

T'ruah: The Rabbinic Call For Human Rights
[a Non-Profit Organization]

Financial Statements

Years Ended September 30, 2019 and 2018

T'ruah: The Rabbinic Call For Human Rights [a Non-Profit Organization]

Financial Statements

Years Ended September 30, 2019 and 2018

C O N T E N T S

	Page
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-13

Independent Auditor's Report

Board of Trustees
T'ruah: The Rabbinic Call For Human Rights
[a Non-Profit Organization]

Report on the Financial Statements

We have audited the accompanying financial statements of T'ruah: The Rabbinic Call For Human Rights [a Non-Profit Organization], which comprise the statements of financial position as of September 30, 2019 and 2018, 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.

Auditor's 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 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 T'ruah: The Rabbinic Call For Human Rights [a Non-Profit Organization] as of September 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1c to the financial statements, on October 1, 2018 the Organization adopted Accounting Standards Update ("ASU") No 2016-14, Not-for-profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to that matter.

Sax LLP

Clifton, New Jersey
February 26, 2020

**T'ruah: The Rabbinic Call For Human Rights
[a Non-Profit Organization]**

Statements of Financial Position

	September 30	
	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 160,862	\$ 126,190
Grants and contributions receivable	212,168	18,780
Other current assets	11,855	26,011
Total current assets	<u>384,885</u>	<u>170,981</u>
NET PROPERTY AND EQUIPMENT	<u>45,634</u>	<u>64,499</u>
OTHER ASSETS		
Security deposit	27,841	27,841
Total other assets	<u>27,841</u>	<u>27,841</u>
TOTAL ASSETS	<u>\$ 458,360</u>	<u>\$ 263,321</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 114,294	\$ 116,467
Deferred grant revenue	80,770	8,545
Line of credit	73,508	50,000
Total current liabilities	<u>268,572</u>	<u>175,012</u>
OTHER LIABILITIES		
Sub-lease security deposit	2,500	-
TOTAL LIABILITIES	<u>271,072</u>	<u>175,012</u>
NET ASSETS		
Without donor restrictions	187,288	88,309
Total net assets	<u>187,288</u>	<u>88,309</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 458,360</u>	<u>\$ 263,321</u>

See Independent Auditor's Report and Notes to Financial Statements.

T'ruah: The Rabbinic Call For Human Rights [a Non-Profit Organization]

Statement of Activities

	Year Ended September 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions (includes \$17,527 of in-kind contributions)	\$ 932,172	\$ -	\$ 932,172
Grants and contracts	545,750	-	545,750
Program service fees	15,151	-	15,151
Honoraria and other income	34,795	-	34,795
Miscellaneous Income	1,570	-	1,570
Special events	159,572	-	159,572
Less donor received benefits	(43,639)	-	(43,639)
Total public support and contracts	1,645,371	-	1,645,371
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of donor restrictions	-	-	-
FUNCTIONAL EXPENSES			
Program services	1,125,688	-	1,125,688
General and administrative	157,233	-	157,233
Fundraising expenses	263,471	-	263,471
Total supporting service expenses	420,704	-	420,704
Total functional expenses	1,546,392	-	1,546,392
Increase (decrease) in net assets	98,979	-	98,979
NET ASSETS, beginning of year	88,309	-	88,309
NET ASSETS, end of year	\$ 187,288	\$ -	\$ 187,288

See Independent Auditor's Report and Notes to Financial Statements.

