

FINANCIAL STATEMENTS

THE KOBY MANDELL FOUNDATION, INC.

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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Aron Epstein

Certified Public Accountant (US)

To the Board of Directors
The Koby Mandell Foundation, Inc.
Cedarhurst, NY

I have audited the accompanying financial statements of The Koby Mandell Foundation, Inc. which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities and changes in net assets and cash flows for the years then ended and the related notes to the financial statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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.

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 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 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, I 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.

I believe the evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of The Koby Mandell Foundation, Inc. as of December 31, 2019 and 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United State of America.



Aron Epstein, CPA
October 29, 2020

THE KOBY MANDELL FOUNDATION, INC.
 STATEMENTS OF FINANCIAL POSITION
 AS OF DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	<u>24,659</u>	<u>70,827</u>
TOTAL ASSETS	<u>\$ 24,659</u>	<u>\$ 70,827</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	5,675	2,774
Accounts Payable - Related Party	71,582	65,292
Grants Payable	<u>1,000</u>	<u>1,000</u>
Total Current Liabilities	78,257	69,066
NET ASSETS		
Without Donor Restrictions	(53,598)	1,761
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 24,659</u>	<u>\$ 70,827</u>

The accompanying notes are an integral part of these statements

THE KOBY MANDELL FOUNDATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
OPERATING ACTIVITIES		
REVENUE		
Community Development	-	8,300
North American Camp In Israel	625,379	762,765
Grants	149,129	149,957
Special Projects	29,438	45,897
Personal Solicitations	45,934	168,609
Special Appeal	181,337	120,799
Youth Project	2,397	-
Comedy Show Income	64,878	63,827
Total Revenues	1,098,492	1,320,155
EXPENSES		
Payroll Expenses	29,073	29,027
Bank Charges	6,457	5,345
Insurance Expense	5,873	5,460
Licenses and Permits	3,088	4,231
Office Supplies and Expenses	7,374	6,378
Postage and Shipping	686	181
Telephone Expense	393	1,703
Legal and Accounting	7,533	13,943
Interest Expense	9,440	-
Public Relations Expense	14,944	22,733
Fundraising Expenses	18,070	9,671
Community Event Expenses	-	10,850
Professional and Consulting Fees	36,000	63,845
Website Expenses	3,492	8,600
Travel Expense	41,584	51,330
Grants and Awards	731,500	308,012
North American Camp In Israel Expenses	130,862	761,565
Comedy Show Expenses	107,483	96,476
Total Expenses	1,153,851	1,399,353
Change in Net Assets From Operating Activities	(55,359)	(79,197)
Beginning Net Assets - Without Donor Restrictions	1,761	80,958
Ending Net Assets - Without Donor Restrictions	<u>\$ (53,598)</u>	<u>\$ 1,761</u>

The accompanying notes are an integral part of these statements

THE KOBY MANDELL FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Change In Net Assets		
Adjustments to reconcile change in net assets to net cash provided by Operating Activities	(55,359)	(79,197)
(Increase) Decrease in:		
Advances		34,564
Due From Related Parties		13,013
Increase (Decrease) in:		
Accounts Payable	2,901	(141)
Accounts Payable -Related Party	6,289	(2,169)
Grants Payable	-	1,000
Net Cash Provided By Operating Activities	(46,168)	(32,930)
Net Increase (Decrease) In Cash an Cash Equivalents	(46,168)	(32,930)
Cash and Cash Equivalents, Beginning of year	70,827	103,757
Cash and Cash Equivalents, End of year	<u>\$ 24,659</u>	<u>\$ 70,827</u>

The accompanying notes are an integral part of these statements

THE KOBY MANDELL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019
(with memorandum totals for the year ended December 31, 2018)

