

**MEOR INC.**  
**FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

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**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	5-6



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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, 2017, and the related statements of support, revenue, and expenses - cash basis and cash flows - cash basis 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 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, 2017, and its support, revenue, and expenses for the year 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 20, 2018

**MEOR INC.**  
**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS**  
**AUGUST 31, 2017**

ASSETS

Current assets:

Cash in banks	\$ 301,534	
Investments - Unrestricted	54,386	
Loan to affiliate	56	
Total current assets	<u>          </u>	\$ 355,976

Other assets:

Security deposits	7,100	
Flight deposits	16,500	
Total other assets	<u>          </u>	<u>23,600</u>

Total assets	<u>          </u>	<u>\$ 379,576</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Credit card payable	\$ 23,267	
Due to affiliate	64,180	
Unrealized gain on securities	6,148	
Loans payable	357,000	
Loan from officer	645,474	
Total current liabilities	<u>          </u>	\$ 1,096,069

Net assets:

Net assets - unrestricted	<u>(716,493)</u>	
Total net assets	<u>          </u>	<u>(716,493)</u>

Total liabilities and net assets	<u>          </u>	<u>\$ 379,576</u>
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See independent auditors' report and notes to financial statements.

**MEOR INC.**  
**STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - CASH BASIS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

Revenues:			
Contribution income		\$	4,243,994
Fundraising events income	\$ 1,292,380		
Less: Fundraising events expense	<u>(85,603)</u>		
Net fundraising events income			1,206,777
Program service fees - Trips			248,332
Dividend income			1,533
Interest income			235
Loss on sale of securities			<u>-</u>
Total revenues			5,700,871

Expenses:					
	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>		
Grants to religious training organizations	\$ 2,936,547	\$ -	\$ -	\$	2,936,547
Contracted personnel	183,937	162,054	3,866		349,857
Salaries and wages	654,373	199,898	-		854,271
Payroll taxes	27,169	16,545	-		43,714
Employee benefits	549,745	129,580	-		679,325
Israel trip expense	628,010	-	-		628,010
Campus programs	200,162	-	-		200,162
Occupancy	92,024	-	-		92,024
Fundraising	-	-	46,886		46,886
Office expenses	-	15,970	-		15,970
Travel	-	34,600	15,963		50,563
Staff development	12,323	-	-		12,323
Bank and credit card charges	-	22,422	-		22,422
Information technology	-	20,539	-		20,539
Professional fees	-	41,406	-		41,406
Professional fundraisers	-	-	123,652		123,652
Telephone and internet	-	13,638	-		13,638
Insurance	-	9,048	-		9,048
Total expenses	<u>\$ 5,284,290</u>	<u>\$ 665,700</u>	<u>\$ 190,367</u>	<u>\$</u>	<u>6,140,357</u>

Change in net assets (Unrestricted)	(439,486)
Net unrestricted assets - beginning of year	<u>(277,007)</u>
Net unrestricted assets - end of year	<u>\$ (716,493)</u>

See independent auditors' report and notes to financial statements.

**MEOR INC.**  
**STATEMENT OF CASH FLOWS - CASH BASIS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

Cash flows from operating activities		
Change in net assets	\$	(439,486)
Adjustments to reconcile change in net assets to net cash used by operating activities		
(Increase) decrease in assets		
Loan to affiliate	4,455	
Security deposit	1,575	
Flight deposits	(16,500)	
Increase (decrease) in liabilities		
Credit card payable	14,330	
Net cash used by operating activities	<u>                    </u>	\$ (435,626)
Cash flows from investing activities		
Dividends re-invested in securities	<u>(1,531)</u>	
Net cash used by investing activities		(1,531)
Cash flows from financing activities		
Loan proceeds	182,000	
Loan from affiliate	(16,890)	
Loan proceeds from officer	200,000	
Loan repayment to officer	(10)	
Net cash provided from financing activities	<u>                    </u>	365,100
Net decrease in cash		(72,057)
Cash - beginning of year		<u>373,591</u>
Cash - end of year	\$	<u><u>301,534</u></u>

See independent auditors' report and notes to financial statements.

**MEOR INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

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).

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.

**MEOR INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2017**

**NOTE 2 - RESTRICTION OF ASSETS**

As of August 31, 2017, there were no restrictions placed on the assets.

**NOTE 3 - CASH**

Cash consists of cash deposits which may at times exceed FDIC insured limits and could subject the Organization to risk of loss. The Organization has not experienced any losses with respect to such deposits 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 DEPOSITS AND LEASE AGREEMENTS**

The Organization has signed a lease to rent premises for one of its college campus programs. The lease agreement is for one year commencing September 1, 2017. The Organization is obligated under the terms of its lease for total payments of \$30,600.

The Organization signed an additional lease to rent premises for another of its college campus programs. The lease agreement was for one year commencing August 1, 2016 and terminated July 31, 2017. The Security deposit was returned to the organization subsequent to the financial statement date.

The Organization signed an additional lease to rent premises for another of its college campus programs. The lease agreement is for 22 months commencing August 1, 2016 and ending May 31, 2018. The Organization is obligated under the terms of its lease for total payments of \$32,400 and \$24,300 in years 1 and 2 respectively.

**NOTE 6 - LOANS FROM OFFICERS**

The Organization borrowed funds from officers. The loans are unsecured, non-interest bearing and have no fixed repayment schedule. As of the financial statement date, \$645,474 was outstanding. As of the report date, no amounts have been repaid.

**NOTE 7- LOANS PAYABLE**

The Organization borrowed funds from its donors. The loans are unsecured, non-interest bearing and have no fixed repayment schedules. As of the financial statement date, \$357,000 was outstanding. As of the report date, no amounts have been repaid.

**NOTE 9 - UNCERTAIN TAX POSITIONS**

The Organization files Form 990, Return of Organization Exempt From Taxes. Years ended August 31, 2015 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 10 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events for possible recognition or disclosure in the financial statements through June 20, 2018, 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.