

# OHR TORAH STONE INSTITUTIONS OF ISRAEL, INC.

---

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2021 AND DECEMBER 31, 2020

## Table of Contents

|   |    |
|---|----|
| Independent Auditor’s Report.....   | 3  |
| Statements of Financial Position .....                                    | 4  |
| Statement of Activities and Net Assets .....                              | 5  |
| Statements of Cash Flows .....  | 7  |
| Statement of Functional Expenses .....                                    | 8  |
| Notes to the Financial Statements .....                                   | 10 |
| Note 1 – Nature of Organization and Significant Accounting Policies ..... | 10 |
| Note 2 – Net Assets with Donor Restrictions .....                         | 12 |
| Note 3- Lease Commitments.....  | 12 |
| Note 4 – Arbitration Settlement.....                                      | 13 |
| Note 5 – Paycheck Protection Program.....                                 | 13 |
| Note 6 -Endowment and Spending Policies.....                              | 13 |
| Note 7 – Availability and Liquidity .....                                 | 14 |
| Note 8 – Concentration of Credit Risk.....                                | 15 |
| Note 9 - Subsequent Event.....  | 15 |

To the Board of Trustees  
Ohr Torah Stone Institutions of Israel, Inc.  
49 West 45th Street, Suite 701  
New York, NY 10036

I have audited the accompanying financial statements of Ohr Torah Stone Institutions of Israel, Inc. which comprise the statements of financial position as of December 31, 2021 and 2020 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's Responsibility for 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.

### **Auditor's Responsibility**

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 judgement, 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.

### **Opinion**

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of Ohr Torah Stone Institutions of Israel, Inc. as of December 31, 2021 and 2020 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  
June 27 2022

**Ohr Torah Stone of Israel, Inc.**  
**Statements of Financial Position**  
**As of December 31, 2021 and 2020**

|   | 2021                       | 2020                       |
|---|----------------------------|----------------------------|
| Assets                                  |                            |                            |
| Cash and Cash Equivalents               | \$ 2,614,859               | \$ 1,302,997               |
| <b>Total Current Assets</b>             | <b>2,614,859</b>           | <b>1,302,997</b>           |
| Fixed Assets - Net                      | 46,000                     | 46,000                     |
| Investments, Fair Market Value          | 872,825                    | 995,447                    |
| Other Assets                            | 19,919                     | 19,946                     |
| <b>TOTAL ASSETS</b>                     | <b><u>\$ 3,553,604</u></b> | <b><u>\$ 2,364,390</u></b> |
| CURRENT LIABILITIES                     |                            |                            |
| Accounts Payable                        | 20,988                     | 14,444                     |
| Current Portion of Long Term Debt       | 4,834                      | 196,488                    |
| Accrued Liabilities                     | 511,014                    | 490,598                    |
| <b>Total Current Liabilities</b>        | <b>536,836</b>             | <b>701,530</b>             |
| Non-Current Portion of Long term Debt   | 128,965                    | 3,689                      |
| <b>TOTAL LIABILITIES</b>                | <b>665,801</b>             | <b>705,219</b>             |
| Net Assets                              |                            |                            |
| Without Donor Restrictions              | 2,329,606                  | 1,014,037                  |
| With Donor Restrictions                 | 558,197                    | 645,134                    |
| <b>TOTAL NET ASSETS</b>                 | <b>2,887,803</b>           | <b>1,659,171</b>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b><u>\$ 3,553,604</u></b> | <b><u>\$ 2,364,390</u></b> |

