

**LAPPIN FOUNDATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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# J. TRAINOR COMPANY

CERTIFIED PUBLIC ACCOUNTANT & BUSINESS ADVISOR

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## *Independent Auditor's Report*

To the Board of Directors  
Lappin Foundation

### **Opinion**

We have audited the accompanying financial statements of Lappin Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lappin Foundation as of December 31, 2022, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lappin Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lappin Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

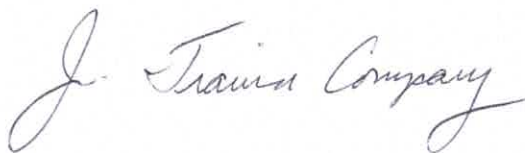
### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lappin Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lappin Foundation's ability to continue as a going concern for a reasonable period of time.

• We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in cursive script that reads "J. Train Company". The signature is written in dark ink and is positioned above a horizontal line.

Wakefield, MA  
April 28, 2023

**LAPPIN FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 589,667
Contributions receivable	100,000
Investments	<u>4,807</u>
TOTAL CURRENT ASSETS	<u>694,474</u>

**PROPERTY AND EQUIPMENT**

Furniture and equipment	16,201
Operating lease right of use asset	<u>192,729</u>
	208,930
Less: accumulated depreciation	<u>1,739</u>
TOTAL PROPERTY AND EQUIPMENT	<u>207,191</u>

<b>TOTAL ASSETS</b>	<u><u>\$ 901,665</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Operating lease liability	\$ 42,375
Accounts payable	8,518
Accrued payroll	<u>32,871</u>
TOTAL CURRENT LIABILITIES	<u>83,764</u>

**LONG TERM LIABILITIES**

Operating lease liability	<u>150,354</u>
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**NET ASSETS**

Without donor restrictions	553,629
With donor restrictions	<u>113,918</u>
TOTAL NET ASSETS	<u>667,547</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 901,665</u></u>
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See accompanying notes to financial statements.

**LAPPIN FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>DONATIONS AND FEES</b>			
Contributions	\$ 1,427,901	\$ 2,000	\$ 1,429,901
Trip fees	30,750	-	30,750
Micellaneous	3,583	-	3,583
Investment gain	534	-	534
Net assets released from restrictions	4,000	(4,000)	-
<b>TOTAL DONATIONS AND FEES</b>	<b>1,466,768</b>	<b>(2,000)</b>	<b>1,464,768</b>
<b>EXPENSES</b>			
Program expenses:			
Trip to Israel program	954,312	-	954,312
Jewish culture enrichment and education programs	467,584	-	467,584
<b>Total program expenses</b>	<b>1,421,896</b>	<b>-</b>	<b>1,421,896</b>
Fundraising	199,552	-	199,552
Management and general	69,587	-	69,587
<b>TOTAL EXPENSES</b>	<b>1,691,035</b>	<b>-</b>	<b>1,691,035</b>
<b>CHANGE IN NET ASSETS</b>	<b>(224,267)</b>	<b>(2,000)</b>	<b>(226,267)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>777,896</b>	<b>115,918</b>	<b>893,814</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 553,629</b>	<b>\$ 113,918</b>	<b>\$ 667,547</b>

See accompanying notes to financial statements.



**LAPPIN FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Youth to Israel "Y2I" Trip	Jewish Programs	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
Payroll	\$ 235,146	\$ 223,766	\$ 458,912	\$ 154,616	\$ -	\$ 154,616	\$ 613,528
Travel expense	382,080	247	382,327	-	-	-	382,327
Trip expense	197,202	-	197,202	-	-	-	197,202
Program expense	-	104,587	104,587	-	-	-	104,587
SILP services	40,090	40,090	80,180	-	20,045	20,045	100,225
Employee benefits	20,583	19,683	40,266	11,435	-	11,435	51,701
Payroll tax	17,348	17,348	34,696	6,939	-	6,939	41,635
Consulting fees	11,409	11,409	22,818	-	5,704	5,704	28,522
Rent	11,049	11,049	22,098	-	5,524	5,524	27,622
PR services	7,133	7,133	14,266	7,133	-	7,133	21,399
Fundraising	-	-	-	19,429	-	19,429	19,429
Liability insurance	6,706	6,706	13,412	-	3,353	3,353	16,765
Computer and equipment maintenance	7,360	7,360	14,720	-	-	-	14,720
Miscellaneous expenses and fees	932	932	1,864	-	12,397	12,397	14,261
Accounting	-	-	-	-	8,750	8,750	8,750
Conferences	4,005	4,005	8,010	-	-	-	8,010
Utilities	3,043	3,043	6,086	-	1,521	1,521	7,607
Cleaning and trash	-	-	-	-	6,554	6,554	6,554
Office supplies	3,252	3,252	6,504	-	-	-	6,504
Annual report	2,790	2,790	5,580	-	-	-	5,580
Website hosting	2,408	2,408	4,816	-	-	-	4,816
Scholarship	-	-	-	-	4,000	4,000	4,000
Communication	1,563	1,563	3,126	-	-	-	3,126
Depreciation	-	-	-	-	1,739	1,739	1,739
Postage	213	213	426	-	-	-	426
<b>Total</b>	<b>\$ 954,312</b>	<b>\$ 467,584</b>	<b>\$ 1,421,896</b>	<b>\$ 199,552</b>	<b>\$ 69,587</b>	<b>\$ 269,139</b>	<b>\$ 1,691,035</b>

See accompanying notes to financial statements.

