

Yad Chessed Fund, Inc.

Financial Statements
and
Independent Auditor's Report

August 31, 2016 and 2015

Table of Contents

Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Yad Chessed Fund, Inc.:

We have audited the accompanying financial statements of Yad Chessed Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2016, and the related statement of activities 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditor's 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 Yad Chessed Fund, Inc. as of August 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Functional Expenses on page 6 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 audit 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Yad Chessed Fund, Inc.'s 2015 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 18, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

James A. George, P.C.

JAMES A. GEORGE, P.C.
Wakefield, Massachusetts
March 15, 2017

Yad Chessed Fund, Inc.
Statements of Financial Position
August 31, 2016 and 2015

Assets

	2016	2015
Current Assets		
Cash	\$ 500,158	\$ 458,645
Grant Receivable	15,837	18,750
Loan Receivable, Net of Allowance	8,520	1,010
Gift Card Inventory	50,459	28,890
Total Current Assets	574,974	507,295
 Total Assets	 \$ 574,974	 \$ 507,295

Liabilities and Net Assets

Current Liabilities		
Accrued Expenses	\$ 19,353	\$ 12,351
Outstanding Vouchers	1,418	2,205
Total Current Liabilities	20,771	14,556
 Total Liabilities	 20,771	 14,556
 Net Assets		
Unrestricted Net Assets	554,203	492,739
	554,203	492,739
 Total Liabilities and Net Assets	 \$ 574,974	 \$ 507,295

See accompanying notes to the financial statements.

Yad Chessed Fund, Inc.
Statements of Activities
For the Year Ended August 31, 2016
With Comparative Totals For the Year Ended August 31, 2015

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
Public Support, Revenues, and Reclassifications				
Direct Public Support	\$ 777,119	\$ 468,749	\$ 1,245,868	\$ 1,104,536
Expired Vouchers	2,205	-	2,205	923
In-Kind Contributions	-	-	-	4,681
Dividend and Interest Income	52	-	52	226
Net Assets Released from Restriction	468,749	(468,749)	-	-
Total Public Support, Revenues, and Reclassifications	<u>1,248,125</u>	<u>-</u>	<u>1,248,125</u>	<u>1,110,366</u>
Expenses and Losses				
Program Expenses	980,180	-	980,180	698,542
General and Administrative	110,413	-	110,413	81,649
Fundraising	96,235	-	96,235	77,302
Total Expenses and Losses	<u>1,186,828</u>	<u>-</u>	<u>1,186,828</u>	<u>857,493</u>
Non-Operating Income				
Realized Gain on Investments	167	-	167	1,316
Total Non-Operating Income	<u>167</u>	<u>-</u>	<u>167</u>	<u>1,316</u>
Change in Net Assets	61,464	-	61,464	254,189
Net Assets as of the Beginning of the Year	<u>492,739</u>	<u>-</u>	<u>492,739</u>	<u>238,550</u>
Net Assets as of the End of the Year	<u>\$ 554,203</u>	<u>\$ -</u>	<u>\$ 554,203</u>	<u>\$ 492,739</u>

See accompanying notes to the financial statements.

Yad Chessed Fund, Inc.
Statements of Cash Flows
August 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 61,464	\$ 254,189
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Realized Gain on Investments	(167)	(1,316)
Donation of Stock	(12,593)	(22,553)
Proceeds from Sale of Investments	12,760	23,869
(Increase) Decrease in Operating Assets		
Grant Receivable	2,913	(18,750)
Loan Receivable	(7,510)	1,607
Gift Card Inventory	(21,569)	(2,440)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	-	(12,017)
Accrued Expenses	7,002	(12,303)
Outstanding Vouchers	(787)	1,282
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	41,513	211,568
NET INCREASE (DECREASE) IN CASH	41,513	211,568
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	458,645	247,077
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 500,158	\$ 458,645

See accompanying notes to the financial statements.