**Ohr Torah Stone of Israel, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---|-------------------------------|----------------------------|---------------------|
| Contributions   | 6,763,972                     | 10,000                     | 6,773,972           |
| Dinner Income   | 169,148                       | -                          | 169,148             |
| Grants For Others   | 550,000                       | -                          | 550,000             |
| Program Revenue   | 5,176                         | -                          | 5,176               |
| Other Income - Operating                                    | 52                            | -                          | 52                  |
| <b>Total Revenue</b>  | <b>7,488,348</b>              | <b>10,000</b>              | <b>7,498,348</b>    |
| <br>  |                               |                            |                     |
| Payroll Expenses  | 654,930                       | -                          | 654,930             |
| Employee Benefits   | 61,431                        | -                          | 61,431              |
| Office Expense  | 37,266                        | -                          | 37,266              |
| Occupancy Expense   | 48,263                        | -                          | 48,263              |
| Telephone Expense   | 20,110                        | -                          | 20,110              |
| Postage and Printing Expense                                | 3,383                         | -                          | 3,383               |
| Insurance Expense   | 4,867                         | -                          | 4,867               |
| Travel Expense  | 131,209                       | -                          | 131,209             |
| Administrative Expenses                                     | 103                           | -                          | 103                 |
| Legal and Accounting Services                               | 15,000                        | -                          | 15,000              |
| Bank and Processing Fees                                    | 40,156                        | -                          | 40,156              |
| Fundraising Expense   | 150,389                       | -                          | 150,389             |
| Dinner Expenses   | 52,211                        | -                          | 52,211              |
| Outside Services  | 208,151                       | -                          | 208,151             |
| Program Expenses  | 170,343                       | -                          | 170,343             |
| Grants to Others  | 590,000                       | -                          | 590,000             |
| Grants to Israel  | 4,120,000                     | -                          | 4,120,000           |
| <b>Total Expenses</b>                                       | <b>6,307,812</b>              | <b>-</b>                   | <b>6,307,812</b>    |
| <br>  |                               |                            |                     |
| Released From Restrictions                                  | 106,937                       | (106,937)                  | -                   |
| <b>Change in net Assets From Operating Activities</b>       | <b>1,287,473</b>              | <b>(96,937)</b>            | <b>1,190,536</b>    |
| <br>  |                               |                            |                     |
| Non operating Activities                                    |                               |                            |                     |
| Contributions   | -                             | 10,000                     | 10,000              |
| Investment Income   | 28,096                        | -                          | 28,096              |
| <b>Change in Net Assets From Non - Operating Activities</b> | <b>28,096</b>                 | <b>10,000</b>              | <b>38,096</b>       |
| <br>  |                               |                            |                     |
| <b>Change in Net Assets</b>                                 | <b>1,315,569</b>              | <b>(86,937)</b>            | <b>1,228,632</b>    |
| <br>  |                               |                            |                     |
| Net Assets, Beginning of the Year                           | 1,014,037                     | 645,134                    | 1,659,171           |
| <b>Net Assets, End of the Year</b>                          | <b>\$ 2,329,606</b>           | <b>\$ 558,197</b>          | <b>\$ 2,887,803</b> |

