AUDITED FINANCIAL STATEMENTS

ROSENBERG FUND FOR CHILDREN, INC.

Easthampton, Massachusetts

DECEMBER 31, 2016

Boisselle, Morton & Wolkowicz, LLP
Certified Public Accountants

BOISSELLE, MORTON & WOLKOWICZ, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Rosenberg Fund for Children, Inc.
Easthampton, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Rosenberg Fund for Children, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, 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 the accounting principles generally accepted in the United States of America. Management is also responsible 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 error or fraud.

Auditors' 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 Rosenberg Fund for Children, Inc. as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Rosenberg Fund for Children, Inc.'s financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 20, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Boisselle, Morton & Wolkowicz, LLP

Hadley, Massachusetts
April 27, 2017

ROSENBERG FUND FOR CHILDREN, INC.

Statement of Financial Position

December 31, 2016 (with comparative totals for December 31, 2015)

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
Assets				
Cash and cash equivalents	$ 357,655		$ 357,655	$ 302,698
Contributions receivable	71,387	$ 51,196	122,583	61,270
Prepaid expenses	6,560		6,560	7,329
Investments	1,888,263	2,458,765	4,347,028	4,295,301
Deposits	1,800		1,800	1,800
Total assets	$ 2,325,665	$ 2,509,961	$ 4,835,626	$ 4,668,398
Liabilities and Net Assets				
Liabilities				
Annuities payable	$ 3,951		$ 3,951	$ 10,844
Accrued expenses	10,137		10,137	5,661
Accrued payroll and benefits	16,831		16,831	17,057
Grants payable	128,778		128,778	126,904
Total liabilities	159,697		159,697	160,466
Net assets	2,165,968	$ 2,509,961	4,675,929	4,507,932
Total liabilities and net assets	$ 2,325,665	$ 2,509,961	$ 4,835,626	$ 4,668,398

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

ROSENBERG FUND FOR CHILDREN, INC.
Statement of Activities
Year Ended December 31, 2016
(with comparative totals for the year ended December 31, 2015)

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
Revenues, gains and other support				
Contributions	$ 180,661	$ 414,579	$ 595,240	$ 497,037
Planned giving (Note 7)	125,130		125,130	538,659
Unrealized gains on investments, net	34,935	88,664	123,599	
Interest and dividends	28,645	43,562	72,207	84,608
Speaker fees and other income (Note 8)	1,678		1,678	23,315
Amounts released from restriction:				
Granting activity	365,370	(365,370)		
Total revenues, gains and other support	736,419	181,435	917,854	1,143,619
Expenses and losses				
Expenses				
Program	582,628		582,628	571,251
Management and general	73,527		73,527	76,845
Fundraising	58,774		58,774	64,847
Total expenses	714,929		714,929	712,943
Losses				
Realized losses on sales of investments, net	5,733	29,195	34,928	25,022
Unrealized losses on investments, net				49,665
Total expenses and losses	720,662	29,195	749,857	787,630
Change in net assets	15,757	152,240	167,997	355,989
Net assets - beginning of year	2,150,211	2,357,721	4,507,932	4,151,943
Net assets - end of year	$ 2,165,968	$ 2,509,961	$ 4,675,929	$ 4,507,932

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

ROSENBERG FUND FOR CHILDREN, INC.
Statement of Functional Expenses
Year Ended December 31, 2016
(with comparative totals for the year ended December 31, 2015)

	2016				2015
	Program	Management and General	Fundraising	Total	Total
Salaries and related expenses					
Salaries	$ 136,198	$ 23,994	$ 24,233	$ 184,425	$ 190,177
Payroll taxes	11,047	1,946	1,965	14,958	14,962
Benefits	14,699	2,589	2,615	19,903	16,200
Total salaries and related expenses	161,944	28,529	28,813	219,286	221,339
Advertising	1,842	21	517	2,380	2,616
Bank and investment fees	18,764	14,492		33,256	34,300
Board expenses	151	151		302	383
Consultants	14,362	4,468	13,524	32,354	26,598
Equipment rental and maintenance	68	67		135	500
Fees	273	2,536	878	3,687	3,741
Grants	328,709			328,709	325,618
Graphic arts	398		397	795	910
Insurance	686	1,457		2,143	1,396
Interest	1,007			1,007	1,555
Mail processing	4,031		4,031	8,062	8,027
Payroll service		1,716		1,716	1,734
Postage	5,360	4,736	1,590	11,686	11,555
Printing	3,567	1,546	3,505	8,618	8,854
Professional fees		7,418		7,418	7,823
Publications	98	118	220	436	401
Rent	11,397	3,106	3,136	17,639	17,120
Supplies	1,804	1,966	617	4,387	7,419
Special events and programming	17,974			17,974	26,557
Telephone and internet	6,815	1,200	1,212	9,227	3,646
Travel	3,378		334	3,712	851
Total expenses	$ 582,628	$ 73,527	$ 58,774	$ 714,929	$ 712,943

