



Institute for Jewish Spirituality™

Cultivating Mindfulness. Deepening Connection. Enlivening Jewish Life.

Institute for Jewish Spirituality, Inc.

Financial Statements

(Together with Independent Auditors' Report)

For the Year Ended June 30, 2020

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

INSTITUTE FOR JEWISH SPIRITUALITY, INC.
FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

FOR THE YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Institute for Jewish Spirituality, Inc.

We have audited the accompanying financial statements of Institute for Jewish Spirituality, Inc. (the "Institute"), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, 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

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 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 the Institute as of June 30, 2020, and the change 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.

Marks Paneth LLP

New York, NY
September 23, 2022

**INSTITUTE FOR JEWISH SPIRITUALITY, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020**

ASSETS

Cash and cash equivalents (Notes 2C and 11A)	\$	654,746
Grants and pledges receivable, net (Notes 2D, 2E, 4 and 11B)		712,672
Accounts receivable (Notes 2E and 2F)		4,239
Prepaid expenses and other assets		42,011
Property and equipment, net (Notes 2G and 5)		<u>370,071</u>

TOTAL ASSETS \$ 1,783,739

LIABILITIES

Accounts payable and accrued expenses	\$	121,221
Deferred revenue (Note 2F)		4,700
Paycheck Protection Program loan payable (Note 9)		211,875
Deferred rent (Note 2H)		<u>14,972</u>

TOTAL LIABILITIES 352,768

COMMITMENTS AND CONTINGENCIES (Note 6)

NET ASSETS (Note 2B)

Without donor restrictions	730,971
With donor restrictions (Notes 7 and 8)	<u>700,000</u>
	<u>1,430,971</u>

TOTAL NET ASSETS 1,430,971

TOTAL LIABILITIES AND NET ASSETS \$ 1,783,739

The accompanying notes are an integral part of these financial statements.

INSTITUTE FOR JEWISH SPIRITUALITY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2020
REVENUE AND OTHER SUPPORT			
Contributions and grants (Notes 2D and 11B)	\$ 1,170,681	\$ 810,000	\$ 1,980,681
Program service revenue (Note 2F)	1,022,187	-	1,022,187
Other revenue	4,584	-	4,584
Net assets released from restrictions (Notes 2B and 7)	453,000	(453,000)	-
TOTAL REVENUE AND OTHER SUPPORT	2,650,452	357,000	3,007,452
EXPENSES (Note 2I):			
Program Services	1,322,416	-	1,322,416
Supporting Services			
Management and General	628,388	-	628,388
Fundraising	416,594	-	416,594
Total Supporting Services	1,044,982	-	1,044,982
TOTAL EXPENSES	2,367,398	-	2,367,398
CHANGE IN NET ASSETS	283,054	357,000	640,054
Net Assets - beginning of year	447,917	343,000	790,917
NET ASSETS - END OF YEAR	\$ 730,971	\$ 700,000	\$ 1,430,971

The accompanying notes are an integral part of these financial statements.

INSTITUTE FOR JEWISH SPIRITUALITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program	Management and General	Fundraising	Total 2020
Salaries	\$ 576,507	\$ 181,271	\$ 280,976	\$ 1,038,754
Payroll taxes and employee benefits (Note 10)	83,217	34,448	28,613	146,278
Total Salaries and Related Costs	659,724	215,719	309,589	1,185,032
Retreat fees	202,086	-	-	202,086
Professional fees	273,545	75,321	46,718	395,584
Occupancy (Notes 2H and 6B)	56,165	16,939	16,047	89,151
Travel and meetings	19,399	12,899	6,653	38,951
Office supplies	31,207	23,503	19,001	73,711
Insurance, fees and other	19,775	18,339	1,297	39,411
Miscellaneous	1,245	374	355	1,974
Bad debt	-	247,419	-	247,419
Depreciation and amortization (Note 5)	59,270	17,875	16,934	94,079
TOTAL EXPENSES	\$ 1,322,416	\$ 628,388	\$ 416,594	\$ 2,367,398

The accompanying notes are an integral part of these financial statements.

