

FINANCIAL STATEMENTS



FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

KESHET, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Keshet, Inc.
Boston, Massachusetts

We have audited the accompanying financial statements of Keshet, Inc. (Keshet), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, 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.

Auditor's 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 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 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 Keshet as of December 31, 2019 and 2018, 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.

A handwritten signature in black ink that reads "Gelman Rosenberg & Freedman". The signature is written in a cursive, flowing style.

November 2, 2020

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KESHET, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,089,139	\$ 963,091
Grants and contributions receivable, net of allowance for doubtful accounts of \$3,600 in 2019 and 2018	704,354	706,409
Other receivables	29,099	1,605
Prepaid expenses	<u>37,191</u>	<u>35,945</u>
Total current assets	<u>1,859,783</u>	<u>1,707,050</u>
PROPERTY AND EQUIPMENT		
Computers and related software	112,123	112,123
Leasehold improvements	<u>20,623</u>	<u>20,623</u>
	132,746	132,746
Less: Accumulated depreciation and amortization	<u>(132,746)</u>	<u>(123,884)</u>
Net property and equipment	<u>-</u>	<u>8,862</u>
NONCURRENT ASSETS		
Grants and contributions receivable, net of current portion and present value discount	395,937	95,238
Security deposits	<u>12,513</u>	<u>12,033</u>
Total noncurrent assets	<u>408,450</u>	<u>107,271</u>
TOTAL ASSETS	<u>\$ 2,268,233</u>	<u>\$ 1,823,183</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 93,176	\$ 56,968
Accrued salaries and related benefits	<u>77,546</u>	<u>115,435</u>
Total current liabilities	<u>170,722</u>	<u>172,403</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	90,388	-
Board designated	658,797	540,797
With donor restrictions	<u>1,348,326</u>	<u>1,109,983</u>
Total net assets	<u>2,097,511</u>	<u>1,650,780</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,268,233</u>	<u>\$ 1,823,183</u>

See accompanying notes to financial statements.

KESHET, INC.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019				
	Without Donor Restrictions			With Donor Restrictions	Total
	Undesignated	Board Designated	Total		
SUPPORT AND REVENUE					
Grants and contributions	\$ 1,174,248	\$ -	\$ 1,174,248	\$ 1,916,707	\$ 3,090,955
Training and consulting fees	92,557	-	92,557	-	92,557
Events, net of expenses totaling \$129,832	202,169	-	202,169	-	202,169
In-kind contributions	2,893	-	2,893	-	2,893
Other income	32,868	-	32,868	-	32,868
Net assets released from donor restrictions	1,678,364	-	1,678,364	(1,678,364)	-
Total support and revenue	<u>3,183,099</u>	<u>-</u>	<u>3,183,099</u>	<u>238,343</u>	<u>3,421,442</u>
EXPENSES					
Program Services	<u>2,146,990</u>	<u>-</u>	<u>2,146,990</u>	<u>-</u>	<u>2,146,990</u>
Supporting Services:					
General and Administrative	356,842	-	356,842	-	356,842
Fundraising and Development	470,879	-	470,879	-	470,879
Total supporting services	<u>827,721</u>	<u>-</u>	<u>827,721</u>	<u>-</u>	<u>827,721</u>
Total expenses	<u>2,974,711</u>	<u>-</u>	<u>2,974,711</u>	<u>-</u>	<u>2,974,711</u>
Change in net assets before other items	<u>208,388</u>	<u>-</u>	<u>208,388</u>	<u>238,343</u>	<u>446,731</u>
OTHER ITEMS					
Transfer to Board designated reserves	(118,000)	118,000	-	-	-
Adjustment to the Board designated reserves	-	-	-	-	-
Total other items	<u>(118,000)</u>	<u>118,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	90,388	118,000	208,388	238,343	446,731
Net assets at beginning of year	-	540,797	540,797	1,109,983	1,650,780
NET ASSETS AT END OF YEAR	<u>\$ 90,388</u>	<u>\$ 658,797</u>	<u>\$ 749,185</u>	<u>\$ 1,348,326</u>	<u>\$ 2,097,511</u>

See accompanying notes to financial statements.

