AISH GLOBAL, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

Roth&Co
BEYOND BUSINESS

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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Aish Global, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Aish Global, Inc., which comprise the statement of financial position as of December 31, 2019 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aish Global, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Roth & Company LLP

Roth & Company LLP
Brooklyn, New York
May 3, 2020

Aish Global, Inc.
Statement of Financial Position
December 31, 2019

<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	$ 161,177	
Investments	5,107	
Prepaid expenses	3,205	
TOTAL CURRENT ASSETS		$ 169,489
FIXED ASSETS		
Buildings	734,572	
Building improvements	311,115	
Equipment	7,797	
Fixed assets at cost	1,053,484	
Accumulated depreciation	(640,314)	
NET FIXED ASSETS		413,170
TOTAL ASSETS		$ 582,659
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	$ 60,681	
Accrued salaries	2,500	
Deferred revenue - current portion	200,000	
TOTAL CURRENT LIABILITIES		$ 263,181
LONG-TERM LIABILITIES		
Deferred revenue		5,130,875
TOTAL LIABILITIES		5,394,056
NET ASSETS		
Net assets without donor restrictions		(4,811,397)
TOTAL LIABILITIES AND NET ASSETS		$ 582,659

Aish Global, Inc.
Statement of Activities and Changes in Net Assets
For The Year Ended December 31, 2019

REVENUES		
Contributions	$ 538,848	
TOTAL REVENUES		$ 538,848
OPERATING EXPENSES		
Program expenses	2,079,805	
General and administrative expenses	231,417	
Fundraising expenses	229,069	
TOTAL OPERATING EXPENSES		2,540,291
CHANGE IN NET ASSETS FROM OPERATIONS		(2,001,443)
OTHER INCOME AND EXPENSE		
Non-cash grant expense	(2,249,201)	
Rental income	280,000	
Settlement	100,000	
Miscellaneous income, net	117,008	
TOTAL OTHER INCOME AND EXPENSE		(1,752,193)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		(3,753,636)
NET ASSETS - BEGINNING		(1,057,761)
NET ASSETS - ENDING		$ (4,811,397)

Aish Global, Inc.
Statement of Functional Expenses
For The Year Ended December 31, 2019

	Program Expenses	General and Administrative Expenses	Fundraising Expenses	Total
EXPENSES				
Salaries and employee benefits	$ 765,142	$ 72,402	$ 70,930	$ 908,474
Payroll taxes	26,486	2,506	2,455	31,447
Advertising and promotional supplies	500	-	-	500
Depreciation	-	27,814	-	27,814
Food	4,283	476	-	4,759
Grants, fellowships and stipends	1,115,000	-	-	1,115,000
Insurance	36,907	3,492	3,421	43,820
Office expense	3,651	4,331	89	8,071
Professional fees	-	94,425	150,000	244,425
Rent expense	104,167	23,751	-	127,918
Supplies	1,260	109	106	1,475
Taxes	106	-	-	106
Telephone and internet	2,714	257	252	3,223
Travel	8,317	787	771	9,875
Utilities	11,272	1,067	1,045	13,384
TOTAL EXPENSES	$ 2,079,805	$ 231,417	$ 229,069	$ 2,540,291

Aish Global, Inc.
Statement of Cash Flows
For The Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets		$ (3,753,636)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	$ 27,814	
Non-cash grant	2,249,201	
Changes in operating assets and liabilities		
Settlement receivable	1,537,039	
Prepaid expense	115,071	
Accounts payable	20,618	
Deferred revenue	(200,000)	
Total adjustments		3,749,743
NET CASH USED IN OPERATING ACTIVITIES		(3,893)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,823,334)	
Proceeds from sale of investments	1,936,552	
NET CASH PROVIDED BY INVESTING ACTIVITIES		113,218
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loans payable	(50,000)	
NET CASH USED IN FINANCING ACTIVITIES		(50,000)
NET INCREASE IN CASH		59,325
CASH, BEGINNING		101,852
CASH, ENDING		$ 161,177

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Aish Global, Inc. (formerly Aish Hatorah New York Inc.), a nonprofit Organization, was formed in New York in December 1989, to broaden the knowledge of individuals of their Jewish heritage to enable them to live inspired Jewish lives and to make active positive contributions to Jewish communities and society at large. The Organization provides seminars and courses in Jewish history and the Torah and sponsors educational trips. The core programs take place on campuses in and around New York.

Income Tax Status

The Organization is exempt from income tax under section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables and other assets and liabilities.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash on deposit, certificates of deposit, money market accounts, and investment grade commercial paper that are readily convertible into cash and purchased with original maturities of three months or less.

Investments

Investments are reported at fair value, measured as described in note 5. Changes in fair value and interest and dividend income are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is restricted by donor stipulations or by law.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets

Fixed assets valued at more than $2,000 are recorded at cost or fair market value as of the date of donation, if donated. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. Management reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future discounted cash flows is less than the carrying amount of the assets, the Organization recognizes an impairment loss. No impairment losses were recognized for the year ended December 31, 2019. Depreciation for buildings and building improvements is computed using the straight-line method over their estimated useful life.

Revenue Recognition

Contributions are recognized as support when received or when evidenced by a written promise to give.

