

The Bernard and Audre Rapoport Foundation
Financial Statements and
Supplementary Information
December 31, 2021 and 2020
(With Independent Auditor's Report Thereon)

The Bernard and Audre Rapoport Foundation

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
The Bernard and Audre Rapoport Foundation:

Opinion

We have audited the financial statements of The Bernard and Audre Rapoport Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 the Foundation and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 these 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 the Foundation's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 a 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 GAAS, 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 the 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 the 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 19 through 21 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

April 14, 2022

The Bernard and Audre Rapoport Foundation

Statements of Financial Position

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 723,948	418,517
Accrued interest receivable	6,894	43,375
Investments	42,834,003	40,739,613
Investments held under agency transactions	21,842,419	20,663,459
Prepaid expenses	<u>10,712</u>	<u>16,387</u>
	<u>\$ 65,417,976</u>	<u>61,881,351</u>
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Grants payable	\$ 275,000	195,000
Accounts payable and accrued liabilities	2,950	4,750
Agencies payable	21,842,419	20,663,459
Other payables	<u>37,702</u>	<u>3,810</u>
Total liabilities	<u>22,158,071</u>	<u>20,867,019</u>
Net assets:		
Without donor restrictions	28,960,016	26,746,347
With donor restrictions:		
Purpose restrictions	<u>14,299,889</u>	<u>14,267,985</u>
Total net assets	<u>43,259,905</u>	<u>41,014,332</u>
	<u>\$ 65,417,976</u>	<u>61,881,351</u>

See accompanying notes to financial statements.

The Bernard and Audre Rapoport Foundation

Statement of Activities

Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, gains and other support:			
Net investment return:			
Interest and dividends	\$ 408,566	217,951	626,517
Net gain on investments, net of investment expenses	<u>2,359,034</u>	<u>1,258,439</u>	<u>3,617,473</u>
Total net investment return	2,767,600	1,476,390	4,243,990
Net assets released from restrictions - satisfaction of donor restrictions	<u>1,444,486</u>	<u>(1,444,486)</u>	<u>-</u>
Total revenue, gains and other support	<u>4,212,086</u>	<u>31,904</u>	<u>4,243,990</u>
Expenses:			
Grants authorized, net of grant recoveries	2,211,498	-	2,211,498
Less: Grants authorized under agency transactions	<u>(710,500)</u>	<u>-</u>	<u>(710,500)</u>
Management and general expenses	<u>475,417</u>	<u>-</u>	<u>475,417</u>
Total expenses	<u>1,976,415</u>	<u>-</u>	<u>1,976,415</u>
Change in net assets before federal excise and income taxes	2,235,671	31,904	2,267,575
Federal excise and income taxes	<u>22,002</u>	<u>-</u>	<u>22,002</u>
Change in net assets	2,213,669	31,904	2,245,573
Net assets at beginning of year	<u>26,746,347</u>	<u>14,267,985</u>	<u>41,014,332</u>
Net assets at end of year	<u>\$ 28,960,016</u>	<u>14,299,889</u>	<u>43,259,905</u>

See accompanying notes to financial statements.

The Bernard and Audre Rapoport Foundation

Statement of Activities

Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, gains and other support:			
Net investment return:			
Interest and dividends	\$ 440,795	236,695	677,490
Net gain on investments, net of investment expenses	3,023,318	1,623,440	4,646,758
Partnership distributions	<u>23,597</u>	<u>12,671</u>	<u>36,268</u>
Total net investment return	3,487,710	1,872,806	5,360,516
Donor contributions	-	32,700	32,700
Net assets released from restrictions - satisfaction of donor restrictions	<u>674,808</u>	<u>(674,808)</u>	<u>-</u>
Total revenue, gains and other support	<u>4,162,518</u>	<u>1,230,698</u>	<u>5,393,216</u>
Expenses:			
Grants authorized, net of grant recoveries	1,954,142	-	1,954,142
Less: Grants authorized under agency transactions	<u>(719,924)</u>	<u>-</u>	<u>(719,924)</u>
	1,234,218	-	1,234,218
Management and general expenses	<u>463,709</u>	<u>-</u>	<u>463,709</u>
Total expenses	<u>1,697,927</u>	<u>-</u>	<u>1,697,927</u>
Change in net assets before federal excise and income taxes	2,464,591	1,230,698	3,695,289
Federal excise and income taxes	<u>(2,530)</u>	<u>-</u>	<u>(2,530)</u>
Change in net assets	2,467,121	1,230,698	3,697,819
Net assets at beginning of year	<u>24,279,226</u>	<u>13,037,287</u>	<u>37,316,513</u>
Net assets at end of year	<u>\$ 26,746,347</u>	<u>14,267,985</u>	<u>41,014,332</u>

See accompanying notes to financial statements.

