

**A JEWISH VOICE FOR
PEACE, INC.**

**Financial Statements for the Years
Ended June 30, 2019 and 2018
and Independent Auditors' Report**

A JEWISH VOICE FOR PEACE, INC.

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee of
A Jewish Voice for Peace, Inc.
Berkeley, California

We have audited the accompanying financial statements of A Jewish Voice for Peace, Inc. (a California nonprofit corporation) (the "Organization") which comprise the statements of financial position as of June 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.

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 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 Organization'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 the Organization as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Harrison & Lane, a.c.

Pleasanton, California

May 12, 2020

A JEWISH VOICE FOR PEACE, INC.

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and equivalents	\$ 1,259,264	\$ 805,132
Investments	-	8,954
Accounts receivable	-	2,240
Contributions receivable	95,535	290,348
Prepaid expenses and other	<u>34,524</u>	<u>64,042</u>
Total current assets	1,389,323	1,170,716
CONTRIBUTIONS RECEIVABLE	-	70,000
DEPOSITS	8,640	10,584
PROPERTY AND EQUIPMENT, net	<u>22,889</u>	<u>37,790</u>
TOTAL ASSETS	<u>\$ 1,420,852</u>	<u>\$ 1,289,090</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	<u>\$ 286,475</u>	<u>\$ 252,766</u>
Total current liabilities	<u>286,475</u>	<u>252,766</u>
Total liabilities	<u>286,475</u>	<u>252,766</u>
NET ASSETS:		
Net assets without donor restrictions	923,247	739,649
Net assets with donor restrictions	<u>211,130</u>	<u>296,675</u>
Total net assets	<u>1,134,377</u>	<u>1,036,324</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,420,852</u>	<u>\$ 1,289,090</u>

See accompanying notes to the financial statements.

A JEWISH VOICE FOR PEACE, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and support:		
Contributions and grants	\$ 3,010,280	\$ 3,004,900
Chapter income	132,264	126,460
Other income	<u>94,532</u>	<u>18,196</u>
Total revenue and support	3,237,076	3,149,556
Net assets released from restrictions	<u>251,849</u>	<u>671,071</u>
Total revenues and net assets released from restrictions	<u>3,488,925</u>	<u>3,820,627</u>
Expenses:		
Program services	2,163,507	2,477,950
Supporting services:		
General and administrative	417,463	391,182
Fundraising	<u>724,357</u>	<u>539,783</u>
Total expenses	<u>3,305,327</u>	<u>3,408,915</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>183,598</u>	<u>411,712</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	166,304	552,335
Net assets released from restrictions	<u>(251,849)</u>	<u>(671,071)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(85,545)</u>	<u>(118,736)</u>
CHANGE IN NET ASSETS	98,053	292,976
NET ASSETS, BEGINNING OF YEAR	<u>1,036,324</u>	<u>743,348</u>
NET ASSETS, END OF YEAR	<u>\$ 1,134,377</u>	<u>\$ 1,036,324</u>

See accompanying notes to the financial statements.

A JEWISH VOICE FOR PEACE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Supporting Services</u>			Total Program and Supporting Services
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Personnel	\$ 1,451,959	\$ 252,011	\$ 345,155	\$ 2,049,125
Contractors and consultants	183,899	55,433	45,555	284,887
Occupancy	158,824	24,107	38,984	221,915
Technology	17,915	21,019	100,925	139,859
Chapter expenses	111,976	-	-	111,976
Organizing	128,343	133	(19,291)	109,185
Printing	7,549	1	88,244	95,794
Bank fees and service charges	-	8,164	70,529	78,693
Travel and conferences	46,912	6,661	12,827	66,400
Communications	34,667	-	21,477	56,144
Licenses and registration	-	19,337	-	19,337
Other fundraising costs	-	-	17,143	17,143
Other expense	8,108	6,276	39	14,423
Depreciation	-	15,717	-	15,717
Staff and board expenses	8,037	2,002	1,859	11,898
Insurance	2,754	5,998	-	8,752
Postage	2,154	575	857	3,586
Special projects	410	29	54	493
Total	<u>\$ 2,163,507</u>	<u>\$ 417,463</u>	<u>\$ 724,357</u>	<u>\$ 3,305,327</u>

See accompanying notes to the financial statements.

