MEOR INC.

A NON-PROFIT ORGANIZATION

AUDITED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
AUGUST 31, 2022

MEOR INC.
(A NON-PROFIT ORGANIZATION)
FOR THE YEAR ENDED AUGUST 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Meor Inc.

Opinion

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, 2022, and the related statements of activities and changes in (deficiency in) net assets – cash basis, functional expenses – cash basis and cash flows – cash basis 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 – cash basis of Meor Inc. as of August 31, 2022, and the related statements of activities and changes in (deficiency in) net assets – cash basis, functional expenses – cash basis and cash flows – cash basis 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 Meor Inc. 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 Meor Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 Meor Inc.'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 Meor Inc.'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.

Loketch & Partners, LLP

Loketch and Partners, LLP

New York, NY
January 15, 2023

MEOR INC.
STATEMENT OF FINANCIAL POSITION - CASH BASIS
AS AT AUGUST 31, 2022

ASSETS

Current Assets:	Without Donor Restrictions	
Cash and cash equivalents	$ 157,870	
Due from affiliate	19,700	
Undeposited funds	8,188	
Flight deposits	13,000	
Security deposit	7,720	
Prepaid expenses	2,714	
Short Term Investments	2,520	
Total Current Assets		**211,712**
Other Assets:		
Long Term Investments	71,592	
Total Other Assets		**71,592**
Total Assets		**$ 283,304**

LIABILITIES AND (DEFICIENCY IN) NET ASSETS

Current Liabilities:		
Credit card payable	$ 44,292	
Trip deposits	2,817	
Total Current Liabilites		47,109
Long Term Liabilities:		
Loans payable - Donors (Net of Discount of $93,693)	630,900	
Loan payable - Officer (Net of Discount of $11,269)	225,000	
Total Long Term Liabilites		855,900
Total Liabilities		**903,009**
(Deficiency in) Net Assets:		
Without donor restrictions	(619,705)	
Total (deficiency in) net assets		**(619,705)**
Total Liabilities and (Deficiency in) Net Assets		**$ 283,304**

See accompanying notes to financial statements.

MEOR INC.

STATEMENT OF ACTIVITIES
AND CHANGES IN (DEFICIENCY IN) NET ASSETS - CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2022

	Without Donor Restrictions
Revenues:	
Contribution income	$ 4,768,646
Program service fees - Trips	55,695
Total Revenues	4,824,341
Expenses:	
Program expenses	4,326,845
Administrative expenses	259,367
Fundraising expenses	389,694
Total Expenses	4,975,906
Changes in Net Assets before Other Revenue (Expenses)	**(151,565)**
Other Revenue (Expenses)	
Investment income	1,329
Unrealized loss on investments	(16,233)
Credit card rewards	643
PPP Loan forgiveness Income	257,376
Total Other Revenue (Expenses)	243,115
Change in Net Assets	91,550
(Deficiency) in Net Assets - Beginning of Year	(711,255)
(Deficiency) in Net Assets - End of Year	$ (619,705)

See accompanying notes to financial statements.

MEOR INC.
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2022

Expenses	Program	Administrative	Fundraising	**Total**
Grants to religious training organizations	$ 1,863,639	$ -	$ -	**$ 1,863,639**
Contracted personnel	29,266	79,789	273,336	**382,391**
Salaries and wages	645,355	-	-	**645,355**
Payroll taxes	24,924	-	-	**24,924**
Employee benefits	1,082,665	-	-	**1,082,665**
Campus programs	359,110	-	-	**359,110**
Israel trip expense	235,335	-	-	**235,335**
Fundraising	-	-	104,163	**104,163**
Professional fees	-	77,673	-	**77,673**
Occupancy	52,309	-	-	**52,309**
Information technology	-	44,892	-	**44,892**
Staff development	26,995	-	-	**26,995**
Insurance	7,247	14,105	-	**21,352**
Bank and credit card charges	-	20,269	-	**20,269**
Telephone and internet	-	14,737	-	**14,737**
Travel	-	450	12,195	**12,645**
Office expenses	-	7,452	-	**7,452**
Total Expenses	$ 4,326,845	$ 259,367	$ 389,694	**$ 4,975,906**

See accompanying notes to financial statements.

MEOR INC.
STATEMENT OF CASH FLOWS - CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2022

		Without Donor Restrictions
Cash flows from operating activities		
Change in net assets	$ 91,550	
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Increase) decrease in assets		
Prepaid Expense	(2,764)	
Undeposited funds	(5,557)	
Security deposits	(5,800)	
Increase (decrease) in liabilities		
Credit card payable	28,458	
Student trip deposits	2,817	
Net cash provided by operating activities		108,704
Cash flows from investing activities		
Investment in Triple Gate Partners	(1,032)	
Unrealized loss in securities	16,233	
Dividends re-invested in securities	(1,949)	
Net cash provided by investing activities		13,252
Cash flows from financing activities		
Loan proceeds from officer	175,000	
Loan proceeds from donors	130,900	
Loan repayments to donors	(450,674)	
PPP loan forgiveness	(254,604)	
Loan repayment to affiliated company	(161,000)	
Loans from affiliated company	111,373	
Net cash (used in) financing activities		(449,005)
Net (decrease in) cash and cash equivalents		(327,049)
Cash and cash equivalents - beginning of year		484,919
Cash and cash equivalents - end of year		$ 157,870

See accompanying notes to financial statements.

