

# **BEIS MIDRASH OF QUEENS, INC.**

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**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED**

**DECEMBER 31, 2019 AND DECEMBER 31, 2018**

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# Aron Epstein

## Certified Public Accountant (US)

To the Board of Trustees  
Beis Midrash of Queens, Inc.  
17 Fort George Hill, Suite 7J  
New York, NY 10040

I have audited the accompanying financial statements of Beis Midrash of Queens, Inc. ("BMQ") which comprise the statements of financial position as of December 31, 2019, and 2018 and the related statements of activities and changes in net assets and cash flows and functional income and expenses for the years then ended and the related notes to 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.

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 judgment, 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.

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of BMQ, Inc. as of December 31, 2019, and 2018 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

September 30, 2020

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Beis Midrash of Queens, Inc.  
 Statements of Financial Position  
 As of December 31, 2019 and 2018

	2019	2018
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 762,459	\$ 798,638
Accounts Receivables	\$ 7,840	\$ 2,775
Fixed Assets, Net	\$ -	\$ 8,395
Deferred Expense	\$ 23,850	\$ -
Other Assets	\$ 400	\$ 400
<b>Total Assets</b>	<b><u>\$ 794,549</u></b>	<b><u>\$ 810,208</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable and Accrued Expenses	\$ 3,003	\$ 3,173
Other Current Liabilities	\$ 26,420	\$ 27,400
Deferred Revenue	\$ 29,250	\$ -
Loans Payable - Short Term Portion	\$ 45,368	\$ 48,186
<b>Total Current Liabilities</b>	<b><u>\$ 104,040</u></b>	<b><u>78,759</u></b>
 Loans Payable - Long Term Portion	 \$ 76,193	 \$ 128,039
<b>Total Liabilities</b>	<b>\$ 180,234</b>	<b>206,798</b>
 Net Assets - Without Donor Restrictions	 \$ 614,315	 <u>603,410</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 794,549</u></b>	<b><u>\$ 810,208</u></b>

Beis Midrash of Queens, Inc.  
**Statement of Activities and Change In Net Assets**  
For the Years Ended December 31, 2019 and 2018

	<u>Without Donor Restrictions</u>	
<b>Operating Activities</b>		
<b>Revenues</b>	<b>2019</b>	<b>2018</b>
Contributions	\$ 1,340,995	\$ 1,948,503
Tuition and Fees - Net	\$ 201,923	155,090
<b>Total Revenues</b>	<b>\$ 1,542,918</b>	<b>2,103,593</b>
<b>Expenses</b>		
Office and Administrative Expenses	\$ 27,355	47,658
Payroll Expenses	\$ 147,156	157,344
Insurance Expense	\$ 1,558	23,221
Outside Services	\$ 8,916	8,114
Legal and Professional Fees	\$ 17,786	15,418
Travel Expenses	\$ 11,916	56,863
Bank and Processing Fees	\$ 27,378	29,894
Telecommunications and Data Fees	\$ 9,643	7,427
Programming Expenses	\$ 142,947	236,206
License and Subscription Fees	\$ 21,950	9,118
Postage and Delivery Expenses	\$ 1,484	4,367
Occupancy Expense	\$ 37,347	5,455
Webhosting and Design Expense	\$ 77,971	82,254
Grants and Charity	\$ 912,047	1,313,174
Marketing Expense	\$ 52,344	30,826
Fundraising Expense	\$ 17,143	20,455
Depreciation Expense	\$ -	2,399
Bad Debt Expense	\$ -	756
<b>Total Expenses</b>	<b>\$ 1,514,941</b>	<b>2,050,949</b>
<b>Change In Net Assets From Operating Activities</b>	<b>\$ 27,977</b>	<b>52,644</b>
<b>Nonoperating Activities</b>		
Other Revenue	\$ 171	-
Dispositions	\$ (8,428)	-
Interest Income	\$ 30	-
Interest Expense	\$ (8,845)	(11,800)
<b>Change In Net Assets From Nonoperating Activities</b>	<b>\$ (17,071)</b>	<b>(11,800)</b>
<b>Change In Net Assets</b>	<b>\$ 10,905</b>	<b>40,845</b>
Beginning Net Assets	\$ 603,410	562,565
<b>Ending Net Assets</b>	<b>\$ 614,315</b>	<b>\$ 603,410</b>

