

Ezer Mizion

FINANCIAL STATEMENTS

DECEMBER 31, 2021



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ezer Mizion
Brooklyn, New York

Opinion

We have audited the accompanying financial statements of Ezer Mizion (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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.

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, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ezer Mizion and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ezer Mizion's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ezer Mizion's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ezer Mizion's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Respectfully submitted,

Roth & Company LLP

Roth & Company LLP
Brooklyn, New York
February 16, 2023



Ezer Mizion
Statement of Financial Position
December 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 560,038	
Contribution receivable, net	263,608	
Prepaid expenses	49,030	
TOTAL CURRENT ASSETS		\$ 872,676

FIXED ASSETS

Furniture and equipment	51,948	
Leasehold improvements	48,566	
Fixed assets at cost	100,514	
Accumulated depreciation	(80,641)	
NET FIXED ASSETS		19,873

OTHER ASSETS

Contribution receivable restricted - long term, net	710,991	
Cash value of life insurance	23,623	
TOTAL OTHER ASSETS		734,614

TOTAL ASSETS		\$ 1,627,163
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable		\$ 49,716
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TOTAL LIABILITIES		49,716
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NET ASSETS

Net assets with donor restrictions	\$ 914,279	
Net assets without donor restrictions	663,168	
TOTAL NET ASSETS		1,577,447

TOTAL LIABILITIES AND NET ASSETS		\$ 1,627,163
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Ezer Mizion

Statement of Activities and Changes in Net Assets
For The Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions and grants	\$ 1,935,864	\$ -	\$ 1,935,864
Special events	1,158,421	-	1,158,421
Less: direct costs of special events	(534,427)	-	(534,427)
Net revenue from special events	623,994	-	623,994
Net assets released from restrictions	250,000	(250,000)	-
TOTAL REVENUES	2,809,858	(250,000)	2,559,858
OPERATING EXPENSES			
Program expenses	1,378,784	-	1,378,784
General and administrative expenses	411,719	-	411,719
Fundraising expenses	550,729	-	550,729
TOTAL OPERATING EXPENSES	2,341,232	-	2,341,232
CHANGE IN NET ASSETS FROM OPERATIONS	468,626	(250,000)	218,626
OTHER INCOME			
Paycheck Protection Program income	141,952	-	141,952
CHANGE IN NET ASSETS	610,578	(250,000)	360,578
NET ASSETS - BEGINNING	52,590	1,164,279	1,216,869
NET ASSETS - ENDING	\$ 663,168	\$ 914,279	\$ 1,577,447

Ezer Mizion
Statement of Functional Expenses
For The Year Ended December 31, 2021

	Program Services	Administrative	Fundraising	Direct Costs of Special Events	Total
Salaries and wages	\$ 231,991	\$ 204,834	\$ 165,586	\$ -	\$ 602,411
Payroll taxes	18,008	15,989	12,764	-	46,761
Advertising	-	-	158,882	-	158,882
Bad debt	-	10,187	-	-	10,187
Credit card fees	-	1,697	46,177	-	47,874
Depreciation	3,528	3,132	2,501	-	9,161
Grants	952,138	-	-	-	952,138
Health awareness, seminars, and meetings	18,420	-	-	-	18,420
Insurance	7,001	6,217	4,961	-	18,179
Office	10,211	13,719	6,939	-	30,869
Postage and shipping	-	-	62,616	-	62,616
Printing and publication	6,468	-	40,233	-	46,701
Professional fees	51,000	113,904	-	-	164,904
Rent	19,345	17,176	13,711	-	50,232
Supplies and promotions	10,094	8,963	23,665	-	42,722
Telephone and internet	4,564	4,053	3,235	-	11,852
Travel and entertainment	43,859	9,934	7,930	-	61,723
Utilities	2,157	1,914	1,529	-	5,600
Venue, décor, gifts, and entertainment	-	-	-	534,427	534,427
Total program and supporting services expenses	<u>1,378,784</u>	<u>411,719</u>	<u>550,729</u>	<u>534,427</u>	<u>2,875,659</u>
Less: direct costs of special events	-	-	-	(534,427)	(534,427)
TOTAL EXPENSES	<u><u>\$ 1,378,784</u></u>	<u><u>\$ 411,719</u></u>	<u><u>\$ 550,729</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,341,232</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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets		\$ 360,578
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	\$ 9,161	
Bad debt	10,187	
Changes in operating assets and liabilities		
Contribution receivable	331,385	
Prepaid expense	(26,030)	
Accounts payable	24,635	
Accrued grant payable	<u>(900,000)</u>	
Total adjustments		<u>(550,662)</u>
NET CASH USED IN OPERATING ACTIVITIES		<u>(190,084)</u>
NET DECREASE IN CASH		(190,084)
CASH, BEGINNING		<u>750,122</u>
CASH, ENDING		<u><u>\$ 560,038</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 2021.

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.

Contributions

Unconditional contributions, including promises to give cash or other assets, are recognized at the amount management expects to collect, or the market value, as applicable, when the contribution is received. Contributions are reported as restricted if they are received with donor stipulations that limit the use of the donated assets.

Promises receivable over more than one year are recognized at the present value of expected future cash flows. As the promise is collected, the resultant decrease in the discount is reported as contribution income.

Conditional contributions are promises to give that contain a barrier (condition) the Organization must overcome or fulfill, to be entitled to the funds. In addition, the donor retains a right to recoup the funds if the conditions are not met. Conditional contributions are not recognized until the conditions have been substantially met.

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, 2021 is \$263,608 (net of an allowance for uncollectible of \$40,000). Contribution receivable expected to be collected within one to five years from December 31, 2021 totaled \$1,000,000 (net of present value discount of \$39,009 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>
2022	\$ 51,786
2023	<u>26,286</u>
Total	<u>\$ 78,072</u>

Rent expense for the year ended December 31, 2021 amounted to \$50,232.

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

One donors' pledge accounted for more than 71% of the organization's assets as of the year ended December 31, 2021.

NOTE 5 LIQUIDITY AND AVAILABILITY

The Organization's discretionary grants to others represent more than 41% of expenditures. Liquidity is managed by disbursing grants as funds are available.

As of December 31, 2021, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash	\$560,038
Contribution receivable, net	<u>263,608</u>
Total	<u>\$823,646</u>

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 February 2021, 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 five-year term and bears interest at an annual interest rate of 1%. Monthly principal and interest payments are deferred for sixteen months from the origination of the loan. 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.

As of December 31, 2021, the full amount of the loan proceeds was used to fund eligible payroll expenses under the terms of the PPP Loan, and the organization has substantially met the conditions for forgiveness related to this amount. Therefore, \$141,952 was recognized as Paycheck Protection Program income for the year ended December 31, 2021. In August 2022, the full amount of the PPP Loan was forgiven.

NOTE 7 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through February 16, 2023, 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.