MEOR INC.
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022

NOTE 1 - THE ORGANIZATION

MEOR Inc. ("The Organization"), a non-profit organization, is a tax-exempt organization founded in the state of New Jersey 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 as well as educational heritage trips to Israel, Eastern Europe and domestic trips.

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; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

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: 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.

Net Assets Without Donor Restrictions
Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization's management and the board of directors.

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.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019 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 – FASB ASC 606 – REVENUE RECOGNITION

The Organization's policy is to recognize revenue in accordance with Financial Accounting Standard Board's Accounting Standards Codification *(ASC) 606, Revenue from Contracts with Customers, and ASC 825-10, Financial Instruments—Overall.* The revenue recognition guidance requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

The Organization applied the following five step process to recognize revenue:
Step 1: Identified the contract with a customer.
Step 2: Identified the performance obligations in the contract.
Step 3: Determined the transaction price.
Step 4: Allocated the transaction price to the performance obligations in the contract.
Step 5: Recognized revenue when (or as) the entity satisfies a performance obligation.

There are no contract liabilities at the beginning or end of the year, and no revenue from contracts with customers.

NOTE 4 - INVESTMENTS

The Organization invests unrestricted funds in the interest-bearing securities and 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 prevailing 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).

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.

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.

NOTE 4 – INVESTMENTS (Continued)

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, 2022 is as follows:

Description	Year-End	Level 1	Level 2	Level 3
Geographically diverse mix of the U.S. and non-U.S. stocks	8/31/2022	$ 71,592	$ -	$ -
Micro-Cap Stocks	8/31/2022	2,520	-	-
		$ 74,112	$ -	$ -

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	$ 157,870
Due from Affiliate	19,700
Undeposited Funds	8,188
Security Deposits	13,000
Flight Deposit	7,720
Total:	**$ 206,478**

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

NOTE 6 – RELATED PARTY TRANSACTIONS

Due from 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, 2022 the balance was $19,700.

Loan Payable - Officer
On October 31, 2016 and subsequent dates, the Organization borrowed funds from an officer. The loans are unsecured, non-interest bearing and has no fixed repayment schedule. The loans are discounted on various imputed interest rates (from 3.50% to 4.85%), depending upon the prime rate on the date each loan was acquired. The imputed interest amount was $11,269 as of August 31, 2022. The loan is not expected to be repaid in full within the next 12 months. As of the financial statement date, the balance of the loan payable, net of the discount of $11,269, was $225,000.

NOTE 7 - LOANS PAYABLE - DONORS

Since 2012, the Organization borrowed funds from its unrelated donors on various dates. The loans, in the original amounts of $1,231,574 are unsecured, non-interest bearing and have no fixed repayment schedule. The loans are discounted on various imputed interest rates (from 3.25% to 5.50%), depending upon the prime rate on the date each loan was acquired. The imputed interest amount was $93,693 as of August 31, 2022. The loans are not expected to be repaid within the next 12 months. As of the date the financial statements were available to be issued, the balance, net the discount of $93,693, was $630,900.

NOTE 8 –PAYMENT PROTECTION PROGRAM

PPP Grant

On February 27, 2021, The Organization received a loan under the Payroll Protection Program in the amount of $257,376. The interest rate was 1% annually. Payments were deferred for ten months while accruing interest. The monthly payments of $5,201 includes principal and interest. The maturity date of the loan was five years from the date the loan was received. In April 2022 this loan, along with accrued interest, was forgiven in full, and is recognized as other income in the statement of activities.

NOTE 9 – COMMITMENTS

On November 1, 2019 the Organization acquired a lease to rent the 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, 2023.

On June 17, 2022, the Organization acquired a lease to rent a property in New York City, for student programs The lease includes monthly payments of $5,800 and expires on August 31, 2023. For the year ended August 31, 2022, occupancy expense, which includes other occupancy related costs, was $52,309.

Future minimum lease commitments are as follows. For the year ended August 31, 2023, the minimum lease commitment for both leases is $95,460.

NOTE 10 - CONCENTRATIONS

As of the year ended August 31, 2022, 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 for program services in accordance with the available funds received from the contributors, as well as the other revenue.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events for possible recognition or disclosure in the financial statements through January 15, 2023, 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.