	CY			PY		
	Supporting Activities			Total Expenses	Total Expenses	
	Program Activities	Management and General	Fundraising			Supporting Subtotal
Payroll Expenses		29,073		29,073	29,073	29,027
Bank Charges		6,457		6,457	6,457	5,345
Insurance Expense		5,873		5,873	5,873	5,460
Licenses and Permits		3,088		3,088	3,088	4,231
Office Supplies and Expenses		7,374		7,374	7,374	6,378
Postage and Shipping		686		686	686	181
Telephone Expense		393		393	393	1,703
Legal and Accounting		7,533		7,533	7,533	13,943
Interest Expense		9,440		9,440	9,440	-
Public Relations Expense			14,944	14,944	14,944	22,733
Fundraising Expenses			18,070	18,070	18,070	9,671
Community Event Expenses			-	-	-	10,850
Professional and Consulting Fees			36,000	36,000	36,000	63,845
Website Expenses		3,492		3,492	3,492	8,600
Travel Expense	31,267		10,317	10,317	41,584	51,330
Grants and Awards	731,500			-	731,500	308,012
NA Camp In Israel Expenses	130,862			-	130,862	761,565
Comedy Show Expenses	107,483			-	107,483	96,476
	\$ 1,001,112	\$ 73,408	\$ 79,331	\$ 152,739	\$ 1,153,851	\$ 1,399,353

The accompanying notes are an integral part of these statements

THE KOBY MANDELL FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Note 1 – Nature of Organization and Significant Accounting Policies

The Koby Mandell Foundation, Inc (“Organization”) is a not-for-profit organization established to develop and support educational, health and recreational services for children and families in crisis, promote tolerance and understanding among communities youth in particular, and support programs that deepen and strengthen an individual's connection to his or her heritage. Programs are held in the United States and Israel.

Significant accounting policies

Basis of Presentation:

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standard No. ASU2016-14 "Financial Statement of Not-For-Profit Entities" which requires the Organization to report information regarding its financial positions and activities according to two classes of net assets; net assets with donor restrictions and net assets without donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Contributions:

Unconditional contributions are recognized when received and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the

statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction.

Measure of Operations:

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

New Accounting Pronouncement:

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore, has no provision for federal income taxes.

Cash and Cash equivalents and Concentration of Credit Risk

For purposes of the statements of cash flows, the Organization considers all highly-liquid investment instruments purchased with a maturity of three months or less to be cash equivalents. Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash. The Organization may maintain cash balances with financial institutions in amounts that exceed the federal government's deposit insurance.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. RELATED PARTY TRANSACTIONS

The Foundation paid fees to Seth Mandell, Ltd. totaling \$36,000 and \$63,845 in 2019 and 2018 respectively for professional services. The President of Seth Mandell, Ltd also serves on the Board of Directors of the Foundation. As of December 31, 2019 and 2018, The Organization owes Seth Mandell, Ltd. \$71,582 and \$65,292 respectively. Seth Mandell, Ltd is not intending to collect these funds in the near future.

3. PLEDGES RECEIVABLE

All pledges receivable are considered collectible within one year unless otherwise stated by the donor. Balance of pledges receivable as of December 31, 2019 and 2018 was \$0.

4. Prior Period Adjustment

The Organization had advanced funds for camp expenses and recorded them as receivables. In review Management decided that these should have been expensed. As a result the Organization made a prior period adjustment of \$25,366. The effect of this adjustment on the 2018 was as follows;

Decrease in Advances	\$(25,366)
Decrease In Assets	\$25,366)
Decrease In Net Assets	\$(25,366)
Increase In Expenses	\$25,366

4. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 29, 2020, the date the financial statements were available to be issued.

On January 30, 2020 the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (“the COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVI-19 outbreak as a pandemic, based on the rapid increase of exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on it’s financial condition, liquidity, and future results of operations, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to cub its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for the fiscal year 2020.

In August of 2020 The Organization applied and received an EIDL loan from the SBA to cover operating expenses for a total of \$150,000. Payment terms are, no payments for the first 12 months and then payable over 30 years. The effective rate is 3.75% per annum.