

MEOR INC.
A NON-PROFIT ORGANIZATION
AUDITED FINANCIAL STATEMENTS
AUGUST 31, 2020

**MEOR INC.
FINANCIAL STATEMENTS
AUGUST 31, 2020**

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Independent Auditors' Report

**To the Board of Directors
MEOR Inc.
Silver Spring, MD 20902**

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, 2020, and the related statements of activities - 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 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, 2020, 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 that matter.

Loketch & Partners, LLP

Certified Public Accountants

New York, New York
July 15, 2021

MEOR INC.
STATEMENT OF FINANCIAL POSITION - CASH BASIS
AS AT AUGUST 31, 2020

ASSETS

Current assets:

Cash in banks	\$ 366,833	
Investments - Unrestricted	64,368	
Undeposited Funds	10,096	
Flight Deposits	12,500	
Security Deposits	4,320	
Prepaid Expenses	2,021	
Total current assets	<u>460,138</u>	\$ 460,138

Other assets:

Due from Affiliated Company	87,284	
Total other assets	<u>87,284</u>	87,284

Total assets	<u>\$ 547,422</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Credit card payable	\$ 8,824	
Due to affiliate	58,639	
Total current liabilities	<u>67,463</u>	\$ 67,463

Long term liabilities:

Unrealized gain on securities	14,170	
PPP Loan Payable	253,043	
Loans payable - Donors	1,335,674	
Loan payable - Officer	50,000	
Total long term liabilities	<u>1,652,887</u>	1,652,887

Total Liabilities	1,720,350
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Net assets:

Net Deficit - unrestricted	<u>(1,172,928)</u>	
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Total net assets	<u>(1,172,928)</u>
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Total liabilities and net assets	<u>\$ 547,422</u>
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See independent auditors' report and notes to financial statements.

MEOR INC.
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2020

Revenues:			
Contribution income		\$	4,263,219
Fundraising Event Income	\$ 551,583		
Less: Events Expense	<u>(209,427.00)</u>		
Net Income from Fundraising Event			342,156.00
Program service fees - Trips			91,305
Investment Income			<u>1,163</u>
Total revenues			4,697,843

Expenses:					
	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>		
Grants to religious training organizations	\$ 2,196,549	\$ -	\$ -	\$	2,196,549
Contracted personnel	239,951	127,119	231,662		598,732
Salaries and wages	433,412	1,403	-		434,815
Payroll taxes	21,269	-	-		21,269
Employee benefits	874,894	-	-		874,894
Israel trip expense	348,076	-	-		348,076
Campus programs	277,562	-	-		277,562
Occupancy	67,424	-	-		67,424
Fundraising	-	-	55,945		55,945
Office expenses	-	7,831	-		7,831
Travel	-	-	7,387		7,387
Staff development	17,431	-	-		17,431
Bank and credit card charges	-	16,350	-		16,350
Information technology	-	14,869	-		14,869
Professional fees	-	26,980	-		26,980
Telephone and internet	-	11,210	-		11,210
Interest expense	-	7,101	-		7,101
Insurance	<u>-</u>	<u>13,881</u>	<u>-</u>		<u>13,881</u>
Total expenses	<u>\$ 4,476,568</u>	<u>\$ 226,744</u>	<u>\$ 294,994</u>	<u>\$</u>	<u>4,998,306</u>
Change in net assets (Unrestricted)					(300,463)
Net unrestricted deficit - beginning of year					<u>(872,465)</u>
Net unrestricted deficit - end of year					<u><u>\$ (1,172,928)</u></u>

See independent auditors' report and notes to financial statements.

MEOR INC.
STATEMENT OF CASH FLOWS - CASH BASIS
FOR THE YEAR ENDED AUGUST 31, 2020

Cash flows from operating activities		
Change in net assets	\$	(300,463)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Increase) decrease in assets		
Prepaid Expense	(1,105)	
Undeposited funds	(10,096)	
Security deposits	(1,920)	
Flight deposits	(700)	
Increase (decrease) in liabilities		
Credit card payable	(44,421)	
Net cash used by operating activities	<u> </u>	\$ (358,705)
Cash flows used by investing activities		
Redemption of matured bonds	1,000	
Dividends re-invested in securities	(844)	
Net cash provided by investing activities	<u> </u>	156
Cash flows provided by financing activities		
Loan proceeds - Donors	553,499	
PPP loan proceeds	253,043	
Paydown of loan from affiliated company	(22,654)	
Loan advance to affiliated company	(87,284)	
Net cash provided by financing activities	<u> </u>	<u>696,604</u>
Net increase in cash		338,055
Cash - beginning of year		<u>28,778</u>
Cash - end of year	\$	<u><u>366,833</u></u>

See independent auditors' report and notes to financial statements.

MEOR INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 1 - THE ORGANIZATION

MEOR Inc. ("The Organization") is a tax exempt organization founded in 2002. Its mission is to educate Jewish college students in the field of Judaic studies on university campuses throughout the USA. Program activities include campus outreach classes as well as educational heritage trips to Israel and Eastern Europe.

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.

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 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. For the year ended 8/31/19, there was no unrestricted or temporarily restricted revenue or support.

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, 2020

Investments

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

NOTE 3 - RESTRICTION OF ASSETS

As of August 31, 2020, there were no restrictions placed on the assets.

NOTE 4 - 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 5 - 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 6 - SECURITY DEPOSITS AND LEASE AGREEMENTS

The Organization had signed a lease to rent premises for one of its college campus programs. The lease agreement was for one year commencing September 1, 2019. The Organization was obligated under the terms of its lease for an annual payment of \$32,100, to be paid on a monthly basis. As of the report date, the lease has been terminated and the security deposit has been returned.

The Organization has renewed a second lease to rent premises for one of its college campus programs. The renewal agreement is for one year commencing September 1, 2020. The Organization is obligated under the terms of its lease for an annual payment of \$23,040, to be paid on a monthly basis. As per the terms of the lease, The Organization was required to deposit \$1,920 for last month's rent.

NOTE 7 - LOAN PAYABLE - OFFICER

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 8 - LOANS PAYABLE

The Organization borrowed funds from its donors. The loans are unsecured, non-interest bearing and have no fixed repayment schedules. The loans are not expected to be repaid within the next 12 months. As of the financial statement date, \$ 1,335,674 was outstanding. As of the report date, \$375,000 has been repaid.

NOTE 9 - UNCERTAIN TAX POSITIONS

The Organization files 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 for those years.

MEOR INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events for possible recognition or disclosure in the financial statements through July 15, 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 United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Organization and its future results and financial position is not presently determinable.

In April 2020, The Organization applied for and received a loan under the Payroll Protection Program in the amount of \$252,193. As of the financial statement date the loan plus accrued interest remained outstanding. As the report date, the loan balance of 253,043 has been forgiven in full. Subsequent to the financial statement date, The Organization applied for and received a second loan under the Payroll Protection Program in the amount of \$ 254,604. 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.