HAZON, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010
HAZON, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Hazon, Inc.
New York, New York

We have audited the accompanying statement of financial position of Hazon, Inc. (a nonprofit organization) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hazon, Inc. as of December 31, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

BILLET, FEIT & PREIS, P.C.

May 20, 2011

Certified Public Accountants
HAZON, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS

Current Assets
Cash and cash equivalents $ 667,191
Pledges receivable 101,650
Accounts receivable 99,228
Investment 25,000
Prepaid expenses 23,374
Total Current Assets 916,443

Property and equipment, net of accumulated depreciation 53,302

Security deposits 10,017

TOTAL ASSETS $ 979,762

LIABILITIES AND NET ASSETS

Current Liabilities
Accounts payable $ 39,310
Accrued expenses 155,434
Due to fiscal sponsored projects 797
Grants payable 39,900
Member deposits 5,100
Total Current Liabilities 240,541

Net Assets
Unrestricted 234,950
Temporarily restricted
Makom Hadash 187,039
Fiscal sponsorships 99,127
Hazon core operations 218,105
Total Net Assets 504,271

TOTAL LIABILITIES AND NET ASSETS $ 979,762

See accompanying notes to financial statements.
# HAZON, INC.

## STATEMENT OF ACTIVITIES

**YEAR ENDED DECEMBER 31, 2010**

### Revenues and Other Support

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outdoor adventure – direct revenues</td>
<td>$636,575</td>
<td>$</td>
<td>$636,575</td>
</tr>
<tr>
<td>Outdoor adventure – grants and direct support</td>
<td>57,300</td>
<td>45,000</td>
<td>102,300</td>
</tr>
<tr>
<td>Outdoor adventure – released from restrictions</td>
<td>65,250</td>
<td>(65,250)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>759,125</td>
<td>(20,250)</td>
<td>738,875</td>
</tr>
<tr>
<td>Food programs – direct revenues</td>
<td>150,185</td>
<td>-</td>
<td>150,185</td>
</tr>
<tr>
<td>Food programs – grants and direct support</td>
<td>287,836</td>
<td>41,400</td>
<td>329,236</td>
</tr>
<tr>
<td></td>
<td>438,021</td>
<td>41,400</td>
<td>479,421</td>
</tr>
<tr>
<td>Other programs – direct revenues</td>
<td>5,841</td>
<td>-</td>
<td>5,841</td>
</tr>
<tr>
<td>Other programs – grants and direct support</td>
<td>215,117</td>
<td>73,705</td>
<td>288,822</td>
</tr>
<tr>
<td></td>
<td>220,958</td>
<td>73,705</td>
<td>294,663</td>
</tr>
<tr>
<td>Makom Hadash</td>
<td>230,772</td>
<td>187,039</td>
<td>417,811</td>
</tr>
<tr>
<td><strong>Total Program Revenue</strong></td>
<td>1,648,876</td>
<td>281,894</td>
<td>1,930,770</td>
</tr>
<tr>
<td>General support – current year</td>
<td>560,074</td>
<td>58,000</td>
<td>618,074</td>
</tr>
<tr>
<td>General support – released from restrictions</td>
<td>25,000</td>
<td>(25,000)</td>
<td>-</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,201</td>
<td>-</td>
<td>1,201</td>
</tr>
<tr>
<td><strong>Total revenues and other support excluding fiscal sponsorships</strong></td>
<td>2,235,151</td>
<td>314,894</td>
<td>2,550,045</td>
</tr>
<tr>
<td>Fiscal sponsorships – current year</td>
<td>481,362</td>
<td>101,160</td>
<td>582,522</td>
</tr>
<tr>
<td>Fiscal sponsorships – released from restrictions</td>
<td>2,033</td>
<td>(2,033)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenues and Other Support</strong></td>
<td>2,718,546</td>
<td>414,021</td>
<td>3,132,567</td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outdoor adventure</td>
<td>756,799</td>
<td>-</td>
<td>756,799</td>
</tr>
<tr>
<td>Food programs</td>
<td>508,804</td>
<td>-</td>
<td>508,804</td>
</tr>
<tr>
<td>Other programs</td>
<td>246,707</td>
<td>-</td>
<td>246,707</td>
</tr>
<tr>
<td>Makom Hadash</td>
<td>230,772</td>
<td>-</td>
<td>230,772</td>
</tr>
<tr>
<td>Grants to other organizations</td>
<td>68,892</td>
<td>-</td>
<td>68,892</td>
</tr>
<tr>
<td><strong>Supporting Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>180,993</td>
<td>-</td>
<td>180,993</td>
</tr>
<tr>
<td>Fundraising</td>
<td>195,532</td>
<td>-</td>
<td>195,532</td>
</tr>
<tr>
<td><strong>Total expenses excluding fiscal sponsorships</strong></td>
<td>2,188,499</td>
<td>-</td>
<td>2,188,499</td>
</tr>
<tr>
<td>Fiscal sponsorships</td>
<td>481,362</td>
<td>-</td>
<td>481,362</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>2,669,861</td>
<td>-</td>
<td>2,669,861</td>
</tr>
</tbody>
</table>

