

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

**FINANCIAL
STATEMENTS**

JUNE 30, 2019



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, 2019, 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, 2019, and the changes in its net assets and its cash flows for the year 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 15, 2019

American Friends of Meir Panim, Inc.
Statements of Financial Position
June 30, 2019

ASSETS

CURRENT ASSETS

Cash	\$ 102,383	
Pledges receivable	<u>1,137</u>	
TOTAL CURRENT ASSETS		<u>\$ 103,520</u>
TOTAL ASSETS		<u><u>\$ 103,520</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable		<u>\$ 24,689</u>
TOTAL LIABILITIES		24,689

NET ASSETS

Net assets without donor restrictions		<u>78,831</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 103,520</u></u>

American Friends of Meir Panim, Inc.
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2019

REVENUE

Contribution income, net \$ 3,716,150

OPERATING EXPENSES

Program expenses \$ 3,402,423

General and administrative expenses 301,030

Fundraising expenses 301,453

TOTAL OPERATING EXPENSES 4,004,906

**CHANGE IN NET ASSETS WITHOUT
DONOR RESTRICTIONS**

(288,756)

NET ASSETS - BEGINNING

367,587

NET ASSETS - ENDING

\$ 78,831

American Friends of Meir Panim, Inc.
Statements of Functional Expenses
For the Year Ended June 30, 2019

	<u>PROGRAM</u>	<u>GENERAL AND ADMINISTRATIVE EXPENSES</u>	<u>FUNDRAISING EXPENSES</u>	<u>TOTAL</u>
Grants	\$ 3,183,516	\$ -	\$ -	\$ 3,183,516
Salaries and payroll taxes	181,664	164,367	233,469	579,500
Fringe benefits	37,243	23,770	25,880	86,893
Insurance	-	18,897	-	18,897
Office expense	-	25,518	-	25,518
Professional fees	-	7,440	-	7,440
Rent	-	27,900	-	27,900
Telephone	-	11,203	-	11,203
Travel	-	19,354	-	19,354
Utilities	-	2,581	-	2,581
Advertising	-	-	42,104	42,104
Total expenses	<u>\$ 3,402,423</u>	<u>\$ 301,030</u>	<u>\$ 301,453</u>	<u>\$ 4,004,906</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets		\$ (288,756)
Changes in operating assets and liabilities		
Pledges receivable	\$ 48,775	
Accounts payable	12,423	
Total adjustments	<u>61,198</u>	<u>61,198</u>

NET CASH USED IN OPERATING ACTIVITIES (227,558)

NET DECREASE IN CASH (227,558)

CASH AT BEGINNING OF YEAR 329,941

CASH AT END OF YEAR \$ 102,383

American Friends of Meir Panim, Inc.
Notes to the Financial Statements
June 30, 2019

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.

Contribution income is stated net of related credit card processing charges. Total credit card charges for the year ended June 30, 2019 amounted to \$23,080.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

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

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, 2019, there were no net assets with donor restrictions.

Recent Accounting Pronouncement

In August 2016, the Financial Accounting Services Board (FASB) published Accounting Standards Update (ASU) No. 2016-14, which changes the presentation and disclosures of Not for Profit (NFP) Financial Statements. The major changes require an NFP to:

Present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than the previously required three classes.

Present on the face of the statement of activities the amount of the change in each of the two classes of net assets rather than the previously required three classes.

American Friends of Meir Panim, Inc.
Notes to the Financial Statements
June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provide enhanced disclosures about governing board designations of net assets, the composition of net assets with donor restrictions and qualitative and quantitative information about how an NFP manages its liquid resources to meet cash needs for general expenditures within one year of the balance sheet date.

Report expenses by both their natural classification and their functional classification and disclose the method(s) used to allocate costs among program and support functions.

This change in presentation has no effect on the reported change in net assets.

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.

NOTE 3 LIQUIDITY-FINANCIAL ASSETS AVAILABLE

The Organization has \$103,520 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of \$102,383 of cash, and pledges receivable of \$1,137. 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 4 COMMITMENT

Office space is leased through July 1, 2020, at rentals of \$2,350 a month due on the first of every month. Rent expense for the year was \$27,900. Future lease commitments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 28,200
2021	<u>2,350</u>
Total	<u>\$ 30,550</u>

American Friends of Meir Panim, Inc.
Notes to the Financial Statements
June 30, 2019

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

Two donors accounted for 35% of the Organization's revenue for the year ended June 30, 2019.

NOTE 6 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 15, 2019, 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.