Rental income is recognized in the period it is earned. Payments received in advance are recorded as deferred revenue.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include; salaries, benefits, and other joint expenses which are allocated on the basis of estimated time spent on each function; rent, depreciation, and utilities which are allocated on a square-footage basis; advertising, which is allocated based on its content as well as activities; office, events, supplies, professional fees, and travel which are allocated based on the use of each individual expenditure.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates
The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies, if any, at the date of the financial statements, and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Classes of Net Assets
The Organization reports information regarding its financial position and activities in two classes of net assets:

Net assets without donor restrictions – net assets that are not subject to any donor-imposed stipulations;

Net assets with donor restrictions – that specify a use for a contributed asset that is more specific than the broad limits resulting from the nature of the not-for-profit entity, the environment in which it operates or the purposes specified in its articles of incorporation or by laws or comparable documents.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished) in the reporting period in which the revenue is recognized. Donations of long lived assets are recorded without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

NOTE 2 SETTLEMENT

The Organization is named as plaintiff and defendant to counter claims in various pending and threatened litigations related to the embezzlement of the Organization's funds by a former employee. The Organization came to a settlement agreement with the other party to settle all claims and counter claims, in which the other party agreed to pay $2,500,000. In March 2019 the Organization received the balance of the full settlement amount and an additional late payment penalty of $450,000.

NOTE 3 RENTAL OPERATIONS

The Organization leases out one of its properties to an unrelated party under an operating lease expiring in 2047. Minimum annual rental income due under this lease is fixed at $200,000 per annum for the life of the lease. The lease commenced on March 16, 2017.

Rental income under this lease for 2019 was $200,000.

Concurrent to signing this lease, the Organization subleased the property from the lessee under an operating lease expiring in March 2019. Minimum annual rental payments due under this lease are fixed at $500,000 per annum for the life of the lease. The lease commenced on March 16, 2017.

Rent expense under this sublease for 2019 was $104,167.

NOTE 4 DEFERRED REVENUE

Upon the execution of the lease referred to above (see note 3), the lessee deposited into escrow $6,000,000, the full amount of the lease payments over the life of the lease. The $6,000,000 less a discount of $87,500 for early payment was released to the Organization. The entire amount received was recorded by the Organization as deferred revenue, and reduced by the amount of rental income recognized under this lease through 2019. The deferred revenue balance at December 31, 2019 was $5,330,875.

Additionally, as stipulated in the lease, the lessee has the option to purchase the property for an additional $1. The deferred revenue will be recognized as revenue upon the exercise of the option. On April 13, 2020 the lessee exercised the purchase option.

NOTE 5 FAIR VALUE MEASUREMENTS

As required by U.S. GAAP, the Organization uses applicable guidance for defining fair value, the initial recording and periodic re-measurement of certain assets and liabilities measured at fair value and related disclosures for instruments measured at fair value. Fair value accounting guidance establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument’s fair value measurement. The three levels within the fair value hierarchy are described as follows:

NOTE 5 FAIR VALUE MEASUREMENTS (continued)

Level 1: Observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs for the asset or liability for which there is little, if any, market activity at the measurement date. Unobservable inputs reflect the Organization's own assumptions about what market participants would use to price the asset or liability. The inputs are developed based on the best information available in the circumstances, which might include the Organization's own financial data such as internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

For assets that are measured using quoted prices in active markets (Level 1), the total fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs. Assets and liabilities that are measured using significant other observable inputs (Level 2) are primarily valued by reference to quoted prices of similar assets or liabilities in active markets, adjusted for any terms specific to that asset or liability. For all other assets and liabilities for which unobservable inputs are used (Level 3), fair value is derived through the use of fair value models, such as a discounted cash flow model or other standard pricing models that the Organization deems reasonable.

NOTE 5 FAIR VALUE MEASUREMENTS (continued)

The following table summarizes financial asset instruments subject to recurring fair value measurements as of December 31, 2019:

	Fair Value Measurements Using	
		Quoted prices in active markets for identical assets
	Fair Value	**Level 1**
Assets		
Money market funds	$5,107	$5,107

Following is a description of the valuation methodologies used for assets measured at fair value.

Level 1 Fair Value Measurements

Money Market Funds
Money market funds are valued at the daily closing price as reported by the fund. Money market funds held are open-end mutual funds that are registered with the Securities and Exchange Commission.

NOTE 6 LIQUIDITY AND AVAILABILITY

The Organization has $166,284 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash and investments. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date.

The Organization has a goal to maintain financial assets, which generally consist of cash and receivables, on hand to meet 60 days of normal operating expenses, which are on average, approximately $200,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 7 COMMITMENTS

Office space is leased under a lease expiring on June 30, 2024, at rentals of $18,360 to $20,658 a year. Future lease commitments are:

Years Ending December 31,	Amount
2020	$ 18,630
2021	19,189
2022	19,764
2023	20,357
2024	10,329

NOTE 8 RELATED PARTY TRANSACTIONS

The Organization granted an affiliate $1,105,000 for the year ended December 31, 2019.

NOTE 9 CONCENTRATION OF CREDIT RISK

At times, the Organization maintains cash balances in excess of the Federal Deposit Insurance Corporation's insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant risk of loss of cash.

Two donors accounted for 29% of the Organization's contribution income for the year ended December 31, 2019.

NOTE 10 NON-CASH GRANT

On February 11, 2019, the Organization transferred a property located in Monsey, New York as a grant in the amount of $2,249,201 to Yeshiva Ohr Yisrael, Inc.

NOTE 11 SUBSEQUENT EVENTS

The Organization evaluated subsequent events through May 3, 2020, the date these financial statements were available to be issued. Other than the items below, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

On April 13, 2020, the lessee exercised his option to purchase the property located at 311 West 83rd Street, New York, NY for $1 (see Note 4). Exercise of the option resulted in the recognition of $5,330,875 from deferred revenue. The recognition of this revenue offsets the negative net assets at December 31, 2019.

NOTE 11 SUBSEQUENT EVENTS (continued)

Subsequent to the balance sheet date the Organization renewed the lease for office space located at 915 Clifton Avenue, Clifton, New jersey. (See Note 7 for future lease commitments)

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Organization's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or our donor's ability to donate. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.