### Increase in Temporarily Restricted Net Assets

- Makom Hadash: - $187,039
- Hazon core operations: - $127,855
- Fiscal sponsorships: - $99,127

### Increase in Unrestricted Net Assets

- 48,685

### Total increase in net assets

- $48,685

### Net assets at beginning of year

- $186,265

### Net assets at end of year

- $234,950

See accompanying notes to financial statements.
HAZON, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2010

Cash Flows From Operating Activities
Increase in net assets $ 462,706
Adjustment to reconcile increase in net assets to net cash provided by operating activities
Depreciation 11,077
Increase in pledges receivable (11,408)
Decrease in accounts receivable 6,368
Increase in prepaid expenses (15,539)
Increase in accounts payable 32,025
Decrease in accrued expenses (68,251)
Increase in due fiscal sponsored projects 797
Decrease in grants payable (3,800)
Increase in member deposits 5,100
Total Adjustments (43,631)
Net Cash Flows Provided By Operating Activities 419,075

Cash Flows From Investing Activities
Increase in security deposits (17)
Acquisition of property and equipment (63,962)
Net Cash Flows Used By Investing Activities (63,979)

Net increase in cash and cash equivalents 355,096

Cash and cash equivalents at beginning of year 312,095

Cash and cash equivalents at end of year $ 667,191

See accompanying notes to financial statements.
HAZON, INC.

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

Note 1 Summary of Significant Accounting Policies

This summary of significant accounting policies of Hazon, Inc. (hereafter "Hazon", or the "Organization") is presented to assist in understanding Hazon's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization
Hazon is a major environmental 501(c)(3) non-profit organization in the American Jewish community and was founded in 2000.

Hazon effects change in three main ways;
(1) Transformative experiences;
(2) Thought-leadership;
(3) Capacity building.

For more information see Hazon’s website: http://hazon.org/

Makom Hadash
During 2010 Hazon created a new division, Makom Hadash, a residency center for second-stage Jewish non-profit organizations. For more information see Makom Hadash’s website: http://www.makomhadash.org/.

Basis of Accounting
The financial statements of Hazon, Inc. have been prepared on the accrual basis of accounting and, accordingly reflect all significant receivables, payables, and other liabilities. Revenue is recorded as earned and expenses are recorded when incurred.

Basis of Presentation
Financial statement presentation follows the guidance of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") No. 958-210-50 under which Hazon is required to report 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. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:
HAZON, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2010

Note 1 Summary of Significant Accounting Policies (continued)

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations or other stipulations that may or will be met, either by action of Hazon and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions. A total of $504,271 of the Organization’s net assets was temporarily restricted net assets as of December 31, 2010.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be permanently maintained by Hazon. The Organization had no permanently restricted net assets as of December 31, 2010.

Revenues
Some of the Organization’s programs have co-sponsorship arrangements, the details of which are necessary when reviewing the financial statements and understanding the relative success of the programs.

- In regard to the New York and Israel Rides, participants pay a registration fee and further raise additional sponsorship funds. For the New York ride, the sponsorship funds are paid to Hazon directly, a portion of which is disbursed to other organizations in the form of grants. In the case of the Israel Ride, donations are paid directly to the Arava Institute with a quarter of the net proceeds then being paid to Hazon to support its educational work. Because of this arrangement, the financial statements do not emphasize the overall positive financial impact of the Israel Rides since the total funds raised by the Arava Institute are not included in the financial statements. For the year ended December 31, 2010, it is estimated that the Israel Rides raised an amount of approximately $140,000, net of the program’s expenses, for the Arava Institute, in addition to the revenue reported in the financial statements.

