

The Shai Fund, Inc.  
(A NONPROFIT ORIGANIZATION)

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

For the Year Ended December 31, 2021

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
The Shai Fund, Inc.  
Murfreesboro, Tennessee

### Opinion

We have audited the accompanying financial statements of The Shai Fund, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2021 and the related statement of activities, functional expenses, and cash flows for the years 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 The Shai Fund, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the years 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 The Shai Fund, 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 The Shai Fund, 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 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 The Shai Fund, 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 The Shai Fund, 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.

*Dempsey Vantrouse + Faller LLC*

Murfreesboro, Tennessee  
August 11, 2022

**The Shai Fund, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2021

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 2,611,784
Equipment, less accumulated depreciation of \$1,866	<u>568</u>
	<u><u>\$ 2,612,352</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 1,454
Due to agencies	682,475
Accrued expenses	<u>15,213</u>
Total Current Liabilities	699,142
Net Assets:	
Without donor restrictions	1,471,566
With donor restrictions	<u>441,644</u>
Total Net Assets	<u>1,913,210</u>
Total Liabilities and Net Assets	<u><u>\$ 2,612,352</u></u>

See notes to the financial statements and independent auditors' report.

**The Shai Fund, Inc.**  
**STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2021

	<u>Without Donor restriction</u>	<u>With Donor restriction</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUES:</b>			
Contributions	\$ 1,082,302	\$ 2,379,955	\$ 3,462,257
Interest	38	-	38
<b>TOTAL REVENUES</b>	<u>1,082,340</u>	<u>2,379,955</u>	<u>3,462,295</u>
 Net assets released from restrictions	<u>1,978,769</u>	<u>(1,978,769)</u>	<u>-</u>
 <b>EXPENSES:</b>			
Program Services			
Afghanistan refugee	2,001,366	-	2,001,366
Project Nazarene	77,045	-	77,045
Other programs	95,535	-	95,535
<b>Total Program Services</b>	<u>2,173,946</u>	<u>-</u>	<u>2,173,946</u>
 Supporting Services:			
Fundraising	71,882	-	71,882
General and administrative	45,213	-	45,213
<b>Total Supporting Services:</b>	<u>117,095</u>	<u>-</u>	<u>117,095</u>
<b>TOTAL EXPENSES</b>	<u>2,291,041</u>	<u>-</u>	<u>2,291,041</u>
 INCREASE IN NET ASSETS	770,068	401,186	1,171,254
 NET ASSETS AT BEGINNING OF YEAR	<u>701,498</u>	<u>40,458</u>	<u>741,956</u>
 NET ASSETS AT END OF YEAR	<u><u>\$ 1,471,566</u></u>	<u><u>\$ 441,644</u></u>	<u><u>\$ 1,913,210</u></u>

See notes to the financial statements and independent auditors' report.

**The Shai Fund**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended December 31, 2021

	<b>Program Services</b>			<b>Supporting Services</b>		
	<b>Afghanistan Refugee</b>	<b>Project Nazarene</b>	<b>Other Programs</b>	<b>Fundraising</b>	<b>General and administrative</b>	<b>Total Expenses</b>
EXPENSES						
Advertising	\$ -	\$ -	\$ -	\$ 516	\$ -	\$ 516
Bank Charges	-	-	-	-	6,942	6,942
Payroll wages	30,600	10,200	5,100	56,100	-	102,000
Payroll taxes	2,553	851	425	4,680	-	8,509
Meals	170	21	11	11	-	212
Depreciation	-	-	-	-	487	487
Books, subscriptions, reference	-	-	-	-	59	59
Funds awarded to agencies	1,798,832	44,821	89,999	-	13,672	1,947,324
Printing and copying	370	46	-	23	23	463
Postage, shipping, and delivery	6,728	841	-	421	421	8,410
Consulting services	145,834	18,229	-	9,115	9,115	182,292
Accounting fees	-	-	-	-	11,448	11,448
Supplies	6,173	772	-	386	386	7,716
Telephone	-	-	-	-	1,950	1,950
Membership dues	-	-	-	-	79	79
Travel	10,107	1,263	-	632	632	12,634
<b>TOTAL EXPENSES</b>	<b>\$ 2,001,366</b>	<b>\$ 77,045</b>	<b>\$ 95,535</b>	<b>\$ 71,882</b>	<b>\$ 45,213</b>	<b>\$ 2,291,041</b>

See notes to the financial statements and independent auditors' report.

**The Shai Fund**  
**STATEMENT OF CASH FLOWS**  
For The Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 1,171,254
To reconcile change in net assets to net cash provided by operating activities:	
Depreciation	487
Decrease in accounts payable	(9,331)
Increase in due to agencies	682,475
Increase in accrued expenses	15,214
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,860,099</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,860,099
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>751,686</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 2,611,784</u></u>

See notes to the financial statements and independent auditors' report.



**The Shai Fund, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2021

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

The Shai Fund, Inc. (the "Organization ") is a nonprofit organization incorporated in the state of Tennessee. The Organization seeks to unite international agencies to provide humanitarian assistance in disaster relief and development situations. The Shai Fund is a nonprofit organization where international professionals unite to provide humanitarian assistance in disaster relief and development situations.