Yad Chessed Fund, Inc.
Statements of Functional Expenses
For the Years Ended August 31, 2016 and 2015

	2016				2015			
	Program Expenses	Fundraising	General and Administrative	Total	Program Expenses	Fundraising	General and Administrative	Total
Salaries and Wages	\$ 280,931	\$ 70,335	\$ 70,844	\$ 422,110	\$ 148,931	\$ 43,741	\$ 31,955	\$ 224,627
Employee Benefits	9,462	2,372	2,392	14,226	7,534	2,286	1,400	11,220
Payroll Taxes	25,001	6,355	6,484	37,840	11,342	3,178	3,314	17,834
Total Salaries and Benefits	315,394	79,062	79,720	474,176	167,807	49,205	36,669	253,681
Assistance	608,311	-	-	608,311	500,811	-	-	500,811
Rent	22,590	2,395	2,129	27,114	17,532	5,321	3,259	26,112
Professional Fees	3,450	6,610	15,410	25,470	1,538	10,950	11,858	24,346
Other Expenses	255	-	-	255	1,555	5,502	9,414	16,471
Communications	5,287	1,875	2,654	9,816	3,879	259	9,791	13,929
Printing and Mailing	500	4,594	-	5,094	3,647	5,653	497	9,797
Office Expenses	3,104	1,633	2,137	6,874	1,080	412	3,585	5,077
Insurance	17,291	66	8,363	25,720	-	-	3,576	3,576
Staff Training	-	-	-	-	-	-	3,000	3,000
Bad Debt Expense	3,998	-	-	3,998	693	-	-	693
	664,786	17,173	30,693	712,652	530,735	28,097	44,980	603,812
Total Expenses	\$ 980,180	\$ 96,235	\$ 110,413	\$ 1,186,828	\$ 698,542	\$ 77,302	\$ 81,649	\$ 857,493

See accompanying notes to the financial statements.

Yad Chessed Fund, Inc.
Notes to Financial Statements
August 31, 2016 and 2015

Note A – Nature of Activities and Significant Accounting Policies

Nature of Activities

Yad Chessed Fund, Inc. (the Organization) is a Massachusetts not-for-profit corporation, organized for the purpose of several charitable endeavors including distribution of food and clothing certificates, direct payment of expenses for families in need and provision of interest free loans.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Net Assets

The net assets of the Organization have been broken down into three different classifications as follows:

Unrestricted net assets – consist of unrestricted amounts that are available for use in carrying out the mission of the Organization.

Temporarily restricted net assets – consist of those amounts that are donor restricted for a specific purpose. When a donor restriction expires, either by the passage of a stipulated time restriction or by the accomplishment of a specific purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. The Organization had \$0 and \$0 in temporarily restricted net assets for the year ended August 31, 2016 and 2015, respectively.

Permanently restricted net assets – result from contributions from donors who place restrictions on the use of donated funds mandating that the original principal remain invested in perpetuity. The Organization had no permanently restricted net assets for the year ended August 31, 2016 and 2015, respectively.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Yad Chessed Fund, Inc.
Notes to Financial Statements
August 31, 2016 and 2015

Note A – Nature of Activities and Significant Accounting Policies (Continued)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the Statement of Financial Position. Resulting unrealized gains or losses are reported in the Statement of Activities as increases or decreases in unrestricted net assets.

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 the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Functional Expenses

The expenses incurred to provide the various programs and activities of the Organization have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

Income Taxes

The Organization is exempt from income taxes as a charitable organization under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statement regarding a tax position taken or expected to be taken on a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at August 31, 2016. The Organization's information returns are subject to examination by the federal and state jurisdictions and generally remain open for the most recent three years.

Yad Chessed Fund, Inc.
Notes to Financial Statements
August 31, 2016 and 2015

Note A – Nature of Activities and Significant Accounting Policies (Continued)

Fair Value Measurement

ASC Topic, *Fair Value Measurements*, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standards establish a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value. This policy establishes a fair value framework that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value framework are as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date. Instruments which are generally included in this category include equity and debt securities publically traded on an exchange.

Level 2 – Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active. Level 2 also includes investments with notice periods of redemption of ninety days or less.

Level 3 – Inputs that are observable and which require significant judgment or estimation. Level 3 also includes investments with notice periods for redemption of more than ninety days.

Prior Year Information

The statements of activities include certain prior year summarized comparative information in, total, but not by function. 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 financial statements for the year ended August 31, 2015 from which the summarized information was derived.

