

**FINANCIAL STATEMENTS**



**FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

**KESHET, INC.**

**CONTENTS**

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statements of Financial Position, as of December 31, 2020 and 2019	4
EXHIBIT B - Statements of Activities and Changes in Net Assets, for the Years Ended December 31, 2020 and 2019	5 - 6
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2020	7
EXHIBIT D - Statement of Functional Expenses, for the Year Ended December 31, 2019	8
EXHIBIT E - Statements of Cash Flows, for the Years Ended December 31, 2020 and 2019	9
NOTES TO FINANCIAL STATEMENTS	10 - 15



**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, 2020 and 2019, 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.

4550 MONTGOMERY AVENUE · SUITE 800 NORTH · BETHESDA, MARYLAND 20814  
(301) 951-9090 · WWW.GRFCPA.COM

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## 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, 2020 and 2019, 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.

*Gelman Rosenberg & Freedman*

October 4, 2021

## KESHET, INC.

STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2020 AND 2019

## ASSETS

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,165,183	\$ 1,089,139
Grants and contributions receivable, net of allowance for doubtful accounts of \$3,600 in 2020 and 2019	1,910,365	704,354
Other receivables	141,262	29,099
Prepaid expenses	<u>64,489</u>	<u>37,191</u>
Total current assets	<u>4,281,299</u>	<u>1,859,783</u>
<b>PROPERTY AND EQUIPMENT</b>		
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>(132,746)</u>
Net property and equipment	<u>-</u>	<u>-</u>
<b>NONCURRENT ASSETS</b>		
Grants and contributions receivable, net of current portion and present value discount	1,057,140	395,937
Security deposits	<u>17,883</u>	<u>12,513</u>
Total noncurrent assets	<u>1,075,023</u>	<u>408,450</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 5,356,322</u></b>	<b><u>\$ 2,268,233</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 39,913	\$ 93,176
Accrued salaries and related benefits	<u>134,023</u>	<u>77,546</u>
Total liabilities	<u>173,936</u>	<u>170,722</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	953,744	90,388
Board designated	<u>658,797</u>	<u>658,797</u>
Total net assets without donor restrictions	1,612,541	749,185
With donor restrictions	<u>3,569,845</u>	<u>1,348,326</u>
Total net assets	<u>5,182,386</u>	<u>2,097,511</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 5,356,322</u></b>	<b><u>\$ 2,268,233</u></b>

See accompanying notes to financial statements.

## KESHET, INC.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020				
	Without Donor Restrictions			With Donor Restrictions	Total
	Undesignated	Board Designated	Total		
<b>SUPPORT AND REVENUE</b>					
Grants and contributions	\$ 1,506,791	\$ -	\$ 1,506,791	\$ 4,522,972	\$ 6,029,763
Training and consulting fees	42,524	-	42,524	-	42,524
Events, net of expenses totaling \$56,977	79,406	-	79,406	-	79,406
In-kind contributions	7,874	-	7,874	-	7,874
Other income	157	-	157	-	157
Net assets released from donor restrictions	2,301,453	-	2,301,453	(2,301,453)	-
Total support and revenue	<u>3,938,205</u>	<u>-</u>	<u>3,938,205</u>	<u>2,221,519</u>	<u>6,159,724</u>
<b>EXPENSES</b>					
Program Services	<u>2,226,876</u>	<u>-</u>	<u>2,226,876</u>	<u>-</u>	<u>2,226,876</u>
Supporting Services:					
General and Administrative	369,541	-	369,541	-	369,541
Fundraising and Development	478,432	-	478,432	-	478,432
Total supporting services	<u>847,973</u>	<u>-</u>	<u>847,973</u>	<u>-</u>	<u>847,973</u>
Total expenses	<u>3,074,849</u>	<u>-</u>	<u>3,074,849</u>	<u>-</u>	<u>3,074,849</u>
Change in net assets before other item	<u>863,356</u>	<u>-</u>	<u>863,356</u>	<u>2,221,519</u>	<u>3,084,875</u>
<b>OTHER ITEM</b>					
Transfer to Board designated reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other item	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	863,356	-	863,356	2,221,519	3,084,875
Net assets at beginning of year	<u>90,388</u>	<u>658,797</u>	<u>749,185</u>	<u>1,348,326</u>	<u>2,097,511</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><b>\$ 953,744</b></u>	<u><b>\$ 658,797</b></u>	<u><b>\$ 1,612,541</b></u>	<u><b>\$ 3,569,845</b></u>	<u><b>\$ 5,182,386</b></u>

See accompanying notes to financial statements.