**LAPPIN FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (226,267)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciaton	1,739
Net realized and unrealized investment gain	(544)
Increase (decrease) in liabilities:	
Accounts payable	(1,037)
Accrued payroll	<u>32,872</u>
<b>CASH USED IN OPERATING ACTIVITIES</b>	<u>(193,237)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of property and equipment	(16,201)
Sales of investments	<u>1,000</u>
<b>CASH USED IN INVESTING ACTIVITIES</b>	<u>(15,201)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(208,438)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>798,105</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 589,667</u></u>

See accompanying notes to financial statements.



**LAPPIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies**

Nature of Activities

The primary purpose of the Lappin Foundation (the Foundation) is to enhance the Jewish identity across generations. This is accomplished by providing a variety of programs for children, teens, parents and others. The Foundation is supported primarily through donations.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Lappin Foundation and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the donor and/or the passage of time. When a restriction is fulfilled, 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.

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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers its money market account to be a cash equivalent.

Promises to Give

Contributions are recognized when the donor makes a promise to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions receivable as of December 31, 2022 are considered due within one year. The Foundation provides for losses on contributions receivable using the allowance method. The allowance is based on experience and other circumstances based on collectability. It is the Foundation's policy to charge off uncollectible receivables when management determines the receivables will not be collected. No allowance was deemed necessary as of December 31, 2022.

**LAPPIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies (continued)**

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

Leases

The Foundation leases its office space under a noncancelable operating lease. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

The operating lease is included in operating lease right-of-use ("ROU") assets, current liabilities and long-term liabilities.

The ROU asset represents our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. The operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Foundation uses the implicit rate when it is readily determinable. Since the lease does not contain an implicit rate, the Foundation uses a risk-free rate as the discount rate. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Foundation's lease agreement contains lease and non-lease components, which are accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. The expenses are allocated based on estimates of time and effort.

Income Tax Status

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Subsequent Events

Management has reviewed subsequent events through April 28, 2023, the date the financial statements were available to be issued.

**LAPPIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 2 - Concentrations**

The Foundation maintains its cash and cash equivalents one financial institution. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2022, the Foundation's uninsured balance totaled \$347,319.

**Note 3 - Restrictions on Net Assets**

The Foundation's net assets with donor restrictions include contributions receivable of \$100,000, which are due within one year and to be used for the general purposes of the Foundation. In addition, donor restrictions include \$13,918 which are to be used to provide scholarships.

**Note 4 - Leasing Activities**

The Foundation has an operating lease for its office space with a remaining term of 4.3 years which is being discounted at a rate of 2.87%.

Operating lease expense was \$27,622 for the year ended December 31, 2022 and is included in management and general expenses.

Cash paid for amounts included in the measurement of the operating lease liabilities as \$27,622 for the year ended December 31, 2022.

The maturities of the operating lease liability as of December 31, 2022 were as follows:

Year Ending December 31:

2023	\$ 47,352
2024	47,352
2025	47,352
2026	47,352
2027	<u>15,784</u>
	205,192
Less: interest	<u>(12,463)</u>
	<u>\$ 192,729</u>



**LAPPIN FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 5 - Liquidity and Availability of Financial Assets**

The Foundation's financial assets as of December 31, 2022 include cash and cash equivalents of \$589,667, contributions receivable of \$100,000 and investments of \$4,807. Donor restricted amounts that are available for use within one year for general purposes include contributions receivable of \$100,000. Donor restricted amounts that are not available for use within one year for general purposes include donor restricted net assets of \$13,918, which are to be used for scholarships. As such, financial assets available to meet cash needs for general expenditure within one year total \$680,556.

As part of the Foundation's liquidity management, the Foundation does not invest any significant amount of cash, as the timing of the receipt of contributions is somewhat unpredictable.

**Note 6 - Related Party Transactions**

During the year ended December 31, 2022, the Foundation received contributions totaling \$925,000 from the Robert I. Lappin Charitable Foundation, an entity related by common management. In addition, the Foundation paid \$118,850 in management fees to Shetland Investments, an entity related by common management.