Note B – In-Kind Contributions

Donated property, marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of the donation. The Organization received donated marketable securities totaling \$12,593 and \$22,553 for the year ended August 31, 2016 and 2015, respectively. These amounts are recorded in the contributions line in the statements of activities. In addition, the Organization received \$4,681 in donated services for the year ended August 31, 2015. This amount is recorded as In-Kind Contributions in the Statements of Activities.

Yad Chessed Fund, Inc.
Notes to Financial Statements
August 31, 2016 and 2015

Note B – In-Kind Contributions (Continued)

The following is a summary of items measured at fair value on a non-recurring basis and the valuation inputs used to value them:

Description	Balance at August 31, 2016	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Donated Marketable Securities	\$ 12,593	\$ 12,593	\$ -	\$ -
Total	<u>\$ 12,593</u>	<u>\$ 12,593</u>	<u>\$ -</u>	<u>\$ -</u>

Description	Balance at August 31, 2015	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Donated Marketable Securities	\$ 22,553	\$ 22,553	\$ -	\$ -
In-Kind Services	4,681	-	4,681	-
Total	<u>\$ 27,234</u>	<u>\$ 22,553</u>	<u>\$ 4,681</u>	<u>\$ -</u>

Note C – Concentrations

The Organization maintains cash accounts at one financial institution. The cash account is insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. Cash exceeded federally insured limits by \$266,277 and \$226,912 at August 31, 2016 and 2015, respectively.

Note D – Gift Card Inventory

The Organization routinely purchases gift cards for distribution to its clients based on need. The Organization is able to purchase these gift cards at a discount from face value. The discounts range from 0% to 10%. The Organization's policy is to record the gift cards at cost. The cost of gift cards on hand was \$50,459 and \$28,890 as of August 31, 2016 and 2015, respectively.

Yad Chessed Fund, Inc.
Notes to Financial Statements
August 31, 2016 and 2015

Note E – Operating Leases

The Organization entered into a lease agreement for 1,547 square feet of office space in Waltham, Massachusetts. The three (3) year lease commenced on November 16, 2013 and expires on November 15, 2016. The annual rental payment per the lease agreement is \$25,842.

The future minimum rental payments on noncancellable long-term operating leases, without regard to real estate tax and operating costs, are expected to be as follows:

<u>Fiscal Year</u>	<u>Minimum Payments</u>
2017	\$ 4,456
Total	<u>\$ 4,456</u>

Note F – Loans Receivable

The Organization grants interest free loans to families in need. Management reviews the ability to repay the loans on an ongoing basis and has begun to issue more assistance instead of loans. Management has set up an allowance for doubtful accounts on the current outstanding balance of the loans. Details of the loan receivables are as follows:

Loan Receivable	\$ 22,411
Less: Allowance for Doubtful Accounts	<u>(13,891)</u>
Net Loan Receivable	<u>\$ 8,520</u>

Note G – Outstanding Vouchers

The Organization's voucher program provides assistance to families in need. There are three types of vouchers. All vouchers are food vouchers. The Purim and Pesach vouchers expire at the end of the fiscal year in which they were issued. The monthly and emergency assistance vouchers expire at the end of the fiscal year in which they were issued, unless they were issued in the last quarter of the fiscal year, in which case they are carried over until the next fiscal year. The Rosh Hashanah vouchers generally expire in the fiscal year in which they are issued. There are occasions depending on when Rosh Hashanah falls in which the vouchers carry over until the next fiscal year. The current liability of these vouchers is recorded at cost. As of August 31, 2016 and 2015, the cost of vouchers was \$1,418 and \$2,205, respectively.

Yad Chessed Fund, Inc.
Notes to Financial Statements
August 31, 2016 and 2015

Note H – Investments

Investment income from investments is comprised of the following for the year ended August 31, 2016:

Net Realized Gains	\$ 167
Dividends and Interest	<u>52</u>
Total Investment Income	<u><u>\$ 219</u></u>

Note I – Subsequent Events

The Organization has evaluated subsequent events through March 15, 2017 and the financial statements were available to be issued on March 15, 2017.