KESHET, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2019				
	Without Donor Restrictions			With Donor Restrictions	Total
	Undesignated	Board Designated	Total		
<b>SUPPORT AND REVENUE</b>					
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	3,183,099	-	3,183,099	238,343	3,421,442
<b>EXPENSES</b>					
Program Services	2,146,990	-	2,146,990	-	2,146,990
Supporting Services:					
General and Administrative	356,842	-	356,842	-	356,842
Fundraising and Development	470,879	-	470,879	-	470,879
Total supporting services	827,721	-	827,721	-	827,721
Total expenses	2,974,711	-	2,974,711	-	2,974,711
Change in net assets before other item	208,388	-	208,388	238,343	446,731
<b>OTHER ITEM</b>					
Transfer to Board designated reserves	(118,000)	118,000	-	-	-
Total other item	(118,000)	118,000	-	-	-
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
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 90,388</b>	<b>\$ 658,797</b>	<b>\$ 749,185</b>	<b>\$ 1,348,326</b>	<b>\$ 2,097,511</b>

See accompanying notes to financial statements.

## KESHET, INC.

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Supporting Services				Total Expenses
	Program Services	General and Administrative	Fundraising and Development	Total Supporting Services	
Salaries	\$ 1,239,057	\$ 179,574	\$ 377,104	\$ 556,678	\$ 1,795,735
Professional fees	302,933	65,818	20,711	86,529	389,462
Payroll taxes and employee benefits	326,286	47,288	99,304	146,592	472,878
Occupancy	110,328	43,141	3,656	46,797	157,125
Equipment and software expense	57,443	22,462	1,904	24,366	81,809
Travel and accommodations	43,192	309	1,318	1,627	44,819
Food and entertainment	13,417	252	3,876	4,128	17,545
Space rental	14,508	214	1,560	1,774	16,282
Printing and reproduction	40,583	898	16,773	17,671	58,254
Office and program supplies	15,036	1,340	112	1,452	16,488
Postage and shipping	12,474	1,392	3,414	4,806	17,280
Event registration	1,671	(208)	-	(208)	1,463
Merchant account fees	8,448	4,057	-	4,057	12,505
Membership dues and subscriptions	9,457	-	17	17	9,474
Marketing and promotion	15,536	32	5,305	5,337	20,873
Miscellaneous	10,540	1,432	285	1,717	12,257
Insurance	2,671	1,257	-	1,257	3,928
Professional development	3,296	283	70	353	3,649
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal	2,226,876	369,541	535,409	904,950	3,131,826
Less: Special events	-	-	(56,977)	(56,977)	(56,977)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL</b>	<b><u>\$ 2,226,876</u></b>	<b><u>\$ 369,541</u></b>	<b><u>\$ 478,432</u></b>	<b><u>\$ 847,973</u></b>	<b><u>\$ 3,074,849</u></b>

See accompanying notes to financial statements.



## KESHET, INC.

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

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total Supporting Services</u>	
Salaries	\$ 1,048,743	\$ 185,072	\$ 308,454	\$ 493,526	\$ 1,542,269
Professional fees	382,805	42,888	27,189	70,077	452,882
Payroll taxes and employee benefits	265,578	46,867	78,111	124,978	390,556
Occupancy	116,071	53,788	180	53,968	170,039
Equipment and software expense	40,260	9,741	4,596	14,337	54,597
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
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
Marketing and promotion	18,866	634	7,580	8,214	27,080
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
Subtotal	2,146,990	356,842	600,711	957,553	3,104,543
Less: Special events	-	-	(129,832)	(129,832)	(129,832)
<b>TOTAL</b>	<b><u>\$ 2,146,990</u></b>	<b><u>\$ 356,842</u></b>	<b><u>\$ 470,879</u></b>	<b><u>\$ 827,721</u></b>	<b><u>\$ 2,974,711</u></b>

See accompanying notes to financial statements.

## KESHET, INC.

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 3,084,875	\$ 446,731
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	-	8,862
Change in discount on noncurrent receivables	(22,197)	-
Forgiveness of PPP loan principal and interest	(345,536)	-
(Increase) in:		
Grants and contributions receivable	(1,845,017)	(298,644)
Other receivables	(112,163)	(27,494)
Prepaid expenses	(27,298)	(1,246)
Security deposits	(5,370)	(480)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(51,727)	36,208
Accrued salaries and related benefits	<u>56,477</u>	<u>(37,889)</u>
Net cash provided by operating activities	<u>732,044</u>	<u>126,048</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP loan	<u>344,000</u>	<u>-</u>
Net cash provided by financing activities	<u>344,000</u>	<u>-</u>
Net increase in cash and cash equivalents	1,076,044	126,048
Cash and cash equivalents at beginning of year	<u>1,089,139</u>	<u>963,091</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 2,165,183</u></b>	<b><u>\$ 1,089,139</u></b>

## KESHET, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

#### 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 2020, Keshet adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and nonprofit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way Keshet recognized revenue; however, the presentation and disclosures of revenue have been enhanced. Keshet has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

##### 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, 2020 AND 2019**

**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 year ended December 31, 2019 totaled \$8,862 (none in 2020).

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, 2020 and 2019, 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 years ended December 31, 2020 and 2019, Keshet did not receive any conditional awards whose conditions had not been met by December 31, 2020 and 2019, and consequently there were no refundable advances as of either date.