**Ohr Torah Stone of Israel, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2020**

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---|-------------------------------|----------------------------|---------------------|
| Contributions   | 5,761,379                     | 25,369                     | 5,786,747           |
| Dinner Income   | 84,097                        | -                          | 84,097              |
| Grants For Others   | 313,000                       | -                          | 313,000             |
| Government Grants   | 68,712                        | -                          | 68,712              |
| Other Income - Operating                                    | 221                           | -                          | 221                 |
| <b>Total Revenue</b>  | <b>6,227,408</b>              | <b>25,369</b>              | <b>6,252,777</b>    |
| <br>  |                               |                            |                     |
| Payroll Expenses  | 629,642                       | -                          | 629,642             |
| Employee Benefits   | 88,744                        | -                          | 88,744              |
| Office Expense  | 36,677                        | -                          | 36,677              |
| Occupancy Expense   | 53,621                        | -                          | 53,621              |
| Telephone Expense   | 17,012                        | -                          | 17,012              |
| Postage and Printing Expense                                | 3,916                         | -                          | 3,916               |
| Insurance Expense   | 4,524                         | -                          | 4,524               |
| Travel Expense  | 59,367                        | -                          | 59,367              |
| Administrative Expenses                                     | 165                           | -                          | 165                 |
| Interest Expense  | 18                            | -                          | 18                  |
| Legal and Accounting Services                               | 40,974                        | -                          | 40,974              |
| Bank and Processing Fees                                    | 42,270                        | -                          | 42,270              |
| Fundraising Expense   | 93,968                        | -                          | 93,968              |
| Dinner Expenses   | 82,509                        | -                          | 82,509              |
| Outside Services  | 221,224                       | -                          | 221,224             |
| Program Expenses  | 118,555                       | -                          | 118,555             |
| Grants to Others  | 470,428                       | -                          | 470,428             |
| Grants to Israel  | 3,485,000                     | -                          | 3,485,000           |
| <b>Total Expenses</b>                                       | <b>5,448,614</b>              | <b>-</b>                   | <b>5,448,614</b>    |
| <br>  |                               |                            |                     |
| Released from Restrictions                                  | (112,115)                     | 112,115                    | -                   |
| <b>Change in net Assets From Operating Activities</b>       | <b>890,910</b>                | <b>(86,746)</b>            | <b>804,163</b>      |
| <br>  |                               |                            |                     |
| Non operating Activities                                    |                               |                            |                     |
| Contributions   | -                             | 10,000                     | 10,000              |
| Investment Income   | 29,418                        | -                          | 29,418              |
| Shaykin Expense   | (10,189)                      | -                          | (10,189)            |
| <b>Change in Net Assets From Non - Operating Activities</b> | <b>19,229</b>                 | <b>10,000</b>              | <b>29,229</b>       |
| <br>  |                               |                            |                     |
| <b>Change in Net Assets</b>                                 | <b>910,138</b>                | <b>(76,746)</b>            | <b>833,392</b>      |
| <br>  |                               |                            |                     |
| Net Assets, Beginning of the Year                           | 103,899                       | 721,880                    | 825,779             |
| <b>Net Assets, End of the Year</b>                          | <b>\$ 1,014,037</b>           | <b>\$ 645,134</b>          | <b>\$ 1,659,171</b> |

**Ohr Torah Stone of Israel, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

|  | <u>2021</u>                | <u>2020</u>                |
|--|----------------------------|----------------------------|
| Cash flows from operating activities   |                            |                            |
| Change in net assets   | 1,228,632                  | 833,392                    |
| Adjustments to reconcile change in net assets<br>to cash provided (used) by operating activities |                            |                            |
| (Increase) decrease in:  |                            |                            |
| Other Assets   | 27                         | (201)                      |
| Increase (decrease) in:  |                            |                            |
| Accounts Payable   | 6,544                      | (64,589)                   |
| Accrued Liabilities  | 20,416                     | (170,103)                  |
| <b>Net cash provided by operating activities</b>   | <u>1,255,619</u>           | <u>598,498</u>             |
| Cash flows from investing activities   |                            |                            |
| Decrease (increase) in   |                            | -                          |
| Investments, Fair Market Value   | 122,622                    | 128,589                    |
| <b>Net cash provided (used) by investing activities</b>  | <u>122,622</u>             | <u>128,589</u>             |
| Cash Flows From Financing Activities   |                            |                            |
| Current Portion of Long Term Debt  | (191,654)                  | (49,811)                   |
| Non-Current Portion of Long Term Debt  | 125,276                    | 20,177                     |
| <b>Net cash provided (used) by financing activities</b>  | <u>(66,378)</u>            | <u>(29,634)</u>            |
| <b>Change in cash and cash equivalents</b>   | <b>1,311,862</b>           | <b>697,454</b>             |
| Cash and cash equivalents - beginning of the year  | <u>1,302,996</u>           | <u>605,543</u>             |
| <b>Cash and cash equivalents - end of year</b>   | <u><u>\$ 2,614,859</u></u> | <u><u>\$ 1,302,996</u></u> |

