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Form **990-EZ**

Short Form Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)

OMB No 1545-1150

2009**Open to Public
Inspection**Department of the Treasury
Internal Revenue Service

- Sponsoring organizations of donor advised funds and controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$500,000 and total assets less than \$1,250,000 at the end of the year may use this form.
- The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2009 calendar year, or tax year beginning , 2009, and ending

B Check if applicable:
☐ Address change
☐ Name change
☐ Initial return
☐ Termination
☐ Amended return
☐ Application pending

C Name of organization
DERECH INC.
 Number and street (or P.O. box, if mail is not delivered to street address) Room/suite
 127 BEVERLY RD.
 City or town, state or country, and ZIP + 4
 BROOKLYN NY 11218

D Employer identification number
81-0639911

E Telephone number
(917) 687-6319

F Group Exemption Number

G Accounting method: ☒ Cash ☐ Accrual
Other (specify) ►

H Check ☐ if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF)

I Website: ► N/A

J Tax-exempt status (check only one) — ☒ 501(c) (3) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

K Check ☐ if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A Form 990-EZ or Form 990 return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts, if \$500,000 or more, file Form 990 instead of Form 990-EZ. ► \$ 239,339.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions for Part I.)

1	Contributions, gifts, grants, and similar amounts received	1	238,575.
2	Program service revenue including government fees and contracts	2	
3	Membership dues and assessments	3	
4	Investment income	4	764.
5a	Gross amount from sale of assets other than inventory	5a	
b	Less cost or other basis and sales expenses	5b	
c	Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	5c	
6	Special events and activities (complete applicable parts of Schedule G). If any amount is from gaming, check here ☐		
a	Gross revenue (not including \$ _____ of contributions reported on line 1)	6a	
b	Less direct expenses other than fundraising expenses	6b	
c	Net income or (loss) from special events and activities (Subtract line 6b from line 6a)	6c	
7a	Gross sales of inventory, less returns and allowances	7a	
b	Less cost of goods sold	7b	
c	Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c	
8	Other revenue (describe ► _____)	8	
9	Total revenue. Add lines 1, 2, 3, 4, 5c, 6c, 7c, and 8	9	239,339.
10	Grants and similar amounts paid (attach schedule)	10	
11	Benefits paid to or for members	11	
12	Salaries, other compensation, and employee benefits	12	
13	Professional fees and other payments to independent contractors	13	3,850.
14	Occupancy, rent, utilities, and maintenance	14	5,524.
15	Printing, publications, postage, and shipping	15	263.
16	Other expenses (describe ► See Other Expenses Statement)	16	111,360.
17	Total expenses. Add lines 10 through 16	17	120,997.
18	Excess or (deficit) for the year (Subtract line 17 from line 9)	18	118,342.
19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	62,689.
20	Other changes in net assets or fund balances (attach explanation)	20	
21	Net assets or fund balances at end of year. Combine lines 18 through 20	21	181,031.

Part II Balance Sheets. If Total assets on line 25, column (B) are \$1,250,000 or more, file Form 990 instead of Form 990-EZ. (See the instructions for Part II.)

	(A) Beginning of year	(B) End of year
22 Cash, savings, and investments	149,125.	181,031.
23 Land and buildings	0.	0.
24 Other assets (describe ► _____)	0.	0.
25 Total assets	149,125.	181,031.
26 Total liabilities (describe ► _____)	86,436.	0.
27 Net assets or fund balances (line 27 of column (B) must agree with line 21)	62,689.	181,031.

BAA For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Form 990-EZ (2009)

51,9 14 69

SCANNED AUG 11 2010

01.03 JUN 24 2010

SCANNED JUL 27 2010

ASSETS

Expenses

Expenses
(Required for section

501(c)(3) and (4)
organizations and section
4947(a)(1) trusts, optional
for others)

28a	120,997.
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28 a	120,997.
------	----------

29 a	
------	--

30 a	
------	--

31 a	
------	--

32	120,997.
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[illegible]

Part V Other Information (Note the statement requirements in the instrs for Part V.)