- The Hazon Community-Supported Agriculture (“CSA”) Project, formerly known as Tuv Ha’aretz, is the first Jewish CSA program in North America. Hazon partners with Jewish communities and local sustainable farms by launching CSA programs in synagogues and JCCs across the country. The individual families who join the Hazon CSAs however, pay their fees
Note 1  Summary of Significant Accounting Policies (continued)

directly to the farmers, not to Hazon. Because of this arrangement, the financial statements do not emphasize the overall positive financial impact of Hazon’s CSAs, since the revenues paid are not included in the financial statements. For the year ended December 31, 2010, it is estimated that the CSAs generated an amount of approximately $950,000 for local sustainable farms.

Expense Allocation
The costs of providing the various programs and other supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Assets
Donated investments and other non-cash donations are recorded at the underlying asset’s fair market value at the date of the donation.

Donated Services
Hazon pays for most services requiring specific expertise. However, many individuals volunteer significant amounts of time and perform a variety of tasks that assist the Organization by creating, leading and delivering a growing range of programs. These amounts have not been reflected in the statement of activities because the criteria for recognition under FASB ASC No. 958-605-50 have not been satisfied, but Hazon’s programmatic impact is significantly leveraged by volunteer leadership.

Investments
Hazon follows FASB ASC No. 958-325-50, under which marketable securities with readily determinable fair values and investments in debt securities are valued at their fair values in the statement of financial position. Other investments whose fair market value are not readily determinable are valued based on management’s market observations, such as current private equity funding rounds. Unrealized gains and losses are included as changes in net assets in the statement of activities.

Contributions
In accordance with FASB ASC No. 958-605-25, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to Hazon that is, in substance, unconditional. Contributions that are restricted by the
HAZON, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2010

Note 1 Summary of Significant Accounting Policies (continued)

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 restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Property and equipment donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in temporarily restricted net assets. Absent donor restrictions regarding how long those donated assets must be maintained, Hazon reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses during the reporting period, and disclosures. Accordingly, actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents
For the purpose of the combined statement of cash flows, the Organization considers all highly liquid investments, excluding investments held for restricted purposes, with a maturity of three months or less, to be cash equivalents.

Pledges and Accounts Receivable
Pledges and accounts receivable consist of amounts due from donors and participants, respectively. Management periodically assesses the receivable balances for collectability and expenses uncollectible debts as determined. No allowance for doubtful accounts was deemed necessary as of December 31, 2010.

Property and Equipment
Generally, all acquisitions of property and equipment over $2,500 and all expenditures for renewals and betterments that materially prolong the useful lives of assets are capitalized at cost. Certain startup costs related to the Makom Hadash program have been expensed in the current year. Assets contributed to Hazon are recorded at their fair market value at the date of the donation. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets using the straight-line method.
HAZON, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2010

Note 1 Summary of Significant Accounting Policies (continued)

Income Taxes
Hazon, Inc. is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code. Gifts to Hazon, Inc. are tax deductible. The federal and state information returns of the Organization for 2007-2009 are subject to examination by the Internal Revenue Service and New York State Office of the Attorney General, generally for three years after they are filed. At December 31, 2010, Hazon had no knowledge of any tax returns under examination.

Subsequent Events
Management has evaluated subsequent events through May 20, 2011, the date the financial statements were available to be issued.

Fair Value
The carrying amounts of cash and cash equivalents, receivable and payables all approximate their fair value due to their short term maturity.

Fiscal Sponsorships
Hazon effects change not only through the direct impact of its own programs, but also by supporting more generally the development of the Jewish environmental movement. One of the ways that the Organization does this is by becoming fiscal sponsor to significant independent projects that further their mission. As fiscal sponsor, Hazon provides organizational infrastructure and legal and tax-exempt status for these groups. In 2010 Hazon was fiscal sponsor to three projects; Jewish Farm School, Wilderness Torah and Urban Adamah, each of which grew successfully during the year (see Note 10).

Note 2 Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2010 consist of the following:

- Cash in operating accounts and on hand: $495,795
- Cash in savings accounts: $171,396
- Total: $667,191

Note 3 Investment

A gift of 192 limited partnership units in Global Sun Partners L.P. was given to the Organization in 2009. The investment is being carried at fair market value.
HAZON, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2010

Note 4  Property and Equipment, Net of Accumulated Depreciation

Property and equipment as of December 31, 2010 consists of:

\[
\begin{align*}
\text{Computer equipment} & \quad 13,291 \\
\text{Furniture and fixtures} & \quad 63,962 \\
\hline
\text{Total} & \quad 77,253 \\
\text{Less: accumulated depreciation} & \quad (23,951) \\
\text{Property and equipment, net of accumulated depreciation} & \quad 53,302
\end{align*}
\]

Depreciation expense for the year December 31, 2010 was $11,077.