A JEWISH VOICE FOR PEACE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Supporting Services</u>			Total Program and Supporting Services
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Personnel	\$ 1,750,500	\$ 248,549	\$ 235,360	\$ 2,234,409
Contractors and consultants	105,081	42,312	23,115	170,508
Technology	44,207	14,519	96,813	155,539
Organizing	153,898	-	-	153,898
Occupancy	93,636	21,152	13,996	128,784
Chapter expenses	121,649	-	-	121,649
Travel and conferences	91,330	17,085	6,888	115,303
Printing	12,949	-	88,286	101,235
Bank fees and service charges	40	1,945	55,817	57,802
Communications	53,783	-	-	53,783
Staff and board expenses	20,636	5,527	1,676	27,839
Other expense	24,942	268	-	25,210
Other fundraising costs	188	-	17,820	18,008
Depreciation	-	17,529	-	17,529
Licenses and registration	-	15,435	-	15,435
Insurance	2,583	5,129	-	7,712
Special projects	2,400	-	-	2,400
Postage	128	1,732	12	1,872
Total	<u>\$ 2,477,950</u>	<u>\$ 391,182</u>	<u>\$ 539,783</u>	<u>\$ 3,408,915</u>

See accompanying notes to the financial statements.

A JEWISH VOICE FOR PEACE, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 98,053	\$ 292,976
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	15,717	17,529
Loss on disposal of property and equipment	3,492	-
Net realized and unrealized gains on investments	-	(2,790)
Donated investments	-	(53,128)
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	2,240	(176)
Contributions receivable	264,813	(190,348)
Prepaid expenses and other	29,518	(29,341)
Accounts payable and accrued expenses	33,709	(11,981)
Net cash provided by operating activities	<u>447,542</u>	<u>22,741</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(4,308)	(2,475)
Proceeds from sale of investments	8,954	64,430
Returns (payments) of long term deposits	1,944	(3,990)
Net cash provided by investing activities	<u>6,590</u>	<u>57,965</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	454,132	80,706
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>805,132</u>	<u>724,426</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,259,264</u></u>	<u><u>\$ 805,132</u></u>

See accompanying notes to the financial statements.

A JEWISH VOICE FOR PEACE, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - A Jewish Voice for Peace, Inc. (the “Organization”) is a national Jewish nonprofit organization that provides a voice for Jews and allies who believe that peace in the Middle East will be achieved through justice and full equality for both Palestinians and Israelis. With offices in New York and California, online activists, chapters across the country, and an advisory board comprised of numerous prominent Jewish thinkers and artists, the Organization supports nonviolent efforts in the United States and in Israel-Palestine to end Israel’s occupation, expand human and civil rights, and implement a US policy based on international law and democracy. The Organization:

- Conducts global campaigns to defend and free Israeli and Palestinian human rights activists,
- Fights McCarthyite censorship of debate and misuses of the charge of anti-Semitism, especially in the Jewish community,
- Supports the growth of the Boycott, Divestment and Sanctions movement through divestment from companies that profit from the occupation,
- Works in coalition with others including Arab, Muslim, Palestinian and Christian groups to fight bigotry and end the occupation,
- Facilitates Congressional outreach regarding policy in the region, and
- Supports alternative Jewish rituals that include Palestinian narratives.

Basis of Accounting - The financial statements of the Organization are prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America specific to nonprofit organizations.

Classification of Net Assets - The Organization reports information regarding its financial position and activities according to two classes of net assets, as applicable: net asset without donor restrictions and net assets with donor restrictions.

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor imposed restrictions.

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 amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair Value - ASC 820 includes a fair value hierarchy that is intended to increase the consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

Level 1 - instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2 - instrument valuations are obtained from readily-available pricing sources for comparable instruments.

Level 3 - instrument valuations are obtained without observable market values and require a high level of judgment to determine the fair value.

Statements of Cash Flows - Cash equivalents are all highly liquid investments with original maturities of three months or less.

Investments - Investments are recorded at fair value based on real-time quotes for transactions in active exchange markets involving identical assets (“Level 1”).

Accounts Receivable - Accounts receivable are recorded at the value of the revenue earned and due upon presentation. Receivable balances with charges over thirty days old are considered delinquent and management begins collection efforts at this time. Delinquent accounts receivable invoices do not accrue interest. The Organization continually monitors the credit worthiness of each account and recognizes allowances for estimated bad debts on accounts that are no longer estimated to be collectible. No allowance was considered necessary at June 30, 2019 or 2018, respectively.

Contributions Receivable - Contributions receivable consist of unconditional promises to give.

