

Ezer Mizion

FINANCIAL STATEMENTS

DECEMBER 31, 2020



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, 2020 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.

New York
1428 36th Street, Suite 200
Brooklyn, NY 11218
P (718) 236-1600
F (718) 236-4849

New Jersey
400 Boulevard of the Americas, Suite 301
Lakewood, NJ 08701
P (732) 276-1220
F (732) 751-0505

info@rothcocpa.com
www.rothcocpa.com



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, 2020, 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
January 25, 2022

Ezer Mizion
Statement of Financial Position
December 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 750,122	
Contribution receivable, net	151,891	
Prepaid expenses	23,000	
TOTAL CURRENT ASSETS		\$ 925,013

FIXED ASSETS

Furniture and equipment	51,948	
Leasehold improvements	48,566	
Fixed assets at cost	100,514	
Accumulated depreciation	(71,480)	
NET FIXED ASSETS		29,034

OTHER ASSETS

Contribution receivable restricted - long term, net	1,164,279	
Cash value of life insurance	23,623	
TOTAL OTHER ASSETS		1,187,902
TOTAL ASSETS		\$ 2,141,949

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 25,080	
Accrued grant payable - current portion	250,000	
TOTAL CURRENT LIABILITIES		\$ 275,080

LONG-TERM LIABILITY

Accrued grant payable		650,000
TOTAL LIABILITIES		925,080

NET ASSETS

Net assets with donor restrictions	1,164,279	
Net assets without donor restrictions	52,590	
TOTAL NET ASSETS		1,216,869
TOTAL LIABILITIES AND NET ASSETS		\$ 2,141,949

Ezer Mizion

Statement of Activities and Changes in Net Assets
For The Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions and grants	\$ 2,538,217	\$ 914,279	\$ 3,452,496
Special events	112,690	-	112,690
Less: direct costs of special events	(41,530)	-	(41,530)
Net revenue from special events	71,160	-	71,160
Net assets released from restrictions	250,000	(250,000)	-
TOTAL REVENUES	2,859,377	664,279	3,523,656
OPERATING EXPENSES			
Program expenses	2,436,214	-	2,436,214
General and administrative expenses	438,498	-	438,498
Fundraising expenses	607,647	-	607,647
TOTAL OPERATING EXPENSES	3,482,359	-	3,482,359
CHANGE IN NET ASSETS FROM OPERATIONS	(622,982)	664,279	41,297
OTHER INCOME			
CARES act stimulus grants	141,952	-	141,952
CHANGE IN NET ASSETS	(481,030)	664,279	183,249
NET ASSETS - BEGINNING	533,620	500,000	1,033,620
NET ASSETS - ENDING	\$ 52,590	\$ 1,164,279	\$ 1,216,869

Ezer Mizion
Statement of Functional Expenses
For The Year Ended December 31, 2020

	Program Services	Administrative	Fundraising	Direct Costs of Special Events	Total
Salaries and wages	\$ 255,260	\$ 213,686	\$ 236,743	\$ -	\$ 705,689
Payroll taxes	18,460	19,517	14,908	-	52,885
Advertising	-	-	189,516	-	189,516
Bad debt	-	37,977	-	-	37,977
Credit card fees	-	1,518	66,399	-	67,917
Depreciation	3,840	3,265	3,561	-	10,666
Grants	2,028,267	-	-	-	2,028,267
Health awareness, seminars, and meetings	18,535	-	-	-	18,535
Insurance	5,069	4,311	4,701	-	14,081
Rent expense	16,268	14,917	17,541	-	48,726
Office expenses	12,223	91,394	11,228	-	114,845
Postage and shipping	-	-	28,044	-	28,044
Printing and publication	13,905	-	13,725	-	27,630
Professional fees	46,710	40,162	-	-	86,872
Supplies and promotions	1,652	1,406	9,999	-	13,057
Telephone and internet	3,359	2,856	3,115	-	9,330
Travel and entertainment	11,050	6,115	6,668	-	23,833
Utilities	1,616	1,374	1,499	-	4,489
Venue, décor, gifts, and entertainment	-	-	-	41,530	41,530
Total program and supporting services expenses	<u>2,436,214</u>	<u>438,498</u>	<u>607,647</u>	<u>41,530</u>	<u>3,523,889</u>
Less: direct costs of special events	-	-	-	(41,530)	(41,530)
TOTAL EXPENSES	<u><u>\$ 2,436,214</u></u>	<u><u>\$ 438,498</u></u>	<u><u>\$ 607,647</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,482,359</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Ezer Mizion
Statement of Cash Flows
For The Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets		\$ 183,249
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	\$ 10,666	
Bad debt	37,977	
Changes in operating assets and liabilities		
Contribution receivable	(7,359)	
Prepaid expense	(23,000)	
Accounts payable	3,252	
Accrued grant payable	<u>100,000</u>	
Total adjustments		<u>121,536</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		304,785
NET INCREASE IN CASH		304,785
CASH, BEGINNING		<u>445,337</u>
CASH, ENDING		<u><u>\$ 750,122</u></u>