Note 5  Rent Expense

In April 2010 the Organization entered into a lease agreement to rent office space at 125 Maiden Lane in New York City at the base amount (not including electricity charges) of $9,166.67 per month with annual increases of 9.1%. The lease expires on May 31, 2017. A security deposit in the amount of $9,167 was provided in respect of this lease.

In April 2010 the Organization entered into a rent agreement for office space at 322 Pine Street in San Francisco, currently in the amount of $1,400 per month. The agreement is for one year. A security deposit in the amount of $850 was provided in respect of this lease.

The following are the future minimum payments required under the Maiden Lane lease agreement as of December 31, 2010:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$115,839</td>
</tr>
<tr>
<td>2012</td>
<td>126,381</td>
</tr>
<tr>
<td>2013</td>
<td>137,881</td>
</tr>
<tr>
<td>2014</td>
<td>150,428</td>
</tr>
<tr>
<td>2015</td>
<td>164,117</td>
</tr>
<tr>
<td>Thereafter</td>
<td>256,344</td>
</tr>
<tr>
<td>Total</td>
<td>$950,990</td>
</tr>
</tbody>
</table>

Rent expense for the year ended December 31, 2010 was $98,563.
HAZON, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2010

Note 6  Fundraising Expense

Hazon uses staff time, its website and incurs travel expenses for fundraising purposes. Total fundraising expenses, which includes allocated payroll costs, for the year ended December 31, 2010 totaled $195,532.

Note 7  Concentration of Credit Risk

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash. Management has reduced the Organization's exposure to banking risks through diversifying the Organization's cash into several banks. At times the balances in the Organization's cash accounts exceed FDIC and SIPC protection limits; however, the Organization has not experienced any losses in its cash accounts to date.

Note 8  Employment Contracts

All Hazon employees are “employees at will”, and are employed under mutual notice periods not exceeding eight weeks.

Note 9  Board of Directors' Gifts

Of the total $2,550,045 of revenue, excluding fiscal sponsorships, and other support during the year ended December 31, 2010, $236,925, or approximately 9.3%, was received from members of the Organization’s Board of Directors.

Note 10  Fiscal Sponsorships

Hazon is a fiscal sponsor for three emerging projects:

- The Jewish Farm School is an independently-led project whose mission is to practice and promote sustainable agriculture and to support food systems rooted in justice and Jewish traditions. The Jewish Farm School runs a wide range of farm-based and sustainability themed programs, teaching practical skills while also educating about the larger context of contemporary food systems, and how Jewish traditions and practices can inform our decisions and actions today.
HAZON, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2010

Note 10 Fiscal Sponsorships (continued)

- Wilderness Torah is an independently-led project that revitalizes Jewish life by reconnecting Jewish traditions to the cycles of nature. Wilderness Torah facilitates individual spiritual growth, strengthens multi-generational community, and connects people to nature through land-based festivals, rites of passage, and sustainable life skills education. Their programs cultivate understanding of Judaism’s earth-based roots, inspire appreciation for Creation, and offer skills that empower participants to engage in Tikkun Olam by living sustainably in the modern world.

- Urban Adamah is a three-month residential leadership-training program for young adults that integrates urban organic farming, social justice work and progressive Jewish living and learning. Fellows operate an organic farm and educational center in Berkeley, CA, while interning with community-based social justice organizations addressing issues at the intersection of poverty, food security and environmental stewardship. The Urban Adamah curriculum is designed to equip fellows with the tools to become agents of positive change in their own lives and in their communities.

The following is a summary of the revenues and expenses of these projects, included in the financial statements, for the year ended December 31, 2010:

<table>
<thead>
<tr>
<th></th>
<th>Jewish Farm School</th>
<th>Wilderness Torah</th>
<th>Urban Adamah</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$260,933</td>
<td>$210,106</td>
<td>$111,483</td>
<td>$582,522</td>
</tr>
<tr>
<td>Expenses</td>
<td>183,126</td>
<td>187,098</td>
<td>111,138</td>
<td>481,362</td>
</tr>
<tr>
<td>Net increase</td>
<td>77,807</td>
<td>23,008</td>
<td>345</td>
<td>101,160</td>
</tr>
<tr>
<td>Surplus (deficit) of funds from prior years</td>
<td>(8,547)</td>
<td>6,514</td>
<td>-</td>
<td>(2,033)</td>
</tr>
<tr>
<td>Surplus of funds at the end of year</td>
<td>$ 69,260</td>
<td>$ 29,522</td>
<td>$ 345</td>
<td>$ 99,127</td>
</tr>
</tbody>
</table>