

**AUDITED FINANCIAL STATEMENTS**

**ROSENBERG FUND FOR CHILDREN, INC.**

*Easthampton, Massachusetts*

**DECEMBER 31, 2011**

***Boisselle, Morton & Associates, LLP***  
*Certified Public Accountants*

BOISSELLE, MORTON & ASSOCIATES, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

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

**Independent Auditors' Report**

We have audited the accompanying statement of financial position of Rosenberg Fund for Children, Inc. (a non-profit corporation) as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's December 31, 2010 financial statements and, in our report dated April 4, 2011, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Boisselle, Morton & Associates, LLP*

April 4, 2012

**ROSENBERG FUND FOR CHILDREN, INC.**

Statement of Financial Position

December 31, 2011 (with comparative totals for December 31, 2010)

	2011			2010
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
	<u>Assets</u>			
<b>Current Assets</b>				
Cash and cash equivalents	\$ 216,137		\$ 216,137	\$ 519,451
Contributions receivable	2,064	\$ 30,546	32,610	
Prepaid expenses	5,423		5,423	3,205
Investments	<u>1,252,756</u>	<u>1,974,532</u>	<u>3,227,288</u>	<u>2,938,055</u>
Total Current Assets	<u>1,476,380</u>	<u>2,005,078</u>	<u>3,481,458</u>	<u>3,460,711</u>
<b>Fixed Assets</b>				
Leasehold improvements	5,411		5,411	5,411
Furniture and equipment	<u>16,795</u>		<u>16,795</u>	<u>16,795</u>
	22,206		22,206	22,206
Less: accumulated depreciation	<u>22,206</u>		<u>22,206</u>	<u>21,390</u>
Total Fixed Assets	<u>-</u>		<u>-</u>	<u>816</u>
<b>Other Assets</b>				
Deposits	<u>1,800</u>		<u>1,800</u>	<u>1,800</u>
Total Other Assets	<u>1,800</u>		<u>1,800</u>	<u>1,800</u>
<b>Total Assets</b>	<b><u>\$ 1,478,180</u></b>	<b><u>\$ 2,005,078</u></b>	<b><u>\$ 3,483,258</u></b>	<b><u>\$ 3,463,327</u></b>
	<u>Liabilities and Net Assets</u>			
<b>Current Liabilities</b>				
Annuities payable	\$ 24,778		\$ 24,778	\$ 29,492
Accrued expenses	5,523		5,523	2,866
Accrued payroll and benefits	17,753		17,753	18,772
Grants payable	<u>88,706</u>		<u>88,706</u>	<u>91,367</u>
Total Current Liabilities	136,760		136,760	142,497
<b>Net Assets</b>	<u>1,341,420</u>	<u>\$ 2,005,078</u>	<u>3,346,498</u>	<u>3,320,830</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,478,180</u></b>	<b><u>\$ 2,005,078</u></b>	<b><u>\$ 3,483,258</u></b>	<b><u>\$ 3,463,327</u></b>

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

**ROSENBERG FUND FOR CHILDREN, INC.**

Statement of Activities

Year Ended December 31, 2011

(with comparative totals for the year ended December 31, 2010)

	2011			
	Unrestricted	Temporarily Restricted	Total	2010 Total
Revenues, gains and other support				
Contributions	\$ 137,697	\$ 289,122	\$ 426,819	\$ 457,468
Planned giving	205,478		205,478	505,376
Amounts released from restriction:				
Granting activity	356,444	(356,444)		
Interest and dividends	48,886	73,639	122,525	113,722
Speaker fees and other income	2,426		2,426	18,179
Unrealized gains on investments, net	42,912	32,333	75,245	264,993
Total revenues, gains and other support	793,843	38,650	832,493	1,359,738
Expenses and losses				
Expenses				
Program	584,430		584,430	539,193
Management and general	60,088		60,088	68,038
Fundraising	68,758		68,758	65,044
Total expenses	713,276		713,276	672,275
Realized losses on sales of investments, net	50,730	42,819	93,549	111,371
Total expenses and losses	764,006	42,819	806,825	783,646
Change in net assets	29,837	(4,169)	25,668	576,092
Net assets - beginning of year	1,311,583	2,009,247	3,320,830	2,744,738
Net assets - end of year	\$ 1,341,420	\$ 2,005,078	\$ 3,346,498	\$ 3,320,830

