

**BONEI OLAM INC.
(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2013**



Bernath & Rosenberg, P.C.

Certified Public Accountants & Wealth Managers

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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, 2013, 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.

Auditors' 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 auditors' 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, 2013 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 12, 2014
New York, NY

BONEI OLAM INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS

Current Assets:

Cash	\$ 1,693,359
Certificate of Deposit	408
Deposits	55,612
Prepaid Expenses	7,795
Supplies	<u>51,250</u>
Total Current Assets	1,808,424
Property, Plant and Equipment (Net of Accumulated Depreciation of \$133,319)	<u>27,159</u>

TOTAL ASSETS

\$ 1,835,583

LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities:

Accounts Payable	\$ 492,577
Accrued Expenses	22,050
Grants Payable	<u>646,820</u>
Total Current Liabilities	1,161,447

Net Assets:

Unrestricted	<u>674,136</u>
Total Net Assets	<u>674,136</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 1,835,583

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

BONEI OLAM INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Revenue and Support:	
Direct Public Support	\$ 3,541,504
Special Events Revenue	5,425,746
Direct Benefits to Participants of Special Events	(503,783)
Donated Services	1,407,070
Unrelated Business Income	8,226
Interest Income	1,447
Total Revenue and Support	<u>9,880,210</u>
Total Revenue and Support	9,880,210
Expenses:	
Program Services	7,339,256
Fundraising	219,495
Management and General	1,279,631
Total Expenses	<u>8,838,382</u>
Change in Unrestricted Net Assets	1,041,828
Net Assets – Beginning of Year	<u>(367,692)</u>
Net Assets – End of Year	<u><u>\$ 674,136</u></u>

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

BONEI OLAM INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash Flows from Operating Activities:	
Change in Net Assets	\$ 1,041,828
Adjustments to Reconcile Change in Net Assets to Cash Provided By Operating Activities:	
Depreciation	20,206
Change in Assets and Liabilities:	
Deposits	16,584
Prepaid Expenses	27
Supplies	(2,760)
Accounts Payable	(15,450)
Accrued Expenses	(189,679)
Insurance Payable	(7,167)
Grants Payable	(29,637)
Total Adjustments	<u>(207,876)</u>
Net Cash Provided By Operating Activities	<u>833,952</u>
Net Increase in Cash	833,952
Cash – Beginning	859,407
Cash – Ending	<u><u>\$ 1,693,359</u></u>

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

**BONEI OLAM INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 – FORMATION AND DESCRIPTION OF BUSINESS

BONEI OLAM INC., a nonprofit organization, was incorporated in 1999 in the state of New York. 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.

Unrestricted net assets represent revenues and expenses to the operations and management of the Organization's primary programs and supporting services. If funds are raised and set aside by the board for future use, these are considered unrestricted. Temporarily restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as unrestricted.

Temporarily restricted net assets represent resources available for use, but expendable only for the purposes specifically stated by the donor. As of December 31, 2013, there were no temporarily restricted net assets.

Permanently restricted net assets are assets subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally, the donor of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes. As of December 31, 2013, the organization had no permanently restricted net assets.

See Independent Auditors' Report.

BONEI OLAM INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Promises to Give

Unconditional promises to give are recognized in the period received both as revenues or gains and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

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.

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 investments purchased with a maturity of three months or less when purchased to be cash equivalents.

See Independent Auditors' Report.

BONEI OLAM INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2013, 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 2010.

Advertising

The Organization's policy is advertising costs are expensed as incurred. For the year ended December 31, 2013 advertising expense was \$184,098.

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, 2013, with an estimated fair market value on the dates of donation of \$1,407,070.

See Independent Auditors' Report.

BONEI OLAM INC.
(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2013, there was 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	\$20,457
Cost of Goods Sold	<u>(12,231)</u>
Unrelated Business Income	<u>\$ 8,226</u>

NOTE 3 – PROPERTY AND EQUIPMENT

At December 31, 2013, 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	<u>4,615</u>
Total Property and Equipment	160,478
Less Accumulated Depreciation	<u>133,319</u>
Net Property and Equipment	<u><u>\$27,159</u></u>

See Independent Auditors' Report.

BONEI OLAM INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3 – PROPERTY AND EQUIPMENT (continued)

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.

For the year ended December 31, 2013, depreciation expense was \$20,206.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The Organization leases office space on a month to month basis. For the year ended December 31, 2013, rent expense was \$54,762.

NOTE 5 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statement through November 12, 2014 the date which the financial statements were available to be issued.

See Independent Auditors' Report.

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SUPPLEMENTARY INFORMATION

BONEI OLAM INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Functional Expenses</u>	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fund Raising</u>	
Advertising	\$ 73,640	\$ -	\$ 110,458	\$ 184,098
Automobile Expenses	18,002	-	18,002	36,004
Bank Charges & Credit Card Fees	-	-	82,961	82,961
Computer Expenses	3,222	1,610	1,611	6,443
Promotions	-	-	97,391	97,391
Special Events Overhead	253,212	-	379,816	633,028
Payments for Medical Insurance	298,467	-	-	298,467
Payments to Doctors & Hospitals	5,655,051	-	-	5,655,051
Utilities	5,321	2,661	2,660	10,642
Salaries and Commissions	533,755	66,719	66,719	667,193
Payroll Taxes	36,723	4,590	4,590	45,903
Insurance	16,977	2,122	2,122	21,221
Professional Fees	-	24,419	-	24,419
Office	62,542	62,540	-	125,082
Telephone	22,089	15,461	6,626	44,176
Postage and Shipping	94,411	-	141,616	236,027
Rent	27,381	19,167	8,214	54,762
Printing and Publication	237,898	-	356,845	594,743
Travel	565	-	-	565
Depreciation	-	20,206	-	20,206
Total Functional Expenses	\$ 7,339,256	\$ 219,495	\$ 1,279,631	\$ 8,838,382