

AUDITED FINANCIAL STATEMENTS

ROSENBERG FUND FOR CHILDREN, INC.

Easthampton, Massachusetts

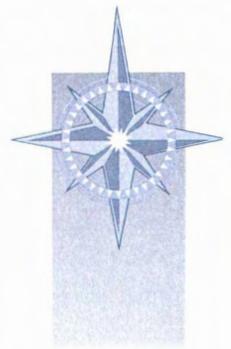
DECEMBER 31, 2020

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

Opinion

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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2020, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rosenberg Fund for Children, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the 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 Rosenberg Fund for Children, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, 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 Rosenberg Fund for Children, Inc.'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 Rosenberg Fund for Children, Inc.'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.

Report on Summarized Comparative Information

We have previously audited Rosenberg Fund for Children, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Boisselle, Morton & Wolkowicz, LLP

Hadley, Massachusetts
September 16, 2021

ROSENBERG FUND FOR CHILDREN, INC.

Statement of Financial Position

December 31, 2020 (with comparative totals for December 31, 2019)

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 341,620	\$ 322,255
Contributions receivable	127,582	63,027
Prepaid expenses	11,291	8,533
Investments	6,465,531	5,687,319
Deposits	<u>1,800</u>	<u>1,800</u>
Total assets	<u>\$ 6,947,824</u>	<u>\$ 6,082,934</u>
<u>Liabilities and Net Assets</u>		
Liabilities		
Accrued expenses	\$ 13,282	\$ 15,035
Accrued payroll and benefits	14,815	16,372
Grants payable	<u>159,421</u>	<u>101,124</u>
Total liabilities	<u>187,518</u>	<u>132,531</u>
Net assets		
Without donor restrictions	2,383,903	2,203,974
With donor restrictions	<u>4,376,403</u>	<u>3,746,429</u>
Total net assets	<u>6,760,306</u>	<u>5,950,403</u>
Total liabilities and net assets	<u>\$ 6,947,824</u>	<u>\$ 6,082,934</u>

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

ROSENBERG FUND FOR CHILDREN, INC.

Statement of Activities

Year Ended December 31, 2020

(with comparative totals for the year ended December 31, 2019)

	2020			2019 <u>Total</u>
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues, gains and other support				
Contributions	\$ 185,116	\$ 332,654	\$ 517,770	\$ 601,295
Planned giving	57,562		57,562	36,576
Unrealized gains on investments, net	269,742	445,193	714,935	488,084
Interest and dividends	33,487	53,271	86,758	106,120
Speaker fees and other income	16,366		16,366	4,423
Realized gains on investments, net	44,284	78,367	122,651	213,622
Amounts released from restriction:				
Granting activity	279,511	(279,511)		
Total revenues, gains and other support	886,068	629,974	1,516,042	1,450,120
Expenses				
Expenses				
Program	591,115		591,115	596,664
Management and general	73,241		73,241	80,526
Fundraising	41,783		41,783	51,589
Total expenses	706,139		706,139	728,779
Change in net assets	179,929	629,974	809,903	721,341
Net assets - beginning of year	2,203,974	3,746,429	5,950,403	5,229,062
Net assets - end of year	\$ 2,383,903	\$ 4,376,403	\$ 6,760,306	\$ 5,950,403

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

ROSENBERG FUND FOR CHILDREN, INC.
Statement of Functional Expenses
Year Ended December 31, 2020
(with comparative totals for the year ended December 31, 2019)

	2020				2019 <u>Total</u>
	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries and related expenses					
Salaries	\$ 137,309	\$ 23,311	\$ 15,488	\$ 176,108	\$ 182,310
Payroll taxes	11,130	1,890	1,256	14,276	14,336
Benefits	16,951	1,806	1,806	20,563	30,339
Total salaries and related expenses	<u>165,390</u>	<u>27,007</u>	<u>18,550</u>	<u>210,947</u>	<u>226,985</u>
Advertising	998	604	93	1,695	1,550
Bank and investment fees	26,974	15,349		42,323	43,810
Board expenses					581
Consultants	3,015	4,270	2,830	10,115	28,722
Equipment rental and maintenance					2,276
Fees	387	3,093	553	4,033	3,659
Grants	361,121			361,121	337,651
Graphic arts	852	170	853	1,875	1,650
Insurance	335	1,083		1,418	1,381
Interest					2,182
Mail processing	6,355		6,356	12,711	9,199
Payroll service		1,984		1,984	1,891
Postage	4,383	870	4,265	9,518	11,540
Printing	3,646	3,089	3,646	10,381	9,975
Professional fees		7,751		7,751	7,763
Publications	114	166	200	480	389
Rent	12,379	3,237	3,428	19,044	18,120
Supplies	1,653	1,578	543	3,774	4,624
Special events and programming	157	2,328		2,485	7,582
Telephone and internet	2,660	488	466	3,614	3,440
Travel	696	174		870	3,809
 Total expenses	 <u>\$ 591,115</u>	 <u>\$ 73,241</u>	 <u>\$ 41,783</u>	 <u>\$ 706,139</u>	 <u>\$ 728,779</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, 2020

