

MEOR INC.

A NON-PROFIT ORGANIZATION

AUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

AUGUST 31, 2021

MEOR INC.
(A NON-PROFIT ORGANIZATION)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Meor Inc.

We have audited the accompanying financial statements of Meor Inc. (a nonprofit organization), which comprise the statement of financial position - cash basis - as of August 31, 2021, and the related statement of activities, changes in (deficiency in) net assets, functional expenses - cash basis 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 the cash basis of accounting as described in Note 2; 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, 2021, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 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 this matter.

Firm's signature

Loketch & Partners, LLP
Certified Public Accountants

New York, NY
December 27, 2021

MEOR INC.
(A NON-PROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION - CASH BASIS
AS AT AUGUST 31, 2021

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 487,551
Short Term Investment	3,201
Flight Deposits	12,500
Security Deposits	1,920
Prepaid Expenses	450
Total Current Assets	505,622

Other Assets

Long Term Investments	84,163
Total Other Assets	84,163

Total Assets

\$ 589,785

LIABILITIES AND (DEFICIENCY IN) NET ASSETS

Current Liabilities

Credit Card Payable	\$ 15,835
Loans and Exchanges - Affiliate	29,927
Loan Payable - PPP - Current Portion	45,049
Total Current Liabilities	90,811

Long Term Liabilities

Loan Payable - PPP	209,555
Loans Payable - Donors	950,674
Loan Payable - Officer	50,000
Total Long Term Liabilities	1,210,229

Total Liabilities

1,301,040

(Deficiency in) Net Assets

Without Donor Restrictions	(711,255)
Total (Deficiency in) Net Assets	(711,255)

Total Liabilities and (Deficiency in) Net Assets

\$ 589,785

MEOR INC.
(A NON-PROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES AND
CHANGES IN (DEFICIENCY IN) NET ASSETS - CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2021

	Without Donor Restrictions
Revenue	
Contribution Income	\$ 3,733,844
Income - Fundraising Events	887,983
Program Services Fees - Trips	10,473
Total Revenues	4,632,300
Expenses	
Program Expenses	3,919,045
Administrative Expenses	194,292
Fundraising Expenses	350,884
Total Expenses	4,464,221
 Changes in Net Assets before Other Revenue	 168,079
Other Revenue	
Investment Income	5,768
PPP Grant	254,853
Net Unrealized Holding Gains (AFS) Arising During Year	18,803
Total Other Revenue	279,424
 Change in Net Assets	 447,503
 Prior Period Adjustment	 14,170
 (Deficiency in) Net Assets - Beginning of Year	 (1,172,928)
 (Deficiency in) Net Assets - End of Year	 \$ (711,255)

See the accompanying notes to the financial statements

MEOR INC.
(A NON-PROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2021

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
PEO (Professional Employer Services) Expense	\$ 499,342	\$ -	\$ -	\$ 499,342
PEO Expense - Payroll Taxes	22,211	-	-	22,211
Grants to Religious Training Organizations	1,957,038	-	-	1,957,038
Employee Benefits	990,465	-	-	990,465
Contracted Personnel	70,783	83,066	275,527	429,376
Campus Programs	240,778	-	-	240,778
Israel Trip Expense	107,408	-	-	107,408
Fundraising	-	-	72,424	72,424
Professional Fees	-	56,569	-	56,569
Occupancy	25,708	-	-	25,708
Information Technology	-	13,881	-	13,881
Telephone and Internet	-	11,570	-	11,570
Insurance	-	10,546	-	10,546
Office Expenses	-	8,570	-	8,570
Bank and Credit Card Charges	-	8,179	-	8,179
Staff Development	5,312	-	-	5,312
Travel	-	-	2,933	2,933
Interest Expense (Credit Card)	-	1,911	-	1,911
Total Expenses	<u>\$ 3,919,045</u>	<u>\$ 194,292</u>	<u>\$ 350,884</u>	<u>\$ 4,464,221</u>

MEOR INC.
(A NON-PROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS - CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2021

