

ISABELLA FREEDMAN
JEWISH RETREAT CENTER, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND FEBRUARY 28, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Isabella Freedman Jewish Retreat Center, Inc.

We have audited the accompanying statements of financial position of Isabella Freedman Jewish Retreat Center, Inc. as of December 31, 2013 and February 28, 2013, and the related statements of activities, functional expenses, and cash flows for the periods 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 audits. 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 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 purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no 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.

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 Isabella Freedman Jewish Retreat Center, Inc. at December 31, 2013 and February 28, 2013, and the changes in its net assets and its cash flows for the periods then ended in conformity with accounting principles generally accepted in the United States of America.

B.K.M.D.
Certified Public Accountants, P.C.

Scarsdale, New York
May 21, 2014

Isabella Freedman Jewish Retreat Center, Inc.
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2013 and February 28, 2013

	<u>12/31/2013</u>	<u>2/28/2013</u>
Assets		
Cash and money markets	\$ 228,433	\$ 467,156
Miscellaneous Receivable	42,338	61,377
Prepaid Expenses	36,244	24,489
Security Deposit	0	6,000
Land, buidings and equipment-at cost- less accumulated depreciaton of \$2,845.366 in 2013 and \$2,713,352 on February 28, 2013-Note 3	2,259,867	2,325,392
Total Assets	\$ 2,566,882	\$ 2,884,414
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 129,172	\$ 72,320
Refundable advances-Note 6	192,668	397,208
Deferred Contributions and grants-Note 7	18,670	87,048
Loan Payable - UJA Federation-Note 4	26,571	0
Mortgage Payable-Note 5	70,476	80,518
Total Liabilities	437,557	637,094
Net Assets		
Unrestricted	2,129,325	2,244,874
Temporarily Restricted	0	2,446
Total Net Assets	2,129,325	2,247,320
Total Liabilities and Net Assets	\$ 2,566,882	\$ 2,884,414

The accompanying notes are an integral part hereof.

Isabella Freedman Jewish Retreat Center, Inc
STATEMENT OF ACTIVITIES
For the Ten Months Ended December 31, 2013 and the Year Ended February 28, 2013
Note 9

	General Fund	Plant Fund	Total Unrestricted Funds	Temporarily Restricted Funds	12/31/2013	02/28/13
PUBLIC SUPPORT AND REVENUE						
Internal Programs	\$ 899,309		\$ 899,309		\$ 899,309	\$ 850,232
External Programs/Rentals	833,498		833,498		833,498	818,717
Hybrid Programs	629,473		629,473		629,473	509,197
Adamah Program	158,310		158,310		252,327	284,394
UJA Federation	193,118		193,118		193,118	155,092
Investment Income	149		149		149	290
Canteen/Gift Shop Sales	128,533		128,533		34,516	48,055
Contributions and Fundraising	145,699		145,699		145,699	294,568
Transfers	(74,085)	76,531	2,446	(2,446)	0	0
TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,914,004</u>	<u>76,531</u>	<u>2,990,535</u>	<u>(2,446)</u>	<u>2,988,089</u>	<u>2,960,545</u>
FUNCTIONAL EXPENSES						
Program Services	2,594,391	132,014	2,726,405		2,726,405	2,755,474
Supporting Services	351,816		351,816		351,816	408,933
Fundraising	27,863		27,863		27,863	41,104
TOTAL FUNCTIONAL EXPENSES	<u>2,974,070</u>	<u>132,014</u>	<u>3,106,084</u>	<u>0</u>	<u>3,106,084</u>	<u>3,205,511</u>
CHANGES IN NET ASSETS	(60,066)	(55,483)	(115,549)	(2,446)	(117,995)	(244,966)
Net Assets - Beginning of Year	0	2,244,874	2,244,874	2,446	2,247,320	2,492,286
Net Assets - End of Year	<u>\$ (60,066)</u>	<u>\$ 2,189,391</u>	<u>\$ 2,129,325</u>	<u>\$ -</u>	<u>\$ 2,129,325</u>	<u>\$ 2,247,320</u>

The accompanying notes are an integral part hereof.