KESHET, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2018				
	Without Donor Restrictions			With Donor Restrictions	Total
	Undesignated	Board Designated	Total		
SUPPORT AND REVENUE					
Grants and contributions	\$ 1,485,859	\$ -	\$ 1,485,859	\$ 463,018	\$ 1,948,877
Training and consulting fees	53,762	-	53,762	-	53,762
Events, net of expenses totaling \$133,549	241,173	-	241,173	-	241,173
In-kind contributions	14,294	-	14,294	-	14,294
Other income	17,380	-	17,380	-	17,380
Net assets released from donor restrictions	1,158,909	-	1,158,909	(1,158,909)	-
Total support and revenue	2,971,377	-	2,971,377	(695,891)	2,275,486
EXPENSES					
Program Services	1,804,770	-	1,804,770	-	1,804,770
Supporting Services:					
General and Administrative	396,832	-	396,832	-	396,832
Fundraising and Development	427,953	-	427,953	-	427,953
Total supporting services	824,785	-	824,785	-	824,785
Total expenses	2,629,555	-	2,629,555	-	2,629,555
Change in net assets before other items	341,822	-	341,822	(695,891)	(354,069)
OTHER ITEMS					
Transfer to Board designated reserves	(235,000)	235,000	-	-	-
Adjustment to the Board designated reserves	(106,822)	106,822	-	-	-
Total other items	(341,822)	341,822	-	-	-
Change in net assets	-	341,822	341,822	(695,891)	(354,069)
Net assets at beginning of year	-	198,975	198,975	1,805,874	2,004,849
NET ASSETS AT END OF YEAR	\$ -	\$ 540,797	\$ 540,797	\$ 1,109,983	\$ 1,650,780

See accompanying notes to financial statements.

KESHET, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019				Total Expenses
	Program Services	Supporting Services		Total Supporting Services	
		General and Administrative	Fundraising and Development		
Salaries	\$ 1,048,743	\$ 185,072	\$ 308,454	\$ 493,526	\$ 1,542,269
Professional fees	378,905	42,888	27,189	70,077	448,982
Payroll taxes and employee benefits	265,578	46,867	78,111	124,978	390,556
Occupancy	156,331	63,529	4,776	68,305	224,636
Travel and accommodations	143,411	4,347	16,493	20,840	164,251
Food and entertainment	22,120	1,694	56,146	57,840	79,960
Space rental	41,712	408	19,153	19,561	61,273
Printing and reproduction	21,239	1,404	34,517	35,921	57,160
Office and program supplies	1,624	1,426	38,790	40,216	41,840
Marketing and promotion	18,866	634	7,580	8,214	27,080
Postage and shipping	7,816	1,495	5,810	7,305	15,121
Event registration	10,334	208	2,867	3,075	13,409
Merchant account fees	7,952	3,699	-	3,699	11,651
Membership dues and subscriptions	6,085	557	-	557	6,642
Miscellaneous	4,497	722	611	1,333	5,830
Insurance	3,986	1,876	-	1,876	5,862
Professional development	3,891	16	214	230	4,121
Hineni LGBTQ fellowship (sponsored program)	3,000	-	-	-	3,000
Ma'agal (sponsored program)	900	-	-	-	900
Subtotal	2,146,990	356,842	600,711	957,553	3,104,543
Less: Special events	-	-	(129,832)	(129,832)	(129,832)
TOTAL	\$ 2,146,990	\$ 356,842	\$ 470,879	\$ 827,721	\$ 2,974,711

See accompanying notes to financial statements.

KESHET, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018				
	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fundraising and Development	Total Supporting Services	
Salaries	\$ 932,147	\$ 154,544	\$ 230,312	\$ 384,856	\$ 1,317,003
Payroll taxes and employee benefits	205,235	34,027	50,709	84,736	289,971
Professional fees	288,658	77,731	129,080	206,811	495,469
Occupancy	116,728	99,086	6,666	105,752	222,480
Travel and accommodations	98,001	6,317	18,477	24,794	122,795
Food and entertainment	26,364	3,307	46,091	49,398	75,762
Space rental	44,435	240	16,972	17,212	61,647
Office and program supplies	14,385	3,226	24,616	27,842	42,227
Postage and shipping	12,529	2,561	19,024	21,585	34,114
Printing and reproduction	11,786	1,285	15,672	16,957	28,743
Marketing and promotion	16,969	6,734	1,976	8,710	25,679
Miscellaneous	21,454	775	1,631	2,406	23,860
Merchant account fees	4,225	3,837	2	3,839	8,064
Event registration	5,802	-	-	-	5,802
Insurance	2,432	2,432	-	2,432	4,864
Professional development	1,847	360	250	610	2,457
Membership dues and subscriptions	1,773	370	24	394	2,167
Subtotal	1,804,770	396,832	561,502	958,334	2,763,104
Less: Special events	-	-	(133,549)	(133,549)	(133,549)
TOTAL	\$ 1,804,770	\$ 396,832	\$ 427,953	\$ 824,785	\$ 2,629,555

See accompanying notes to financial statements.