Basis of Accounting

The accompanying financial statements of the The Shai Fund, Inc. have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the recommendations of generally accepted accounting principles. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that can be filled by actions of The Shai Fund, Inc. pursuant to those stipulations or that expire by the passage of time.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include money market accounts and certificates of deposits with maturities of three months or less.

Equipment

Equipment is stated at cost. Depreciation is computed using primarily the straight-line method of depreciation. The Organization capitalizes equipment purchases of \$1,000 or more. Equipment is depreciated over 5 years.

Due to Agencies

The Shai Fund, Inc. makes donations to various organizations each year. The donations in general are considered unconditional obligations when awarded resulting in a liability recorded at that time.

Revenue Recognition

Contributions of public support are recorded as revenue and net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions or by law. In general, public support received by the The Shai Fund, Inc. are considered contributions.

**The Shai Fund, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2021

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition (Continued)

Public Support and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as increases in net assets with donor restrictions. When a restriction is fulfilled (that is, when a stipulated time restriction ends or the purpose of restriction is accomplished), net assets with donor restrictions are reclassified and reported in the statements of activities as net assets without donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as net assets without donor restrictions.

Donated Services and Noncash Gifts

Many individuals have donated time and services to advance the Organization's programs and objectives. The value of these services has not been recorded in the financial statements because they do not meet the definition for recognition under generally accepted accounting principles. Noncash gifts that the Organization uses to support its programs are recorded as revenue at fair market value and a related expense is recorded as the items are used.

Use of Estimates

Management is required to make estimates and assumptions in conformity with generally accepted accounting principles that may affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. In general, most expenses can easily be identified and charged to a specific program. Salaries are allocated based upon hours worked on each related program.

**NOTE B – INCOME TAXES**

The Organization is a not-for-profit organization that is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and classification by the Internal Revenue Service. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

**The Shai Fund, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2021

**NOTE B – INCOME TAXES (CONTINUED)**

Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

As of December 31, 2021, the Organization has accrued no interest and no penalties related to uncertain tax positions. It is the The Shai Fund, Inc.'s policy to recognize interest and/or penalties related to income tax matters in income tax expense. The Organization files a U.S. Federal information tax return. The Organization is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ended December 31, 2021, 2020, and 2019.

**NOTE C – ACCRUED EXPENSES**

Accrued expenses consist of the following as of December 31, 2021:

Accrued payroll taxes	\$ 3,505
Accrued consulting services - related party	11,708
	<u>\$ 15,213</u>

**NOTE D – AVAILABILITY OF FINANCIAL ASSETS AND LIQUIDITY**

The Organization has \$2,170,140 in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$2,611,784. \$441,644 of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures and related liabilities become due.

As part of the Organization's liquidity management, cash in excess of daily requirements may be invested in short term investments such as savings or money market accounts with local financial institutions.

**NOTE E - NET ASSETS**

Net assets with donor restrictions

Net assets with donor restrictions contain donor-imposed restrictions that direct the use of the donation as specified and are satisfied either by the passage of time (time restrictions) or by fulfilling the donor-imposed purpose (purpose restriction). Net assets with donor restrictions that exist at December 31, 2021 are for the following projects:

**The Shai Fund, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2021

**NOTE E - NET ASSETS (CONTINUED)**

<b>Subject to Purpose Restrictions</b>	
Afghanistan refugee Fund	\$ 389,291
Christians in Lebanon	16,940
Project Nazarene	8,202
Jerusalem Initiative	3,805
Persecuted Minorities of Iraq	8,644
Syrian Relief	14,762
	<u>\$ 441,644</u>

Net assets released from restrictions amounted to \$1,978,769 for the year ended December 31, 2021.

**NOTE F – CREDIT RISK AND OTHER CONCENTRATIONS**

The Organization maintains one cash on deposit account at a bank in excess of federally insured amounts. The Organization has not experienced any losses in such accounts, and management believes the Shai Fund is not exposed to any significant credit risk related to cash.

**NOTE G – RELATED PARTY TRANSACTIONS**

The organization retains a consultant, who also serves as president of the organization, under an ongoing informal agreement. Under the terms of the agreement the consultant receives a fee, and reimbursement for certain operational costs incurred. For the year ended December 31, 2021 the consultant received \$141,671 in fees and costs reimbursements.

International operations

Humanitarian organizations with international operations are subject to numerous domestic and international laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, registration, banking, anti-terrorism, fraud, and abuse. Violations of these laws and regulations could result in significant adverse actions such as the disbarment of the entity from certain actions, loss of non-profit status, the imposition of significant fines and penalties, imprisonment, and other legal ramifications either domestically or internationally. In addition, the organization often directs activities of consultants in areas of conflict or with various political uncertainties that could create significant risks to the operations of the organization and the consultants it retains. Management is aware of the risks as well as the laws and regulations and has implemented various operational controls to mitigate this risk to an acceptable level. Management believes the organization follows all laws and regulations.

**The Shai Fund, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2021

**NOTE H – SUBSEQUENT EVENTS**

As of the date of the financial statements, the Organization noted that there are no transactions that have transpired besides those described above that would have a material effect on the balances reported herein as of December 31, 2021 or that would significantly impact the Company's ongoing operations.

The Organization has evaluated subsequent events through August 11, 2022, which is the date the financial statements were available to be issued. Based on the evaluation no other significant subsequent events were noted.