

**YAD CHESSED FUND, INC.**

Financial Statements

Year ended August 31, 2021

# YAD CHESSED FUND, INC.

## Financial Statements

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Yad Chessed Fund, Inc.  
Waltham, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Yad Chessed Fund, Inc. (a Massachusetts nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of August 31, 2021, 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 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 audits 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 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.



## INDEPENDENT AUDITORS' REPORT

(continued)

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Yad Chessed Fund, Inc. as of August 31, 2021, 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.

*Pozerski Hatch & Company, P.C.*

Hingham, Massachusetts  
February 18, 2022

**YAD CHESSED FUND, INC.**  
Statement of Financial Position  
August 31, 2021

**ASSETS**

Cash and cash equivalents	\$ 1,043,840
Gift card inventory	86,907
Prepaid expenses	4,367
Other assets	1,500
<b>Total assets</b>	<u><u>\$ 1,136,614</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ 920
Accrued expenses	38,349
<b>Total liabilities</b>	<u>39,269</u>

**NET ASSETS**

Without donor restrictions	1,072,345
With donor restrictions	25,000
<b>Total net assets</b>	<u>1,097,345</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 1,136,614</u></u>

**YAD CHESSED FUND, INC.**  
Statement of Activities  
For the Year Ended August 31, 2021

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
Grant and contribution revenue	\$ 1,522,052	25,000	\$ 1,547,052
Dividend and interest income	43	-	43
Net assets released from restriction	8,333	(8,333)	-
<b>Total revenue and support</b>	<b>1,530,428</b>	<b>16,667</b>	<b>1,547,095</b>
<b>EXPENSES</b>			
Program services	994,127	-	994,127
General and administrative	170,186	-	170,186
Fundraising	138,356	-	138,356
<b>Total expenses</b>	<b>1,302,669</b>	<b>-</b>	<b>1,302,669</b>
<b>CHANGE IN NET ASSETS</b>	<b>227,759</b>	<b>16,667</b>	<b>244,426</b>
<b>NET ASSETS</b> , beginning of year	<b>844,586</b>	<b>8,333</b>	<b>852,919</b>
<b>NET ASSETS</b> , end of year	<b>\$ 1,072,345</b>	<b>\$ 25,000</b>	<b>\$ 1,097,345</b>

**YAD CHESSED FUND, INC.**  
Statement of Functional Expenses  
For the Year Ended August 31, 2021

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries and wages	\$ 249,070	\$ 70,680	\$ 99,149	\$ 418,899
Employee benefits	11,054	6,740	10,801	28,595
Payroll taxes	23,166	6,483	9,315	38,964
	<hr/> 283,290	<hr/> 83,903	<hr/> 119,265	<hr/> 486,458
Assistance	666,912	-	-	666,912
Rent	22,991	4,993	2,216	30,200
Professional fees	10,618	52,053	2,500	65,171
Other expense	-	2,523	4	2,527
Communications	2,049	2,228	188	4,465
Printing and mailing	4,485	5,730	10,316	20,531
Office expense	413	15,960	1,225	17,598
Insurance	3,369	404	325	4,098
Fees	-	2,392	2,317	4,709
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>\$ 994,127</b>	<b>\$ 170,186</b>	<b>\$ 138,356</b>	<b>\$ 1,302,669</b>

**YAD CHESSED FUND, INC.**  
Statement of Cash Flows  
For the Year Ended August 31, 2021

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 244,426
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
(Increase) decrease in operating assets	
Loan receivable	4,460
Other receivables	7,399
Gift card inventory	(952)
Prepaid expenses	(426)
Increase (decrease) in operating liabilities	
Accounts payable	(254)
Accrued expenses	26,021
Outstanding vouchers	(30,310)
	<hr/>
<b>Net cash provided by operating activities</b>	<b>250,364</b>
	<hr/>
Net increase in cash and cash equivalents	250,364
<b>Cash and cash equivalents, beginning of year</b>	<b>793,476</b>
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<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,043,840</b>
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# YAD CHESSED FUND, INC.

## Notes to Financial Statements

### 1 – SUMMARY OF 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 provisions for interest free loans.

#### ***Basis of Accounting***

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Net assets, revenue and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Consist of net assets available for use in general operations that are not subject to donor-imposed restrictions.