**KESHET, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**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.

Training and consulting fees are recorded as revenue when the performance obligation is met, which coincides at the time the service is rendered. The revenue is recognized as "without donor restrictions" and the transaction price is based on the criteria stipulated in the agreements.

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.

New accounting pronouncements (not yet adopted) -

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.

**KESHET, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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

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

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 ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

Economic uncertainties -

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 negatively impact Keshet's operations. The overall potential impact is unknown at this time.

**2. GRANTS AND CONTRIBUTIONS RECEIVABLE**

As of December 31, 2020 and 2019, contributors to Keshet have made written promises to give, of which \$3,047,565 and \$1,158,154, 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, 2020 and 2019:

	<u>2020</u>	<u>2020</u>
Less than one year	\$ 1,913,965	\$ 707,954
One to five years	<u>1,133,600</u>	<u>450,200</u>
Subtotal	3,047,565	1,158,154
Less: Allowance to discount balance to present value	(76,460)	(54,263)
Less: Reserve for uncollectable grants (current)	<u>(3,600)</u>	<u>(3,600)</u>
<b>GRANTS AND CONTRIBUTIONS RECEIVABLE, NET OF ALLOWANCE AND RESERVE</b>	<b><u>\$ 2,967,505</u></b>	<b><u>\$ 1,100,291</u></b>

**3. PPP LOAN**

On April 13, 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 required 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.

On April 5, 2021, Keshet was notified (by the SBA) that the full outstanding principal and accrued interest was forgiven. Accordingly, as of December 31, 2020 Keshet has recognized the entire amount of \$344,000 (plus \$1,536 of accrued interest) as a conditional award (in which all conditions have been met, and recorded as without donor restrictions). The total amount of the forgiven loan and interest is included in grants and contributions income in the accompanying 2020 Statement of Activities and Change in Net Assets.

**KESHET, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**4. BOARD DESIGNATED NET ASSETS**

As of December 31, 2020 and 2019, 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.

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 as of December 31, 2020 and 2019, respectively.

**5. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Time restricted for general operating support	\$ 3,359,624	\$ 1,153,231
Program services	<u>210,221</u>	<u>195,095</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 3,569,845</u></b>	<b><u>\$ 1,348,326</u></b>

Included in net assets restricted for program services are funds received under fiscal sponsorship for the Hineni LGBTQ Jewish Leadership Fellowship, Joyous Justice Koach Fellowship, and Ma'agal. The balances of these programs at December 31, 2020 totaled \$62,537 and \$23,582, 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:

	<u>2020</u>	<u>2019</u>
Program services	\$ 339,043	\$ 844,858
Passage of time	<u>1,962,410</u>	<u>833,506</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b><u>\$ 2,301,453</u></b>	<b><u>\$ 1,678,364</u></b>

**KESHET, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**6. LIQUIDITY AND AVAILABILITY**

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,165,183	\$ 1,089,139
Grants and contributions receivable	1,910,365	704,354
Other receivables	<u>141,262</u>	<u>29,099</u>
Subtotal financial assets available within one year	4,216,810	1,822,592
Less: Donor restricted funds (net of time restricted funds to be released within one year)	(210,221)	(898,326)
Less: Board designated funds	<u>(658,797)</u>	<u>(658,797)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS  
FOR GENERAL EXPENDITURES WITHIN ONE YEAR**

**\$ 3,347,792    \$ 265,469**

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. As of December 31, 2020 and 2019 Keshet maintained 11 and 1 months, respectively, of financial assets available for operating activities.

Additionally, Keshet maintains a Board Designated Fund that hat 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.

**7. OCCUPANCY**

Keshet leases office space in Boston, San Francisco and New York under month-to-month agreements (none with future minimum lease payments expected to be paid beyond December 31, 2021 and only 30-days notice is required to vacate those spaces). Occupancy expense (including rent and other related costs) during the years ended December 31, 2020 and 2019 totaled \$157,125 and \$170,039, respectively.

**8. 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, 2020 and 2019 totaled \$55,996 and \$25,018, respectively.

**9. SUBSEQUENT EVENTS**

In preparing these financial statements, Keshet has evaluated events and transactions for potential recognition or disclosure through October 4, 2021, the date the financial statements were issued.