The Bernard and Audre Rapoport Foundation

Statement of Functional Expenses

Year Ended December 31, 2021

	<u>Program Services - Grants</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 228,020	25,336	253,356
Trustee fees	71,400	7,933	79,333
Rent	23,476	2,609	26,085
Accounting & professional fees	10,644	10,644	21,288
Meetings - general	9,872	1,097	10,969
Conferences	3,903	-	3,903
In office meeting/entertainment	2,890	321	3,211
Legal fees	457	50	507
Taxes - payroll	15,274	1,697	16,971
Insurance - workers compensation	-	340	340
Insurance - association	3,457	-	3,457
Insurance - commercial package	-	1,247	1,247
Insurance - umbrella	-	12,540	12,540
Insurance - crime	-	823	823
Computers / tech support	1,298	144	1,442
Office supplies	2,837	315	3,152
Postage	292	33	325
Telephone	1,984	220	2,204
Publications	12,954	-	12,954
Newspapers / magazines / journals	291	-	291
Travel reimbursement	1,452	-	1,452
Professional dues	11,583	-	11,583
Foreign taxes paid	-	7,871	7,871
Miscellaneous	101	12	113
	<hr/>	<hr/>	<hr/>
Total management and general expenses	402,185	73,232	475,417
Grants	<u>1,500,998</u>	<u>-</u>	<u>1,500,998</u>
	<hr/>	<hr/>	<hr/>
Total expenses	\$ <u><u>1,903,183</u></u>	<u><u>73,232</u></u>	<u><u>1,976,415</u></u>

See accompanying notes to financial statements.

The Bernard and Audre Rapoport Foundation

Statement of Functional Expenses

Year Ended December 31, 2020

	<u>Program Services - Grants</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 219,252	24,361	243,613
Trustee fees	80,666	-	80,666
Rent	-	26,085	26,085
Accounting & professional fees	-	24,372	24,372
Meetings - general	2,400	267	2,667
Meetings - Civic Participation Task Force	1,500	167	1,667
Conferences	93	10	103
In office meeting/entertainment	1,763	196	1,959
Legal fees	1,013	-	1,013
Taxes - payroll	13,696	1,522	15,217
Insurance - workers compensation	-	593	593
Insurance - association	3,163	-	3,163
Insurance - commercial package	-	1,199	1,199
Insurance - umbrella	-	12,307	12,307
Insurance - crime	-	823	823
Computers / tech support	3,007	334	3,341
Office supplies	3,705	412	4,117
Postage	78	9	87
Telephone	1,629	181	1,810
Publications	13,726	-	13,726
Newspapers / magazines / journals	451	50	501
Travel reimbursement	337	37	375
Professional dues	7,155	795	7,950
Foreign taxes paid	-	16,356	16,356
	<hr/>	<hr/>	<hr/>
Total management and general expenses	353,633	110,076	463,709
	<hr/>	<hr/>	<hr/>
Grants	1,234,218	-	1,234,218
	<hr/>	<hr/>	<hr/>
Total expenses	\$ <u>1,587,851</u>	<u>110,076</u>	<u>1,697,927</u>

See accompanying notes to financial statements.

The Bernard and Audre Rapoport Foundation

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,245,573	3,697,819
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net gain on investments	(5,631,421)	(7,190,086)
Changes in operating assets and liabilities:		
Accrued interest receivable	36,481	10,553
Prepaid expenses	5,675	(897)
Grants payable	80,000	(180,630)
Accounts payable and accrued liabilities	(1,800)	1,900
Agencies payable	1,178,960	1,764,344
Other payables	<u>33,892</u>	<u>(207,407)</u>
Net cash used in operating activities	<u>(2,052,640)</u>	<u>(2,104,404)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	11,532,425	8,553,159
Purchase of investments	<u>(9,174,354)</u>	<u>(6,758,985)</u>
Net cash provided by investing activities	<u>2,358,071</u>	<u>1,794,174</u>
Net increase (decrease) in cash and cash equivalents	305,431	(310,230)
Cash and cash equivalents at beginning of year	<u>418,517</u>	<u>728,747</u>
Cash and cash equivalents at end of year	<u><u>\$ 723,948</u></u>	<u><u>418,517</u></u>

See accompanying notes to financial statements.

