

**American Friends of
Meir Panim, Inc.**

**FINANCIAL
STATEMENTS**

JUNE 30, 2020



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Friends of Meir Panim, Inc.
Brooklyn, New York

Report on the Financial Statements

We have audited the accompanying financial statements of American Friends of Meir Panim, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses, 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 accounting principles generally accepted in the United States of America; this includes 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 financial position of American Friends of Meir Panim, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Roth & Company LLP

Roth & Company LLP
Brooklyn, New York
December 22, 2020

American Friends of Meir Panim, Inc.
Statement of Financial Position
June 30, 2020

ASSETS

CURRENT ASSETS

Cash		<u>\$ 525,063</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 24,422	
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Loan payable	<u>6,972</u>	
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TOTAL CURRENT LIABILITIES		\$ 31,394
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NET ASSETS

Net assets without donor restrictions		<u>493,669</u>
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TOTAL LIABILITIES AND NET ASSETS		<u>\$ 525,063</u>
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American Friends of Meir Panim, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020

REVENUE

Contribution income	\$ 4,363,988
Other income	104,623

TOTAL REVENUE \$ 4,468,611

OPERATING EXPENSES

Program expenses	3,397,398
General and administrative expenses	371,095
Fundraising expenses	285,280

TOTAL OPERATING EXPENSES 4,053,773

**CHANGE IN NET ASSETS WITHOUT
DONOR RESTRICTIONS**

414,838

NET ASSETS - BEGINNING

78,831

NET ASSETS - ENDING

\$ 493,669

American Friends of Meir Panim, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2020

EXPENSES	Program	General and Administrative	Fundraising	TOTAL
Grants	\$ 3,191,297	\$ -	\$ -	\$ 3,191,297
Salaries and payroll taxes	177,856	182,047	200,534	560,437
Fringe benefits	28,245	28,912	31,848	89,005
Advertising	-	-	37,898	37,898
Credit card processing fees	-	42,566	-	42,566
Insurance	-	30,547	-	30,547
Office expense	-	24,229	-	24,229
Postage and shipping	-	-	15,000	15,000
Professional fees	-	10,548	-	10,548
Rent	-	20,100	-	20,100
Telephone	-	10,379	-	10,379
Travel	-	19,221	-	19,221
Utilities	-	2,546	-	2,546
TOTAL OPERATING EXPENSES	\$ 3,397,398	\$ 371,095	\$ 285,280	\$ 4,053,773

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

American Friends of Meir Panim, Inc.
Statement of Cash Flows
For the Years Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets \$ 414,838

Changes in operating assets and liabilities

Pledges receivable \$ 1,137

Accounts payable (267)

Total adjustments 870

NET CASH PROVIDED BY OPERATING ACTIVITIES 415,708

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds received from loan 6,972

NET CASH PROVIDED BY FINANCING ACTIVITIES 6,972

NET INCREASE IN CASH 422,680

CASH AT BEGINNING OF YEAR 102,383

CASH AT END OF YEAR \$ 525,063

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

American Friends of Meir Panim, Inc., (“the Organization”) a not for profit organization formed in New York in July 2001, provides funds to organizations that operate public soup kitchens and supply hot meals to needy and elderly individuals. The Organization also runs programs to help disadvantaged and vulnerable children and their families. Programs are funded by contributions.

Use of Assumed Names

The Organization conducts fundraising events using its legal name American Friends of Meir Panim Inc., and the assumed names: Hope for Zion, Tikva Hope, America Eats for Israel, and A Chicken for Shabbat.

Income Tax Status

The Organization is exempt from income tax under section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) and accordingly reflect all significant receivables, payables and other assets and liabilities.

Pledges Receivable

Due to the high percentage of pledges that are uncollectable in general and based on the Organization’s past history, the Organization’s policy is to include in pledges receivable only those pledges that are collected subsequent to year end. As such, the Organization has not established an allowance for uncollectibility.

