

THE LEFT FOUNDATION INC.

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

THE LETT FOUNDATION INC.
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YEAR ENDED DECEMBER 31, 2022

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To the Board of Trustees of
The Lelt Foundation Inc.
243 Riverside Drive #MZ2
New York, NY 10025

Dear Board Members:

I have reviewed the accompanying financial statements of The Lelt Foundation Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of The Lelt Foundation Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Matthew Bobman CPA
New York, NY
June 14, 2023

THE LEIT FOUNDATION INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Current Assets:

Cash \$ 597,199

Total Current Assets 597,199

TOTAL ASSETS \$ 597,199

LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued Expenses \$ 491

Total Liabilities 491

Net Assets Without Donor Restrictions 596,708

Total Net Assets 596,708

TOTAL LIABILITIES AND NET ASSETS \$ 597,199

See accompanying notes to financial statements.

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MATTHEW F. BOBMAN, CPA, P.C.

THE LEIT FOUNDATION INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Support:

Sponsorship	\$ 142,724
Gala Income	-
Foundation Donations	20,000
Board Donations	99,051
General Donations	49,371
Total Support	<u>311,146</u>

Expenses:

Management	10,934
Fundraising	4,000
Programming	189,857
Total Expenses	<u>204,791</u>
Change in Net Assets from Operations	<u>106,355</u>
Net Assets Beginning of Year	490,353
Net Assets End of Year	<u>\$ 596,708</u>

See accompanying notes to financial statements.

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MATTHEW F. BOBMAN, CPA, P.C.

THE LEIT FOUNDATION INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 YEAR ENDED DECEMBER 31, 2022

	Total	Management	Fundraising	Aid to Lelt, Addis Ababa
Marketing Expenses:				
Travel	\$ 4,130	\$ -	\$ 3,304	\$ 826
Advertising/Web Site	381	-	286	95
Total	\$ 4,511	\$ -	\$ 3,590	\$ 921
Administrative Expenses:				
Office Expenses	\$ 100	\$ 75	\$ -	\$ 25
Postage	303	\$ 167	\$ 76	\$ 60
Professional Fees	6,521	6,521	-	-
Bank Charges	4,129	4,129	-	-
Communication	418	42	334	42
Total	\$ 11,471	\$ 10,934	\$ 410	\$ 127
Operational Expenses:				
Programming Services	\$ 62,086	\$ -	\$ -	\$ 62,086
Ethiopia Rent	5,460	-	-	5,460
Programming Costs	121,263	-	-	121,263
Total	\$ 188,809	\$ -	\$ -	\$ 188,809
Grand Total	\$ 204,791	\$ 10,934	\$ 4,000	\$ 189,857

See accompanying notes to financial statements.

THE LEIT FOUNDATION INC.
STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2022

Cash flows from Operating Activities	
Change in Net Assets	\$ 106,355
Adjustments to Reconcile Change in Net Assets to Net Cash Provided from Operating Activities	-
Changes in Operating Assets and Liabilities	
Donations Receivable	570
Loan Receivable-Current Portion	4,876
Accrued Expenses	(2,717)
Net Cash Provided By Operating Activities	<u>109,084</u>
Net Increase in Cash	109,084
Cash at Beginning of Year	488,115
Cash at End of Year	<u>\$ 597,199</u>

See accompanying notes to financial statements.

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MATTHEW F. BOBMAN, CPA, P.C.

THE LEIT FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS

Note 1- Organization:

The Lelt Foundation Inc. "The Organization" is a nonprofit organization under Section 501 (c)(3) of the Internal Revenue Code. It was originally founded in September 26th, 2011. It is dedicated to improving the safety and quality of life for disadvantaged families in Addis Ababa, Ethiopia. The aid is limited to the residents of Lelt, a neighborhood in Addis Ababa and Hosanna, which is a sister community. This is done through orphan care, education, entrepreneurship programs and child sponsorships.

Note 2- Summary of Significant Accounting Policies:

Accounting Method:

The Organization is reporting its financial statements on an accrual basis.

Basis of presentation:

The Organization is required to present its financial statements according to two classes of net assets, net assets with donor restrictions and net assets without donor restrictions. There are no net assets with donor restrictions at December 31, 2022.

Without Donor Restrictions:

Net assets available for use in general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs are generally considered "restricted" under GAAP, though for internal reporting, The Organization tracks such grants and contributions to verify that the disbursement matches the intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, board designated.

With Donor Restrictions:

Net assets subject to donor-imposed stipulations that are more restrictive than The Organization's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates that resources be maintained in perpetuity.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE LEIT FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS

Note 2- Summary of Significant Accounting Policies:

Contributions:

All contributions are recognized as revenue when received or unconditionally promised. Gifts of cash and other assets are classified as restricted support if received with donor stipulations that limit the use of the contributions. When such restrictions expire, that is, when a stipulated time restrictions ends or a purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported as assets released from restrictions. Restricted contributions are reported as unrestricted support when the restriction is met in the same period as the contribution is received or when appropriated for expenditure by the Board. Conditional promises to give are not recognized as revenue until the conditions are substantially met. Investments received as gifts are initially recorded at estimated fair value at the date of the donation.

Cash and Cash Equivalents:

Cash and cash equivalents include bank accounts subject to immediate withdrawal, money market accounts and highly liquid investments with an original maturity of three months or less.

Concentration of Credit Risk:

The Organization places its temporary cash investments with high credit quality financial institutions. At times, such investments may exceed insured limits of \$250,000 by the Federal Deposit Insurance Corporation. At December 31, 2022, the Organization's did exceed these limits. The Organization went under the limit in 2023 by moving money into an investment account.