The Bernard and Audre Rapoport Foundation

Notes to Financial Statements

December 31, 2021 and 2020

(1) Summary of Significant Accounting Policies and Practices

(a) Nature of Activities

The Bernard and Audre Rapoport Foundation (the “Foundation”) is a nonprofit, charitable and benevolent private corporation formed to support organizations whose purpose is charitable, literary or educational.

(b) Revenues and Expenses

Contributions received are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

The Foundation recognizes unconditional contributions or grants to others when authorized by the Board of Trustees. Conditional promises to give are only recognized when the conditions on which they depend are substantially met. Other expenses are recorded when incurred in accordance with the accrual basis of accounting.

(c) Furniture and Equipment

Furniture and equipment are recorded at cost. It is the Foundation’s policy to capitalize expenditures for individual items in excess of \$1,000. Depreciation is calculated using the double declining balance method over the estimated useful lives of the assets. All furniture and equipment were fully depreciated at December 31, 2021 and 2020.

(d) Cash and Cash Equivalents

The Foundation considers all highly-liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents include money market mutual funds totaling \$723,739 and \$345,807 as of December 31, 2021 and 2020, respectively.

The Bernard and Audre Rapoport FoundationNotes to Financial Statements
(Continued)(1) Summary of Significant Accounting Policies and Practices (continued)(e) Federal Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is generally not subject to federal income tax. However, the Foundation is classified as a private foundation and, as such, is subject to a federal excise tax of 1.39% on net investment income, including realized gains, as defined. Further, the Foundation is subject to federal income taxes on income deemed to be unrelated business income (income from unrelated business activities of the Foundation or the Foundation's investments).

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Foundation records interest related to unrecognized tax benefits and penalties in management and general expenses.

(f) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for further discussion of fair value measurements.

Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statements of activities as an increase or decrease in net assets without donor restrictions unless the income or loss is restricted by donor. Investment income or loss allocated to agency balances is credited or charged to agencies payable in the statements of financial position.

The Bernard and Audre Rapoport Foundation

Notes to Financial Statements (Continued)

(1) Summary of Significant Accounting Policies and Practices (continued)

(g) Functional Allocation of Expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited, as more fully described in Note 8.

(h) Use of Estimates

The preparation of the financial statements requires management of the Foundation to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

(2) Investments and Fair Value

Investments at December 31, 2021 and 2020 are as follows:

	2021	2020
Investment securities:		
Corporate bonds	\$ 21,210,367	15,803,065
Equity securities	6,823,354	6,124,039
Mutual funds and exchange traded equity funds	36,642,701	39,475,968
	\$ 64,676,422	61,403,072

The Bernard and Audre Rapoport Foundation

Notes to Financial Statements (Continued)

(2) Investments and Fair Value (continued)

Investment return and its related classification in the accompanying financial statements for 2021 and 2020 are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Agency Transactions</u>	<u>Total</u>
Year ended				
<u>December 31, 2021:</u>				
Interest and dividends	\$ 408,566	217,951	315,646	942,163
Net gain on investments, net of investment expenses	<u>2,359,034</u>	<u>1,258,439</u>	<u>1,822,521</u>	<u>5,439,994</u>
	<u>\$ 2,767,600</u>	<u>1,476,390</u>	<u>2,138,167</u>	<u>6,382,157</u>
Year ended				
<u>December 31, 2020:</u>				
Interest and dividends	\$ 440,795	236,695	343,118	1,020,608
Net gain on investments, net of investment expenses	3,023,318	1,623,440	2,353,372	7,000,130
Partnership distributions	<u>23,597</u>	<u>12,671</u>	<u>18,368</u>	<u>54,636</u>
	<u>\$ 3,487,710</u>	<u>1,872,806</u>	<u>2,714,858</u>	<u>8,075,374</u>

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Bernard and Audre Rapoport Foundation

Notes to Financial Statements (Continued)

(2) Investments and Fair Value (continued)

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2021 and 2020:

	December 31,	Fair Value Measurements at Reporting Date Using		
		December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investment securities:				
Corporate bonds	\$ 21,210,367	-	21,210,367	-
Equity securities	6,823,354	6,823,354	-	-
Mutual funds and exchange traded equity funds	36,642,701	36,642,701	-	-
	<u>\$ 64,676,422</u>	<u>43,466,055</u>	<u>21,210,367</u>	<u>-</u>
	December 31,	Fair Value Measurements at Reporting Date Using		
	2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment securities:				
Corporate bonds	\$ 15,803,065	-	15,803,065	-
Equity securities	6,124,039	6,124,039	-	-
Mutual funds and exchange traded equity funds	39,475,968	39,475,968	-	-
	<u>\$ 61,403,072</u>	<u>45,600,007</u>	<u>15,803,065</u>	<u>-</u>

For corporate bonds included in Level 2, the fair value is determined using multi-dimensional relational and floating-rate note valuation models using certain observable inputs, including (in order of priority) benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two sided markets, bids, offers and reference data such as market research publications.

