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**EZRA INTERNATIONAL, INC.**

**Financial Statements**

**For the Years Ended December 31, 2013 and 2012**

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**Aiken & Sanders, Inc PS**

CERTIFIED PUBLIC ACCOUNTANTS  
& MANAGEMENT CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Ezra International, Inc.

We have audited the accompanying financial statements of Ezra International (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and changes in net assets, functional expenses, 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 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ezra International, Inc. as of December 31, 2013 and 2012, 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.

*Aiken & Sanders*

Aberdeen, WA  
March 14, 2014

# EZRA INTERNATIONAL, INC.

## Statement of Financial Position

Year Ended December 31,	2013	2012
<b>ASSETS</b>		
<u>Current Assets</u>		
Cash	\$ 322,406	\$ 229,829
Foreign Currency Holdings	3,216	3,216
Note Receivable	5,000	-
Refundable Deposit	6,000	-
<b>Total Current Assets</b>	<b>336,622</b>	<b>233,045</b>
<u>Furniture and Equipment, Net</u>	<u>40,533</u>	<u>24,824</u>
<u>Other Assets</u>		
Undeveloped Real Estate	5,000	5,000
<b>Total Assets</b>	<b>\$ 382,155</b>	<b>\$ 262,869</b>
<b>LIABILITIES &amp; NET ASSETS</b>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 7,920	\$ 8,393
Credit Cards Payable	21,072	4,385
Note Payable	20,000	-
<b>Total Current Liabilities</b>	<b>48,992</b>	<b>12,778</b>
Unrestricted	308,694	217,833
Unrestricted--Board Designated	19,469	27,258
Temporarily Restricted	5,000	5,000
<b>Total Net Assets</b>	<b>333,163</b>	<b>250,091</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 382,155</b>	<b>\$ 262,869</b>

*The accompanying notes are an integral part of these financial statements.*

# EZRA INTERNATIONAL, INC.

## Statement of Activities and Changes in Net Assets

Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support and Revenue</u>			
Contributions	\$ 1,414,511	\$ -	\$ 1,414,511
Miscellaneous Income	1,958	-	1,958
Interest Income	1	-	1
<b>Total Support and Revenue</b>	<b>1,416,470</b>	<b>-</b>	<b>1,416,470</b>
<u>Expenses:</u>			
Program Services	1,076,451	-	1,076,451
Management and General	174,440	-	174,440
Fundraising	82,507	-	82,507
<b>Total Expenses</b>	<b>1,333,398</b>	<b>-</b>	<b>1,333,398</b>
<b>Change in Net Assets</b>	<b>83,072</b>	<b>-</b>	<b>83,072</b>
Net Assets, Beginning of Year	245,091	5,000	250,091
<b>Net Assets, End of Year</b>	<b>\$ 328,163</b>	<b>\$ 5,000</b>	<b>\$ 333,163</b>

*The accompanying notes are an integral part of these financial statements.*

# EZRA INTERNATIONAL, INC.

## Statement of Activities and Changes in Net Assets

Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support and Revenue</u>			
Contributions	\$ 1,554,606	\$ -	\$ 1,554,606
Interest Income	2	-	2
<b>Total Support and Revenue</b>	<b>1,554,608</b>	<b>-</b>	<b>1,554,608</b>
<u>Expenses:</u>			
Program Services	1,185,504	-	1,185,504
Management and General	213,505	-	213,505
Fundraising	158,394	-	158,394
<b>Total Expenses</b>	<b>1,557,403</b>	<b>-</b>	<b>1,557,403</b>
<b>Change in Net Assets</b>	<b>(2,795)</b>	<b>-</b>	<b>(2,795)</b>
Net Assets, Beginning of Year	247,886	5,000	252,886
<b>Net Assets, End of Year</b>	<b>\$ 245,091</b>	<b>\$ 5,000</b>	<b>\$ 250,091</b>

