

Ezer Mizion Inc.

**FINANCIAL
STATEMENTS**

DECEMBER 31, 2018



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ezer Mizion Inc.
Brooklyn, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Ezer Mizion Inc., which comprise the statement of financial position as of December 31, 2018 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 Inc. as of December 31, 2018, 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 12, 2019

Ezer Mizion Inc.
Statement of Financial Position
December 31, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 617,947	
Contribution receivable, net	1,297,115	
Prepaid expenses	<u>89,434</u>	
TOTAL CURRENT ASSETS		\$ 2,004,496

FIXED ASSETS

Furniture and equipment	50,418	
Leasehold improvements	<u>46,993</u>	
Fixed assets at cost	97,411	
Accumulated depreciation	<u>(48,897)</u>	
NET FIXED ASSETS		48,514

OTHER ASSET

Cash value life insurance		<u>23,623</u>
TOTAL ASSETS		<u><u>\$ 2,076,633</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 75,518	
Accrued grant payable	<u>1,000,000</u>	
TOTAL CURRENT LIABILITIES		\$ 1,075,518

NET ASSETS

Net assets without donor restrictions		<u>1,001,115</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 2,076,633</u></u>

Ezer Mizion Inc.
Statement of Activities and Changes in Net Assets
For The Year Ended December 31, 2018

REVENUES

Contributions, grants and special events	\$ 4,133,641	
Direct costs of special events	<u>(308,378)</u>	
Net revenue from contributions and special events		\$ 3,825,263

Other income		<u>5,443</u>
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TOTAL REVENUES 3,830,706

OPERATING EXPENSES

Program expenses	2,416,705	
General and administrative expenses	613,925	
Fundraising expenses	<u>465,048</u>	

TOTAL OPERATING EXPENSES 3,495,678

**CHANGE IN NET ASSETS WITHOUT
DONOR RESTRICTIONS** 335,028

**NET ASSETS WITHOUT DONOR
RESTRICTIONS - BEGINNING** 666,087

**NET ASSETS WITHOUT DONOR
RESTRICTIONS - ENDING** \$ 1,001,115

Ezer Mizion Inc.
Statement of Functional Expenses
For The Year Ended December 31, 2018

	Program Services	Administrative	Fundraising	Direct Costs of Special Events	Total
Salaries and wages	\$ 352,718	\$ 176,845	\$ 211,054	\$ -	\$ 740,617
Payroll taxes	26,943	13,508	13,137	-	53,588
Advertising	-	-	-	10,205	10,205
Bad debt	-	311,603	-	-	311,603
Credit card fees	-	2,356	19,360	-	21,716
Depreciation	4,548	4,172	2,916	-	11,636
Grants	1,589,666	-	-	-	1,589,666
Health awareness, seminars, and meetings	184,995	-	-	-	184,995
Insurance	4,149	20,426	2,263	-	26,838
Leases and rentals	17,923	16,432	11,491	-	45,846
Miscellaneous	-	2,255	-	-	2,255
Office expenses	6,195	12,739	3,971	-	22,905
Patient medical support	8,097	-	-	-	8,097
Postage and shipping	-	-	54,329	-	54,329
Printing and publication	51,940	-	16,447	7,220	75,607
Professional fees	65,355	34,600	32,400	-	132,355
Supplies and promotions	66,590	3,600	84,423	-	154,613
Telephone and internet	4,322	3,963	2,771	-	11,056
Travel and entertainment	31,140	9,479	9,124	-	49,743
Utilities	2,124	1,947	1,362	-	5,433
Venue, décor, gifts, and entertainment	-	-	-	290,953	290,953
Total program and supporting services expenses	<u>2,416,705</u>	<u>613,925</u>	<u>465,048</u>	<u>308,378</u>	<u>3,804,056</u>
Less: direct costs of special events	-	-	-	(308,378)	(308,378)
TOTAL EXPENSES	<u><u>\$ 2,416,705</u></u>	<u><u>\$ 613,925</u></u>	<u><u>\$ 465,048</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,495,678</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Ezer Mizion Inc.
Statement of Cash Flows
For The Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets		\$ 335,028
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	\$ 11,636	
Bad debt	311,603	
Changes in operating assets and liabilities		
Contribution receivable	(1,359,288)	
Prepaid expense	(38,014)	
Accounts payable	73,680	
Accrued expenses	(5,750)	
Accrued grant payable	1,000,000	
Credit card payable	<u>(36,213)</u>	
Total adjustments		<u>(42,346)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		292,682
NET INCREASE IN CASH		292,682
CASH, BEGINNING		<u>325,265</u>
CASH, ENDING		<u><u>\$ 617,947</u></u>

Ezer Mizion Inc.
Notes to the Financial Statements
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Ezer Mizion Inc. (“the organization”) is a non-profit entity formed in New York in 1988. The organization provides financial support 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.

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.

Contributions Receivable and Allowance for Doubtful Accounts

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are subsequently met. Bad debt expense is charged if the receivable is determined to be uncollectable based on periodic review by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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 2018.

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 and are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor 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.

Ezer Mizion Inc.
Notes to the Financial Statements
December 31, 2018

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.

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. Donations of long-lived assets are recorded 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 restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

NOTE 2 CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2018 are \$1,578,134 (net of an allowance for uncollectible amounts of \$281,019).

Ezer Mizion Inc.
Notes to the Financial Statements
December 31, 2018

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>
2019	\$ 48,726
2020	50,232
2021	51,786
2022	53,388
2023	<u>27,102</u>
Total	<u>\$ 231,234</u>

Rent expense for the year ended December 31, 2018 amounted to \$45,846.

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

One donor accounted for more than 10% of the organization's assets and income as of and for the year ended December 31, 2018.

NOTE 5 LIQUIDITY AND AVAILABILITY

As of December 31, 2018, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash	\$ 617,947
Contribution receivable, net	<u>1,297,115</u>
Total	<u>\$1,915,062</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.

Ezer Mizion Inc.
Notes to the Financial Statements
December 31, 2018

NOTE 6 SUBSEQUENT EVENTS

The organization has evaluated subsequent events through November 12, 2019, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.