*Net Assets With Donor Restrictions* – Consist of net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or the expending of the net assets for particular purposes as specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the principal is to be maintained in perpetuity (donor-restricted endowment) and only the income from such net assets may be expended as specified by the donor or in accordance with the applicable Massachusetts law. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released to net assets without donor restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

#### ***Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of all unrestricted highly liquid investments with an initial maturity of 90 days or less.

# **YAD CHESSED FUND, INC.**

## Notes to Financial Statements

### **1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **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 discount range from 0% to 10%. The Organization's policy is to record the gift card at cost. The cost of gift cards on hand at August 31, 2021 is \$86,907.

#### **Grants and Contributions**

For grants that meet the requirements for contribution accounting and for contributions, the Organization determined if the contribution is conditional based on evaluating whether there is a right of return and a barrier to overcome. Conditional grants are not recognized until the conditions are met.

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable expected to be collected in more than one year are discounted to their present value. The Organization reports contributions and grants of cash and other assets as donor restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented as contributions without donor restrictions.

#### **Revenue Recognition**

The Organization recognizes grants that are deemed to be exchange transactions and other revenue at an amount that reflects the consideration to which the Organization expects to be entitled in exchange for transferring goods or services to its customers using the following five step process:

1. Identify the contract(s) with the customer
2. Identify the performance obligation(s) in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations in the contract
5. Recognize revenue when (or as) the company satisfies a performance obligation

Revenue for services is recognized over time as the services are provided.

#### ***Property and Equipment***

Property and equipment are recorded at cost on the date of acquisition or at fair market value on the date of donation. The Organization capitalizes major renewals and improvements, while expenditures for maintenance and repairs are expensed as incurred.

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

# YAD CHESSED FUND, INC.

Notes to Financial Statements

## 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Functional Allocation of Expenses*

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include employee compensation and benefits (consisting of salaries, payroll taxes and benefits), rent and various other program and administrative costs. These expenses have been allocated on the basis of estimated time and effort.

### *Tax Status*

The Organization qualifies under Section 501(c)(3) of the Internal Revenue Code (the "Code") as exempt from federal and state income taxes. The Organization is not a private foundation within the meaning of Section 509(a) of the Code because it is an organization described in Section 509(a)(2) of the Code.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### *Subsequent Events*

Under GAAP, the Organization evaluated events that occurred after the date of the Statement of Financial Position but before the date the financial statements were available to be issued. Such date was February 18, 2022 for the accompanying financial statements.

## 2 - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of its programs as well as the conduct of services undertaken to support those activities to be general expenditures.

At August 31, 2021, 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 consist of the following:

	2021
Cash and cash equivalents	\$ 1,043,840
Total financial assets available within one year	\$ 1,043,840

## YAD CHESSED FUND, INC.

### Notes to Financial Statements

#### 3 – NET ASSETS WITH DONOR RESTRICTIONS

At August 31, 2021, net assets with donor restrictions consisted of the following:

Purpose restrictions:	2021
Fiscal 2022 support	\$ 25,000
Total net assets with donor restrictions	\$ 25,000

Releases from restriction consisted of the following for the year ended August 31, 2021:

	2021
Fiscal 2021 support	\$ 8,333
Total releases	\$ 8,333

#### 4 – OPERATING LEASES

The Organization leases office space in Waltham, Massachusetts under an annual operating lease that calls for monthly rent of \$2,375. The current lease ends in June 2022. Future minimum rent due under the lease agreement are \$23,750 for fiscal 2022.

#### 5 – CONTINGENCY AND CONCENTRATION OF CREDIT RISK

##### *Source of Revenue and Support*

The Organization received 22% of its grants and contribution revenue from one granting organization during the year ended August 31, 2021.

##### *Concentration of Credit Risk*

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

#### 6 – RISKS AND UNCERTAINTIES

##### **Pandemic**

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. In March 2020, the Commonwealth of Massachusetts declared a state of emergency and non-essential businesses were shut down. This health emergency has and will continue to impact the Organization's ability to provide some services. The future potential impact to the Organization's financial condition cannot be determined at this time.

##### **Litigation**

The Organization is not currently involved in any litigation that management believes is likely to have a material adverse effect on the Organization's financial condition or results of operations.

## **YAD CHESED FUND, INC.**

### Notes to Financial Statements

#### **7 – OUTSTANDING VOUCHERS**

The Organization's voucher program provides assistance to families in need. The Purim vouchers are food vouchers and expire at the end of the fiscal year in which they were issued. The current liability of these vouchers is recorded at cost. As of August 31, 2021, there were no outstanding vouchers.