

**KESHET, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

# KESHET, INC.

## CONTENTS

---

<b>Independent Auditors' Report</b> .....	1-2
---	-----

### **Financial Statements**

Statements of Financial Position.....	3
Statements of Activities .....	4-5
Statements of Functional Expenses .....	6-7
Statements of Cash Flows.....	8

<b>Notes to Financial Statements</b> .....	9-17
--	------



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**Keshet, Inc.**

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Keshet, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 auditors consider 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 Keshet, Inc. as of December 31, 2016 and 2015, 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.

*Marcum LLP*

Boston, Massachusetts

August 25, 2017

# KESHET, INC.

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015

	2016	2015
<b>Assets</b>		
Cash	\$ 382,878	\$ 182,383
Grants receivable	1,218,360	275,500
Pledges receivable, net	61,073	33,112
Contributions receivable	15,681	7,882
Property and equipment, net	19,715	36,629
Security deposits	7,058	6,558
Prepaid expense	48,844	8,718
<b>Total Assets</b>	<u>\$ 1,753,609</u>	<u>\$ 550,782</u>
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 26,014	\$ 63,013
Accrued expenses	38,361	56,799
Deferred revenue	3,133	--
<b>Total Liabilities</b>	<u>67,508</u>	<u>119,812</u>
<b>Net Assets</b>		
Unrestricted	182,933	75,404
Temporarily restricted	1,503,168	355,566
<b>Total Net Assets</b>	<u>1,686,101</u>	<u>430,970</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,753,609</u>	<u>\$ 550,782</u>

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

# KESHET, INC.

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Grants	\$ 85,000	\$ 2,032,963	\$ 2,117,963
Contributions	749,168	--	749,168
Special events, net of expenses	112,913	--	112,913
Training and consulting fees	57,162	--	57,162
Other income	16,435	--	16,435
Fundraising	10,819	--	10,819
Net assets released from restriction	885,361	(885,361)	--
<b>Total Support and Revenue</b>	<u>1,916,858</u>	<u>1,147,602</u>	<u>3,064,460</u>
<b>Expenses</b>			
Program services	1,325,463	--	1,325,463
Support services			
General and administrative	136,225	--	136,225
Fundraising	347,641	--	347,641
<b>Total Expenses</b>	<u>1,809,329</u>	<u>--</u>	<u>1,809,329</u>
<b>Increase in Net Assets</b>	107,529	1,147,602	1,255,131
<b>Net Assets at Beginning of Year</b>	<u>75,404</u>	<u>355,566</u>	<u>430,970</u>
<b>Net Assets at End of Year</b>	<u>\$ 182,933</u>	<u>\$ 1,503,168</u>	<u>\$ 1,686,101</u>

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

# KESHET, INC.

## STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue</b>			
Grants	\$ 136,300	\$ 249,089	\$ 385,389
Contributions	436,530	--	436,530
Special events, net of expenses	313,161	--	313,161
Training and consulting fees	25,856	--	25,856
Other income	8,880	--	8,880
Fundraising	38,175	--	38,175
Net assets released from restriction	881,297	(881,297)	--
<b>Total Support and Revenue</b>	<u>1,840,199</u>	<u>(632,208)</u>	<u>1,207,991</u>
<b>Expenses</b>			
Program services	1,348,817	--	1,348,817
Support services			
General and administrative	143,842	--	143,842
Fundraising	257,826	--	257,826
<b>Total Expenses</b>	<u>1,750,485</u>	<u>--</u>	<u>1,750,485</u>
<b>Increase (Decrease) in Net Assets</b>	89,714	(632,208)	(542,494)
<b>Net Assets (Deficit) at Beginning of Year</b>	<u>(14,310)</u>	<u>987,774</u>	<u>973,464</u>
<b>Net Assets at End of Year</b>	<u>\$ 75,404</u>	<u>\$ 355,566</u>	<u>\$ 430,970</u>