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

ROSENBERG FUND FOR CHILDREN, INC.
Statement of Cash Flows
Year Ended December 31, 2016
(with comparative totals for the year ended December 31, 2015)

	2016	2015
Cash flows from operating activities		
Change in net assets	$ 167,997	$ 355,989
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized (gains) losses on investments, net	(123,599)	49,665
Realized losses on investments, net	34,928	25,022
Annuity gift conversion	(3,848)	
(Increase) decrease in:		
Contributions receivable	(61,313)	150,028
Prepaid expenses	769	1,252
Increase (decrease) in:		
Accrued expenses	4,476	2,943
Accrued payroll and benefits	(226)	5,517
Grants payable	1,874	23,619
Net cash provided by operating activities	21,058	614,035
Cash flows from investing activities		
Purchase of investments	(1,241,281)	(1,975,710)
Proceeds from sale of investments	1,278,225	1,294,830
Net cash provided (used) by investing activities	36,944	(680,880)
Cash flows from financing activities		
Annuity payments	(3,045)	(3,030)
Net cash used by financing activities	(3,045)	(3,030)
Net increase (decrease) in cash and cash equivalents	54,957	(69,875)
Cash and cash equivalents - beginning of year	302,698	372,573
Cash and cash equivalents - end of year	$ 357,655	$ 302,698
Supplemental Information:		
Interest paid	$ 1,007	$ 1,555

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

ROSENBERG FUND FOR CHILDREN, INC.
Notes to Financial Statements
December 31, 2016

1. Summary of Significant Accounting Policies

a. *Nature of Business:* Rosenberg Fund for Children, Inc. was organized in the Commonwealth of Massachusetts as a not-for-profit corporation on September 4, 1990. The Organization works to provide for the educational and emotional needs of targeted activist youth and children in the United States whose parents have suffered because of their progressive beliefs and are, therefore, unable to adequately care for their children.

b. *Tax status:* Rosenberg Fund for Children, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

   The Organization's information filings are subject to audit by the Internal Revenue Service. The Organization's open audit periods are 2014-2016.

c. *Basis of Presentation:* The Organization presents its financial statements according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets are legally unrestricted and are reported as part of the unrestricted class. The Organization had only unrestricted and temporarily restricted net assets at December 31, 2016 and 2015.

d. *Allocation of Expenses:* Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

e. *Cash and Cash Equivalents:* For the purposes of the statement of cash flows, the Organization considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

f. *Promises to Give:* Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

g. *Property and Equipment:* Property and equipment are recorded at cost, if purchased, or at their estimated fair market value at date of donation, if donated. Property and equipment consists primarily of leasehold improvements, furniture and equipment.

h. *Depreciation:* Provisions for depreciation are made in the accounts using the straight-line method. Property and equipment are being depreciated over three to five years.

i. *Investments:* The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair value on the statement of financial position.

1. Summary of Significant Accounting Policies (Continued)

j. *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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

k. *Fair Value Measurements:* Accounting standards have established 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 unobservable inputs (Level 3 measurements). Inputs to the valuation methodology for the three levels of the fair value hierarchy are described below:

Level 1	Unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.
Level 2	Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Unobservable and significant to the fair value measurement.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

The asset or liability's fair value measurement 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.

l. *Comparative Information*: The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended December 31, 2015, from which the summarized information was derived.

2. Contributions Receivable

In 2016, the Organization had $122,583 in receivables, consisting of contributions and planned giving that were not collected until 2017.

In 2015, the Organization had $61,270 in receivables, consisting of contributions and planned giving that were not collected until 2016.

