accounting Standards Codification (ASC) , Topic 958, Subtopic 205 (SFAS) No. 117, Not-for-Profit Entities, Presentation of Financial Statements, the Institution 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. In addition, the Organization is required to present a statement of cash flows.

Grants and donations of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of changes in net assets as assets released from restrictions. Grants and other contributions whose donor-imposed restrictions are met in the same reporting period as that in which the grants or contributions were received are reported as increases in unrestricted net assets. In addition, the Organization is required to present a statement of cash flows.

The Organization did not have any temporarily restricted net assets at June 20, 2018.

B. Basis of Accounting

The books and records of the Organization are maintained on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

C. Promises to Give

Under FASB ASC Topic 958, the Organization records promises to give as income at the time an unconditional promise to give is made by the donor.

D. Allowance for Doubtful Accounts

An allowance for uncollectible receivables has been established based upon management's estimate of future collections.

See independent auditor's report.

NATIONAL JEWISH OUTREACH PROGRAM INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Depreciation

Fixed assets are being depreciated over their estimated useful lives of seven to ten years using the straight line method of depreciation.

F. Cash and Cash Equivalents

NJOP considers all short term investments purchased with a maturity of three months or less to be cash equivalents.

G. Marketable Securities

In accordance with ASC Topic 958 Subtopic 320, Investments – Debt and Equity Securities – Not-for-Profit Entities, the Organization carries investments in marketable securities and investments in debt securities at their fair market values in the statement of financial position. Unrealized gains and losses are included in investment income (losses) in the statement of activities.

H. Depreciation

Depreciation of fixed assets is provided on a straight-line method based on the estimated useful lives as follows:

Equipment	7-10 years
Furniture and fixtures	10 years

Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations and replacements, which improve and extend the life of the asset are capitalized. Depreciation expenses related to fixed assets for the year totaled \$2,153.

I. Fair Value Measurements

In accordance with ASC Topic 820, Subtopic 50, Fair Value Measurements and Disclosures, the Organization is required to make the following disclaimers concerning fair value measurements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (the exit price) in an orderly transaction between market participants at the measurement date. A valuation framework has been outlined that creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures.

The fair value hierarchy is broken down into three levels based on the source of inputs:

Level 1 – Valuations based on unadjusted quoted market prices for identical assets.

See independent auditor's report.

NATIONAL JEWISH OUTREACH PROGRAM INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Level 2 – Valuations based on observable inputs and quoted market prices for similarly structured assets and liabilities.

Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumption.

A financial instrument categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

In determining fair value, the Organization uses quoted prices and observable inputs when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. The Organization had no level 2 or Level 3 assets.

J. Concentration of Credit Risk

The Organization's cash balances are maintained in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per financial institution. At certain times during the year balances exceeded these amounts.

K. Use of 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 certain reported amounts of assets and liabilities, and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates and assumptions include allowances for uncollectible receivables and the allocation of expenses to functional classifications.

L. Subsequent Events

Management has evaluated subsequent events through May 14, 2019, the date the financial statements were available to be issued.

NOTE 3 - FIXED ASSETS

Fixed assets consisted of the following at June 30, 2018:

Furniture and fixtures	\$ 5,760
Machinery and equipment	<u>233,587</u>
	239,347
Less, accumulated depreciation	(<u>232,874</u>)
Net Fixed Assets	<u>\$ 6,473</u>

See independent auditor's report.

NATIONAL JEWISH OUTREACH PROGRAM INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - MARKETABLE SECURITIES

This consists of the following:

Marketable Securities	<u>Cost Basis</u>	<u>Market Value</u>
Common Stock	\$ 2,118	\$ 2,177
Mutual Funds	<u>491,805</u>	<u>527,916</u>
Total Marketable Securities	<u>\$493,923</u>	<u>\$530,093</u>

As all of the marketable securities are publicly traded, they are all considered Level 1 assets.

NOTE 5 - LOANS PAYABLE

In November 2016 the executive director borrowed \$200,000 from a bank and gave the proceeds to the Organization. The Organization agreed to make all the loan payments. The loan has an interest rate of 4.5%. The outstanding balance as of June 30, 2018 was \$171,654.

In August 2017 the Organization obtained an additional interest free loan in the amount of \$85,000.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Organization rents its office space in New York City. In July 2013 the Organization renewed its lease through October 31, 2020.

A summary of the minimum annual rental commitments are as follows:

June 30, 2019	\$185,979
June 30, 2020	191,558
June 30, 2021	<u>64,479</u>
	<u>\$442,016</u>

The Organization's total rent expense for the year ended June 30, 2018 was \$233,183.

NOTE 7 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management has allocated expenses based on an estimated analysis of each expense. As an example, depreciation was allocated based on usage of property.

NOTE 8 - PERMANENTLY RESTRICTED ASSETS

This represents assets donated to the Institution as endowments.

See independent auditor's report.