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

**ROSENBERG FUND FOR CHILDREN, INC.**

Statement of Functional Expenses

Year Ended December 31, 2011

(with comparative totals for the year ended December 31, 2010)

	2011				2010
	Program	Management and General	Fundraising	Total	Total
Salaries and related expense					
Salaries	\$ 144,587	\$ 25,472	\$ 25,726	\$ 195,785	\$ 190,592
Payroll taxes	11,687	2,059	2,080	15,826	14,428
Benefits	17,700	3,118	3,149	23,967	28,017
Total salaries and related expense	<u>173,974</u>	<u>30,649</u>	<u>30,955</u>	<u>235,578</u>	<u>233,037</u>
Advertising	301		7,887	8,188	3,080
Bank and investment fees	29,161	107	18	29,286	7,150
Board expenses	267	267		534	409
Consultants	2,811	5,001	3,370	11,182	10,218
Depreciation	603	106	107	816	1,632
Equipment rental and maintenance					135
Fees		2,278	553	2,831	1,654
Grants	307,477			307,477	316,520
Graphic arts	280		280	560	1,620
Insurance		1,104		1,104	1,125
Interest	7,807			7,807	7,807
Mail processing	10,795		10,795	21,590	9,488
Payroll service		2,329		2,329	1,972
Postage	6,441	3,591	6,571	16,603	16,951
Printing	3,570	2,965	3,569	10,104	17,670
Professional fees		7,695		7,695	7,695
Publications	50	449	135	634	1,144
Rent	9,654	2,631	2,657	14,942	15,215
Supplies	4,496		83	4,579	4,138
Special event	23,571			23,571	7,913
Telephone	2,014	355	358	2,727	2,871
Travel	1,158	561	1,420	3,139	2,831
Total expenses	\$ <u>584,430</u>	\$ <u>60,088</u>	\$ <u>68,758</u>	\$ <u>713,276</u>	\$ <u>672,275</u>

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

**ROSENBERG FUND FOR CHILDREN, INC.**

## Statement of Cash Flows

Year Ended December 31, 2011

(with comparative totals for the year ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Change in net assets	\$ 25,668	\$ 576,092
Adjustments to reconcile increase in net assets to net cash (used) provided by operating activities		
Depreciation	816	1,632
Unrealized gains on investments, net	(75,245)	(264,993)
Realized losses on investments, net	93,549	111,371
Donated investments	(20,000)	(31,513)
(Increase) decrease in:		
Accounts receivable	(32,610)	
Prepaid expenses	(2,218)	(529)
Increase (decrease) in:		
Accrued expenses	2,657	(1,962)
Accrued payroll and benefits	(1,019)	5,598
Grants payable	(2,661)	15,254
Net cash (used) provided by operating activities	<u>(11,063)</u>	<u>410,950</u>
Cash flows from investing activities		
Purchase of investments	(2,387,633)	(395,737)
Proceeds from sale of investments	2,100,096	337,891
Net cash used by investing activities	<u>(287,537)</u>	<u>(57,846)</u>
Cash flows from financing activities		
Annuity payments	(4,714)	(4,714)
Net cash used by financing activities	<u>(4,714)</u>	<u>(4,714)</u>
Net (decrease) increase in cash and cash equivalents	(303,314)	348,390
Cash and cash equivalents - beginning of year	<u>519,451</u>	<u>171,061</u>
Cash and cash equivalents - end of year	\$ <u><u>216,137</u></u>	\$ <u><u>519,451</u></u>
Supplemental Information:		
Interest paid	\$ <u><u>7,807</u></u>	\$ <u><u>7,807</u></u>

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

# ROSENBERG FUND FOR CHILDREN, INC.

Notes to Financial Statements

December 31, 2011

## 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 charitable 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).

In accordance with U.S. accounting standards, the Organization reviews the financial statement recognition, measurement, classification and disclosure of any potential uncertain tax positions. Management has not identified any uncertain tax positions and, therefore, no liability has been recorded in the financial statements.

The Organization's information filings are subject to audit by the Internal Revenue Service. The Organization's open audit periods are 2009-2011.