**Ohr Torah Stone of Israel, Inc.**  
**Statement of Functional Expense**  
**For the Year Ended December 31, 2021**

|                               | Supporting Activities |                                 |                      |                     | Total Expenses      |
|-------------------------------|-----------------------|---------------------------------|----------------------|---------------------|---------------------|
|                               | Programming Expenses  | Management and General Expenses | Fundraising Expenses | Supporting Subtotal |                     |
| Administrative Expenses       | -                     | 103                             | -                    | 103                 | 103                 |
| Bank and Processing Fees      | -                     | 40,156                          | -                    | 40,156              | 40,156              |
| Dinner Expenses               | -                     | -                               | 52,211               | 52,211              | 52,211              |
| Employee Benefits             | -                     | 28,645                          | 32,786               | 61,431              | 61,431              |
| Fundraising Expense           | -                     | -                               | 150,389              | 150,389             | 150,389             |
| Grants to Israel              | 4,120,000             | -                               | -                    | -                   | 4,120,000           |
| Grants to Others              | 590,000               | -                               | -                    | -                   | 590,000             |
| Insurance Expense             | -                     | 4,867                           | -                    | 4,867               | 4,867               |
| Legal and Accounting Services | -                     | 15,000                          | -                    | 15,000              | 15,000              |
| Occupancy Expense             | -                     | 48,263                          | -                    | 48,263              | 48,263              |
| Office Expense                | -                     | 37,266                          | -                    | 37,266              | 37,266              |
| Outside Services              | -                     | -                               | 208,151              | 208,151             | 208,151             |
| Payroll Expenses              | 132,553               | 330,026                         | 192,350              | 522,376             | 654,930             |
| Postage and Printing Expense  | -                     | 3,383                           | -                    | 3,383               | 3,383               |
| Program Expenses              | 170,343               | -                               | -                    | -                   | 170,343             |
| Telephone Expense             | -                     | 5,159                           | 14,951               | 20,110              | 20,110              |
| Travel Expense                | -                     | 374                             | 130,835              | 131,209             | 131,209             |
| <b>Total Expenses</b>         | <b>\$ 5,012,896</b>   | <b>\$ 513,242</b>               | <b>\$ 781,674</b>    | <b>\$ 1,294,916</b> | <b>\$ 6,307,812</b> |



**Ohr Torah Stone of Israel, Inc.**  
**Statement of Functional Expense**  
**For the Year Ended December 31, 2020**

|                               | Supporting Activities |                                 |                      | Total Expenses      |                     |
|-------------------------------|-----------------------|---------------------------------|----------------------|---------------------|---------------------|
|                               | Programming Expenses  | Management and General Expenses | Fundraising Expenses |                     | Supporting Subtotal |
| Administrative Expenses       | -                     | 165                             | -                    | 165                 | 165                 |
| Bank and Processing Fees      | -                     | 42,270                          | -                    | 42,270              | 42,270              |
| Dinner Expenses               | -                     | -                               | 82,509               | 82,509              | 82,509              |
| Employee Benefits             | -                     | 47,924                          | 40,820               | 88,744              | 88,744              |
| Fundraising Expense           | -                     | -                               | 93,968               | 93,968              | 93,968              |
| Grants to Israel              | 3,485,000             | -                               | -                    | -                   | 3,485,000           |
| Grants to Others              | 470,428               | -                               | -                    | -                   | 470,428             |
| Insurance Expense             | -                     | 4,524                           | -                    | 4,524               | 4,524               |
| Interest Expense              | -                     | 18                              | -                    | 18                  | 18                  |
| Legal and Accounting Services | -                     | 40,974                          | -                    | 40,974              | 40,974              |
| Occupancy Expense             | -                     | 53,621                          | -                    | 53,621              | 53,621              |
| Office Expense                | -                     | 36,677                          | -                    | 36,677              | 36,677              |
| Outside Services              | -                     | -                               | 221,224              | 221,224             | 221,224             |
| Payroll Expenses              | 137,288               | 318,050                         | 174,304              | 492,354             | 629,642             |
| Postage and Printing Expense  | -                     | 3,916                           | -                    | 3,916               | 3,916               |
| Program Expenses              | 118,555               | -                               | -                    | -                   | 118,555             |
| Shaykin Expense               | 10,189                | -                               | -                    | -                   | 10,189              |
| Telephone Expense             | -                     | 6,504                           | 10,508               | 17,012              | 17,012              |
| Travel Expense                | -                     | -                               | 59,367               | 59,367              | 59,367              |
| <b>Total Expenses</b>         | <b>\$ 4,221,460</b>   | <b>\$ 554,642</b>               | <b>\$ 682,701</b>    | <b>\$ 1,237,343</b> | <b>\$ 5,458,803</b> |