*The accompanying notes are an integral part of these financial statements.*

# EZRA INTERNATIONAL, INC.

## Statement of Cash Flows

<b>Year Ended December 31,</b>	<b>2013</b>	<b>2012</b>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 83,072	\$ (2,795)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) from Operating Activities:		
Depreciation	8,604	6,999
(Increase) Decrease In:		
Note Receivable	(5,000)	-
Prepaid Expenses	(6,000)	13,100
Increase (Decrease) In:		
Accounts Payable	(473)	3
Credit Cards Payable	16,687	(3,492)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>96,890</b>	<b>13,815</b>
<b>Cash Flows From Investing Activities</b>		
Cash Paid for Equipment Purchases	(24,313)	(2,814)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(24,313)</b>	<b>(2,814)</b>
<b>Cash Flows From Financing Activities</b>		
Cash Received from Note Payable	20,000	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>20,000</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	<b>92,577</b>	<b>11,001</b>
Cash at Beginning of Year	229,829	218,828
<b>Cash at End of Year</b>	<b>\$ 322,406</b>	<b>\$ 229,829</b>
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash Paid During the Year for Interest	\$ -	\$ -

*The accompanying notes are an integral part of these financial statements.*



# EZRA INTERNATIONAL, INC.

## Statement of Functional Expenses

Year Ended December 31, 2013

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 67,900	\$ 66,600	\$ 12,000	\$ 146,500
Payroll Taxes	5,194	4,636	1,377	11,207
Employee Benefits	-	2,142	-	2,142
Insurance	281	2,007	-	2,288
Office Supplies	1,370	4,961	-	6,331
Postage	1,274	5,036	5,535	11,845
Printing & Copying	707	6,621	19,605	26,933
Professional Fees	27,077	37,639	35,580	100,296
Promotion	6,648	278	3,658	10,584
Travel	43,467	12,475	2,982	58,924
Rent Expense	47	510	-	557
Utilities	330	7,292	140	7,762
Donor & Email Database	-	9,888	600	10,488
Website	-	-	1,030	1,030
Repairs & Maintenance	2,194	557	-	2,751
Licenses & Permits	-	282	-	282
Dues & Subscriptions	540	75	-	615
Depreciation	-	8,604	-	8,604
Bank Service Charges	1,714	4,776	-	6,490
Miscellaneous	-	61	-	61
Direct Mission Support	917,708	-	-	917,708
<b>Total Expenses</b>	<b>\$ 1,076,451</b>	<b>\$ 174,440</b>	<b>\$ 82,507</b>	<b>\$ 1,333,398</b>

*The accompanying notes are an integral part of these financial statements.*

# EZRA INTERNATIONAL, INC.

## Statement of Functional Expenses

Year Ended December 31, 2012

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 123,850	\$ 69,725	\$ 19,125	\$ 212,700
Payroll Taxes	9,475	5,334	1,463	16,272
Employee Benefits	-	5,868	-	5,868
Insurance	-	1,484	-	1,484
Office Supplies	3,562	6,157	270	9,989
Postage	1,108	6,087	8,388	15,583
Printing & Copying	-	1,067	20,936	22,003
Professional Fees	26,881	39,471	33,751	100,103
Promotion	3,118	-	58,183	61,301
Travel	65,585	9,629	5,951	81,165
Rent Expense	-	33,682	-	33,682
Utilities	115	7,593	-	7,708
Donor & Email Database	-	8,716	483	9,199
Website	-	-	9,844	9,844
Repairs & Maintenance	360	622	-	982
Licenses & Permits	-	499	-	499
Dues & Subscriptions	-	180	-	180
Depreciation	-	6,999	-	6,999
Miscellaneous	-	-	-	-
Bank Service Charges	335	10,392	-	10,727
Direct Mission Support	951,115	-	-	951,115
<b>Total Expenses</b>	<b>\$ 1,185,504</b>	<b>\$ 213,505</b>	<b>\$ 158,394</b>	<b>\$ 1,557,403</b>