	Yes	No
33 Did the organization engage in any activity not previously reported to the IRS? If 'Yes,' attach a detailed description of each activity		X
34 Were any changes made to the organizing or governing documents? If 'Yes,' attach a conformed copy of the changes		X
35 If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, attach a statement explaining why the organization did not report the income on Form 990-T		
a Did the organization have unrelated business gross income of \$1,000 or more or was it subject to section 6033(e) notice, reporting, and proxy tax requirements?		X
b If 'Yes,' has it filed a tax return on Form 990-T for this year?		
36 Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If 'Yes,' complete applicable parts of Schedule N		X
37a Enter amount of political expenditures, direct or indirect, as described in the instructions 37a 0.		
b Did the organization file Form 1120-POL for this year?		X
38a Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the period covered by this return?		X
b If 'Yes,' complete Schedule L, Part II and enter the total amount involved 38b		
39 Section 501(c)(7) organizations. Enter:		
a Initiation fees and capital contributions included on line 4		
b Gross receipts, included on line 9, for public use of club facilities 39b		
40a Section 501(c)(3) organizations Enter amount of tax imposed on the organization during the year under: section 4911 ▶ ; section 4912 ▶ ; section 4955 ▶		
b Section 501(c)(3) and 501(c)(4) organizations Did the organization engage in any section 4958 excess benefit transaction during the year or is it aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If 'Yes,' complete Schedule L, Part I 40b		X
c Section 501(c)(3) and 501(c)(4) organizations Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶		
d Section 501(c)(3) and 501(c)(4) organizations Enter amount of tax on line 40c reimbursed by the organization ▶		
e All organizations At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If 'Yes,' complete Form 8886-T 40e		X
41 List the states with which a copy of this return is filed ▶		
42a The organization's books are in care of ▶ <u>DERECH, INC.</u> Telephone no ▶ <u>(917) 687-6319</u> Located at ▶ <u>127 BEVERLY ROAD</u> <u>BROOKLYN</u> NY ZIP + 4 ▶ <u>11218</u>		
b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If 'Yes,' enter the name of the foreign country: ▶		X
See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of a Foreign Bank and Financial Accounts		
c At any time during the calendar year, did the organization maintain an office outside of the U.S. ? If 'Yes,' enter the name of the foreign country: ▶		X
43 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 — Check here and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 43 ☐		
44 Did the organization maintain any donor advised funds? If 'Yes,' Form 990 must be completed instead of Form 990-EZ 44		X
45 Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)? If 'Yes,' Form 990 must be completed instead of Form 990-EZ 45		X

Part VI **Section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts only.** All section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must answer questions 46-49b and complete the tables for lines 50 and 51.

	Yes	No
46 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If 'Yes,' complete Schedule C, Part I		X
47 Did the organization engage in lobbying activities? If 'Yes,' complete Schedule C, Part II		X
48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E		X
49a Did the organization make any transfers to an exempt non-charitable related organization?		X
49b If 'Yes,' was the related organization a section 527 organization?		

50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter 'None'.

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account and other allowances
NONE				

f Total number of other employees paid over \$100,000 ▶

51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter 'None'.

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
NONE		

d Total number of other independent contractors each receiving over \$100,000 ▶

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.			
	 Signature of officer		Date <u>16/1/10</u>	
	Type or print name and title <u>Irving Friedman - Assistant Director</u>			
Paid Preparer's Use Only	Preparer's signature	Date <u>5/31/10</u>	Check if self-employed ☒	Preparer's Identifying Number (See instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4	<u>BUSINESS SOLUTIONS</u> <u>555 FIFTH AVE 17th Floor</u> <u>NEW YORK NY 10017</u>		
	EIN	Phone no ▶		

May the IRS discuss this return with the preparer shown above? See instructions ▶ ☐ Yes ☐ No

BAA

Form 990-EZ (2009)

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

2009

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

Name of the organization

Employer identification number

DERECH INC.

81-0639911

Part I	Reason for Public Charity Status (All organizations must complete this part.) See instructions
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The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention of churches or association of churches described in **section 170(b)(1)(A)(i).**
- 2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3 ☐ A hospital or cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)** Enter the hospital's name, city, and state: _____
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 ☒ An organization that normally receives (1) more than 33-1/3 % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions – subject to certain exceptions, and (2) no more than 33-1/3 % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h
- a ☐ Type I b ☐ Type II c ☐ Type III – Functionally integrated d ☐ Type III– Other
- e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f If the organization received a written determination from the IRS that is a Type I, Type II or Type III supporting organization, check this box ☐
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
11 g (i)		
11 g (ii)		
11 g (iii)		