# Ohr Torah Stone Institutions of Israel Inc.

## Notes to the Financial Statements

### **Note 1 – Nature of Organization and Significant Accounting Policies**

Ohr Torah Stone Institutions of Israel, Inc (“Organization”) is a Not-For-Profit organization. Its primary purpose is to develop, construct and maintain Jewish Seminaries. Substantially all of Ohr Torah’s support and revenue is derived from contributions received from the general public.

### **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 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, whereby 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.

#### **Investments:**

Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is

presented in the statement of activities in accordance with donor restrictions as investment Income.

### **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.

### **Functional Allocation of Expenses**

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

### **Income Taxes**

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Organization is subject to income tax examinations for tax years ending 2020, 2019, and 2018, generally three years after they were filed.

### **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.

### **Property and Equipment**

All purchased equipment is recorded at cost and depreciated over their estimated useful lives using the straight-line method. Major improvements, which extend or improve the lives of existing property and

equipment, are capitalized if the cost is greater than \$1,000. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in the change of net assets. Repairs and maintenance charges, which do not improve or increase the useful lives of the assets, are included in the change of net assets.

### Reclassification

Certain accounts relating to the prior year may have been reclassified to conform to the current year presentation with no effect on the previously reported changes in net assets.

### **Note2 – Net Assets with Donor Restrictions**

Net assets with donor restrictions consist for the following purposes as of 2021 and 2020 were,

| <b>Subject to expenditure for specified purpose:</b>   | <b>2021</b>      | <b>2020</b>      |
|--|------------------|------------------|
| Operating Activities                                   |                  |                  |
| Yael Penkower Scholarship Fund                         | \$0              | \$3,000          |
| Tova Rhein Scholarship Fund                            | \$0              | \$93,937         |
|  | <u>\$0</u>       | <u>\$96,937</u>  |
| <br><b>Not subject to appropriation or expenditure</b> |                  |                  |
| Maria Finkle Bequest                                   | \$163,197        | \$163,197        |
| Kellerman Fund   | \$275,000        | \$275,000        |
| Lebwohl Fund   | \$120,000        | \$110,000        |
|  | <u>\$558,197</u> | <u>\$548,197</u> |
| <br>Total net assets with donor restrictions           | <u>\$558,197</u> | <u>\$645,134</u> |

Releases from donor restricted net assets for the year ended December 31,2021 and 2020 are as follows;

| <b>Subject to expenditure for specified purpose:</b> |  |                  |                  |
|--|--|------------------|------------------|
|  | Operating Activities                               |                  |                  |
|  | Yael Penkower scholarship Fund                     | \$3,000          | \$24,000         |
|  | Ohel Sarah   | \$0              | 88,115           |
|  | Tova Rhein Scholarship                             | \$103,937        |                  |
|  | <b>Total net assets released from restrictions</b> | <b>\$106,937</b> | <b>\$112.115</b> |

### **Note 3- Lease Commitments**

Ohr Torah occupies office space at 49 West 45th Street, New York, New York (7th Floor). Its sublease agreement with Council of Senior Centers and Services of New York City, Inc. commenced on May 2, 2005, and was renewed on April 30, 2015 through April 30, 2025. Annual rent is \$49,644 plus CAM and Utilities costs. In 2015 The security deposit was increased from \$6,111 to \$16,549  
Occupancy expense for 2021 and 2020 totaled \$48,263,621 and \$53,621 respectively.