Restricted Funds:

Restricted funds are contributions restricted by a donor for a particular operating purpose. They are deemed to be restricted and are recognized as revenue when pledged. All net assets are without restrictions as of December 31, 2022.

Functional Allocation of Expenses:

The costs of providing the Organization's programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted, based on management's analysis of costs.

Marketing expenses were allocated based on a time involved with the process. Administrative expenses were allocated based on purpose. Operational expenses were considered entirely for programming.

THE LEFT FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS

Note 2- Summary of Significant Accounting Policies:

Financial Statement Presentation:

The financial statements are presented in accordance with the Statement of Financial Accounting Standard No. ASU 2016-14, “Financial Statement of Not-for-Profit Organizations” which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Effective July 1, 2019, the Organization retroactively changed its accounting methods for revenue recognition and financial instruments as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers, and ASC 825-10, Financial Instruments—Overall. The new revenue recognition guidance requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The Organization adopted the requirements of the new revenue recognition guidance as of July 1, 2019, utilizing the invoice expedient method.

The Organization applied the following five step process to recognize revenue:

Step 1: Identified the contract with a customer.

Step 2: Identified the performance obligations in the contract.

Step 3: Determined the transaction price.

Step 4: Allocated the transaction price to the performance obligations in the contract.

Step 5: Recognized revenue when (or as) the entity satisfies a performance obligation.

The Organization used the core principals in ASC 606 in prior years. Because these principals were consistent with the Organization’s previous revenue process, the transition to the new guidance did not result in any change in earnings. Therefore, no retrospective modifications were needed. There were no contracts with customers at the beginning and end of the year, and there was no revenue from contract with costumers for the year ended December 31, 2022.

Note 3- Donations in-Kind:

The Organization had no donations in-kind in 2022. The Organization has volunteers that donate significant time to The Organization’s activities. This value does not meet the criteria of being recognized as revenue.

Note 4- Related Party Transactions:

The Organization has no related party transactions.

THE LEFT FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS

Note 5-Unconditional Promises to Give:

There were no promises to give and funds at December 31, 2022.

Note 6- Commitments:

The Organization has no commitments or contingent liabilities as of statement date of December 31, 2022 as well as through the report date of June 14, 2023.

Note 7-Significant Contribution:

The Organization had two contributors who had specific contributions that were in excess of 10% of its total contributions.

Note 8- Donations Receivable:

Contributions are recognized when the donor makes a promise to give to the Organization 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 depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Donations receivable are amounts received in early 2023 that were pledged in late 2022. There were no donations receivable at December 31, 2022.

Note 9-Available Resources and Liquidity:

The Organization has \$597,199 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of \$597,199 of cash. 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 consist of cash and donations receivable, on hand to meet 60 days of normal operating expenses, which are on the average, approximately \$33,700. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

In addition to the financial assets available to meet general expenditures over the next 12 months, The Organization anticipates collecting sufficient revenue to cover general expenditures not covered by any donor-restricted resources. Refer to the statement of cash flows, which identifies the sources and uses of The Organization's cash and shows positive cash generated by operations for the fiscal year ended 2022.

THE LETT FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS

Note 10- Aid to Ethiopia:

The Organization has a working relationship with Trees of Glory, an unrelated nongovernmental organization (NGO) located in Addis Ababa, Ethiopia. Trees of Glory provides the programming on behalf of The Organization. Trees of Glory received approximately \$145,000 from The Organization in 2022. See Note 11.

In addition, The Organization gave an interest free loan Wubalence Ashenafi for \$48,456 starting in 2013. The loan was paid off in 2022. Wubalence Ashenafi was the executive director of Trees of Glory, the organization mentioned in the prior paragraph (See Note 11). The loan gets paid back at the rate of \$600 per month, as a reduction of aid. The \$600 will be recorded as rent that Ms. Ashenafi incurs on behalf of The Organization. No cash will be exchanged.

The loan was for a residence that houses people whom the organization provides aid to. \$48,456 has been repaid through December 31, 2022. The discounts on those amounts were computed using risk-free interest rates applicable to the years in which the loan was received. Amortization of the discounts was included in general donations.

Note 11-New Working Relationship:

The Organization stopped transferring funds to Trees of Glory in August 2022. A series of increasingly detailed investigations initiated by The Organization found that funds transferred to Trees of glory were being shifted between various bank accounts in Ethiopia to deceive The Organization. It was discovered that a small portion of funds disbursed for programming were actually not used for programming.

Upon discovering this activity, the executive director of Trees of Glory was terminated. The government of Ethiopia is conducting an investigation of Trees of Glory's practices and transactions. The funds that remained with Trees of Glory were used for Lett's programming for the balance of 2022 and in 2023. The Organization has not found any evidence of theft from the funds transferred to Trees of Glory, with the exception of the small amount mentioned in the previous paragraph.

The Organization has hired Girum Keteman, a consultant in Ethiopia. Mr. Ketema is overseeing the financial records and operations of Trees of Glory and other organizations receiving funds from Lett to make sure that no funds are missing and are being disbursed appropriately. He is sending reports to The Organization on a timely basis.

THE LETT FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS

Note 11-New Working Relationship:

The Organization has started working with Salu Self-Help Blind and Handicapped Association and Anchor Ethiopia, two nongovernmental organizations in Ethiopia. These organizations are unrelated to The Lett Organization and Trees of Glory. Each organization has received a grant from Lett in 2023. The Organization may resume work with Trees of Glory, but is waiting for the Ethiopian governmental investigation to conclude and to make sure that Trees of Glory has the proper financial controls in place.

Note 12- Evaluation of Subsequent Events:

The Organization has evaluated subsequent events through June 14, 2023 the financial statement issue date. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with accounting principles generally accepted in the United States of America.