

**AUDITED FINANCIAL STATEMENTS**

**ROSENBERG FUND FOR CHILDREN, INC.**

*Easthampton, Massachusetts*

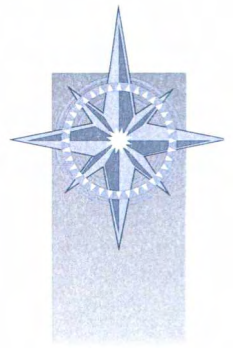
**DECEMBER 31, 2019**

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

# ROSENBERG FUND FOR CHILDREN, INC.

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### **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, 2019, 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.

## **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, 2019, 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 March 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Boisselle, Morton & Wolkowicz, LLP*

Hadley, Massachusetts  
July 20, 2020

**ROSENBERG FUND FOR CHILDREN, INC.**  
Statement of Financial Position  
December 31, 2019 (with comparative totals for December 31, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
	<u>Assets</u>			
Cash and cash equivalents	\$ 178,359	\$ 143,896	\$ 322,255	\$ 323,688
Contributions receivable	16,065	46,962	63,027	67,481
Prepaid expenses	8,533		8,533	10,955
Investments	2,131,748	3,555,571	5,687,319	4,954,549
Deposits	1,800		1,800	1,800
Total assets	\$ 2,336,505	\$ 3,746,429	\$ 6,082,934	\$ 5,358,473
	<u>Liabilities and Net Assets</u>			
Liabilities				
Annuities payable				\$ 206
Accrued expenses	\$ 15,035		\$ 15,035	8,349
Accrued payroll and benefits	16,372		16,372	13,705
Grants payable	101,124		101,124	107,151
Total liabilities	132,531		132,531	129,411
Net assets	2,203,974	\$ 3,746,429	5,950,403	5,229,062
Total liabilities and net assets	\$ 2,336,505	\$ 3,746,429	\$ 6,082,934	\$ 5,358,473

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

**ROSENBERG FUND FOR CHILDREN, INC.**

Statement of Activities

Year Ended December 31, 2019

(with comparative totals for the year ended December 31, 2018)

	2019			2018 <u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
Revenues, gains and other support				
Contributions	\$ 112,508	\$ 488,787	\$ 601,295	\$ 626,077
Planned giving	36,576		36,576	77,981
Unrealized gains on investments, net	173,291	314,793	488,084	
Interest and dividends	38,881	67,239	106,120	94,230
Speaker fees and other income	4,423		4,423	6,508
Realized gains on investments, net	86,542	127,080	213,622	79,388
Amounts released from restriction:				
Granting activity	<u>288,605</u>	<u>(288,605)</u>		
Total revenues, gains and other support	<u>740,826</u>	<u>709,294</u>	<u>1,450,120</u>	<u>884,184</u>
Expenses and losses				
Expenses				
Program	596,664		596,664	566,922
Management and general	80,526		80,526	67,229
Fundraising	<u>51,589</u>		<u>51,589</u>	<u>48,663</u>
Total expenses	<u>728,779</u>		<u>728,779</u>	<u>682,814</u>
Losses				
Unrealized losses on sales of investments, net				<u>227,287</u>
Total expenses and losses	<u>728,779</u>		<u>728,779</u>	<u>910,101</u>
Change in net assets	12,047	709,294	721,341	(25,917)
Net assets - beginning of year	<u>2,191,927</u>	<u>3,037,135</u>	<u>5,229,062</u>	<u>5,254,979</u>
Net assets - end of year	<u>\$ 2,203,974</u>	<u>\$ 3,746,429</u>	<u>\$ 5,950,403</u>	<u>\$ 5,229,062</u>

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

**ROSENBERG FUND FOR CHILDREN, INC.**

Statement of Functional Expenses

Year Ended December 31, 2019

(with comparative totals for the year ended December 31, 2018)