#### Note 4 – Arbitration Settlement

Mr Leonard Shaykin claimed that when he made a contribution to name the women's programs of Ohr Torah Stone, he had intended that the main campus for women would be in Gush Etzion. When the Intifada began, Ohr Torah Stone decided to place the Overseas Program for Women in Jerusalem, as students and their parents would not consider a school in Gush Etzion. As a result, the main campus for post high school studies for women is now located in Jerusalem. Consequently, Mr Shaykin and Ohr Torah Stone agreed to arbitration. The arbitrator rendered a decision which has been accepted by both Mr Shaykin and Ohr Torah Stone.

The amount due to the Shaykin Foundation is;

|                         |                   |                   |
|-------------------------|-------------------|-------------------|
|                         | <u>12/31/2021</u> | <u>12/31/2020</u> |
| Due in one year or less | \$0               | \$180,000         |

#### Note 5 – Paycheck Protection Program

Ohr Torah received In April a Paycheck protection Program loan of \$90,150 at a rate of 1% per annum. \$68,712 was forgiven with the balance of \$21,438 payable over 17 months beginning December 2020. Total future payments are;

|      |          |
|------|----------|
| 2021 | \$16,488 |
| 2022 | 3,689    |

#### Note 6 -Endowment and Spending Policies

Ohr Torah has adopted investment and spending policies for endowment assets that emphasize preservation of capital as the primary objective with a secondary objective being conservative growth. The policy is designed to preserve the real value of the investment reserves over time while providing a modest level of income for current operating needs. Funds are not intended to be used for campaign shortfalls and the spending policy is not mandatory. Endowment assets include those assets of donor-restricted funds that Ohr Torah must hold in perpetuity as well as board designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. It is recognized that short-term market fluctuations may cause variations in account performance.

To satisfy its long-term objectives, Ohr Torah relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Ohr Torah is subject to the New York State Prudent Management of institutional Funds Act (NYSPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Trustees has interpreted NYSPMIFA as not requiring the maintenance of purchasing power of the original gift

amount contributed to the endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, Ohr Torah considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Ohr Torah has interpreted NYSPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with NYSPMIFA, Ohr Torah considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of Ohr Torah and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation or deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of Ohr Torah
- (7) The investment policies of Ohr Torah.

As of December 31, 2021 and 2020, the endowment fund is comprised of:

|                           | 12/31/2021       | 12/31/2020       |
|---------------------------|------------------|------------------|
| Investments, book value   | \$445,178        | \$456,119        |
| Cash and Cash Equivalents | <u>166,694</u>   | <u>167,862</u>   |
| Total                     | <u>\$611,872</u> | <u>\$623,981</u> |

Changes in Endowment Net Assets for the Year Ended December 31, 2020

|               |                 |                 |
|---------------|-----------------|-----------------|
| Contributions | <u>\$10,000</u> | <u>\$10,000</u> |
|---------------|-----------------|-----------------|

#### Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYSPMIFA requires Ohr Torah to retain as a fund of perpetual duration.

#### Note 7 – Availability and Liquidity

Ohr Torah's financial assets as of December 31, 2021 and 2020 were \$2,614,859 and \$1,302,997, respectively, and they are available to meet general expenditures over the next twelve months. Ohr Torah's goal is generally to maintain at least sufficient financial assets to meet 60 days of operating expenses.

**Note 8 – Concentration of Credit Risk**

Ohr Torah maintains its cash balance at local financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to various limits depending on whether the account is interest bearing or not.

The Organization's uninsured cash balance total was \$2,364,859 and \$1,052,997 as of December 31, 2021 and 2020, respectively. If the financial institutions were not to honor their contractual liability, Ohr Torah could incur losses. It is management's opinion that there is low risk because of the financial strength of the institutions involved.

**Note 9 - Subsequent Event**

In preparing these financial statements, Ohr Torah has evaluated events and transactions for potential recognition or disclosure through June 27, 2021, the date the financial statements were available to be issued.