Revenue Recognition

Contributions are recognized as support when received or when evidenced by a written promise to give and subsequently received.

Functional Presentation of Expenses

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 salaries and benefits, which are allocated on the basis of estimated time spent on each function.

Advertising Costs

The Organization uses advertising to raise funds among the audiences it serves. Advertising costs are expensed as incurred.

American Friends of Meir Panim, Inc.
Notes to the Financial Statements
June 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies, if any, at the date of the financial statements, and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Net Asset Classification

The Organization classifies its net assets in the accompanying financial statements based on the absence or existence of donor-imposed restrictions as follows:

- Net Assets Without Donor Restrictions represent net assets that are not subject to donor-imposed restrictions. All the Organization's net assets are comprised of such net assets.

- Net Assets With Donor Restrictions represent net assets that are subject to legal or donor imposed stipulations that require that resources be used in a later period or after a specified date (time restrictions), or that resources be used for a specified purpose (purpose restrictions), or both. Also included in this category are net assets limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets. As of June 30, 2020, there were no net assets with donor restrictions.

PPP Loan

In May 2020, the Organization received a loan (the "PPP Loan") under the Paycheck Protection Program, within the Coronavirus Aid Relief and Economic Security Act (the "CARES Act"). The Organization accounts for the loan as a liability under FASB Accounting Standards Codification (ASC) 470, Debt. When the funds have been spent for qualifying expenses and other relevant conditions have been met, the Company applies the guidance for conditional grants contained in FASB ASC 958-605.

NOTE 2 DONATED SERVICES

Some of the service programs are carried out by volunteers. The value of these services is not reflected in the financial statements since it is not susceptible to objective valuation or measurement.

American Friends of Meir Panim, Inc.
Notes to the Financial Statements
June 30, 2020

NOTE 3 LOAN PAYABLE

In May 2020, the Organization received a \$111,595 loan (the “PPP Loan”) under the Paycheck Protection Program, within the Coronavirus Aid Relief and Economic Security Act (the “CARES Act”). The terms of the PPP Loan are subject to the CARES Act, which includes, among other terms, interest at a rate of 1% per annum. The CARES Act provides that the PPP Loan may be partially or wholly forgiven if the funds are used for qualifying expenses and certain conditions are met. The Organization intends to use the proceeds of the PPP Loan only for permissible purposes. Amounts of the PPP Loan that are not forgiven are subject to monthly principal and interest payments. The Paycheck Protection Program Flexibility Act allows for the maturity date of the PPP Loan to be modified, so that the loan matures 5 years from origination.

As of June 30, 2020, the Organization has spent \$104,623 of the loan amount on qualifying expenses and substantially met the conditions for forgiveness of this amount. Therefore, this amount of the loan is reported as Other Income and the remaining \$6,972 is reported as Loan Payable. The Organization expects the remaining loan balance to be fully forgiven, however the Organization provides no assurances that they will be eligible for forgiveness.

NOTE 4 LIQUIDITY-FINANCIAL ASSETS AVAILABLE

The Organization has \$525,063 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date.

The Organization has a goal to maintain financial assets, which consist of cash and pledges receivable, on hand to meet 60 days of normal operating expenses, which are on average, approximate \$50,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 5 CONCENTRATIONS OF CREDIT RISK

Cash

At times, the Organization maintains cash balances in excess of the Federal Deposit Insurance Corporation insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant risk of loss on cash.

Revenue

One donor accounted for 22% of the Organization’s revenue for the year ended June 30, 2020.

NOTE 6 RISKS AND UNCERTAINTIES

Coronavirus Pandemic

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. The organization's employees have worked remotely when necessary, allowing for continuance of operations. The organization's fundraising and grantmaking activities remain operational. The organization has not experienced a disruption in donations received.

However, if conditions worsen or do not improve, the organization may be impacted. Potential impacts may include decreased donations due to financial hardship for donors as well as a lack of live fundraising events. The future effects of these issues are unknown.

NOTE 7 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 22, 2020, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.