- 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, 2011 and 2010.
- 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. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance and betterments, that materially prolong the useful lives of assets, are capitalized.
- 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.

**ROSENBERG FUND FOR CHILDREN, INC.**  
Notes to Financial Statements (Continued)  
December 31, 2011

1. Summary of Significant Accounting Policies (Continued)

- 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.
- 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's 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.

2. Contributions Receivable

Contributions of \$32,610 made via an online service in 2011 were not collected until January 2012; and, therefore, recorded as receivables at December 31, 2011.

**ROSENBERG FUND FOR CHILDREN, INC.**  
Notes to Financial Statements (Continued)  
December 31, 2011

**3. Investments**

The Organization maintains its investment accounts at a brokerage. 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, 2011:

	<u>Interest Rate</u>	<u>Due</u>	<u>Original Cost</u>	<u>Market Value</u>
Money funds			\$ 688,413	\$ 688,413
Mutual funds			428,138	419,436
Equity stocks			905,764	981,178
Corporate bonds	3.25-9.75%	Various	966,656	930,542
Partnership interests (Level 2)			<u>205,022</u>	<u>207,719</u>
			<u>\$3,193,993</u>	<u>\$3,227,288</u>

Investments were carried at quoted market values, as summarized below, as of December 31, 2010 with:

	<u>Interest Rate</u>	<u>Due</u>	<u>Original Cost</u>	<u>Market Value</u>
Money funds			\$ 350,739	\$ 350,739
Mutual funds			40,010	37,160
Equity stocks			1,205,223	1,198,015
Corporate bonds	3.25-9.75%	Various	1,001,639	980,445
International bonds	Zero coupon	Various	203,730	208,535
Partnership interests (Level 2)			<u>178,733</u>	<u>163,161</u>
			<u>\$2,980,074</u>	<u>\$2,938,055</u>

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:

	<u>2011</u>	<u>2010</u>
Interest and dividends	\$121,975	\$ 112,790
Realized losses on investments	(93,549)	(111,371)
Unrealized gains on investments	<u>75,245</u>	<u>264,993</u>
	<u>\$103,671</u>	<u>\$ 266,412</u>

**ROSENBERG FUND FOR CHILDREN, INC.**  
Notes to Financial Statements (Continued)  
December 31, 2011

**4. 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 \$24,778 and \$29,492 as of December 31, 2011 and 2010, respectively. Future payments are estimated at \$12,521, with the principal amortization estimated at \$4,714 for 2011.

**5. Temporarily Restricted Contributions and Net Assets**

Temporarily restricted contributions and net assets consist 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 \$356,444 during 2011 (\$379,024 during 2010) that is shown as "amounts released from restriction" on the statement of activities. The balance in temporarily restricted net assets was \$2,005,078 and \$2,009,247 at December 31, 2011 and 2010, respectively.

**6. Planned Giving**

The Organization encourages planned giving in various forms to sustain the program to benefit future generations. The Organization received \$205,478 and \$505,376 during 2011 and 2010, respectively, as the beneficiary of estates.

**7. 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 are no employer contributions to this plan.

**8. Operating Lease**

The Organization has a 3-year leasing agreement for office space expiring July 31, 2014. The lease requires monthly rent payments of \$1,200, adjusted annually by the CPI index and includes additional fees for heat, electricity, and trash, which are all included in rent expense. Rent expense was \$14,942 and \$15,215 for 2011 and 2010, respectively. The future estimated rental expense is the following:

2012	\$15,390
2013	15,899
2014	9,450

**9. Related Parties**

Two members of the Board of Directors are related to employees of the Organization. A member of the Board was also compensated \$68,265 and \$64,593 for 2011 and 2010, respectively, as the Executive Director.

The Organization paid three members of the Board \$600 each for their work at workshops during 2011.

**ROSENBERG FUND FOR CHILDREN, INC.**  
Notes to Financial Statements (Continued)  
December 31, 2011

10. 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.

11. 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, 2010, from which the summarized information was derived.

12. Subsequent Events

The Organization evaluated subsequent events after the statement of financial position date of December 31, 2011 through April 4, 2012, the date on which the financial statements were available to be issued, and concluded that no additional disclosures are required.