

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

**FINANCIAL
STATEMENTS**

JUNE 30, 2021



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, 2021, 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, 2021, 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

June 22, 2022

American Friends of Meir Panim, Inc.
Statement of Financial Position
June 30, 2021

ASSETS

CURRENT ASSETS

Cash	\$ 1,791,369	
Investments	1,779,147	
TOTAL CURRENT ASSETS		<u>\$ 3,570,516</u>

LIABILITIES AND NET ASSETS

Accounts payable		\$ 40,580
NET ASSETS		
Net assets without donor restrictions		<u>3,529,936</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 3,570,516</u>

American Friends of Meir Panim, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2021

REVENUE

Contribution income \$ 7,829,458

OPERATING EXPENSES

Program expenses \$ 4,078,728

General and administrative expenses 344,209

Fundraising expenses 349,559

TOTAL OPERATING EXPENSES 4,772,496

CHANGE IN NET ASSETS FROM OPERATIONS 3,056,962

OTHER INCOME (LOSS)

Paycheck Protection Program grant 6,972

Unrealized loss on investments (27,861)

Interest income 194

TOTAL OTHER INCOME (LOSS) (20,695)

**CHANGE IN NET ASSETS WITHOUT
DONOR RESTRICTIONS**

3,036,267

NET ASSETS - BEGINNING

493,669

NET ASSETS - ENDING

\$ 3,529,936

American Friends of Meir Panim, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2021

EXPENSES	Program	General and Administrative	Fundraising	TOTAL
Grants	\$ 3,862,587	\$ -	\$ -	\$ 3,862,587
Salaries and payroll taxes	179,614	166,280	236,267	582,161
Fringe benefits	36,527	33,815	48,048	118,390
Advertising	-	-	46,504	46,504
Credit card processing fees	-	29,022	-	29,022
Insurance	-	24,874	-	24,874
Office expense	-	25,256	-	25,256
Postage and shipping	-	-	18,740	18,740
Professional fees	-	3,083	-	3,083
Rent	-	34,275	-	34,275
Telephone	-	8,011	-	8,011
Travel	-	16,681	-	16,681
Utilities	-	2,912	-	2,912
TOTAL OPERATING EXPENSES	\$ 4,078,728	\$ 344,209	\$ 349,559	\$ 4,772,496

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

American Friends of Meir Panim, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 3,036,267
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Noncash contributions	\$ (1,807,008)
Unrealized loss	27,861
Forgiveness of Paycheck Protection loan	(6,972)
Changes in operating assets and liabilities	
Accounts payable	<u>16,158</u>
Total adjustments	<u>(1,769,961)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,266,306</u>
NET INCREASE IN CASH	1,266,306
CASH AT BEGINNING OF YEAR	<u>525,063</u>
CASH AT END OF YEAR	<u><u>\$ 1,791,369</u></u>

American Friends of Meir Panim, Inc.
Notes to the Financial Statements
June 30, 2021

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.

Investments

Investments are recorded at fair value. The Organization invests in various types of investment securities. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets’ fluctuations, and that such changes could affect the amounts reported in the Organization’s financial statements.

Revenue Recognition

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

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, 2021, 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) 958. Under this model, the loan has been accounted for as a donor advance on a conditional grant from the US Government, and will be recognized into income when all conditions, including the approval of the application for forgiveness, are met.

Fair Value Measurements

Fair Value Measurements establishes a framework for measuring fair value. The 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 three levels of 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:

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Fair Value Measurements (continued)

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- 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. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021, as compared to those used in prior years.

Common stock - Valued at the closing price recorded on the active market on which the individual securities are traded.

Mutual funds - Valued at the net asset value (NAV) of shares held at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 2 DONATED SERVICES

Some of the service programs are carried out by volunteers. GAAP requires donated services that require specialized skills to be valued at market value and reported as in-kind contribution and contracted services expense. Because the services provided do not require specialized skill, their value is not reflected in the financial statements.

American Friends of Meir Panim, Inc.
Notes to the Financial Statements
June 30, 2021

NOTE 3 INVESTMENTS

Investments measured at Fair Value (Level 1) as of June 30, 2021 are as follows:

Common stock	\$ 836,463
Equity mutual funds	871,479
Corporate bonds	<u>70,408</u>
Total assets at fair value	\$ 1,778,350

Cash equivalents	<u>797</u>
Total investments	<u>\$ 1,779,147</u>

Investment income as for the year ended June 30, 2021 was as follows:

Interest and dividends	\$ 194
Unrealized loss	<u>(27,861)</u>
Total	<u>\$ (27,667)</u>

NOTE 4 LIQUIDITY-FINANCIAL ASSETS AVAILABLE

The Organization has \$3,570,516 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash and investments. 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's discretionary grants to others represent more than 80% of expenditures. Liquidity is managed by disbursing grants as funds are available.

NOTE 5 PAYCHECK PROTECTION PROGRAM GRANT

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.

American Friends of Meir Panim, Inc.
Notes to the Financial Statements
June 30, 2021

NOTE 5 PAYCHECK PROTECTION PROGRAM GRANT (continued)

As of June 30, 2021, the Organization has spent \$111,595 of the loan amount on qualifying expenses and substantially met the conditions for forgiveness of this amount. As \$104,623 of this amount of the loan was previously reported as Other Income for the year ended June 30, 2020, the remaining \$6,972 has been reported as Other Income for the year ended June 30, 2021.

NOTE 6 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 23% of the Organization's revenue for the year ended June 30, 2021.

NOTE 7 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 8 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 22, 2022, 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.