Isabella Freedman Jewish Retreat Center, Inc.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Ten Months Ended December 31, 2013 and the Year Ended February 28, 2013

	PROGRAM SERVICES	SUPPORTING SERVICES MANAGEMENT AND GENERAL	FUND RAISING	TOTAL 12/31/2013	TOTAL 2/28/2013
Internal Program Expenses	\$ 111,166	\$	\$	\$ 111,166	\$ 210,570
External Programs/Rental Expenses	17,218			17,218	50,233
Hybrid Program Expenses	410,614			410,614	426,778
Adamah Expenses	251,645			251,645	295,136
Food	329,026			329,026	260,096
Full and Part Time Salaries	735,512	189,923	10,000	935,435	941,195
Fringe Benefits	250,589	66,612		317,201	271,836
Development Expenses	8,265		17,863	26,128	11,137
Marketing Expenses	27,819			27,819	12,602
Human Resource Expenses	1,490			1,490	1,076
Gift Shop/Bookstore Expenses	30,352			30,352	24,819
Telephone	17,876			17,876	15,000
Office Supplies and Expenses		41,940		41,940	31,332
Computers		6,035		6,035	6,015
Postage		2,687		2,687	2,262
Insurance	52,450			52,450	42,558
Professional Fees		17,023		17,023	13,000
Taxes		18,165		18,165	20,418
Conferences and Dues		6,460		6,460	484
Printing		2,971		2,971	2,470
Rent	16,000			16,000	30,000
Electricity	47,735			47,735	55,294
Garbage	32,439			32,439	10,761
Fuel	66,441			66,441	88,193
Repairs and Replacements	23,710			23,710	43,629
Septic	19,826			19,826	17,820
Service Contracts	9,632			9,632	7,669
Painting and Landscaping	1,057			1,057	374
Furniture	5,917			5,917	1,938
Linens				0	1,096
Kitchen Supplies	46,532			46,532	29,450
Household and Medical Supplies	14,813			14,813	13,970
Program Supplies (incl cable)	5,144			5,144	5,198
Laundry	47,232			47,232	36,588
Transportation	7,654			7,654	15,337
Motor Vehicles	6,237			6,237	11,948
Consultants				0	48,118
Total expenses before depreciation	<u>2,594,391</u>	<u>351,816</u>	<u>27,863</u>	<u>2,974,070</u>	<u>3,056,400</u>
Depreciation of buildings and equipmen	132,014			132,014	149,111
TOTAL EXPENSES	<u>\$ 2,726,405</u>	<u>\$ 351,816</u>	<u>\$ 27,863</u>	<u>\$ 3,106,084</u>	<u>\$ 3,205,511</u>

The accompanying notes are an integral part hereof.

Isabella Freedman Jewish Retreat Center, Inc.
 STATEMENTS OF CASH FLOWS
 December 31, 2013 and
 February 28, 2013

	<u>12/31/13</u>	<u>2/28/2013</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ (117,995)	\$ (244,966)
Adjustments to Reconcile Change in Net Assets to Net Cash Used By Operating Activities		
Depreciation	132,014	149,111
Changes in operating assets and liabilities		
Accounts receivable	19,039	21,722
Prepaid expenses	(11,755)	6,680
Security deposit	6,000	
Accounts payable and accrued expenses	56,852	(69,294)
Refundable advances	(204,540)	159,544
Deferred contributions and grants	(68,378)	(96,796)
Loan Payable - UJA Federation	26,571	
Mortgage payable	(10,042)	(11,460)
Total Adjustments	<u>(54,239)</u>	<u>159,507</u>
Net Cash (Used by) Operating Activities	(172,234)	(85,459)
 Cash flows from investing activities:		
Purchase of Fixed Assets	<u>(66,489)</u>	<u>(145,922)</u>
Net Cash (Used by) Investing Activities	<u>(66,489)</u>	<u>(145,922)</u>
Net (decrease) in cash	(238,723)	(231,381)
 Cash - Beginning of Year	<u>467,156</u>	<u>698,537</u>
 Cash - End of Year	<u>\$ 228,433</u>	<u>\$ 467,156</u>

The accompanying notes are an integral part hereof.

ISABELLA FREEDMAN JEWISH RETREAT CENTER, INC
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2013

NOTE 1- ORGANIZATION:

Isabella Freedman Jewish Retreat Center, Inc. is a New York not-for-profit corporation exempt from federal Income Taxation pursuant to section 501(c) (3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Agency is a qualified charitable organization to which contributions are eligible for deductions by individual donors as described under Section 170(b)(1)(A) of the Internal Revenue Code.

The purposes of the Agency are to strengthen Jewish spirituality, identity and community; and more specifically:

- a) to provide a rural residential facility for Jewish communal and religious organizations and individuals for retreats, religious services, Jewish life cycle events and programs on Jewish culture, identity, community and spirituality;
- b) to promote, provide and support such Jewish programming for senior citizens of limited means;
- c) to support the inclusiveness and diversity of the Jewish community by providing programs for Jews of color and multi-ethnic Jewish families;
- d) to provide programs for all age groups which integrate Jewish spirituality with nature, ecology and environmental activism;
- e) to do any other act or thing incidental or connected with the foregoing purposes or in advancement thereof; provided, however, that nothing herein authorizes the Agency to: engage in the practice of any profession required to be licensed by Title VIII of the Education Law, or provide professional training to any professional required to be licensed by Title VIII of the Education Law, or operate or maintain a charter school, elementary school, college or any other institution of learning and instruction.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Agency are described below to enhance the usefulness of the financial statements to the reader:

Basis of Accounting

The financial statements of the agency are presented on the accrual basis of accounting.

