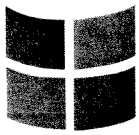


**BONEI OLAM INC.  
(A NONPROFIT CORPORATION)  
FINANCIAL STATEMENTS  
DECEMBER 31, 2012**



# Bernath & Rosenberg, P.C.

Certified Public Accountants & Wealth Managers

Member: AICPA, NYSSCPA

**James H. Bernath** CPA/PFS, CFP®  
**Jacob I. Rosenberg** CPA/PFS, CFP®  
**Benjamin Berger** CPA

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
BONEI OLAM INC.  
Brooklyn, New York

We have audited the accompanying financial statements of Bonei Olam, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, 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.

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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 Bonei Olam, Inc., as of December 31, 2012 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.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**BERNATH & ROSENBERG, P.C.**  
Certified Public Accountants

November 11, 2013  
New York, NY

**BONEI OLAM INC.**  
**(A NONPROFIT CORPORATION)**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2012**

**ASSETS**

**Current Assets:**

Cash	\$859,407
Certificate of Deposit	408
Deposits	72,196
Prepaid Expenses	7,822
Supplies	48,490
Total Current Assets	<u>988,323</u>
Property, Plant and Equipment (Net of Accumulated Depreciation of \$113,113)	47,365
<b>TOTAL ASSETS</b>	<b><u><u>\$1,035,688</u></u></b>

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts Payable	\$508,027
Accrued Expenses	211,729
Insurance Payable	7,167
Grants Payable	676,457
Total Current Liabilities	<u>1,403,380</u>
<b>Net Assets:</b>	
Unrestricted	<u>(367,692)</u>
Total Net Assets	<u>(367,692)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$1,035,688</u></u></b>

*See Independent Auditors' Report and Notes to the Financial Statement.*

**BONEI OLAM INC.**  
**(A NONPROFIT CORPORATION)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Revenue and Support:**

Direct Public Support	\$2,702,009
Special Events Revenue	4,704,649
Direct Benefits to Participants of Special Events	(432,409)
Donated Services	1,159,042
Unrelated Business Income	6,924
Interest Income	1,420

Total Revenue and Support	8,141,635
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Total Revenue and Support	8,141,635
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**Expenses:**

Program Services	7,851,904
Fundraising	206,870
Management and General	1,114,379
Total Expenses	9,173,153

Change in Unrestricted Net Assets	(1,031,518)
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Net Assets – Beginning of Year	663,826
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Net Assets – End of Year	\$(367,692)
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*See Independent Auditors' Report and Notes to the Financial Statement.*

**BONEI OLAM INC.**  
**(A NONPROFIT CORPORATION)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Cash Flows from Operating Activities:**

Change in Net Assets	\$(1,031,518)
Adjustments to Reconcile Change in Net Assets to Cash Used In Operating Activities:	

Depreciation	20,675
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**Change in Assets and Liabilities:**

Deposits	(67,832)
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Prepaid Expenses	23
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Inventory	12,744
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Grants Payable	275,089
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Accounts Payable	423,910
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Accrued Expenses	180,147
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Insurance Payable	7,167
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Total Adjustments	851,923
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Net Cash Used In Operating Activities	(179,595)
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Net Decrease in Cash	(179,595)
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Cash – Beginning	1,039,002
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Cash – Ending	\$859,407
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*See Independent Auditors' Report and Notes to the Financial Statement.*

**BONEI OLAM INC.**  
**(A NONPROFIT CORPORATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 1 – FORMATION AND DESCRIPTION OF BUSINESS**

BONEI OLAM INC., a nonprofit organization, was incorporated in 1999. It is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Code. The Organization's primary purpose is to provide financial assistance to infertile couples to obtain treatment and necessary medication.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Accounting**

The books and records of the Organization are maintained on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

**Financial Statement Presentation**

The Organization reports 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.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. For the year ended December 31, 2012 there were no permanently or temporarily restricted net assets.

**Use of Estimates**

The preparation of financial statements with GAAP requires management to use judgment in the application of accounting policies including making estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during a reporting period. The most significant assumptions and estimates relate to, depreciable lives and revenue recognition. Application of these assumptions requires the exercise of judgment as to future uncertainties and, as a result, actual results could differ from these estimates.

*See Independent Auditors' Report.*

**BONEI OLAM INC.**  
**(A NONPROFIT CORPORATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash**

Cash consists of demand deposit accounts held at major financial institutions and may at times exceed the insurable amount. Management believes it mitigates its risk by investing in a major financial institution and in funds that are currently U.S. federal government insured. Recoverability of investments is dependent upon the performance of the issuer.