Cash Flows From Operating Activities	
Change in Net Assets	\$ 447,503
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Assets	
Prepaid Expenses	1,571
Security Deposits	2,400
Short Term Investments	(3,201)
Increase (Decrease) in Liabilities	
Credit Card Payable	7,010
Loans and Exchanges - Affiliate	(28,712)
Net Cash Provided by Operating Activities	<u>426,572</u>
 Cash Flows From Investing Activities	
(Increase in) Long Term Investments	<u>(19,795)</u>
Net Cash (Used in) Investing Activities	(19,795)
 Cash Flows From Financing Activities	
(Decrease in) Loans Payable - Donors	(385,000)
Increase in Loans Payable - PPP	254,604
(Decrease in) Loans Payable - PPP (loan forgiven)	(253,043)
(Decrease in) Unrealized Gain on Securities	(14,170)
Balance Paid from Affiliated Company	87,284
Net Cash (Used in) Financing Activities	<u>(310,325)</u>
 Net Increase in Cash and Cash Equivalents	 96,452
 Cash and Cash Equivalent - Beginning of Year	 376,929
Prior Period Adjustment	14,170
Cash and Cash Equivalents - End of Year	<u><u>\$ 487,551</u></u>
 Supplemental Disclosures	
Interest Paid	\$ 1,911
Taxes Paid	-

MEOR INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

NOTE 1 - THE ORGANIZATION

MEOR Inc., a non-profit organization, ("The Organization") is a tax-exempt organization founded in the state of N.J. in 2002. Its mission is to educate Jewish college students in the field of Judaic studies on university campuses throughout the USA. The Organization's primary sources of revenue are contributions. Program activities include campus outreach classes, shabbat and holiday programming, as well as educational heritage trips and retreats to Israel, Poland, and domestic locations.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the cash 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. All revenues are recognized when cash is received. All expenses are recognized when cash is paid out.

Financial Statement Presentation

The financial statements are presented in accordance with the Statement of Financial Accounting Standard *No. ASU 2016-14*,

"Financial Statement of Not-for-Profit Organizations" which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Use of Estimates

The preparation of financial statements 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.

Revenue and Contributions

Contributions are recognized when the donor gives cash to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Cost Allocation

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 contracted personnel, which are allocated on the basis of estimates of time and effort.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all 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 mostly long-term investment purposes.

MEOR INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

Accounts at a financial institution are insured by The Federal Deposit Insurance Corporations (FDIC) up to \$250,000. At times, bank balances might exceed the maximum for FDIC. The Organization has not historically experienced a loss in these accounts.

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).

The Organization files a Form 990, Return of Organization Exempt from Taxes. Years ended August 31, 2018 and thereafter are open for examination. Management believes that there are no uncertain tax positions and there is no prospect of assessment during those years.

NOTE 3 - INVESTMENTS

The Organization invests funds in the equity market, consisting of a geographically diverse mix of the U.S. and non-U. S. stocks, as well as micro-cap stocks. The return on investments are realized based on interest rates under *Subtopic 958-205, Not-For-Profit Entities – Presentation of Financial Statements*. Unrealized gains from securities are considered gains or losses on the Statement of Activities, in addition to unrealized gains and losses representing the changes in fair values from one year to the next. Marketable securities are carried at fair (market) value, which are based primarily on year-end quotes supplied by custodial brokers.

Financial Accounting Standards Board (*FASB*) *ASC topic 820, Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The Organization's policies are in accordance with *Accounting Standards Update (ASU) 2011-04, Fair Value Measurement (Topic 820) Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements*. The standards expand the disclosures required for fair value accounting and clarifies the measurement of fair value when used in valuing certain assets and liabilities. Fair Value measurements are segregated into those that are recurring and nonrecurring. Recurring fair value measurements of assets and liabilities are those that are required or permitted in the statement of financial position at the end of each reporting period related to assets such as trading securities, securities available for sale, and private and venture-capital equity investments.

Nonrecurring fair value measurements of assets and liabilities are required or permitted in the statement of financial position in particular circumstances such as when the Organization measures long lived assets and goodwill for impairment, or assets and liabilities of a business combination recorded at fair value at the acquisition date. The three levels of inputs in the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2: Inputs to the valuation methodology include a) quoted prices for similar assets or liabilities in active markets, b) quoted prices for identical or similar assets or liabilities in inactive markets, c) inputs other than quoted prices that are observable for the asset or liability, and d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. A summary of assets and liabilities measured at fair value at August 31, 2021 is as follows:

MEOR INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

<u>Description</u>	<u>Year-End</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Geographically diverse mix of the U.S. and non-U.S. stocks	8/31/2021	\$ 84,163	\$ -	\$ -
Micro-Cap Stocks	8/31/2021	<u>3,201</u>	<u>-</u>	<u>-</u>
		\$ 87,364	\$ -	\$ -

NOTE 4 - PRIOR PERIOD ADJUSTMENT

Prior period adjustment consists of net unrealized holding gains of \$14,170 during the year ended August 31, 2020 that was erroneously omitted from that period. The adjustment is not material to the financial statements.