Property and Equipment - Property and equipment purchased by the Organization is recorded at cost. The Organization follows the practice of capitalizing all expenditures for equipment and leasehold improvements over \$1,000. The fair value of all donated property and equipment is similarly capitalized. Depreciation has been provided on the straight-line method based upon the following estimated useful lives of the assets:

Equipment	5 years
Leasehold improvements	Remaining life of lease

Contributions - Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions received are recorded as net assets with or without donor restrictions, depending on the existence and/or nature of any 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 statement of activities as net assets released from restrictions.

Income Taxes - Under provision of Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, the Organization is exempt from income taxes, except for net income from unrelated business income. There were no unrelated business activities in 2019 or 2018, respectively. Accordingly, no tax expense was incurred during the years ending June 30, 2019 and June 30, 2018, respectively.

The Organization has adopted the accounting guidance related to uncertain tax positions, and has evaluated its tax positions taken for all open tax years. Currently, the fiscal 2015 through 2017 information returns are open and subject to examination. In management's judgment there are no uncertain tax positions as of June 30, 2019.

Functional Expense Classification - The Organization charges and allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with the program or support service are assigned directly. Expenses common to several functions are allocated based on a measure of usage that best relates to the particular expense.

Credit Risk - Financial instruments which potentially subject the Organization to credit risk consist principally of cash and equivalents, investments, and receivables. The Organization's cash is maintained in demand deposits and in money funds. Cash balances exceeded federal insurance limits by approximately \$465,000 at June 30, 2019. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statements of financial position. The Organization generally does not maintain collateral for its receivables, and does not believe significant credit risk exists at June 30, 2019.

Change in Accounting Principle - During the year ended June 30, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-14, *Note-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities* ("ASU 2016-14"). The 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 over expense and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions, and temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 6).

2. CONCENTRATIONS

Concentrations in contributions receivable include four donors that accounted for 96% of total grants and contributions receivable at June 30, 2019.

3. LEASES

The Organization leases office space under various cancelable and non-cancelable operating leases. Rent expense totaled \$207,243 and \$120,016 for the years ended June 30, 2019 and 2018, respectively. Future minimum lease payments under non-cancelable leases are as follows:

<u>Year end June 30,</u>	
2020	89,597
2021	50,550
2022	52,066
2023	53,630
2024	55,242
2025	56,892
2026	9,528
Total	<u>\$ 367,505</u>

The Organization entered into a sublease for a portion of the office space described above. Rent income and overhead charges totaled \$4,613 during the year ended June 30, 2019. The Organization's sub-lease expires in August 2025. Future minimum cash receipts due under the lease total \$30,731.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 37,283	\$ 39,610
Leasehold improvements	44,827	44,827
	82,110	84,437
Accumulated depreciation	(59,221)	(46,647)
Net property and equipment	<u>\$ 22,889</u>	<u>\$ 37,790</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$15,717 and \$17,529, respectively.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are subject to donor-imposed stipulations that will be met by either actions of the Organization and/or the passage of time. At June 30, 2019 and 2018, net assets with donor restrictions consisted of the following:

	2019	2018
Chapter activities	\$ 211,130	\$ 191,085
Return to The Birthright	-	35,000
Other program costs	-	590
Restricted to future periods	-	70,000
Total	<u>\$ 211,130</u>	<u>\$ 296,675</u>

6. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures within one year at June 30, 2019 and 2018 consisted of the following:

	2019	2018
Cash and cash equivalents	\$ 1,259,264	\$ 805,132
Investments	-	8,954
Accounts receivable	-	2,240
Contributions receivable	<u>95,535</u>	<u>360,348</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,354,799</u>	<u>\$ 1,176,674</u>

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

7. PENSION PLAN

A pension plan, organized under Section 401(k) of the Internal Revenue Code (the "Plan"), is provided for substantially all employees of the Organization. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization may make discretionary contributions to the Plan. The Organization did not make any discretionary contributions to the Plan during the years ended June 30, 2019 and 2018, respectively.

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 12, 2020, which is the date the financial statements were available to be issued.

Subsequent to year end, the World Health Organization characterized a novel strain of coronavirus (“Covid19”) as a pandemic. As of the date through which the Organization has evaluated subsequent events, the Organization believes it understands the risk associated with the Covid19 pandemic. The Organization is in the process of evaluating risk mitigation procedures related to the virus’ impact, if any, on all aspects of the Organization’s business transactions with customers and vendors, and human interaction within and outside of the Organization.