**Beis Midrash of Queens, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2019 and 2018**

	2019	2018
<b>Change In Net Assets</b>	<b>10,905</b>	<b>40,845</b>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
(Increase) Decrease in Assets		
Depreciation	-	2,399
Accounts Receivable	(5,065)	16,435
Deferred Expenses	(23,850)	
Other Assets	-	(375)
Increase (Decrease) In Liabilities		
Accounts Payable and Accrued Expenses	(1,151)	14,074
Deferred Revenue	29,250	-
<b>Net Cash Provided by Operating Activities</b>	<b>10,090</b>	<b>73,378</b>
Cash Flows From Investing Activities		
Decrease From Fixed Assets	8,395	-
<b>Net Cash From Investing Activities</b>	<b>8,395</b>	<b>-</b>
Cash Flows From Financing Activities		
Lines of Credit	(54,664)	(47,410)
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>(54,664)</b>	<b>(47,410)</b>
<b>Net Change in Cash</b>	<b>(36,179)</b>	<b>25,968</b>
Cash - Beginning of Year	798,638	772,670
<b>Cash - End of Year</b>	<b><u>\$ 762,459</u></b>	<b><u>\$ 798,638</u></b>

**Beis Midrash of Queens, Inc.**  
**Statement of Functional Income and Expenses**  
**For the Year Ended December 31, 2019**

	Program Activities			Supporting Activities			Total	
	Naale College	Charitable Programs	Educational Programs	Total Programs	Management & General	Fundraising		Supporting Total
Contributions	246,035	590,375	504,585	1,340,995	-	-	-	1,340,995
Tuition and Fees - Net	113,684	-	88,239	201,923	-	-	-	201,923
<b>Total Revenues</b>	<b>359,719</b>	<b>590,375</b>	<b>592,824</b>	<b>1,542,918</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,542,918</b>
Payroll Expenses	106,956	-	40,200	147,156	-	-	-	147,156
Insurance Expense	-	-	-	-	1,558	-	1,558	1,558
Outside Services	-	-	-	-	8,916	-	8,916	8,916
Travel Expenses	-	-	467	467	741	10,708	11,449	11,916
Telecommunications and Data Fees	-	-	-	-	9,643	-	9,643	9,643
Programming Expenses	7,401	-	135,545	142,947	-	-	-	142,947
License and Subscription Fees	21,505	-	-	21,505	445	-	445	21,950
Webhosting and Design Expense	77,971	-	-	77,971	-	-	-	77,971
Grants and Charity	-	911,547	500	912,047	-	-	-	912,047
Office and Administrative Expenses	4,610	-	-	4,610	9,501	13,244	22,745	27,355
Legal and Professional Fees	-	-	-	-	17,786	-	17,786	17,786
Bank and Processing Fees	-	-	-	-	27,378	-	27,378	27,378
Postage and Delivery Expenses	-	-	-	-	1,484	-	1,484	1,484
Occupancy Expense	-	-	-	-	37,347	-	37,347	37,347
Marketing Expense	52,344	-	-	52,344	-	-	-	52,344
Fundraising Expense	-	-	-	-	-	17,143	17,143	17,143
<b>Total Expenses</b>	<b>270,788</b>	<b>911,547</b>	<b>176,712</b>	<b>1,359,047</b>	<b>114,799</b>	<b>41,095</b>	<b>155,894</b>	<b>1,514,941</b>
<b>Change In Net Assets From Operating Activities</b>	<b>\$ 88,931</b>	<b>\$ (321,172)</b>	<b>\$ 416,112</b>	<b>\$ 183,871</b>	<b>\$ (114,799)</b>	<b>\$ (41,095)</b>	<b>\$ (155,894)</b>	<b>\$ 27,977</b>

**Beis Midrash of Queens, Inc.**  
**Statement of Functional Income and Expenses**  
**For the Year Ended December 31, 2018**

