

**MEOR INC.**  
**FINANCIAL STATEMENTS**  
**EIGHT MONTHS ENDING AUGUST 31, 2012**

**MEOR INC.  
FINANCIAL STATEMENTS  
AUGUST 31, 2012**

**INDEX**

Independent auditors' report	1
Statement of assets, liabilities and net assets - cash basis	2
Statement of support, revenue, and expenses - cash basis	3
Statement of cash flows - cash basis	4
Notes to financial statements	5 - 7

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**Independent Auditors' Report**

**To the Board of Directors  
MEOR Inc.  
New York, NY 10036**

We have audited the accompanying financial statements of Meor Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—cash basis as of August 31, 2012, and the related statements of support, revenue, and expenses—cash basis and cash flows - cash basis for the eight months 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 the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

**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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Meor Inc. as of August 31, 2012, and its support, revenue, and expenses for the eight months then ended in accordance with the cash basis of accounting as described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

*Loketch & Partners, LLP*  
Certified Public Accountants

New York, New York  
June 30, 2013

**MEOR INC.**  
**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS**  
**AUGUST 31, 2012**

ASSETS

Current assets:

Cash in banks	\$ 289,354	
Total current assets	<u>289,354</u>	\$ 289,354

Other assets:

Investments - Unrestricted	35,778	
Security deposit	2,250	
Total other assets	<u>38,028</u>	<u>38,028</u>

Total assets		<u>\$ 327,382</u>
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LIABILITIES AND NET ASSETS

Liabilities:

Credit card payable	\$ 10,072	
Unrealized gain on securities	8,959	
Total liabilities	<u>19,031</u>	\$ 19,031

Net assets:

Net assets - unrestricted	308,351	
Net assets - temporarily restricted	-	
Net assets - restricted	-	
Total net assets	<u>308,351</u>	<u>308,351</u>

Total liabilities and net assets		<u>\$ 327,382</u>
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See independent auditors' report and notes to financial statements.

**MEOR INC.**  
**STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - CASH BASIS**  
**EIGHT MONTHS ENDED AUGUST 31, 2012**

Revenues:				
Contribution income				\$ 2,710,570
Dinner Income		\$ 592,727		
Less: Dinner expense		<u>(276,249)</u>		
Net dinner income				316,478
Program service - Trips				181,499
Rental Income				4,509
Interest income				<u>120</u>
Total revenues				3,213,176
Expenses:				
	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	
Grants to religious training organizations	\$ 2,085,096	\$ -	\$ -	2,085,096
Personnel	207,106	103,074	148,802	458,982
Israel trip expense	433,688	-	-	433,688
Fundraising	-	-	32,749	32,749
Student programs	175,930	-	-	175,930
Professional fees	-	51,892	-	51,892
Advertising	1,551	-	-	1,551
Insurance	-	2,298	-	2,298
Information technology	-	7,950	-	7,950
Office expenses	-	4,618	-	4,618
Bank and credit card charges	-	10,473	-	10,473
Telephone and internet	-	10,087	-	10,087
Staff development	1,561	-	-	1,561
Legal settlement	-	10,000	-	10,000
Occupancy	6,775	6,435	-	13,210
Travel	<u>-</u>	<u>8,056</u>	<u>-</u>	<u>8,056</u>
Total expenses	<u>\$ 2,911,707</u>	<u>\$ 214,883</u>	<u>\$ 181,551</u>	3,308,141
Change in net assets (Unrestricted)				(94,965)
Net unrestricted assets - beginning of year as restated				<u>403,316</u>
Net unrestricted assets - end of year				<u>\$ 308,351</u>

See independent auditors' report and notes to financial statements.