**INSTITUTE FOR JEWISH SPIRITUALITY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 640,054
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	94,079
Bad debt expense	247,419
Subtotal	981,552
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Grants and pledges receivable	(629,532)
Accounts receivable	20,315
Prepaid expenses and other assets	25,815
Decrease in liabilities:	
Accounts payable and accrued expenses	(6,871)
Deferred revenue	(228,762)
Deferred rent	(3,504)
Net Cash Provided by Operating Activities	159,013
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	(95,603)
Net Cash Used in Investing Activities	(95,603)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from Paycheck Protection Program loan payable	211,875
Net Cash Provided by Financing Activities	211,875
NET INCREASE IN CASH AND CASH EQUIVALENTS	275,285
Cash and cash equivalents - beginning of year	379,461
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 654,746

The accompanying notes are an integral part of these financial statements.

INSTITUTE FOR JEWISH SPIRITUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Institute for Jewish Spirituality, Inc. (the “Institute”) is a non-profit corporation that was incorporated on May 14, 2003. The Institute helps religious leaders explore and discover their own inner lives through prayer, meditation, study and companionship so that they might lead from a place of greater wisdom and authenticity. The Institute is registered in New York and is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (“IRC”) and from state and local taxes under comparable laws.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. ***Basis of Accounting*** – The Institute prepares its financial statements using the accrual basis of accounting. The Institute adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. ***Net Assets*** – Net assets and revenues are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – represents net assets not subject to donor-imposed stipulations and are available for the general support of the Institute’s operations.

Net Assets With Donor Restrictions – represents gifts of cash and other assets received with donor stipulations that limit the use of donated assets, including requirements to hold assets in perpetuity. When a donor restriction expires or a purpose of the restriction is accomplished or endowment assets are appropriated for expenditures, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

- C. ***Cash and Cash Equivalents*** – Cash equivalents include all highly liquid instruments purchased with maturities of 90 days or less.
- D. ***Contributions and Grants*** – Contributions and grants are nonexchange transactions and accounted for under Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08. Contributions and grants are recognized as revenue when barriers within grants are overcome and there is no right of return or release from obligations. Unconditional promises to give are recognized as revenues in the appropriate category of net assets in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, if material. The discounts on those amounts are computed using risk adjusted interest rates applicable to the years in which the promises are received.

As of June 30, 2020, the Institute received a conditional grant in the aggregate amount of \$150,000. This grant has not been recognized in the accompanying financial statements as it is for future periods and will be recognized when contract barriers are overcome. Such barriers may include fundraising additional amounts outside of this grant. If those barriers are not met, the funding sources may not be obligated to expend the funds allotted under the grant.

- E. ***Allowance for Doubtful Accounts*** – The Institute bases its allowance for doubtful accounts on its historical loss experience considering the age of its receivables and other factors. Pledges receivable and accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. The Institute determined that its receivables were fully collectible and no allowance for doubtful accounts was necessary as of June 30, 2020.

INSTITUTE FOR JEWISH SPIRITUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- F. **Program Service Revenue** – Program service revenue consists of fees for retreats and other programs that are paid by participants. The Institute recognizes this revenue under the FASB Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*. Revenue is reported at the amount that reflects the consideration to which the Institute expects to be entitled in exchange for providing the contracted services. Performance obligations are determined based on the nature of the services provided by the Institute in accordance with the agreement. Revenue for performance obligations is recognized at the point in time the services are provided.

The Institute’s performance obligations are primarily satisfied at a point in time during the fiscal year. The performance obligations for these contracts are completed when the service is completed. The Institute determines the transaction price based on the agreed-upon program fees. Amounts collected before performance obligations are satisfied are reflected as deferred revenue on the accompanying statement of financial position.

- G. **Property and Equipment** – The Institute capitalizes property and equipment having a cost of \$750 or more and a useful life of five years. Depreciation is recognized using the straight-line method over the estimated useful lives of the respective assets.
- H. **Deferred Rent** – The Institute leases real property. For the year ended June 30, 2020, the Institute recorded a decrease to rent expense to reflect its straight-lining policy that amounted to \$3,504. Straight-lining of rent expense gives rise to a timing difference that is reflected as deferred rent on the accompanying statement of financial position.
- I. **Functional Allocation of Expenses** – The costs of providing the various program services and supporting services of the Institute have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited based on estimates made by management. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Allocated expenses include salaries, payroll taxes and employee benefits, professional fees, travel and meetings, and office supplies, which are allocated based on estimates of time and effort.
- J. **Use of Estimates** – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.
- K. **Recent Accounting Pronouncements** – FASB issued ASU 2018-08, “*Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*” (Topic 958) which was adopted by the Institute for the year ended June 30, 2020. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution or grant is conditional as described in Note 2D.