	Program Activities			Supporting Activities			Total	
	Naale College	Charitable Programs	Educational Programs	Total Programs	Management & General	Fundraising		Supporting Total
Contributions	309,424	548,494	1,090,584	1,948,502	-	-	-	1,948,502
Tuition and Fees - Net	23,320	-	131,770	155,090	-	-	-	155,090
<b>Total Revenues</b>	<b>332,744</b>	<b>548,494</b>	<b>1,222,354</b>	<b>2,103,592</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,103,592</b>
Payroll Expenses	101,151	-	12,918	114,069	43,275	-	43,275	157,344
Insurance Expense	-	-	-	-	23,221	-	23,221	23,221
Outside Services	-	-	-	-	8,114	-	8,114	8,114
Travel Expenses	-	-	-	-	-	56,863	56,863	56,863
Telecommunications and Data Fees	-	-	-	-	7,427	-	7,427	7,427
Programming Expenses	7,101	-	229,105	236,206	-	-	-	236,206
License and Subscription Fees	-	-	-	-	9,118	-	9,118	9,118
Webhosting and Design Expense	68,872	-	13,382	82,254	-	-	-	82,254
Grants and Charity	-	544,695	768,479	1,313,174	-	-	-	1,313,174
Office and Administrative Expenses	-	-	-	-	47,658	-	47,658	47,658
Legal and Professional Fees	-	-	-	-	15,418	-	15,418	15,418
Bank and Processing Fees	-	-	-	-	29,894	-	29,894	29,894
Postage and Delivery Expenses	-	-	-	-	4,367	-	4,367	4,367
Occupancy Expense	-	-	-	-	5,455	-	5,455	5,455
Depreciation Expense	-	-	-	-	2,399	-	2,399	2,399
Bad Debt Expense	756	-	-	756	-	-	-	756
Marketing Expense	22,812	-	8,014	30,826	-	-	-	30,826
Fundraising Expense	-	-	-	-	-	20,455	20,455	20,455
<b>Total Expenses</b>	<b>200,692</b>	<b>544,695</b>	<b>1,031,898</b>	<b>1,777,285</b>	<b>196,346</b>	<b>77,318</b>	<b>273,664</b>	<b>2,050,949</b>
<b>Change In Net Assets From Operating Activities</b>	<b>\$ 132,052</b>	<b>\$ 3,799</b>	<b>\$ 190,456</b>	<b>\$ 326,307</b>	<b>\$ (196,346)</b>	<b>\$ (77,318)</b>	<b>\$ (273,664)</b>	<b>\$ 52,643</b>



## **Beis Midrash of Queens, Inc.**

### **Notes to the Financial Statements**

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

Beis Midrash of Queens, Inc. (“BMQ” or “Organization”) is a Not-For-Profit organization. Its primary purpose is to promote charitable and educational work in the United States, Israel and Lithuania. Substantially all the Organization’s support and revenue is derived from contributions received from the general public

#### **Note 2 – Summary of Significant Accounting Policies**

##### Basis of Presentation

The accompanying financial statements have been prepared on the accrual method of accounting. Revenue is recognized when earned and expense is recognized when incurred.

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. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed 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, where by the donor has stipulated the funds be maintained in perpetuity. As of December 31, 2018 and 2017 the Organization had no net assets with donor restrictions.

##### Contributions

Unconditional contributions are recognized when pledged 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 support. Donations of property and equipment are recorded as support at their estimated fair value at the

date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

#### Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore, has no provision for federal income taxes.

#### 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.

#### Tuition and fees receivable

Tuition and fees are recorded when billed and are presented net of the allowance for doubtful accounts. Interest is not accrued or recorded on outstanding receivables.

#### Tuition and fees

Tuition and fees are recognized on the accrual basis. Tuition is billed in advance of services rendered, and revenues are recognized as earned.

#### Scholarships

The policy of BMQ is to award scholarships to deserving students in lieu of accepting only students who can pay full tuition.

#### **NOTE 3 - NOTE PAYABLE**

On April 25, 2017, BMQ entered into a loan agreement with Capital One National Association for \$250,000. The effective fixed interest rate on the note is 6.091% and is payable over 60 months with a monthly payment due of \$4843.15 due on the 9th of the month beginning June 9, 2017. As of December 31, 2019 the outstanding balance was \$121,660. The loan matures on May 9, 2022. The required minimum principal payments on the loan are as follows:

Year	Amount
2020	\$51,847
2021	\$55,056
2022	\$21,137

Total interest paid in 2019 and 2018 was \$8,703 and \$12,640 respectively.

#### NOTE 4- LEASE COMMITMENTS

BMQ leases a small office in Florida. The future minimum lease payments under this lease are as follows:

2019	\$4,500
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#### NOTE 5 - RELATED-PARTY TRANSACTIONS

Salaries and fees paid in 2019 to relatives of the President totaled \$149,359.

#### NOTE 6 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 30, 2020, the date the financial statements were available to be issued.

On January 30, 2020 the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (“the COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase of exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on it’s financial condition, liquidity, and future results of operations, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for the fiscal year 2020.