The Bernard and Audre Rapoport Foundation

Notes to Financial Statements (Continued)

(3) Furniture and Equipment

At December 31, 2021 and 2020, furniture and equipment consist of the following:

	2021	2020
Furniture and equipment	\$ 27,952	27,952
Less accumulated depreciation	(27,952)	(27,952)
	\$ -	-

(4) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

	2021	2020
Cash and cash equivalents	\$ 723,948	418,517
Accrued interest receivable	6,894	43,375
Investments - unrestricted	42,834,003	40,739,613
Less net assets with donor restriction	(14,299,889)	(14,267,985)
	\$ 29,264,956	26,933,520

Excess liquidity over what is required for operating expenses could be available for additional grants at the Board's discretion.

(5) Grants Payable

During 2021 and 2020, the Foundation awarded grants, or unconditional promises to give, net of grant recoveries totaling \$1,500,998 and \$1,234,218, respectively. All unconditional promises to give at December 31, 2021 are payable in less than one year.

(6) Agency Transactions

The Foundation has received certain amounts from Bernard and Audre Rapoport, from which the principal and income are to be transferred to specified third-party recipients. Due to the limited discretion the Foundation has in using these assets, transactions related to this arrangement have been recorded as agency transactions. Agencies payable at December 31, 2021 and 2020 represent \$11,502,250 and \$10,858,283, respectively, due to

The Bernard and Audre Rapoport Foundation

Notes to Financial Statements (Continued)

(6) Agency Transactions (continued)

the University of Texas at Austin; \$5,606,225 and \$5,297,831, respectively, due to the Jewish Federations of North America; and \$4,733,944 and \$4,507,345, respectively, due to the Jerusalem Foundation.

(7) Net Assets and Net Assets Released from Restrictions

Net assets, revenues, gains, and other support are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the right to determine how the funds are disbursed.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor) imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the restriction has been fulfilled, or both. Net assets with a purpose restriction at December 31, 2021 and 2020 are available to charitable, literary or educational organizations that would benefit an area within thirty miles of the city limits of Waco, Texas, or the inhabitants thereof.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Satisfaction of purpose restrictions:		
Grants authorized	\$ 1,195,777	444,218
Management and general expenses	248,709	230,590
	\$ 1,444,486	674,808

The Bernard and Audre Rapoport Foundation

Notes to Financial Statements (Continued)

(8) Functional Expenses

The financial statements report certain categories of expenses that are attributed to both program and supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated have been allocated based on the total amount of salaries that have been incurred in each function. Expenses that are specific to awarding grants or management and general have to be allocated to that function.

(9) Supplemental Cash Flow Information

The Foundation paid federal excise and income taxes of \$7,265 and \$160,883 in 2021 and 2020, respectively.

(10) Concentrations of Credit and Market Risk

At December 31, 2021 and 2020, and at various times during the years, the balance of deposits at financial institutions exceeded the amount of federal deposit insurance coverage.

Financial instruments that potentially expose the Foundation to significant concentrations of credit and market risk consist primarily of cash, cash equivalents and investments. Inadequate investment diversification can subject the Foundation to a greater degree of risk arising from such factors as interest rate fluctuations, credit deterioration, market fluctuations and changes in regulatory and political policy which can result in actual losses or inadequate investment returns. Management believes the Foundation's investments do not represent significant concentrations of market risk, and the possibility of significant adverse impact upon the financial condition of the Foundation arising from such risk is remote.

(11) Related Party Information

The Foundation has a deposit account at a local bank in which certain Foundation Board members own shares of stock.

(12) Leases

The Foundation has one operating lease for office facilities that expires January 31, 2023. Lease expense for the each of the years ended December 31, 2021 and 2020 was \$39,127. Future minimum lease payments under the operating lease are: \$42,640 for 2022, and \$3,580 for 2023.

The Bernard and Audre Rapoport FoundationNotes to Financial Statements
(Continued)(13) Subsequent Events

The Foundation has evaluated subsequent events from the statement of financial position date through April 14, 2022, the date at which the financial statements were available to be issued, and determined there are no items to disclose.

