

Ezer Mizion

FINANCIAL STATEMENTS

DECEMBER 31, 2019



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ezer Mizion
Brooklyn, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Ezer Mizion, which comprise the statement of financial position as of December 31, 2019 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ezer Mizion as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Roth & Company LLP

Roth & Company LLP
Brooklyn, New York
November 10, 2020

Ezer Mizion
Statement of Financial Position
December 31, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 445,337	
Contribution receivable, net	1,346,788	
TOTAL CURRENT ASSETS		\$ 1,792,125

FIXED ASSETS

Furniture and equipment	51,948	
Leasehold improvements	48,566	
Fixed assets at cost	100,514	
Accumulated depreciation	(60,815)	
NET FIXED ASSETS		39,699

OTHER ASSET

Cash value of life insurance		23,623
TOTAL ASSETS		\$ 1,855,447

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 21,827	
Accrued grant payable	800,000	
TOTAL CURRENT LIABILITIES		\$ 821,827

NET ASSETS

Net assets without donor restrictions		1,033,620
TOTAL LIABILITIES AND NET ASSETS		\$ 1,855,447

Ezer Mizion
Statement of Activities and Changes in Net Assets
For The Year Ended December 31, 2019

REVENUES

Contributions, grants and special events	\$ 4,365,909	
Direct costs of special events	<u>(822,347)</u>	
Net revenue from contributions and special events		\$ 3,543,562

Other income		<u>3,074</u>
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TOTAL REVENUES		3,546,636
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OPERATING EXPENSES

Program expenses	2,236,793	
General and administrative expenses	708,673	
Fundraising expenses	<u>568,665</u>	

TOTAL OPERATING EXPENSES		<u>3,514,131</u>
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CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		32,505
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NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING		<u>1,001,115</u>
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NET ASSETS WITHOUT DONOR RESTRICTIONS - ENDING		<u><u>\$ 1,033,620</u></u>
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Ezer Mizion
Statement of Functional Expenses
For The Year Ended December 31, 2019

	Program Services	Administrative	Fundraising	Direct Costs of Special Events	Total
Salaries and wages	\$ 288,321	\$ 240,395	\$ 236,551	\$ -	\$ 765,267
Payroll taxes	22,233	18,538	18,125	-	58,896
Advertising	-	-	98,779	-	98,779
Bad debt	-	336,998	-	-	336,998
Credit card fees	-	1,877	24,174	-	26,051
Depreciation	4,499	3,751	3,668	-	11,918
Grants	1,729,600	-	-	-	1,729,600
Health awareness, seminars, and meetings	19,350	-	-	-	19,350
Insurance	7,475	6,232	6,094	-	19,801
Leases and rentals	17,844	14,877	14,547	-	47,268
Miscellaneous	-	20,303	-	-	20,303
Office expenses	6,620	9,057	5,397	-	21,074
Postage and shipping	-	-	55,210	-	55,210
Printing and publication	27,732	-	56,199	-	83,931
Professional fees	46,476	30,795	12,837	-	90,108
Supplies and promotions	3,867	3,224	14,960	-	22,051
Telephone and internet	4,325	3,605	3,526	-	11,456
Travel and entertainment	56,661	17,528	17,139	-	91,328
Utilities	1,790	1,493	1,459	-	4,742
Venue, décor, gifts, and entertainment	-	-	-	822,347	822,347
Total program and supporting services expenses	2,236,793	708,673	568,665	822,347	4,336,478
Less: direct costs of special events	-	-	-	(822,347)	(822,347)
TOTAL EXPENSES	\$ 2,236,793	\$ 708,673	\$ 568,665	\$ -	\$ 3,514,131

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Ezer Mizion
Statement of Cash Flows
For The Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets		\$ 32,505
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	\$ 11,918	
Bad debt	336,998	
Changes in operating assets and liabilities		
Contribution receivable	(386,671)	
Prepaid expense	89,434	
Accounts payable	(53,691)	
Accrued grant payable	<u>(200,000)</u>	
Total adjustments		<u>(202,012)</u>
NET CASH USED IN OPERATING ACTIVITIES		<u>(169,507)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	<u>(3,103)</u>	
NET CASH USED IN INVESTING ACTIVITIES		<u>(3,103)</u>

NET DECREASE IN CASH (172,610)

CASH, BEGINNING 617,947

CASH, ENDING \$ 445,337

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Ezer Mizion (“the organization”) is a non-profit entity formed in New York in 1988. The organization provides financial support to organizations providing assistance to individuals and their families facing health challenges such as cancer and to the elderly, handicapped and children with special needs so as to empower and assist such individuals in maintaining independence, restoring function, preserving dignity and improving quality of life. Said services, programs and activities shall include, promoting access to and facilitating stem cell testing of individuals for inclusion on the international WMDA registry; medical referrals; support and rehabilitation services; food distribution; ambulance and volunteer car transport; and the free loan of medical, pediatric development, augmentative communication and rehabilitation equipment. Operations are funded by contributions and special events.