NOTE 5 - LIQUIDITY & AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restriction limiting their use, within one year of the balance sheet date, is comprised of:

Cash and Cash Equivalents	\$ 487,551
Short Term Investment	<u>3,201</u>
Total	\$ 490,752

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically, U.S. Treasury bills.

NOTE 6 – RELATED PARTY TRANSACTIONS

Loans And Exchanges – Affiliate

The loans and exchanges – affiliate are intercompany transactions in which Meor Israel Moreshet Yahadut, an affiliate, pays certain personnel costs on behalf of Meor Inc. (USA), and the organization subsequently reimburses Meor Israel Moreshet Yahadut. There is no set due date. Rather, the balance of the loan is paid as funds become available, generally within a few months of incurring the expense. As of the year ended August 31, 2021 the balance was \$29,927.

Loan Payable - Officer

On October 31, 2016, the Organization borrowed funds from an officer. The loan is unsecured, non-interest bearing and has no fixed repayment schedule. The loan is not expected to be repaid within the next 12 months. As of the financial statement date, \$50,000 was outstanding. As of the report date, no amounts have been repaid.

NOTE 7 - LOANS PAYABLE - DONORS

Since 2012, the Organization borrowed funds from its donors on various dates. The loans are unsecured, non-interest bearing and have no fixed repayment schedule. The loans are not expected to be repaid within the next 12 months. As of the financial statement date, \$950,674 was outstanding. As of the report date, \$760,000 has been repaid.

NOTE 8 – GRANT AND LOAN PAYABLE – PAYMENT PROTECTION PROGRAM

PPP Grant

On April 28, 2020, the Organization applied for and received a loan under the Payroll Protection Program through the Small Business Association from Cross River Bank. Subsequent to the year end of the financial statements, the PPP loan was forgiven. As of the year ended August 31, 2021, the loan on the income statement was recognized as a PPP grant in the amount of \$254,853.

Loan Payable - PPP

On February 27, 2021, the Organization received a loan through the Small Business Administration's Payment Protection Program from the American Lending Center in the amount of \$254,604. The interest rate is 1% annually. Payments are deferred for ten months while accruing interest. The monthly payments of \$5,201 includes principal and interest. The maturity date of the loan is five years from the date the loan was received. As of the report date, the organization did not yet apply for forgiveness. The Organization expects that the majority of the loan will be forgiven in accordance with the rules and regulations promulgated by the U.S. Treasury.

MEOR INC.
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2021

Minimum principal payments are as follows. For the year ended August 31,

2022	\$	45,049
2023	\$	60,594
2024	\$	61,202
2025	\$	61,817
2026	\$	25,942

For the year ended August 31, 2021, the balance of the loan was \$254,604.

NOTE 9 – COMMITMENTS

On November 1, 2019 the Organization acquired a lease to rent premises and a parking space in Philadelphia, PA, for one of its college campus programs. The lease includes monthly payments of \$2,155 and expires on August 27, 2022 with an option to new for one year. For the year ended August 31, 2021, occupancy expense was \$25,708.

Future minimum commitments are as follows:

For the year ended August 31,

2022	\$	25,860
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NOTE 10 - CONCENTRATIONS

As of the year ended August 31, 2021, approximately 41% of the revenue was from one contributor. The concentration from the contributor does not make the organization vulnerable to a risk of severe near-term impact because the organization only spends money according to the amount received from the contributors and other revenue.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events for possible recognition or disclosure in the financial statements through December 27, 2021, the date the financial statements are available to be issued. Management has determined that there are no material events that would require disclosure in the Organization's financial statements.

The outbreak of the novel coronavirus ("Covid-19") is a global pandemic that can significantly affect our employees and business operations, as well as the U.S. economy. The full extent to which the COVID-19 outbreak will impact our business, results of operations, financial condition and cash flows will depend on future developments that are highly uncertain. The actions to contain it or treat its impact and the economic impact on local, regional, and national markets cannot be accurately predicted.