Supplementary Information

The Bernard and Audre Rapoport Foundation

Schedule of Grants

Year Ended December 31, 2021

Source of Funds/Recipient	Unpaid at January 1, 2021	Amount Authorized	Grant Recoveries	Amount Paid (Received)	Unpaid at December 31, 2021
<i>Authorized from</i>					
<i>Without Donor Net Assets:</i>					
Alliance for Justice	\$ -	50,000	-	50,000	-
Austin PBS	-	25,000	-	25,000	-
Communities FDN of TX	-	25,000	-	25,000	-
El Paso Matters	-	25,000	-	25,000	-
Every Texan	-	25,000	-	25,000	-
Lone Star Justice Alliance	-	45,000	-	45,000	-
Providence College	-	50,000	-	25,000	25,000
Texas Tribune	10,000	50,000	-	60,000	-
Towson University Foundation	-	10,221	-	10,221	-
Total from net assets without donor restrictions	10,000	305,221	-	290,221	25,000
<i>Authorized from</i>					
<i>With Donor Restrictions Net Assets:</i>					
Caritas of Waco	-	15,000	-	15,000	-
CASA of McLennan County	-	45,082	-	45,082	-
Cook Children's Health Foundation	-	6,000	-	6,000	-
Creative Waco	-	25,000	-	25,000	-
Family Abuse Center	-	25,000	-	25,000	-
Grassroots Community Development	-	25,000	-	25,000	-
Heart of Texas Region MHMR	-	400,000	-	400,000	-
La Vega ISD	120,000	-	-	-	120,000
Partnerships for Children	-	15,000	-	15,000	-
Planned Parenthood of Greater TX	-	62,000	-	62,000	-
Prosper Waco	65,000	-	-	65,000	-
Special Olympics	-	15,000	-	15,000	-
Talitha Koum	-	25,000	-	25,000	-
Texas Ramp Project	-	10,000	-	10,000	-
The Nurse Family Partnership	-	15,000	-	15,000	-
Unbound Global	-	65,000	-	65,000	-
United Waco Waco-McLennan County	-	50,000	-	50,000	-
Waco Creative Art Center	-	49,695	-	49,695	-
Waco Family Medicine	-	250,000	-	120,000	130,000
Waco Foundation - MAC	-	40,000	-	40,000	-
Waco Habitat for Humanity	-	35,000	-	35,000	-
Youth Connection, Inc.	-	23,000	-	23,000	-
Total from net assets with donor restrictions	185,000	1,195,777	-	1,130,777	250,000
Total from net assets with and without donor restrictions	195,000	1,500,998	-	1,420,998	275,000
<i>Agency Transactions:</i>					
Jerusalem Foundation	-	177,625	-	177,625	-
Jewish Federations of North America	-	177,625	-	177,625	-
University of Texas at Austin	-	355,250	-	355,250	-
Total agency transactions	-	710,500	-	710,500	-
	\$ 195,000	2,211,498	-	2,131,498	275,000

See accompanying independent auditor's report.

The Bernard and Audre Rapoport Foundation

Schedule of Net Assets and Agencies Payable

Year Ended December 31, 2021

	Net Assets		Agencies Payable			Total
	Without Donor Restrictions	With Donor Restrictions	University of Texas at Austin	Jewish Federations of North America	Jerusalem Foundation	
Balances, January 1, 2021	\$ 26,746,347	14,267,985	10,858,285	5,297,829	4,507,345	61,677,791
Investment income, net	2,767,599	1,476,391	1,123,569	548,198	466,401	6,382,158
Grants authorized (net assets) or paid (agencies payable)	(305,221)	(1,195,777)	(355,250)	(177,625)	(177,625)	(2,211,498)
Other expenses:						
General and administrative expenses	(237,709)	(237,708)	(118,854)	(59,427)	(59,427)	(713,125)
Federal excise and income tax benefit	(11,000)	(11,002)	(5,500)	(2,750)	(2,750)	(33,002)
Balances, December 31, 2021	<u>\$ 28,960,016</u>	<u>14,299,889</u>	<u>11,502,250</u>	<u>5,606,225</u>	<u>4,733,944</u>	<u>65,102,324</u>

See accompanying independent auditor's report.

The Bernard and Audre Rapoport Foundation
 Schedule of Total General and Administrative Expenses –
 Statements of Activities and Agencies Payable
 Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Salaries and benefits	\$ 405,999	389,136
Rent	39,127	39,127
Insurance	27,100	26,238
Meetings and conferences	27,124	9,594
Professional fees	32,694	38,078
Trustee fees	119,000	121,000
Miscellaneous	<u>62,081</u>	<u>72,390</u>
	<u>\$ 713,125</u>	<u>695,563</u>

See accompanying independent auditor's report.