h Provide the following information about the supported organizations

[illegible]**Total**

BAA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2009

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions and membership fees received. (Do not include 'unusual grants'.)						
2 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf						
3 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f).						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets. (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here. ☐						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2009 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2008 Schedule A, Part II, line 14	15	%
16a 33-1/3 support test – 2009. If the organization did not check the box on line 13, and the line 14 is 33-1/3 % or more, check this box and stop here. The organization qualifies as a publicly supported organization. ☐		
b 33-1/3 support test – 2008. If the organization did not check a box on line 13, or 16a, and line 15 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization. ☐		
17a 10%-facts-and-circumstances test – 2009. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization. ☐		
b 10%-facts-and-circumstances test – 2008. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization. ☐		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions. ☐		

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I)

Section A. Public Support

Calendar year (or fiscal yr beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions and membership fees received (Do not include 'unusual grants')	113,841.	81,385.	159,827.	111,091.	238,575.	704,719.
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in a activity that is related to the organization's tax-exempt purpose		17,105.				17,105.
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5	113,841.	98,490.	159,827.	111,091.	238,575.	721,824.
7a Amounts included on lines 1, 2, 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6)						721,824.

Section B. Total Support

Calendar year (or fiscal yr beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9 Amounts from line 6	113,841.	98,490.	159,827.	111,091.	238,575.	721,824.
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	733.	608.	479.	137.	764.	2,721.
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	733.	608.	479.	137.	764.	2,721.
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support. (add lines 9, 10c, 11, and 12)						724,545.

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ☐

Section C. Computation of Public Support Percentage

15 Public support percentage for 2009 (line 8, column (f) divided by line 13, column (f))	15	99.62 %
16 Public support percentage from 2008 Schedule A, Part III, line 15	16	99.60 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2009 (line 10c, column (f) divided by line 13, column (f))	17	0.38 %
18 Investment income percentage from 2008 Schedule A, Part III, line 17	18	0.40 %

19a 33-1/3 support tests – 2009. If the organization did not check the box on line 14, and line 15 is more than 33-1/3%, and line 17 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ☒

b 33-1/3 support tests – 2008. If the organization did not check a box on line 14 or 19a, and line 16 is more than 33-1/3%, and line 18 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ☐

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ☐

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Provide any other additional information. See instructions.

[illegible]

Form 990-EZ, Part I, Line 16

Other Expenses Statement

Other expenses (describe)

<u>BANK CHARGES AND CREDIT CARD FEES</u>	<u>11,329.</u>
<u>EDUCATION</u>	<u>45,206.</u>
<u>SPECIAL EVENTS</u>	<u>31,901.</u>
<u>FUNDRAISING FEES</u>	<u>17,000.</u>
<u>OFFICE EXPENSE</u>	<u>1,591.</u>
<u>MISC EXPENSES</u>	<u>295.</u>
<u>ADVERTISING & PROMOTIONAL</u>	<u>2,499.</u>
<u>DUES & SUBSCRIPTIONS</u>	<u>155.</u>
<u>TRIPS & OUTINGS</u>	<u>1,384.</u>
Total	<u>111,360.</u>

DERECH INC.
FINANCIAL STATEMENT
FOR THE YEAR ENDED
DECEMBER 31, 2009

**SAMUEL WIESEL, CPA
3516 FLATLANDS AVENUE
BROOKLYN, NY 11234**

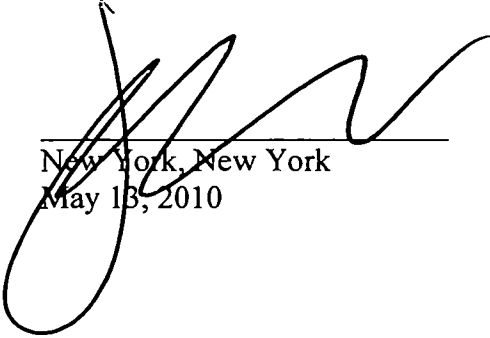
To the Board of Directors
Derech Inc.
Brooklyn, NY

I have reviewed the accompanying statements of financial position of Derech Inc. (a nonprofit corporation) as of December 31, 2009 and the related statements of activities, functional expenses, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Derech Inc.

A review consists principally of inquiries of organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards, generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles, generally accepted in the United States of America.

My review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying schedules of unrestricted contributions is presented only for supplementary analysis purposes. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.