ISABELLA FREEDMAN JEWISH RETREAT CENTER, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (cont'd)

Financial Statement Presentation

The classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor imposed restrictions. It requires that the amounts for each of these three classes of net assets-permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Permanently Restricted – Net assets resulting from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the agency. There were no assets deemed to be permanently restricted as of December 31, 2013.

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by the Agency is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Agency pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no assets deemed to be temporarily restricted as December 31, 2013.

ISABELLA FREEDMAN JEWISH RETREAT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Statement Presentation (cont'd)

Unrestricted – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Unrestricted funds include operating and plant fund:

Operating Fund-The fund records the operating results of the Agency's programs.

Plant Fund-Includes net accumulated investments in fixed assets.

Contributions

Contributions including unconditional promises to give are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are recorded at their net realizable value. Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated restriction purpose is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing various programs and other 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.

ISABELLA FREEDMAN JEWISH RETREAT CENTER, INC.
NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (cont'd)

Financial Statement Presentation (cont'd)

Investments

Investments are presented in the financial statements at market value. Unrealized gains and losses resulting from changes in market values of investments are recognized in the period in which the changes occur. Restricted gains and investment income whose restrictions are met in the period the gains or income are recognized are reported as unrestricted revenue and gains.

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.

Concentration of Credit Risk

Financial instruments that potentially affect the Agency to concentrations of credit consist principally of temporary cash investments deposited in financial institutions.

Recognition of Support and Revenue

Grants and fees related to programs, which began after the fiscal-year end are included as refundable advances and reflected in income in the year the service is performed. Costs incurred prior to the close of the fiscal year for such programs are classified as prepaid expenses.

ISABELLA FREEDMAN JEWISH RETREAT CENTER, INC.
 NOTES TO FINANCIAL STATEMENT
 DECEMBER 31, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Financial Statement Presentation (cont'd)

Land, Building and Equipment

Land, building and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

Other Matters

No provision for interest on inter-fund borrowings has been made.

NOTE 3 - LAND, BUILDINGS AND EQUIPMENT:

Land, Building and Equipment consist of the following:

	<u>12/31/13</u>	<u>02/28/13</u>
Land	\$ 592,000	\$ 592,000
Buildings and Improvements	3,949,346	3,907,007
Equipment	<u>563,887</u>	<u>539,737</u>
	5,105,233	5,038,744
Less: Accumulated Depreciation	<u>2,845,366</u>	<u>2,713,352</u>
Land, Buildings and Equipment-net	<u>\$ 2,259,867</u>	<u>\$2,325,392</u>

Depreciation expense for the periods ending December 31, 2013 and February 28, 2013 was \$132,014 and \$149,111 respectively.

NOTE 4 – LOAN PAYABLE – UJA FEDERATION OF NY

The loan is payable in 18 remaining monthly installments of \$1,481 including interest payable at the rate of 0.36%.

ISABELLA FREEDMAN JEWISH RETREAT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 5 - MORTGAGE PAYABLE

On December 1, 2003 the Agency purchased title to property located at 58 Johnson Road, Falls Village, Ct. for a purchase price of \$175,000 plus closing costs. The property is secured by a mortgage payable to National Iron Bank in the amount of \$70,476. As of December 31, 2013 there are 60 remaining monthly payments of \$1,348 including interest at the rate of 5.50%.

NOTE 6 – REFUNDABLE ADVANCES

As of December 31, 2013 and February 28, 2013, the agency received \$192,668 and \$397,208 respectively for fees pertaining to future occupancy and events.

NOTE 7 – DEFERRED CONTRIBUTIONS

Management has determined that certain contributions received in the current period should be deferred to future periods. As of December 31, 2013 and February 28, 2013 the agency has designated \$18,670 and \$87,048 respectively.

NOTE 8 – AFFILIATION WITH ELAT CHAYYIM JEWISH SPIRITUAL RETREAT CENTER

Effective September 15, 2006 the operations of Elat Chayyim Jewish Spiritual Retreat Center were incorporated into the operations of Isabella Freedman Jewish Retreat Center, Inc.

NOTE 9 – MERGER WITH HAZON, INC. AND CHANGE IN FISCAL YEAR

An Agreement and Plan of Merger between Isabella Freedman Jewish Retreat Center, Inc. and Hazon, Inc., a New York Not-for-Profit Corporation, was signed on June 28, 2013. The merger was completed on January 2, 2014. A provision of the merger required the Agency to change its year-end closing date from February 28 to December 31 effective with this financial statement. Consequently, the Statement of Activities for the period ending December 31, 2013 represents ten months of operations.