	2019				2018 <u>Total</u>
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries and related expenses					
Salaries	\$ 141,135	\$ 23,888	\$ 17,287	\$ 182,310	\$ 171,411
Payroll taxes	11,099	1,878	1,359	14,336	13,960
Benefits	25,529	2,405	2,405	30,339	25,495
Total salaries and related expenses	177,763	28,171	21,051	226,985	210,866
Advertising	1,300		250	1,550	2,220
Bank and investment fees	26,419	17,391		43,810	35,498
Board expenses	323	258		581	341
Consultants	13,080	3,918	11,724	28,722	30,012
Equipment rental and maintenance	1,990	286		2,276	
Fees	597	2,446	616	3,659	3,693
Grants	337,651			337,651	331,936
Graphic arts	750	150	750	1,650	750
Insurance	319	1,062		1,381	1,292
Interest	2,182			2,182	408
Mail processing	4,600		4,599	9,199	8,980
Payroll service		1,891		1,891	1,863
Postage	5,208	5,295	1,037	11,540	8,667
Printing	3,792	2,705	3,478	9,975	9,784
Professional fees		7,763		7,763	7,197
Publications	90	136	163	389	303
Rent	11,778	3,080	3,262	18,120	17,520
Supplies	496	3,570	558	4,624	4,117
Special events and programming	2,644	1,957	2,981	7,582	2,812
Telephone and internet	2,546	447	447	3,440	3,413
Travel	3,136		673	3,809	1,142
Total expenses	\$ 596,664	\$ 80,526	\$ 51,589	\$ 728,779	\$ 682,814

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

**ROSENBERG FUND FOR CHILDREN, INC.**

Statement of Cash Flows

Year Ended December 31, 2019

(with comparative totals for the year ended December 31, 2018)

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 721,341	\$ (25,917)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized (gains) losses on investments, net	(488,084)	227,287
Realized gains on investments, net	(213,622)	(79,388)
(Increase) decrease in:		
Contributions receivable	4,454	11,920
Prepaid expenses	2,422	(3,813)
Increase (decrease) in:		
Accrued expenses	6,686	4,093
Accrued payroll and benefits	2,667	(965)
Grants payable	(6,027)	(9,338)
Net cash provided by operating activities	29,837	123,879
 Cash flows from investing activities		
Purchase of investments	(4,227,610)	(2,480,627)
Proceeds from sale of investments	4,196,546	2,248,227
Net cash used by investing activities	(31,064)	(232,400)
 Cash flows from financing activities		
Annuity payments	(206)	(1,932)
Net cash used by financing activities	(206)	(1,932)
 Net decrease in cash and cash equivalents	(1,433)	(110,453)
 Cash and cash equivalents - beginning of year	323,688	434,141
Cash and cash equivalents - end of year	\$ 322,255	\$ 323,688
 Supplemental Information:		
Interest paid	\$ 2,182	\$ 408

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



## ROSENBERG FUND FOR CHILDREN, INC.

Notes to Financial Statements

December 31, 2019

### 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).
- c. *Basis of Presentation:* The Organization presents its financial statements according to two classes of net assets: those with donor restrictions and those without donor restrictions. Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. The restrictions are temporary in nature and will be met by actions of the Organization. All other net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.
- 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.

## ROSENBERG FUND FOR CHILDREN, INC.

Notes to Financial Statements (Continued)

December 31, 2019

### 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, 2018, from which the summarized information was derived.

### 2. Contributions Receivable

In 2019, the Organization had \$63,027 in receivables, consisting of contributions and planned giving that were not collected until 2019.

In 2018, the Organization had \$67,481 in receivables, consisting of contributions and planned giving that were not collected until 2018.