KESHET, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 446,731	\$ (354,069)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,862	25,351
Change in discount on noncurrent receivables	(49,501)	4,762
Decrease (increase) in:		
Grants and contributions receivable	(249,143)	464,674
Other receivables	(27,494)	(1,966)
Prepaid expenses	(1,246)	28,131
Security deposits	(480)	490
Increase (decrease) in:		
Accounts payable and accrued liabilities	36,208	37,363
Accrued salaries and related benefits	<u>(37,889)</u>	<u>35,838</u>
Net cash provided by operating activities	<u>126,048</u>	<u>240,574</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>(17,068)</u>
Net cash used by investing activities	<u>-</u>	<u>(17,068)</u>
Net increase in cash and cash equivalents	126,048	223,506
Cash and cash equivalents at beginning of year	<u>963,091</u>	<u>739,585</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,089,139</u>	<u>\$ 963,091</u>

KESHET, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Keshet, Inc. (Keshet) is a non-profit organization incorporated in the Commonwealth of Massachusetts and located in Boston, Massachusetts. Keshet's mission is to work for the full equality of lesbian, gay, bisexual, transgender and queer (LGBTQ) Jews and their families in Jewish life. Keshet strengthens Jewish communities. Keshet equips Jewish organizations with the skills and knowledge to build LGBTQ-affirming communities; creates spaces in which all queer Jewish youth feel seen and valued; and advances LGBTQ rights nationwide.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncements adopted -

During 2019, Keshet adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. Keshet adopted the ASU using a modified prospective basis.

Cash and cash equivalents -

Keshet considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, Keshet maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Grants and contributions receivable -

Grants and contributions receivable are recorded at their net realizable value, which approximates fair value.

KESHET, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Grants and contributions receivable (continued) -

Grants and contributions receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor.

Property and equipment -

Property and equipment acquisitions in excess of \$2,500 are capitalized and stated at cost. Property and equipment is depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended December 31, 2019 and 2018 totaled \$8,862 and \$25,351, respectively.

Income taxes -

Keshet is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Keshet is not a private foundation.

Uncertain tax positions -

For the years ended December 31, 2019 and 2018, Keshet has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Revenue recognition -

The majority of Keshet's revenue is received through awards from individuals, foundations, corporations, and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. Keshet performs an analysis of each award to determine if the revenue is a contribution or exchange transaction, depending on whether the transaction is reciprocal or nonreciprocal.

For awards qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the condition on which they depend are substantially met.

Awards qualifying as conditional contributions contain a right of return (and/or right of release) and a barrier (i.e. awards received where the entity has limited discretion how the funds transferred should be spent, including awards for the acquisition of specific assets or other property, awards requiring matching contributions, and awards requiring performance obligations to specific beneficiaries.) Revenue is deemed to be unconditional (and recognized as an award) when a barrier has been overcome (or the condition or conditions) are satisfied. Funds received in advance of revenue recognition are recorded as refundable advances.

During the year ended December 31, 2019, the predominance of support received by Keshet was not considered to be under conditional awards, and accordingly as of December 31, 2019, there were no amounts recognized as refundable advances.

KESHET, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Revenue recognition (continued) -

Awards qualifying as unconditional contributions with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and/or satisfaction of time restrictions; such funds in excess of expenses incurred are shown as "net assets with donor restrictions" in the accompanying financial statements.

Registration fees for conferences and other programming are recorded as revenue when the performance obligation is met, which is when the related event has occurred.

Contributed services and materials -

Contributed services and materials consist of donated legal services. Contributed services and materials are recorded at their fair value as of the date of the gift. In addition, volunteers have donated significant amounts of their time to Keshet; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services under generally accepted accounting principles.

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of Keshet are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

During the annual budgeting process, each staff member provides an estimate of the percentage of time they project to spend conducting Program work (including specific program areas that are tracked), Administration and Fundraising respectively. These time estimates are reviewed and tested by management. The dollar value of their time in each functional area is then calculated as a percentage of the total salary pool; those percentages are then applied to allocate taxes and fringe benefits proportionately to functional areas.

Keshet allocates 40% of Administration and Fundraising expenses, less personnel expenses, to Programs (and sub-programs) based on the same percentage of the total of personnel costs.

During the year, management periodically reviews the budget time-estimates to actual performance as reported by staff and reviewed by supervisors; these estimates are based on informal time studies.

New accounting pronouncements (not yet adopted) -

FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended.