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

# KESHET, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	General and Administration	Fundraising	Totals
Salaries	\$ 773,760	\$ 94,988	\$ 178,284	\$ 1,047,032
Payroll taxes and employee benefits	159,341	19,561	33,318	212,220
Program consultants	101,241	--	450	101,691
Events and meeting costs	24,870	268	67,522	92,660
Rent and utilities	70,118	6,833	13,291	90,242
Travel	50,939	763	30,537	82,239
Professional fees	36,256	4,451	7,581	48,288
Other consultants	8,765	122	22,095	30,982
Postage and shipping	3,324	312	20,401	24,037
Office and program supplies	15,480	1,169	3,409	20,058
Website	12,908	1,585	2,699	17,192
Events consultants	7,318	--	9,607	16,925
Depreciation	12,700	1,559	2,655	16,914
Bank and credit card processing fees	11,281	1,358	2,317	14,956
Telephone	10,989	1,058	1,801	13,848
Computer and equipment	6,842	553	3,859	11,254
Printing and publishing	2,603	38	8,361	11,002
Miscellaneous expense and bad debt	5,203	822	2,023	8,048
Advertising and promotion	4,161	--	2,655	6,816
Repairs and maintenance	3,753	461	785	4,999
Insurance	2,489	306	520	3,315
Professional development	1,122	18	118	1,258
	<u>1,325,463</u>	<u>136,225</u>	<u>414,288</u>	<u>1,875,976</u>
Less special events	<u>--</u>	<u>--</u>	<u>66,647</u>	<u>66,647</u>
<b>Total Functional Expenses</b>	<u>\$ 1,325,463</u>	<u>\$ 136,225</u>	<u>\$ 347,641</u>	<u>\$ 1,809,329</u>

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



# KESHET, INC.

## STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Program Services</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Totals</u>
Salaries	\$ 702,121	\$ 97,445	\$ 153,865	\$ 953,431
Payroll taxes and employee benefits	147,259	20,436	32,271	199,966
Program consultants	186,061	314	19,383	205,758
Events and meeting costs	46,999	661	51,281	98,941
Rent and utilities	70,154	7,547	11,919	89,620
Travel	38,537	669	17,902	57,108
Professional fees	36,685	5,093	41,656	83,434
Postage and shipping	3,026	271	16,259	19,556
Office and program supplies	17,335	1,831	14,626	33,792
Website	15,530	2,156	3,507	21,193
Depreciation	14,387	1,997	3,153	19,537
Bank and credit card processing fees	8,480	1,176	1,891	11,547
Telephone	9,371	875	1,383	11,629
Computer and equipment	8,159	1,133	2,388	11,680
Printing and publishing	15,028	20	27,623	42,671
Miscellaneous expense and bad debt	10,866	964	2,340	14,170
Advertising and promotion	9,770	--	2,200	11,970
Repairs and maintenance	5,092	705	1,113	6,910
Insurance	3,957	549	867	5,373
	<u>1,348,817</u>	<u>143,842</u>	<u>405,627</u>	<u>1,898,286</u>
Less special events	<u>--</u>	<u>--</u>	<u>147,801</u>	<u>147,801</u>
<b>Total Functional Expenses</b>	<u>\$ 1,348,817</u>	<u>\$ 143,842</u>	<u>\$ 257,826</u>	<u>\$ 1,750,485</u>

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

# KESHET, INC.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,255,131	\$ (542,494)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	16,914	19,537
Bad debt expense	3,702	5,954
Changes in operating assets and liabilities:		
Prepaid expenses	(40,126)	4,268
Contributions receivable	(7,799)	(11,491)
Grants receivable	(942,860)	514,000
Pledges receivable	(31,663)	19,580
Security deposits	(500)	--
Accounts payable	(36,999)	(30,736)
Accrued expenses	(18,438)	(21,962)
Deferred revenue	3,133	--
<b>Total Adjustments</b>	<u>(1,054,636)</u>	<u>499,150</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>200,495</u>	<u>(43,344)</u>
<b>Net Cash Used in Investing Activities</b>		
Purchase of property and equipment	<u>--</u>	<u>(11,786)</u>
<b>Net Increase (Decrease) in Cash</b>	200,495	(55,130)
<b>Cash at Beginning of Year</b>	<u>182,383</u>	<u>237,513</u>
<b>Cash at End of Year</b>	<u>\$ 382,878</u>	<u>\$ 182,383</u>

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

# KESHET, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

---

### NOTE 1 - ORGANIZATION

Keshet, Inc. (the “Organization”) was organized under the laws of the Commonwealth of Massachusetts as a non-profit organization in 2001 for the specific purpose of working for the full equality and inclusion of lesbian, gay, bisexual, and transgender (LGBT) Jews in Jewish life. The Organization strives to cultivate the spirit and practice of inclusion in all parts of the Jewish community. The Organization began as a small, grassroots group working for change in the Greater Boston area, and is now a national organization with an office in San Francisco, California in addition to its headquarters in Boston, Massachusetts.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *BASIS OF ACCOUNTING*

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

#### *BASIS OF PRESENTATION*

The Organization is required to report information regarding its financial position and activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

#### *UNRESTRICTED NET ASSETS*

Unrestricted net assets represent those assets which the Organization may use at its discretion.

#### *TEMPORARILY RESTRICTED NET ASSETS*

Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a donor restriction expires or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

#### *PERMANENTLY RESTRICTED NET ASSETS*

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of those assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. There are no permanently restricted net assets at December 31, 2016 and 2015.