*The accompanying notes are an integral part of these financial statements.*

**EZRA INTERNATIONAL, INC.**

**Notes to the Financial Statements**

**Years Ended December 31, 2013 and 2012**

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**NOTE 1-ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Mission and Programs

The mission of Ezra International, Inc. (the Agency) is to build a network of worldwide connections to fulfill a call to do the work of the Lord. The Agency is dedicated to supporting the return of Jewish people to the State of Israel (*Aliyah*). Its five-fold mission strives to 1) return Jews to Israel, 2) provide humanitarian aid, 3) care for the elderly, 4) rescue children and, 5) educate Christians about *Aliyah*. The Agency is incorporated in the state of Washington but operates within Orange County, State of Florida to better serve its mission. The major programs of the Agency include:

Aliyah — Provides support in helping Jews return to Israel by performing and documenting ancestry research to obtain Israeli visa's, arrange the transportation to the Israeli Consulate for visa interviews, help with the paperwork for an international passport, provide food and basic supplies during the months before the departure for Israel, and organize support once the move to Israel has been made.

Children's Program — Provides therapy, support, and temporary living quarters for abused children.

Financial Statements

The Agency maintains its financial records on the accrual basis of accounting. Revenue is recognized when earned, and expenditures are recognized when incurred. If an expenditure results in an asset having an estimated useful life which extends substantially beyond the year of acquisition, the expenditure is capitalized and depreciated or amortized over the estimated useful life of the asset.

Contributions

The Agency reports gifts of cash and other assets as restricted support if they are received with donor stipulations limiting the use of the donated assets. However, restricted gifts for which the donor restriction is met in the same period the gift is received are recorded as unrestricted revenue.

When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Agency reports gifts of long-lived assets, as well as gifts of other assets restricted to the acquisition or construction of long-lived assets, as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Temporarily restricted long-lived assets are considered to be released from restrictions as the asset is depreciated over its useful life. Absent explicit donor instructions about how long-lived assets must be maintained, the Agency reports the expiration of donor restriction when the donated or acquired asset is placed in service.

**EZRA INTERNATIONAL, INC.**

**Notes to the Financial Statements**

**Years Ended December 31, 2013 and 2012**

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**NOTE 1-ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

Support from Contributions

The Agency receives a substantial amount of its support from two donors. Two donors made up 40% and 35% of total revenue for the years ended December 31, 2013 and 2012, respectively. If a significant reduction in the level of support from those donors occurred, it could have a significant effect on the Agency's programs and activities.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received. Pledges are discounted, using a market rate, to present value for collections expected in future years. Accretion of the discount in subsequent years is recorded as contribution revenue. Conditional promises to give are recognized when conditions on which they depend are substantially met. Promises to give are recorded at their estimated net realizable value. The Agency did not have any promises to give at December 31, 2013 and 2012.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may vary from the estimates that were used.

Statement of Cash Flows

Cash and cash equivalents include cash on hand and cash on deposit in financial institutions.

Excess Cash

The Federal deposit Insurance Corporation (FDIC) insures cash deposits at individual financial institutions up to a limit of \$250,000. At December 31, 2013 and 2012, the Agency had no deposits in excess of FDIC coverage.

Furniture and Equipment

Furniture and equipment purchased by the Agency is recorded at cost. Furniture and equipment donated to the Agency is capitalized at its estimated fair value. The Agency's policy is to expense the acquisition cost of equipment in the year it is purchased if its cost is less than \$500. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives range from five to seven years for furniture, equipment, computers, and vehicles.

Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of furniture and equipment are sold or are otherwise disposed of, the appropriate cost and related accumulated depreciation amounts are removed from the accounts and any gain or loss is included in income.

**EZRA INTERNATIONAL, INC.**

**Notes to the Financial Statements**

**Years Ended December 31, 2013 and 2012**

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**NOTE 1-ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Advertising

Advertising costs are expensed as they are incurred.