T'ruah: The Rabbinic Call For Human Rights [a Non-Profit Organization]

Statement of Activities

	Year Ended September 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions (includes \$13,661 of in-kind contributions)	\$ 814,722	\$ -	\$ 814,722
Grants and contracts	420,750	-	420,750
Program service fees	3,899	-	3,899
Honoraria and other income	27,304	-	27,304
Rental Income	8,208	-	8,208
Miscellaneous Income	3,698	-	3,698
Special events	129,011	-	129,011
Less donor received benefits	(35,079)	-	(35,079)
Total public support and contracts	<u>1,372,513</u>	<u>-</u>	<u>1,372,513</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>
FUNCTIONAL EXPENSES			
Program services	<u>1,069,342</u>	<u>-</u>	<u>1,069,342</u>
General and administrative	169,600	-	169,600
Fundraising expenses	<u>245,765</u>	<u>-</u>	<u>245,765</u>
Total supporting service expenses	<u>415,365</u>	<u>-</u>	<u>415,365</u>
Total functional expenses	<u>1,484,707</u>	<u>-</u>	<u>1,484,707</u>
Increase (decrease) in net assets	(112,194)	-	(112,194)
NET ASSETS, beginning of year	<u>200,503</u>	<u>-</u>	<u>200,503</u>
NET ASSETS, end of year	<u>\$ 88,309</u>	<u>\$ -</u>	<u>\$ 88,309</u>

See Independent Auditor's Report and Notes to Financial Statements.

**T'ruah: The Rabbinic Call For Human Rights
[a Non-Profit Organization]**

Statement of Functional Expenses

Year Ended September 30, 2019

	<u>Program Services</u>	<u>Supporting Service Expenses</u>		<u>Total Functional Expenses</u>
		<u>General and Administrative</u>	<u>Fundraising Expenses</u>	
Salaries	\$ 593,514	\$ 79,824	\$ 102,050	\$ 775,388
Payroll taxes and employee benefits	168,644	23,902	28,997	221,543
Program expenses	77,374	-	-	77,374
Office expense	10,690	1,643	1,783	14,116
Telephone and electronic communications	44,458	5,979	7,644	58,081
Insurance	8,094	379	485	8,958
Printing and copying	18,792	1,181	33,331	53,304
Postage	2,876	1,054	15,870	19,800
Professional fees	35,812	25,675	23,250	84,737
Travel	42,772	1,013	10,296	54,081
Rent and utilities	107,344	14,437	18,457	140,238
Charity filing fees	-	1,900	-	1,900
Bank and merchant fees	2,220	246	15,541	18,007
Depreciation	13,098	-	5,767	18,865
	<u>\$ 1,125,688</u>	<u>\$ 157,233</u>	<u>\$ 263,471</u>	<u>\$ 1,546,392</u>

**T'ruah: The Rabbinic Call For Human Rights
[a Non-Profit Organization]**

Statement of Functional Expenses

Year Ended September 30, 2018

	<u>Program Services</u>	<u>Supporting Service Expenses</u>		<u>Total Functional Expenses</u>
		<u>General and Administrative</u>	<u>Fundraising Expenses</u>	
Salaries	\$ 558,437	\$ 79,062	\$ 85,721	\$ 723,220
Payroll taxes and employee benefits	146,067	20,867	22,764	189,698
Program expenses	72,605	-	-	72,605
Office expense	9,637	1,506	2,876	14,019
Telephone and electronic communications	34,190	3,617	10,488	48,295
Insurance	6,498	928	1,013	8,439
Printing and copying	21,744	1,470	35,904	59,118
Postage	4,755	1,070	23,619	29,444
Professional fees	52,306	37,956	19,457	109,719
Travel	43,801	1,060	6,974	51,835
Rent and utilities	105,410	15,059	16,428	136,897
Charity filing fees	-	6,400	-	6,400
Bank and merchant fees	336	605	15,212	16,153
Depreciation	13,556	-	5,309	18,865
	<u>\$ 1,069,342</u>	<u>\$ 169,600</u>	<u>\$ 245,765</u>	<u>\$ 1,484,707</u>

T'ruah: The Rabbinic Call For Human Rights [a Non-Profit Organization]

Statements of Cash Flows

	Year Ended September 30,	
	2019	2018
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 98,979	\$ (112,194)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities		
Depreciation	18,865	18,865
(Increase) decrease in assets		
Grants and contributions receivable	(193,388)	6,220
Other current assets	14,156	(8,020)
(Decrease) increase in liabilities		
Accounts payable and accrued expenses	(2,173)	(8,979)
Deferred grant revenue	72,225	5,971
Sub-lease security deposit	2,500	(1,800)
	11,164	(99,937)
 CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES		
Proceeds from line of credit	23,508	50,000
	23,508	50,000
 Net increase (decrease) in cash and cash equivalents	34,672	(49,937)
 CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	126,190	176,127
 CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 160,862	\$ 126,190

See Independent Auditor's Report and Notes to Financial Statements.