KESHET, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

New accounting pronouncements (not yet adopted) (continued) -

The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. During 2020, the FASB delayed the implementation date under ASU 2020-05 for an additional year. Organizations may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019 and for interim periods within annual reporting periods beginning after December 15, 2020. Early adoption is still permitted.

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

Keshet plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standards on its accompanying financial statements.

2. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2019 and 2018, contributors to Keshet have made written promises to give, of which \$1,158,154 and \$810,009, respectively, remained due and outstanding. Amounts due beyond one year of the Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate of 5%. Following is a schedule of amounts due, by year, as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 707,954	\$ 710,009
One to five years	<u>450,200</u>	<u>100,000</u>
Subtotal	1,158,154	810,009
Less: Allowance to discount balance to present value	(54,263)	(4,762)
Less: Reserve for uncollectable grants (current)	<u>(3,600)</u>	<u>(3,600)</u>
GRANTS AND CONTRIBUTIONS RECEIVABLE, NET OF ALLOWANCE AND RESERVE	<u>\$ 1,100,291</u>	<u>\$ 801,647</u>

3. BOARD DESIGNATED NET ASSETS

As of December 31, 2019 and 2018, net assets without donor restrictions have been designated by the Board of Directors as an operating reserve. The minimum amount to be designated as operating reserve will be established in an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months.

The operating reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes. The Board Designated Reserve Fund may be used to smooth over regular cash fluctuations and serve as bridge funding for operations expenses necessitated by the timing of expected cash receipts.

KESHET, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

3. BOARD DESIGNATED NET ASSETS (Continued)

The Board may also authorize its use to build capacity as part of a strategic plan or initiative. The target minimum Board Designated Reserve Fund is equal to four months of average operating costs.

Total Board designated net assets aggregated \$658,797 and \$540,797 as of December 31, 2019 and 2018, respectively.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2019 and 2018:

	2019	2018
Time restricted for general operating support	\$ 1,153,231	\$ 655,238
Program services	195,095	454,745
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 1,348,326	\$ 1,109,983

Included in net assets restricted for program services are funds received for the Hineni LGBTQ Jewish Leadership Fellowship and Ma'agal. The balances of these programs at December 31, 2019 totaled \$22,503 and \$1,079, respectively.

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

	2019	2018
Program services	\$ 844,858	\$ 718,909
Passage of time	833,506	440,000
NET ASSETS RELEASED FROM RESTRICTIONS	\$ 1,678,364	\$ 1,158,909

5. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

	2019	2018
Cash and cash equivalents	\$ 1,089,139	\$ 963,091
Grants and contributions receivable	704,354	706,409
Other receivables	29,099	1,605
Subtotal financial assets available within one year	1,822,592	1,671,105
Less: Donor restricted funds (net of time restricted funds to be released within one year)	(898,326)	(1,109,983)
Less: Board designated funds	(658,797)	(540,797)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 265,469	\$ 20,325

KESHET, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

5. LIQUIDITY AND AVAILABILITY (Continued)

Keshet is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Keshet must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of Keshet's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

There is a Board Designated Fund, established by the governing board, that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

6. OCCUPANCY

Keshet leases office space in Boston and San Francisco under short-term operating leases (none with future minimum lease payments expected to be paid beyond December 31, 2020). Occupancy expense (including rent and other related costs) during the years ended December 31, 2019 and 2018 totaled \$224,636 and \$222,480, respectively.

7. RETIREMENT PLAN

Keshet participates in a defined contribution pension plan as defined under Section 401(k) of the U.S. Internal Revenue Code. Keshet offers the Plan to all of its employees after three months of eligible experience. Keshet provides a 100% match of each eligible employee's contribution, up to 4% of covered compensation. Contributions to the Plan during the years ended December 31, 2019 and 2018 totaled \$25,018 and \$26,307, respectively.

8. SUBSEQUENT EVENTS

In preparing these financial statements, Keshet has evaluated events and transactions for potential recognition or disclosure through November 2, 2020, the date the financial statements were issued.

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may impact the Keshet's operations. The overall potential impact is unknown at this time.

On April 14, 2020, Keshet entered into a two-year promissory note agreement in the amount of \$344,000 (with a 1% fixed interest rate) under the Paycheck Protection Program. The promissory note requires monthly principal and interest payments amortized over the term of the promissory note beginning November 2020, unless otherwise forgiven. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part.

In March and April of 2020 Keshet received awards from two foundations in the amount of \$1,800,000 each (totaling \$3,600,000). Both awards are for general operating support through 2022.