**Cash Equivalents**

For purposes of the statement of cash flows the Company considers all short term securities purchased with a maturity of three months or less to be cash equivalents.

**Income Taxes**

The Organization is exempt from income taxes under Section 501(c)(3) for the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization is subject to tax on unrelated business income in accordance with section 501(b) of the IRS.

**Tax Uncertainties**

The Organization's policy is to record interest expense and penalties in operating expenses. For the year ended December 31, 2012, there was no interest and penalties expense recorded and no accrued interest and penalties.

The Organization is no longer subject to U.S. federal and State income tax examinations by tax authorities for years before 2009.

**Advertising**

The Organization's policy is advertising costs are expensed as incurred. For the year ended December 31, 2012 advertising expense was \$120,621.

*See Independent Auditors' Report.*

**BONEI OLAM INC.**  
**(A NONPROFIT CORPORATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Special Events**

The Organization's special events revenues consist of sales of raffle tickets and Dinner journal revenue.

**Donated Services**

The Organization receives various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

The Organization received contributed medical services during the year ended December 31, 2012, with an estimated fair market value on the dates of donation of \$1,159,042.

**Functional Allocation of Expenses**

The costs of providing the Organization's programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefitted.

**Revenue Recognition**

The Organization recognizes contribution income upon receipt and not based on pledges to contribute, unless a donor has a contractual obligation. At December 31, 2012 there were no contractual pledges receivable.

**Unrelated Business Income**

Unrelated Business Income consists of sales of high end baby products of which net proceeds go to the Organization.

Total Sales	\$24,426
Cost of Goods Sold	<u>(17,502)</u>
Unrelated Business Income	<u>\$ 6,924</u>

*See Independent Auditors' Report.*

**BONEI OLAM INC.**  
**(A NONPROFIT CORPORATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**NOTE 3 – PROPERTY AND EQUIPMENT**

At December 31, 2012, property and equipment consisted of the following at cost:

Leasehold Improvements	\$11,746
Computer Equipments	78,639
Telephone System	44,560
Office Furniture	20,918
Automobile – Van	4,615
Total Property and Equipment	<u>160,478</u>
Less Accumulated Depreciation	<u>113,113</u>
Net Property and Equipment	<u><u>\$47,365</u></u>

Depreciation on assets placed into service prior to 2006 was computed for both financial reporting purposes and federal income tax purposes using the modified accelerated cost recovery method. This departure from a generally accepted depreciation method has been determined to have no material effect on the financial statements. For assets placed into service after January 2006, depreciation is computed as follows:

Leasehold Improvements	life of lease
Computer Equipment -	7 years
Telephone System -	7 years
Office Furniture -	7 years
Auto - Van -	5 years

Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations and replacements, which improve and extend the life of the assets are capitalized.

**NOTE 4 – COMMITMENTS AND CONTINGENCIES**

The Organization leases office space on a month to month basis. Rent expense for the year ended December 31, 2012, was \$66,091.

**NOTE 5 – SUBSEQUENT EVENTS**

The Company has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statement through November 11, 2013 the date which the financial statements were issued.

*See Independent Auditors' Report.*

**BONEI OLAM INC.**  
**(A NONPROFIT CORPORATION)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Functional Expenses	Program Services	Supporting Services		Total
		<u>Management and General</u>	<u>Fundraising</u>	
Advertising	\$48,249	\$ -	\$72,372	\$120,621
Automobile Expenses	16,633	-	16,633	33,266
Bank Charges & Credit Card Fees	-	-	63,987	63,987
Computer Expenses	12,606	6,302	6,303	25,211
Promotions	-	-	108,370	108,370
Special Events Overhead	206,146	-	309,219	515,365
Payments for Medical Insurance	294,665	-	-	294,665
Payments to Doctors & Hospitals	6,325,536	-	-	6,325,536
Utilities	5,259	2,630	2,629	10,518
Salaries and Commissions	466,287	58,286	58,286	582,859
Payroll Taxes	32,928	4,116	4,116	41,160
Insurance	27,663	3,457	3,458	34,578
Professional Fees	-	19,384	-	19,384
Office	51,821	51,821	-	103,642
Telephone	24,381	17,067	7,314	48,762
Postage and Shipping	61,080	-	91,618	152,698
Rent	33,046	23,132	9,913	66,091
Printing and Publication	240,108	-	360,161	600,269
Travel	5,496	-	-	5,496
Depreciation	-	20,675	-	20,675
<b>TOTAL</b>	<b>\$7,851,904</b>	<b>\$206,869</b>	<b>\$1,114,379</b>	<b>\$9,173,153</b>

*See Independent Auditors' Report and Notes to the Financial Statement.*