**MEOR INC.**  
**STATEMENT OF CASH FLOWS - CASH BASIS**  
**EIGHT MONTHS ENDED AUGUST 31, 2012**

Cash flows from operating activities		
Change in net assets	\$	(94,965)
Adjustments to reconcile change in net assets to net cash used by operating activities		
(Increase) decrease in assets		
Security deposit		(2,250)
Increase (decrease) in liabilities		
Credit card payable		<u>(4,260)</u>
Net cash used by operating activities	\$	(101,475)
Net decrease in cash		(101,475)
Cash - beginning of year, as restated		<u>390,829</u>
Cash - end of year	\$	<u><u>289,354</u></u>

See independent auditors' report and notes to financial statements.

**MEOR INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2012**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

MEOR Inc. ("The Organization") is an organization focused on Jewish education on American university campuses.

Basis of Accounting

The accompanying financial statements have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. All transactions are recognized as either cash receipts or disbursements. Noncash transactions are not recognized in the financial statements.

Basis of Presentation

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

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or when the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. However, temporary cash and money market fund investments which are part of the organization's investment pool which is further described below, are not included in cash for purposes of the Statement of Cash Flows since these funds have been set aside by agreements with donors for long-term investment purposes.

Income Taxes

The Organization is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c)(3). The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

**MEOR INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2012**

Investments

The Organization invests both restricted and unrestricted funds in interest bearing securities and the equity market, realizing a return based on the prevailing interest rates.

Accounting Period

Management has elected to change the accounting period from a calendar year to a fiscal year ending August 31st, to coincide with the school year and to conform to its operating budget. The current fiscal period is the transition year and therefore is a short year (eight months).

**NOTE 2 - RESTRICTION OF ASSETS**

As of August 31, 2012, there were no restrictions placed on the assets.

**NOTE 3 - FINANCIAL INSTRUMENTS - INVESTMENTS**

Concentration of Credit Risks

Cash consists of U.S. Treasury Notes and cash deposits that could subject the Organization to risk of loss, which may at times exceed FDIC insured limits. The Organization has not experienced any losses with respect to such deposit and believes it is not exposed to any significant credit risk on such deposits.

**NOTE 4 - INVESTMENTS**

Investments in marketable securities are carried at fair (market) value, which are based primarily on year-end quotes supplied by custodial brokers. Realized gains and losses on investments are reflected in the statement of activities, in addition to unrealized gains and losses representing the changes in fair values from one year to the next.

**NOTE 5 - SECURITY DEPOSIT AND LEASE AGREEMENT**

The organization entered into a lease agreement to rent premises for one of its college campus programs in August 2012. The terms of the lease calls for an initial payment of security deposit and first and last month's rent. The lease agreement is for one year commencing September 1, 2012. The organization is obligated under the remaining term of its lease for total payments of \$22,500.

**NOTE 6 - PRIOR PERIOD ADJUSTMENT**

The Organization omitted the following assets from its prior years' financial statements: Cash in bank in the amount of \$45,799 and Bonds in the amount of \$3,000. The financial statements for the eight months ended August 31, 2012 have been restated to reflect these two items as follows:

Net unrestricted assets as previously reported at December 31, 2011	\$ 354,517
Cash in Bank	45,799
Investment - Bonds	<u>3,000</u>
Net unrestricted assets as restated at December 31, 2011	<u><u>403,316</u></u>



**MEOR INC.  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2012**

**NOTE 7 - UNCERTAIN TAX POSITIONS**

The Organization files Form 990, Return of Organization Exempt From Taxes. Years ended December 31, 2010 and thereafter are open for examination. Management believes that there are no uncertain tax positions and there is no prospect of assessment for those years.

**NOTE 8 - LEGAL SETTLEMENT**

The Organization was a party in a law suite involving one of it's former educators. Pursuant to an agreement the organization was obligated to pay \$30,000 to settle the matter, \$10,000 of which was paid out in the current fiscal period. The remaining settlement of \$20,000 remains unpaid. Management has determined that it is not likely that any additional payments will be made.

**NOTE 9 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events for possible recognition or disclosure in the financial statements through June 30, 2013, the date the financial statements are issued. Management has determined that there are no material events that would require disclosure in the Organization's financial statements.