FASB ASU 2014-09, “*Revenue from Contracts with Customers*” (Topic 606) was adopted by the Institute for the year ended June 30, 2020. The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services as described in Note 2F.

INSTITUTE FOR JEWISH SPIRITUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Institute’s liquidity management strategy, the Institute structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Institute’s working capital and cash flows have cyclical variations during the year attributable to the cash receipts of grants and contributions from donors.

The Institute’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 654,746
Pledges receivable due in less than one year	263,181
Accounts receivable, net	<u>4,239</u>
	<u>\$ 922,166</u>

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable consist of the following as of June 30, 2020:

Due in less than one year	\$ 263,181
Due in one to five years	450,000
Less: Discount to present value at .17%	<u>(509)</u>
	<u>\$ 712,672</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2020:

	<u>2020</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	\$ 11,088	5 years
Website and software	<u>470,397</u>	5 years
	481,485	
Less: accumulated depreciation and amortization	<u>(111,414)</u>	
Total	<u>\$ 370,071</u>	

Depreciation expense amounted to \$94,079 for the year ended June 30, 2020.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

- A. The Institute believes it had no uncertain tax positions as of June 30, 2020, in accordance with FASB ASC Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

INSTITUTE FOR JEWISH SPIRITUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)

- B. The Institute has a lease agreement for the rental of its New York office. Minimum annual rentals are as follows for each of the years ended subsequent to June 30, 2020:

2021	\$	82,148
2022		84,612
2023		<u>7,068</u>
	\$	<u>173,828</u>

Rent expense amounted to \$89,151 for the year ended June 30, 2020. Such amounts are included in occupancy expense in the accompanying statement of functional expenses.

- C. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Institute's operations and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, market volatility, and other circumstances resulting from the COVID-19 pandemic, the Institute is currently unable to fully determine the extent of COVID-19's impact on its operations in future periods. Management continues to monitor evolving economic and general business conditions and the actual and potential impact on its financial position and results of operations.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30, 2020:

Time restrictions	\$	<u>700,000</u>
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Net assets of \$453,000 were released from restrictions during the year ended June 30, 2020 by incurring expenses or by the passage of time.

NOTE 8 – ENDOWMENT NET ASSETS

In April 2018, a donor established an endowment fund in the amount of \$30,000. Donations to this fund were held in a separate account. In accordance with donor wishes, net investment earnings from this fund were to be used without donor restrictions. During the year ended June 30, 2020, the donor released the funds from restriction for the Institute to use the corpus for general purposes.

NOTE 9 – PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program ("PPP"). Participating in the PPP enables the business to obtain a loan from the Small Business Administration ("SBA"). If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven.

During the year ended June 30, 2020, the Institute applied for this loan through an SBA authorized lender. The loan, amounting to \$211,875, was approved and received in April 2020. For the year ended June 30, 2020, the Institute opted to account for the proceeds as a loan under FASB ASC Topic 470 *Debt*, until the loan is, in part or wholly forgiven and the Institute has been "legally released". The Institute received full forgiveness on the loan in July 2021.

In March 2021, the Institute applied for and received a second PPP loan amounting to \$236,520. This loan was subsequently forgiven in March 2022.

INSTITUTE FOR JEWISH SPIRITUALITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 – PENSION PLAN

The Institute sponsors a Simple IRA Plan (“Plan”) covering all employees. In 2019, the Institute suspended employer contributions to the Plan.

NOTE 11 – CONCENTRATIONS

- A. Cash and cash equivalents that potentially subject the Institute to a concentration of credit risk include cash and cash equivalent accounts with banks that may exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Interest bearing accounts are insured up to \$250,000 per depositor. As of June 30, 2020, cash and cash equivalents held in one bank exceeded FDIC limits by approximately \$420,000.

- B. As of June 30, 2020, grants and pledges receivable from three donors represented approximately 98% of the total grants and pledges receivable. For the year ended June 30, 2020, approximately 68% of contributions revenue is from four donors.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated, for potential accrual or disclosure, events subsequent to the date of the statement of financial position through September 23, 2022, the date the financial statements were available to be issued.