3. Investments

The Organization maintains its investment accounts at brokerages. The investments are allocated among various cash, equity and debt instruments. Investments were carried at quoted market values, as summarized below, as of December 31, 2016:

	Interest Rate	Due	Original Cost	Market Value
Money funds			$1,372,482	$1,372,482
Mutual funds			250,406	253,553
Equity stocks			1,876,041	2,130,710
Corporate bonds	3.25-9.75%	Various	558,825	551,779
International bonds	Zero coupon	Various	42,798	38,504
			$4,100,552	$4,347,028

Investments were carried at quoted market values, as summarized below, as of December 31, 2015:

	Interest Rate	Due	Original Cost	Market Value
Money funds			$1,200,840	$1,200,840
Mutual funds			210,146	206,197
Equity stocks			2,064,415	2,201,108
Corporate bonds	3.25-9.75%	Various	404,209	395,705
International bonds	Zero coupon	Various	101,253	90,125
U. S. Treasury bonds	Zero coupon	Various	142,072	145,824
Real estate investment trusts (Level 2)			49,489	55,502
			$4,172,424	$4,295,301

Fair values for investments were determined by reference to quoted market prices and other relevant information generated by market transactions.

Investment income was the following for the years ended December 31:

	2016	2015
Interest and dividends	$ 72,096	$ 84,352
Net realized losses on investments	(34,928)	(25,022)
Net unrealized gains (losses) on investments	123,599	(49,665)
	$ 160,767	$ 9,665

4. Property and Equipment

The Organization has $22,206 of leasehold improvements, furniture and equipment that were fully depreciated prior to 2015.

5. Charitable Gift Annuities

The Organization administers various gift annuities. A gift annuity provides for regular annuity payments to the grantor for a specific period of years. The portion of the annuity attributable to the present value of the future benefits to be received by the grantor is recorded as a liability by the Organization. The amount of this liability was $3,951 and $10,844 as of December 31, 2016 and 2015, respectively. Future payments are estimated at $2,103, with the principal amortization estimated at $1,609 for 2017.

6. Temporarily Restricted Contributions and Net Assets

Temporarily restricted contributions and net assets consisted of funds restricted for the distribution of grants. The temporarily restricted column on the statement of activities reflects the Organization's activity related to the distribution of grants. The Organization made grants of $365,370 during 2016 ($350,496 during 2015) that is shown as "amounts released from restriction" on the statement of activities. The balance in temporarily restricted net assets was $2,509,961 and $2,357,721 at December 31, 2016 and 2015, respectively.

7. Planned Giving

The Organization encourages planned giving in various forms to sustain the program to benefit future generations. The Organization received $125,130 and $538,659 during 2016 and 2015, respectively, as the beneficiary of estates. Several large bequests accounted for the substantial increase in planned giving in 2015.

8. Speaker Fees and Other Income

The organization held a 25th anniversary celebration in 2015 which accounted for the significant increase in income in this category in 2015 ($23,315 in 2015 compared to $1,678 in 2016).

9. Retirement Plan

The Organization maintains a 403(b) retirement plan that covers all eligible employees. The plan allows eligible employees to defer a portion of their compensation. Such deferrals accumulate on a tax-deferred basis until the employee withdraws the funds. There were no employer contributions to this plan.

10. Operating Lease

The Organization has a 3-year leasing agreement for office space expiring July 31, 2017. The lease requires monthly rent payments of $1,460, adjusted annually by the CPI index and includes fees for heat, electricity, and trash, which are all included in rent expense. Rent expense was $17,639 and $17,120 for 2016 and 2015, respectively. The future estimated rental expense (through July 31, 2017) is $10,220. The Organization was awaiting a new lease at the date of these financial statements.

11. Related Parties

Three members of the Board of Directors are related to employees of the Organization. A member of the Board was also compensated $8,000 and $10,000 for 2016 and 2015, respectively, as an employee. Another member of the Board was also compensated $63,879 in 2016 and 2015, as an employee.

12. Concentrations of Credit Risk

The Organization has significant investments in stocks, bonds and mutual funds held by an investment manager who was engaged by the Organization. Those investments are uninsured and, therefore, subject to concentrations of credit risk. Investments are made by the investment manager and the investments are monitored by the Board of Directors. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

13. Subsequent Events

The Organization evaluated subsequent events after the statement of financial position date of December 31, 2016, through April 27, 2017, the date on which the financial statements were available to be issued, and concluded that no additional disclosures were required.