# KESHET, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

---

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *USE OF ESTIMATES*

The preparation of financial statements 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### *GRANTS AND CONTRIBUTIONS*

Grants and contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

##### *PLEDGES*

Unconditional pledges are recognized as revenues and as assets in the period received. Conditional pledges are recognized only when the conditions on which they depend are substantially met and the pledge becomes unconditional.

##### *PLEDGES, GRANTS AND CONTRIBUTIONS RECEIVABLE*

Pledges, grants and contributions receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges, grants and contributions receivable. The valuation allowance for pledges receivable is \$3,600 at December 31, 2016 and 2015. Management determined that no valuation allowance was required for grants and contributions receivable at December 31, 2016 and 2015.

##### *PROPERTY AND EQUIPMENT*

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost less accumulated depreciation and are depreciated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are five years for equipment, furniture, and website development. Leasehold improvements are amortized over shorter of their estimated useful life or the terms of related leases.

# KESHET, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

---

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *EXPENSE ALLOCATION*

The operating costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

##### *INCOME TAXES*

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from Massachusetts income taxes. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income at both the state and federal levels. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private organization under Section 509(a)(2).

The Organization evaluates all significant tax positions. As of December 31, 2016 and 2015, the Organization does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Organization's tax returns are subject to examination by the appropriate taxing jurisdictions.

##### *ADVERTISING COST*

The Organization expenses advertising costs as incurred. Advertising expenses amounted to \$6,816 and \$11,970 for the years ended December 31, 2016 and 2015, respectively.

##### *DEFERRED REVENUE*

The Organization defers recognition of revenue for event registration costs and fees received in advance of events being held. The balance of deferred revenue was \$3,133 and \$0 as of December 31, 2016 and 2015, respectively.

##### *SUBSEQUENT EVENTS*

The Organization has evaluated all subsequent events through August 25, 2017, the date the financial statements were available for issuance.

# KESHET, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

---

#### NOTE 3 - PLEDGES, GRANTS AND CONTRIBUTIONS RECEIVABLE

The following summarizes the expected collection schedule of pledges, grants and contributions receivable as of December 31:

	<u>2016</u>	<u>2015</u>
Contributions receivable, collectible in:		
Less than 1 year	\$ <u>15,681</u>	\$ <u>7,882</u>
Contributions receivable	<u>\$ 15,681</u>	<u>\$ 7,882</u>
Grants receivable, collectible in:		
Less than 1 year	\$ 688,860	\$ 200,500
One to two years	<u>529,500</u>	<u>75,000</u>
Grants receivable	<u>\$ 1,218,360</u>	<u>\$ 275,500</u>
Pledges receivable, collectible in:		
Less than 1 year	\$ 64,673	\$ 36,712
Allowance for doubtful accounts	<u>(3,600)</u>	<u>(3,600)</u>
Pledges receivable, net	<u>\$ 61,073</u>	<u>\$ 33,112</u>

# KESHET, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

---

#### NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	2016	2015
Furniture and equipment	\$ 42,509	\$ 42,509
Website design	61,850	61,850
Leasehold improvements	<u>4,260</u>	<u>4,260</u>
	108,619	108,619
Accumulated depreciation	<u>(88,904)</u>	<u>(71,990)</u>
	<u>\$ 19,715</u>	<u>\$ 36,629</u>

#### NOTE 5 - ACCRUED EXPENSES

Accrued expenses consist of the following as of December 31:

	2016	2015
Accrued salaries	\$ --	\$ 6,793
Accrued professional fees	15,000	17,915
Accrued vacation	23,329	28,605
Accrued payroll taxes	<u>32</u>	<u>3,486</u>
	<u>\$ 38,361</u>	<u>\$ 56,799</u>

# KESHET, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

#### NOTE 6 - RESTRICTED NET ASSETS

The Organization has no permanently restricted net assets at December 31, 2016 and 2015. The composition of temporarily restricted net assets as of December 31, 2016 and changes therein for the year then ended as follows:

	December 31, 2015	Grants and Contributions	Appropriations and Expenditures	December 31, 2016
<b>Temporarily Restricted Net Assets</b>				
Jim Joseph	\$ --	\$ 1,200,000	\$ (166,421)	\$ 1,033,579
Temporarily restricted (timing)	200,000	225,000	(200,000)	225,000
Teen work project	67,500	304,368	(204,368)	167,500
Boston	--	95,000	(35,000)	60,000
Leadership project	67,500	--	(55,000)	12,500
Boston - Netivot	--	4,400	(656)	3,744
Translation project	845	--	--	845
Infrastructure	15,000	--	(15,000)	--
New Jersey	3,721	--	(3,721)	--
Miami	1,000	6,300	(7,300)	--
Bay Area	--	157,500	(157,500)	--
GA Summit Reception	--	20,395	(20,395)	--
NY Leaders Society	--	20,000	(20,000)	--
<b>Total Temporarily Restricted Net Assets</b>	<b>\$ 355,566</b>	<b>\$ 2,032,963</b>	<b>\$ (885,361)</b>	<b>\$ 1,503,168</b>