Income Tax Status

The organization is exempt from income tax under section 501(c)(3) of the Internal Revenue Code. The company is subject to taxation in various jurisdictions. The company is subject to examination by U.S. federal, state and local authorities for the years 2016 through 2019.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) and accordingly reflect all significant receivables, payables and other assets and liabilities.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash on deposit, certificates of deposit, money market accounts, and investment grade commercial paper that are readily convertible into cash and purchased with original maturities of three months or less.

Fixed Assets

Fixed assets valued at more than \$1,000 are recorded at cost. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. Management reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets (continued)

If the sum of the expected future discounted cash flows is less than the carrying amount of the assets, the organization recognizes an impairment loss. No impairment losses were recognized for the year 2019.

Amortization of leasehold improvements is provided by the straight-line method over the shorter of the term of the related lease or the estimated useful lives of the assets. Depreciation is computed using straight line depreciation over the estimated useful lives of the assets.

Accrued Grant Payable

Accrued grant payable consists of amounts that have been approved by the Board of Directors and will be paid once the contribution is received.

Revenue Recognition

Contributions are recognized as support when received or when evidenced by a written promise to give. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished) in the reporting period in which the revenue is recognized. The organization does not recognize an implied restriction on donations of long-lived assets. Rather, such donations are recorded as without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions, reported in the Statement of Activities as net assets released from restrictions.

Advertising and Promotions

The organization uses advertising to raise funds among the audiences it serves. Advertising costs are expensed as incurred.

Functional Presentation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimated time spent on each function, as well as depreciation, insurance, office expenses, telephone, utilities which are allocated based on the percentage of salaries allocated to each program.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies, if any, at the date of the financial statements, and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Classes of Net Assets

The organization reports information regarding its financial position and activities in two classes of net assets:

Net assets without donor restrictions – net assets that are not subject to any donor-imposed stipulations;

Net assets with donor restrictions – that specify a use for a contributed asset that is more specific than the broad limits resulting from the nature of the not-for-profit entity, the environment in which it operates or the purposes specified in its articles of incorporation or by laws or comparable documents.

NOTE 2 CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2019 are \$1,600,911 (net of an allowance for uncollectible amounts of \$254,123).

NOTE 3 LEASE COMMITMENTS

The organization leases office space under an 8 year lease expiring July 1, 2023. The future lease commitments are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 50,232
2021	51,786
2022	53,388
2023	<u>27,102</u>
Total	<u>\$ 182,508</u>

Rent expense for the year ended December 31, 2019 amounted to \$47,268.

NOTE 4 CONCENTRATIONS OF CREDIT RISK

Cash

At times, the organization maintains cash balances in excess of the Federal Deposit Insurance Corporation's insured limits. The organization has not experienced any losses in such accounts and does not believe it is exposed to any significant risk of loss on cash.

Contributions Receivable and Income

Two donors' pledges accounted for more than 70% of the organization's assets and 22% of the organization's income as of and for the year ended December 31, 2019.

NOTE 5 LIQUIDITY AND AVAILABILITY

As of December 31, 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash	\$ 445,337
Contribution receivable, net	<u>1,346,788</u>
Total	<u>\$1,792,125</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date.

NOTE 6 SUBSEQUENT EVENTS

The organization has evaluated subsequent events through November 10, 2020, the date these financial statements were available to be issued. In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. At this time, it is not possible to estimate the effect this will have on our financial position or results of operations for the year. Future potential impacts may include further disruptions or restrictions on our employees' ability to work or our donors' ability to make contributions. The future effects of these issues are unknown.

NOTE 6 SUBSEQUENT EVENTS (continued)

On May 1, 2020, the organization received a \$141,952 loan (the “PPP Loan”) under the Paycheck Protection Program, within the Coronavirus Aid Relief and Economic Security Act (the “CARES Act”). The terms of the PPP Loan are subject to the CARES Act, which includes, among other terms, interest at a rate of 1.00% per annum. The CARES Act provides that the PPP Loan may be partially or wholly forgiven if the funds are used for qualifying expenses and certain conditions are met. The organization intends to use the proceeds of the PPP Loan only for permissible purposes. Amounts of the PPP Loan that are not forgiven, are subject to monthly principal and interest payments. The Paycheck Protection Program Flexibility Act allows the maturity date of the PPP Loan to be modified so that the loan matures 5 years from origination. As of the audit report date, most of the funds received have been disbursed, all on qualifying expenses as required by the CARES Act guidelines. The organization expects the loan to be fully forgiven, however, they provide no assurances that they will be eligible for forgiveness, in whole or in part.