T'ruah: The Rabbinic Call For Human Rights [a Non-Profit Organization]

Notes to Financial Statements

Years Ended September 30, 2019 and 2018

Note 1 - Summary of Significant Accounting Policies

a. Nature of Organization

T'ruah: The Rabbinic Call for Human Rights (the "Organization" or "T'ruah") brings together rabbis and cantors from all streams of Judaism, together with all members of the Jewish community, to act on the Jewish imperative, to respect and advance the human rights of all people. Grounded in Torah and our Jewish historical experience and guided by the Universal Declaration of Human Rights, we call upon Jews to assert Jewish values by raising our voices and taking concrete steps to protect and expand human rights in North America, Israel, and the occupied Palestinian territories.

b. Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S.GAAP"), which 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 and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

c. Net Asset Presentation

Effective October 1, 2018, the Organization adopted the provisions of ASU No. 2016-14 - Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 requires the Organization 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. The net asset without donor restrictions category represents net assets that are not subject to donor-imposed restrictions and the net asset with donor restrictions category represents net assets that are subject to time or purpose donor-imposed restrictions.

Assets accumulated, and resources received and expended by the Organization are either without donor restrictions or restricted by the donor for a particular purpose. Net assets with donor restrictions represent contributions to the Organization whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by expending the funds for their restricted purpose. The designation of net assets for specific purposes by the Organization itself does not constitute a basis for reclassifying them as net assets with donor restrictions.

This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The presentation in these financial statements has been adjusted accordingly. Net assets as of October 1, 2018 were reclassified. Net assets originally reported as unrestricted assets were reclassified to net assets without donor restrictions. The amount reclassified to net assets without donor restrictions totaled \$88,309. This reclassification did not impact the Organizations total net assets. The ASU also requires liquidity and availability disclosures and a functional expense schedule.

T'ruah: The Rabbinic Call For Human Rights [a Non-Profit Organization]

Notes to Financial Statements

Years Ended September 30, 2019 and 2018

Note 1 - Summary of Significant Accounting Policies - Continued

d. Cash and Cash Equivalents

The Organization considers cash on deposit, cash on hand, and certificates of deposit with an original maturity of less than three months (if any) to be cash and cash equivalents.

e. Investments

Donated investments are reflected as contributions at their fair value at the date of receipt.

f. Receivables and Bad Debts

Contributions are recognized when a donor makes a promise to give to T'ruah that is, in substance unconditional. It is the Organization's policy to write off contributions receivable at the time they are believed to be uncollectible.

g. Property and equipment

Property and equipment is recorded at cost. Depreciation of property and equipment is being provided by the straight-line method over the estimated useful lives of the related assets once put into service.

h. Contribution Revenue

Contributions received are generally available for unrestricted use unless specifically restricted by the donor. All donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor 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.

i. Grant Revenue

With the exception of funding received under cost-reimbursement contracts, support received under grants and contracts with funding sources is recorded as support as grant requirements are met. Support from cost reimbursable contracts is recognized as costs are incurred.

j. Income Tax Status

The Organization is a non-profit Corporation, exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509 (a). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities.

T'ruah: The Rabbinic Call For Human Rights [a Non-Profit Organization]

Notes to Financial Statements

Years Ended September 30, 2019 and 2018

Note 1 - Summary of Significant Accounting Policies - Continued

j. Income Tax Status - Continued

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial to comply with the provisions of this guidance.

k. Functional Allocation of Expenses

Expenses incurred to directly carry out program activities are allocated to the applicable programs on a specific identification basis. Any expenditures not directly chargeable (indirect expenses) are allocated on the basis of time records and on estimates made by the Organization's management.

l. Concentration of Credit Risk for Cash Held at Financial Institutions

The Organization at times maintains cash balances in excess of federally insured amounts.

m. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

n. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The updated standard will be effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect the updated standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. The standard is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. The Organization is in the process of evaluating the impact of this new guidance.