**ROSENBERG FUND FOR CHILDREN, INC.**

Notes to Financial Statements (Continued)

December 31, 2019

**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, 2019:

	<u>Original Cost</u>	<u>Market Value</u>
Money funds	\$ 722,035	\$ 722,177
Mutual funds	78,934	80,825
Equity stocks	2,431,466	3,289,842
U.S. Treasury bonds	250,112	250,410
Corporate bonds	<u>1,333,550</u>	<u>1,344,065</u>
	<u>\$4,816,097</u>	<u>\$5,687,319</u>

Investments were carried at quoted market values, as summarized below, as of December 31, 2018:

	<u>Original Cost</u>	<u>Market Value</u>
Money funds	\$2,068,744	\$2,094,937
Mutual funds	103,068	92,938
Equity stocks	1,843,028	2,218,650
Corporate bonds	<u>556,571</u>	<u>548,024</u>
	<u>\$4,571,411</u>	<u>\$4,954,549</u>

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

Investment (loss) income was the following for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 105,671	\$ 94,114
Net realized gains on investments	213,622	79,388
Net unrealized gains (losses) on investments	<u>488,084</u>	<u>(227,287)</u>
	<u>\$ 807,377</u>	<u>\$ (53,785)</u>

**4. Property and Equipment**

The Organization has \$22,206 of leasehold improvements, furniture and equipment that were fully depreciated prior to 2016.

**ROSENBERG FUND FOR CHILDREN, INC.**

Notes to Financial Statements (Continued)

December 31, 2019

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 \$0 and \$206 as of December 31, 2019 and 2018, respectively. Future payments are estimated at \$2,340, with the principal amortization estimated at \$206 for 2019.

6. Restricted Contributions and Net Assets

Contributions and net assets with donor restrictions consisted of funds restricted for the distribution of grants and/or future operations. The column labeled "with donor restrictions" on the statement of activities reflects these funds, the majority of which are related to the distribution of grants. The balance in net assets with donor restrictions was \$3,746,429 and \$3,037,135 at December 31, 2019 and 2018, respectively.

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 were no employer contributions to this plan.

8. Operating Lease

The Organization has been paying \$1,460 on a month-to-month basis since August 2017. The Organization had a 3-year leasing agreement for office space that expired July 31, 2017. Rent expense was \$18,120 and \$17,520 for 2019 and 2018, respectively. The Organization entered into a 6-year leasing agreement for their office space beginning January 1, 2019 through December 31, 2024. The lease requires monthly rent payments of \$1,510, adjusted annually by the CPI index and includes fees for heat, electricity, and trash, which are all included in rent expense.

Estimated future rental commitment is the following:

2020	\$ 18,754
2021	19,411
2022	20,090
2023	20,793
2024	<u>21,521</u>
	<u>\$110,569</u>

**ROSENBERG FUND FOR CHILDREN, INC.**

Notes to Financial Statements (Continued)

December 31, 2019

9. Available Resources and Liquidity

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, comprise the following at December 31:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 322,255	\$ 323,688
Contributions receivable, without donor restrictions	16,065	13,859
Investments, without donor restrictions	<u>2,131,748</u>	<u>1,917,414</u>
Total financials assets available for general expenditures within one year	<u>\$2,470,068</u>	<u>\$2,254,961</u>

10. Related Parties

A member of the Board was paid \$67,017 and \$65,462 in 2019 and 2018, respectively, as the Executive Director of the Organization.

11. Concentrations of Credit Risk

The Organization has significant investments in stocks, bonds and mutual funds held by two investment management firms who were 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.

12. Subsequent Events

The Organization evaluated subsequent events after the statement of financial position date of December 31, 2019, through July 20, 2020, the date on which the financial statements were available to be issued, and concluded that the following disclosures were required.

On January 30, 2020, the World Health Organization declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern. Later, on March 11, 2020, the World Health Organization made the assessment that COVID-19 was a global health pandemic. Measures taken by federal, state, and local officials to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses, resulting in an economic slowdown.

The global outbreak of COVID-19 continues to rapidly evolve, and the ultimate impact of the pandemic is highly uncertain. While the Organization expects that the COVID-19 outbreak may adversely impact its 2020 results, the Organization cannot at this time accurately predict the full extent to which the COVID-19 outbreak will affect the Organization's finances and operations. As a result a potential economic downturn, and any potential resulting direct or indirect negative impact to the Organization cannot be determined, however they could have a prospective material impact on the Organization's business, investments, cash flows and liquidity.