Employee Benefits

The Agency provides its employees with health and life insurance. Accumulated annual leave is not accrued for the year ended December 31, 2013 and 2012 because no liability is held at year end for any employee.

**NOTE 2 -FURNITURE AND EQUIPMENT**

At December 31, 2013 and 2012, furniture and equipment included the following:

	December 31,	
	2013	2012
Furniture	\$ 527	\$ 527
Computer Equipment	7,908	6,263
Vehicles	51,494	28,826
Accumulated Depreciation	(19,396)	(10,792)
Total	<u>\$ 40,533</u>	<u>\$ 24,824</u>

**NOTE 3 –UNDEVELOPED REAL ESTATE**

The Agency received a donation of unimproved real estate located in Ocala, Florida at the end of 2009. The donor required sale proceeds of the property serve the *Aliyah* program. The property is reported as a temporarily restricted net asset and is stated at its \$5,000 estimated fair value.

**NOTE 4 –DESIGNATED NET ASSETS**

The Board of Directors has designated \$19,469 and \$27,258 from unrestricted funds to support its Children's Program as of December 31, 2013 and 2012, respectively.

**NOTE 5 –CONTRIBUTED SERVICES**

Contributed services are recorded as in-kind contributions for donated services requiring specific expertise. Many individuals volunteer their time and perform a variety of tasks to assist the Agency. The value of this contributed time is not reflected in the financial statements because the donated time is not professional in nature or does not enhance the value of non-financial assets as described in FASB ASC 958-605-50. The Agency did not have any contributed services that were recognized during the years ended December 31, 2013 and 2012.

**EZRA INTERNATIONAL, INC.**

**Notes to the Financial Statements**

**Years Ended December 31, 2013 and 2012**

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**NOTE 6 –DIRECT MISSION SUPPORT**

The Agency conducts a substantial portion of its ministry in foreign countries. It incurs significant expenditures including operating, feeding, child assistance and eldercare, travel, and relocation expenses. The following schedule shows amounts expended by region:

	December 31,	
	2013	2012
Russia and Former Soviet State	\$ 804,467	\$ 863,043
Middle East	11,000	17,600
South America	39,394	23,506
United States	62,847	46,966
Total	<u>\$ 917,708</u>	<u>\$ 951,115</u>

**NOTE 7 –RELATED PARTY TRANSACTIONS**

The Agency paid \$38,681 and \$39,401 during the years ended December 31, 2013 and 2012, respectively, in consulting fees to Patricia Frame, a board member. She oversees operations in the Former Soviet Union. This conflict of interest has been noted and Ms. Frame abstains from all conversations and votes that involve decisions to her consulting contract with the Agency.

The Agency also paid \$33,000 during the year ended December 31, 2012 in rental expense to Barry Wagner, a board member. The rental expense was for the purpose of maintaining a physical presence in Clermont, FL. The Agency discontinued the lease in October 2012. Each employee now works out of their respective home.

During year ended December 31, 2013, the Agency executed a \$20,000, unsecured, 90-day, 0% interest note payable to Melvin Hoelzle, the Agency's Board President. The note matured December 10, 2013 and no payments were made during year ended December 31, 2013. In 2014, Mr. Hoelzele issued an informal extension through year ending December 31, 2014. Management expects to repay the note in full during year ending December 31, 2014.

**NOTE 8 - SUBSEQUENT EVENTS**

The Agency did not have any subsequent events through March 14, 2014, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2013

**EZRA INTERNATIONAL, INC.**

**Notes to the Financial Statements**

**Years Ended December 31, 2013 and 2012**

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**NOTE 9 – INCOME TAX & UNCERTAIN TAX POSITIONS**

The Agency is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

The Agency files income tax returns in the U.S. federal jurisdiction. The Agency is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2010. Currently, there is no examination or pending examination with the Internal Revenue Service (IRS).

The Agency adopted the provisions of FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, on January 1, 2012. As of December 31, 2013, there are no tax positions for which the deductibility is certain but for which there is uncertainty regarding the timing of such deductibility.