T'ruah: The Rabbinic Call For Human Rights [a Non-Profit Organization]

Notes to Financial Statements

Years Ended September 30, 2019 and 2018

Note 1 - Summary of Significant Accounting Policies – Continued

n. Recent accounting pronouncements - Continued

In 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Per this ASU, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2018.

In June 2018, the FASB issued 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 clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than not-for-profits to identify and account for contributions made. The ASU has different effective dates for resource recipients and resource providers. Where the Organization is the resource recipient, the ASU is applicable to contributions received for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The Organization is currently evaluating the impact of the adoption of this guidance on its financial statements.

o. Reclassifications

Certain reclassifications were made to the prior year amounts in order to conform to the current year presentation.

p. Subsequent Events

The Organization has evaluated subsequent events for potential recognition or disclosure through February 26, 2020, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

The Organization has \$373,030 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, which consist of cash of \$160,862 and grants and contributions receivable totaling a combined \$212,168. The Organization's practice is to manage financial assets to be available for its general expenditures, liabilities, and other obligations. In the event of an unanticipated liquidity need, the Organization could also draw upon its available line of credit (Note 6).

T'ruah: The Rabbinic Call For Human Rights [a Non-Profit Organization]

Notes to Financial Statements

Years Ended September 30, 2019 and 2018

Note 3 - Property and Equipment, Net

Property and equipment, net, at cost, consists of the following as of September 30, 2019 and 2018:

	September 30,	
	2019	2018
Computers and software	\$ 94,323	\$ 94,323
Furniture and equipment	21,810	21,810
Total	116,133	116,133
Less accumulated depreciation	70,499	51,634
Property and equipment, net	\$ 45,634	\$ 64,499

Note 4 - Donated Services

The Organization records the value of donated specialized services based upon the fair market value at the date of donation. Voluntary donations of goods and services are recorded when those goods or services create or enhance nonfinancial assets or require specialized skills provided by donors possessing those skills and which would typically be purchased if not provided by donation. The donations were included in both revenue and expenses. The Organization recorded in-kind professional fees of \$17,527 and \$13,661 at September 30, 2019 and 2018, respectively, which is included in both revenue and expenses.

Note 5 - Operating Lease Commitment

On July 15, 2014, the Organization entered into an operating lease for its office location. The lease, which expires on August 31, 2019, contains a rent concession regarding the commencement of lease payments over the life of the lease. Accordingly, the Organization was not required to begin lease payments for the agreement until November 1, 2014.

On January 18, 2017, the Organization entered into an amendment to the original lease agreement. The lease amendment provides that the Organization will receive two months of free rent. The lease will now expire on April 30, 2022. Payment terms changed effective with the amended lease. The lease is subject to escalations for increases in real estate taxes and other maintenance charges.

Total rent expense, as recognized on a straight-line basis for the years ended September 30, 2019 and 2018, was \$124,091.

Future minimum lease payments are as follows:

For the years ending September 30,	
2020	\$ 128,848
2021	132,710
2022	79,037
	\$ 340,595

**T'ruah: The Rabbinic Call For Human Rights
[a Non-Profit Organization]**

Notes to Financial Statements

Years Ended September 30, 2019 and 2018

Note 6 - Line of Credit

During the year ended September 30, 2018, the Organization entered into a line of credit with Chase Bank. Under this line of credit, the Organization may borrow up to \$100,000. Interest is accrued on the outstanding balance at the rate of .85% Per Annum above the Prime Rate (5.00% and 5.25% at September 30, 2019 and 2018, respectively), and is due on demand and no maturity date. As of September 30, 2019, and 2018, there were outstanding borrowings of \$73,508 and \$50,000, respectively.