**KESHET, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 6 - RESTRICTED NET ASSETS (CONTINUED)**

The composition of temporarily restricted net assets as of December 31, 2015 and changes therein for the year then ended as follows:

	<u>December 31, 2014</u>	<u>Grants and Contributions</u>	<u>Appropriations and Expenditures</u>	<u>December 31, 2015</u>
<b>Temporarily Restricted Net Assets</b>				
Temporarily restricted (timing)	\$ 510,000	\$ --	\$ (310,000)	\$ 200,000
Teen work project	5,000	94,589	(32,089)	67,500
Leadership project	290,245	12,500	(235,245)	67,500
Infrastructure	91,434	--	(76,434)	15,000
New Jersey	--	18,000	(14,279)	3,721
Miami	--	1,000	--	1,000
Translation project	845	--	--	845
San Francisco	<u>90,250</u>	<u>123,000</u>	<u>(213,250)</u>	<u>--</u>
<b>Total Temporarily Restricted Net Assets</b>	<u>\$ 987,774</u>	<u>\$ 249,089</u>	<u>\$ (881,297)</u>	<u>\$ 355,566</u>

# KESHET, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

---

#### NOTE 7 - CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of temporary cash investments and pledges, grants and contributions receivable.

The Organization has a potential concentration of credit risk in that it maintains deposits with a financial institution in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). Beginning on January 1, 2013, the FDIC insures up to \$250,000, per depositor, per insured depository institution for each account ownership category.

The Organization has 73% of its grants and contributions receivable due from two donors as of December 31, 2016. The Organization has 62% of its grants and contributions receivable due from three donors as of December 31, 2015.

The Organization received 41% of its support from one donor for the year ended December 31, 2016. The Organization received 14% of its support from two donors for the year ended December 31, 2015.

#### NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Organization has entered into four operating leases for the use of office space. The expiration dates of these leasing arrangements are as follows:

- On May 1, 2014, the Organization entered into a lease agreement for its office space in Jamaica plain, Massachusetts expiring on May 1, 2019.
- Starting July 21, 2013, the Organization has been leasing its office space in San Francisco, California, on a month-to-month basis. On February 1, 2016, the Organization entered into a lease agreement for its office space in San Francisco, California. The agreement commenced February 1, 2016 with a term of five months expiring June 30, 2016 with a monthly payment amounting to \$1,050, payable in advance. For the remainder of 2016 the Organization has been leasing the office space on a month-to-month basis under the same terms of the previous agreement.
- Starting March 23, 2016, the Organization has been leasing shared office space in Brooklyn, New York on a month-to-month basis. The agreement commenced April 1, 2016 under a month-to-month tenant at-will term with a monthly payment amounting to \$495, payable in advance. The Organization stopped leasing space in June 2016.

# KESHET, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

---

#### NOTE 8 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

- On December 29, 2016, the Organization entered into a lease agreement for its office space in New York, New York. The agreement commenced February 1, 2017 with a term of 1 month expiring on March 1, 2017 with a monthly payment amounting to \$1,760, payable in advance. The Organization continues to lease the office space on a month-to-month basis as a tenant at will.

Rent expense incurred during the years ended December 31, 2016 and 2015 amounted to \$86,223 and \$81,358, respectively.

Future minimum lease payments as of December 31, 2016 are as follows:

2017	\$	67,692
2018		67,920
2019		<u>22,640</u>
	\$	<u>158,252</u>

#### NOTE 9 - PENSION PLAN

The Organization participates in a defined contribution pension plan as defined under Section 401(k) of the U.S. Internal Revenue Code. The Organization offers the plan to all of its employees, and funding of the plan is provided solely by employee contributions. The Organization incurred \$2,340 and \$2,475 in relation to the maintenance of the plan for the years ended December 31, 2016 and 2015, respectively.

#### NOTE 10 – SPECIAL EVENTS

Special events consist of the following for the years ended December 31:

	2016	2015
Gross special event revenue	\$ 179,560	\$ 460,962
Cost of direct benefits to donors	<u>66,647</u>	<u>147,801</u>
Special events revenue, net of expenses	<u>\$ 112,913</u>	<u>\$ 313,161</u>