(with comparative totals for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 809,903	\$ 721,341
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Unrealized gains on investments, net	(714,935)	(488,084)
Realized gains on investments, net	(122,651)	(213,622)
(Increase) decrease in:		
Contributions receivable	(64,555)	4,454
Prepaid expenses	(2,758)	2,422
Increase (decrease) in:		
Accrued expenses	(1,753)	6,686
Accrued payroll and benefits	(1,557)	2,667
Grants payable	58,297	(6,027)
Net cash (used) provided by operating activities	<u>(40,009)</u>	<u>29,837</u>
Cash flows from investing activities		
Purchase of investments	(1,866,965)	(4,227,610)
Proceeds from sale of investments	<u>1,926,339</u>	<u>4,196,546</u>
Net cash provided (used) by investing activities	<u>59,374</u>	<u>(31,064)</u>
Cash flows from financing activities		
Annuity payments		<u>(206)</u>
Net cash used by financing activities		<u>(206)</u>
Net increase (decrease) in cash and cash equivalents	19,365	(1,433)
Cash and cash equivalents - beginning of year	<u>322,255</u>	<u>323,688</u>
Cash and cash equivalents - end of year	<u>\$ 341,620</u>	<u>\$ 322,255</u>
Supplemental Information:		
Interest paid		<u>\$ 2,182</u>

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

ROSENBERG FUND FOR CHILDREN, INC.

Notes to Financial Statements

December 31, 2020

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, 2020

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, 2019, from which the summarized information was derived.

2. Contributions Receivable

In 2020, the Organization had \$127,582 in receivables, consisting of contributions and planned giving that were not collected until 2021.

In 2019, the Organization had \$63,027 in receivables, consisting of contributions and planned giving that were not collected until 2020.

ROSENBERG FUND FOR CHILDREN, INC.

Notes to Financial Statements (Continued)

December 31, 2020

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, 2020:

	<u>Original Cost</u>	<u>Market Value</u>
Money funds	\$ 264,482	\$ 264,482
Mutual funds	52,769	54,408
Equity stocks	2,410,255	3,873,108
U.S. Treasury bonds	1,329,972	1,329,972
Corporate bonds	<u>921,164</u>	<u>943,561</u>
	<u>\$4,978,642</u>	<u>\$6,465,531</u>

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>

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>2020</u>	<u>2019</u>
Interest and dividends (excludes bank interest)	\$ 86,623	\$ 105,671
Net realized gains on investments	122,651	213,622
Net unrealized gains on investments	<u>714,935</u>	<u>488,084</u>
	<u>\$ 924,209</u>	<u>\$ 807,377</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, 2020

5. 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 \$4,376,403 and \$3,746,429 at December 31, 2020 and 2019, respectively.

6. 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.

7. Operating Lease

The Organization has a 6-year leasing agreement for their office space that expires on December 31, 2024. The lease requires monthly rent payments of \$1,587, adjusted annually by the CPI index and includes fees for heat, electricity, and trash, which are all included in rent expense. Rent expense was \$19,044 and \$18,120 for 2020 and 2019, respectively.

Estimated future rental commitment is the following:

2021	\$19,411
2022	20,090
2023	20,793
2024	<u>21,521</u>
	<u>\$81,815</u>

8. 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>2020</u>	<u>2019</u>
Cash and cash equivalents, without donor restrictions	\$ 131,364	\$ 178,359
Contributions receivable, without donor restrictions	56,667	16,065
Investments, without donor restrictions	<u>2,370,299</u>	<u>2,131,748</u>
Total financials assets available for general expenditures within one year	<u>\$2,558,330</u>	<u>\$2,326,172</u>

9. Related Parties

A member of the Board was paid \$70,813 and \$67,017 in 2020 and 2019, respectively, as the Executive Director of the Organization.

ROSENBERG FUND FOR CHILDREN, INC.

Notes to Financial Statements (Continued)

December 31, 2020

10. 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.

11. Contingencies

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. Any potential direct or indirect negative impact to the Organization from an economic downturn cannot be determined; however, it could have a prospective material impact on the Organization's business, investments, cash flows and liquidity.

12. Subsequent Events

The Organization evaluated subsequent events after the statement of financial position date of December 31, 2020, through September 16, 2021, the date on which the financial statements were available to be issued, and concluded that no disclosures were required.