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.

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 2020.

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 subsequent to year end.

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

Contribution receivable expected to be received in less than one year from December 31, 2020 is \$423,991 (net of an allowance for uncollectible of \$272,100). Contribution receivable expected to be collected within one to five years from December 31, 2020 totaled \$1,250,000 (net of present value discount of \$85,721 using a discount rate of 1.8%).

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>
2021	\$ 51,786
2022	53,388
2023	<u>27,102</u>
Total	<u>\$ 132,276</u>

Rent expense for the year ended December 31, 2020 amounted to \$48,726.

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 72% of the organization's assets and 34% of the organization's income as of and for the year ended December 31, 2020.

NOTE 5 LIQUIDITY AND AVAILABILITY

As of December 31, 2020, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash	\$ 750,122
Contribution receivable, net	<u>151,891</u>
Total	<u>\$902,013</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.

The organization has a goal to maintain financial assets, which consist of cash and receivables, on hand to meet three months of normal operating expenses, which are on average approximately \$290,000. The organization has a policy to structure its financial assets to be available as its general expenditures and obligations come due.

NOTE 6 IMPACT OF COVID-19

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 donors' ability to make contributions. The future effects of these issues are unknown.

NOTE 6 IMPACT OF COVID-19 (continued)

Paycheck Protection Program

As a result of the uncertainty surrounding the COVID-19 pandemic and its impact on operating results, the organization applied for and, in April 2020, received loan proceeds of \$141,952 under the Paycheck Protection Program (“PPP”) under a promissory note from The Bank of Princeton (the “PPP Loan”). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) and is administered by the U.S. Small Business Administration. The PPP Loan has a two-year term and bears interest at an annual interest rate of 1%. Monthly principal and interest payments are deferred for six months, and the maturity date is May 1, 2022. Under the terms of the CARES Act, PPP Loan recipients can apply for and be granted forgiveness for all or a portion of the loan and accrued interest. Such forgiveness is determined, subject to limitations, based on the use of loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, utilities, and retention of employees and maintaining salary levels.

The organization has determined that the PPP Loan should be accounted for as a conditional government grant, in accordance with *ASC 958-605, Not-for-Profit Entities—Revenue Recognition*. Under this model, the timing of recognition for a contribution received depends on whether the contribution is conditional or not. If conditional, the contribution is not recognized until the conditions are substantially met or explicitly waived. Specifically, the organization would initially record the cash inflow from the PPP Loan as a loan. The organization would then reduce the loan and recognize the contribution once the conditions of release have been substantially met or explicitly waived.

During the year, \$141,952 of loan proceeds was used to fund eligible payroll expenses under the terms of the PPP Loan, and subsequent to year end, the organization has obtained forgiveness for the full amount of the loan and any accrued interest. Therefore, the full amount of the loan proceeds has been recognized as other income.

In February of 2021, the organization was approved for an additional PPP Loan of \$141,952 under a new promissory note from The Bank of Princeton. This loan has a five-year term and bears interest at an annual interest rate of 1%. Monthly principal and interest payments are deferred up to sixteen months from the origination of the loan. If certain conditions are met, the loan and accrued interest may be eligible for forgiveness.

Ezer Mizion
Notes to the Financial Statements
December 31, 2020

NOTE 7 RECLASSIFICATION

Certain balances and amounts in the prior year financial statements have been reclassified to conform to the current period financial statement presentation. These insignificant reclassifications have no effect on previously reported net income.

NOTE 8 SUBSEQUENT EVENTS

The Company has evaluated subsequent events through January 25, 2022, the date these financial statements were available to be issued. Except for the disclosure noted above, there were no material subsequent events that required recognition or additional disclosure in these financial statements.