New York, New York
May 13, 2010

DERECH INC.
STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

ASSETS

CURRENT ASSETS:

Cash	\$ <u>181,031</u>
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TOTAL ASSETS	\$ <u>181,031</u>
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LIABILITIES AND NET ASSETS

NET ASSETS:

Unrestricted	<u>181,031</u>
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TOTAL LIABILITES AND NET ASSETS	\$ 181,031
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See Notes to the Financial Statement

DERECH INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2009

CHANGES IN UNRESTRICTED NET ASSETS:

Program Revenues and Other Support:

Contributions	\$238,575
Interest Income	<u>764</u>

TOTAL REVENUE AND OTHER SUPPORT 239,339

Expenses:

Bank and Credit Card Fees	11,329
Education	45,206
Special Events	31,901
Advertising & Promotional	2,499
Trips & Outings	1,385
Telephone	4,446
Printing and Reproduction	263
Fundraising Expense	17,000
Misc. Expense	295
Dues & Subscriptions	155
Utilities	1,077
Professional Fees	3,850
Office Expense	<u>1,591</u>

TOTAL EXPENSES 120,997

INCREASE IN UNRESTRICTED NET ASSETS 118,342

NET ASSETS – BEGINNING OF YEAR 62,689

NET ASSETS – END OF YEAR 181,031

See Notes to the Financial Statement

DERECH INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 ORGANIZATION

Derech Inc. (the "organization") was incorporated under the laws of the State of New York on December 11, 2003 and qualifies as a tax-exempt not-for-profit corporation under Section 501 (c) (3) of the Internal Revenue Code. The organization has been classified as an exempt public organization under Section 509 (a) (2); accordingly contributions made to this organization qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 NATURE OF ACTIVITIES

The Organization was formed primarily to create a fund and to raise funds to be used for the following purposes:

1. To contribute to and support a Yeshiva or Yeshivas in Israel whose curriculum is taught in the English language and emphasizes research and the study of the Torah, the Talmud and other Jewish works and teachings. This support may include the maintenance and renovation of Yeshiva classrooms, dormitories, lunchrooms, libraries and buildings, as well as the building of new buildings for classrooms, dormitories, or administration.
2. Funds raised may also be used for any activities that will advance and promote tolerance and harmony among Jewish groups of diverse backgrounds and sects as well as tolerance between religious and secular Jews.
3. To promote the above-mentioned purposes, the corporation may act in concert with other organizations, agencies and institutions, establish and maintain a fund or funds or real and personal property, or both, and subject to lawful restrictions and limitations, to use and apply the whole or any part of the income therefrom and principal thereof exclusively for religious, or charitable purposes.

DERECH INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Under Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, the Organization is required to report information regarding its financial position and activities accordingly to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions.

Income Taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Investments

Under SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

DERECH INC.
FINANCIAL STATEMENT
FOR THE YEAR ENDED
DECEMBER 31, 2009

**SAMUEL WIESEL, CPA
3516 FLATLANDS AVENUE
BROOKLYN, NY 11234**

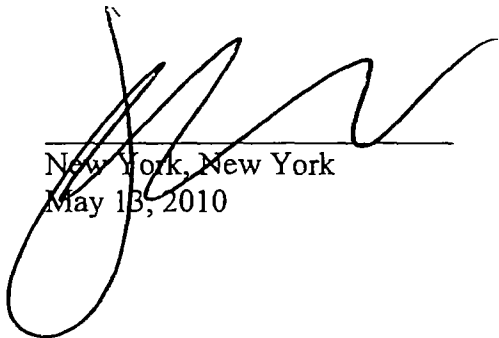
To the Board of Directors
Derech Inc.
Brooklyn, NY

I have reviewed the accompanying statements of financial position of Derech Inc. (a nonprofit corporation) as of December 31, 2009 and the related statements of activities, functional expenses, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Derech Inc.

A review consists principally of inquiries of organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards, generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles, generally accepted in the United States of America.

My review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles. The information included in the accompanying schedules of unrestricted contributions is presented only for supplementary analysis purposes. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.



New York, New York
May 13, 2010

DERECH INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS

CURRENT ASSETS:

Cash	\$ <u>181,031</u>
TOTAL ASSETS	\$ <u>181,031</u>

LIABILITIES AND NET ASSETS

NET ASSETS:

Unrestricted	<u>181,031</u>
TOTAL LIABILITES AND NET ASSETS	\$ 181,031

See Notes to the Financial Statement

DERECH INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2009

CHANGES IN UNRESTRICTED NET ASSETS:

Program Revenues and Other Support:

Contributions	\$238,575
Interest Income	<u>764</u>

TOTAL REVENUE AND OTHER SUPPORT 239,339

Expenses:

Bank and Credit Card Fees	11,329
Education	45,206
Special Events	31,901
Advertising & Promotional	2,499
Trips & Outings	1,385
Telephone	4,446
Printing and Reproduction	263
Fundraising Expense	17,000
Misc. Expense	295
Dues & Subscriptions	155
Utilities	1,077
Professional Fees	3,850
Office Expense	<u>1,591</u>

TOTAL EXPENSES 120,997

INCREASE IN UNRESTRICTED NET ASSETS 118,342

NET ASSETS – BEGINNING OF YEAR 62,689

NET ASSETS – END OF YEAR 181,031

See Notes to the Financial Statement

DERECH INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 ORGANIZATION

Derech Inc. (the "organization") was incorporated under the laws of the State of New York on December 11, 2003 and qualifies as a tax-exempt not-for-profit corporation under Section 501 (c) (3) of the Internal Revenue Code. The organization has been classified as an exempt public organization under Section 509 (a) (2); accordingly contributions made to this organization qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 NATURE OF ACTIVITIES

The Organization was formed primarily to create a fund and to raise funds to be used for the following purposes:

1. To contribute to and support a Yeshiva or Yeshivas in Israel whose curriculum is taught in the English language and emphasizes research and the study of the Torah, the Talmud and other Jewish works and teachings. This support may include the maintenance and renovation of Yeshiva classrooms, dormitories, lunchrooms, libraries and buildings, as well as the building of new buildings for classrooms, dormitories, or administration.
2. Funds raised may also be used for any activities that will advance and promote tolerance and harmony among Jewish groups of diverse backgrounds and sects as well as tolerance between religious and secular Jews.
3. To promote the above-mentioned purposes, the corporation may act in concert with other organizations, agencies and institutions, establish and maintain a fund or funds or real and personal property, or both, and subject to lawful restrictions and limitations, to use and apply the whole or any part of the income therefrom and principal thereof exclusively for religious, or charitable purposes.

DERECH INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Under Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, the Organization is required to report information regarding its financial position and activities accordingly to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions.

Income Taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Investments

Under SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Application for Extension of Time To File an
Exempt Organization Return**

OMB No 1545-1709

Department of the Treasury
Internal Revenue Service► **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form)

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.**Part I Automatic 3-Month Extension of Time.** Only submit original (no copies needed).A corporation required to file Form 990-T and requesting an automatic 6-month extension — check this box and complete Part I only ☐*All other corporations (including 1120-C filers), partnerships, REMICS, and trusts must use Form 7004 to request an extension of time to file income tax returns***Electronic Filing (e-file).** Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for a corporation required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*

Type or print File by the due date for filing your return. See instructions	Name of Exempt Organization	Employer identification number
	DERECH INC.	81-0639911
	Number, street, and room or suite number. If a P.O. box, see instructions	
	127 BEVERLY RD.	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions	
	BROOKLYN	NY 11218

Check type of return to be filed (file a separate application for each return):

- | | | |
|---|--|------------------------------------|
| ☐ Form 990 | ☐ Form 990-T (corporation) | ☐ Form 4720 |
| ☐ Form 990-BL | ☐ Form 990-T (section 401(a) or 408(a) trust) | ☐ Form 5227 |
| ☒ Form 990-EZ | ☐ Form 990-T (trust other than above) | ☐ Form 6069 |
| ☐ Form 990-PF | ☐ Form 1041-A | ☐ Form 8870 |

- The books are in the care of ► DERECH, INC.

Telephone No ► (917) 687-6319 FAX No. ► _____

- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension will cover

- 1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until Aug 16, 20 10, to file the exempt organization return for the organization named above. The extension is for the organization's return for
- ☒ calendar year 20 09 or
 - ☐ tax year beginning _____, 20 _____, and ending _____, 20 _____

- 2 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	0.
b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	0.
c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	0.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.**BAA For Privacy Act and Paperwork Reduction Act Notice, see instructions.**Form **8868** (Rev. 4-2009)