

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

KESHET, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Keshet, Inc. (Keshet), which comprise the statements of financial position as of December 31, 2023 and 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Keshet as of December 31, 2023 and 2022, and the changes in its net assets, functional expenses and 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Keshet and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Keshet's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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.

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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, including omissions, 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 Keshet'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 Keshet'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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

September 23, 2024

KESHET, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 614,284	\$ 1,283,295
Investments	2,915,483	2,106,452
Grants and contributions receivable, net	3,188,098	1,426,609
Other receivables	134,805	99,921
Prepaid expenses	<u>104,905</u>	<u>74,739</u>
Total current assets	<u>6,957,575</u>	<u>4,991,016</u>
PROPERTY AND EQUIPMENT		
Computers and related software	112,123	112,123
Less: Accumulated depreciation and amortization	<u>(112,123)</u>	<u>(112,123)</u>
Net property and equipment	<u>-</u>	<u>-</u>
OTHER ASSETS		
Grants and contributions receivable, net	1,443,765	1,309,146
Security deposits	19,475	18,783
Right-of-use assets - Finance lease, net	5,679	-
Right-of-use assets - Operating leases, net	<u>405,676</u>	<u>-</u>
Total other assets	<u>1,874,595</u>	<u>1,327,929</u>
TOTAL ASSETS	<u>\$ 8,832,170</u>	<u>\$ 6,318,945</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 54,898	\$ 59,108
Accrued salaries and related benefits	201,543	159,586
Finance lease liability	1,368	-
Operating lease liabilities	<u>159,480</u>	<u>-</u>
Total current liabilities	<u>417,289</u>	<u>218,694</u>
NONCURRENT LIABILITIES		
Finance lease liability, net	4,410	-
Operating lease liabilities, net	<u>248,190</u>	<u>-</u>
Total noncurrent liabilities	<u>252,600</u>	<u>-</u>
Total liabilities	<u>669,889</u>	<u>218,694</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	1,922,972	1,364,063
Board designated	<u>658,797</u>	<u>658,797</u>
Total net assets without donor restrictions	2,581,769	2,022,860
With donor restrictions	<u>5,580,512</u>	<u>4,077,391</u>
Total net assets	<u>8,162,281</u>	<u>6,100,251</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,832,170</u>	<u>\$ 6,318,945</u>

See accompanying notes to financial statements.

KESHET, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>	<u>Total</u>
	<u>Undesignated</u>	<u>Board Designated</u>	<u>Total</u>		
SUPPORT AND REVENUE					
Grants and contributions	\$ 1,433,622	\$ -	\$ 1,433,622	\$ 4,802,416	\$ 6,236,038
Training and consulting fees	184,796	-	184,796	-	184,796
Events, net of expenses totaling \$124,722	121,601	-	121,601	-	121,601
Net assets released from donor restrictions	3,299,295	-	3,299,295	(3,299,295)	-
Total support and revenue	<u>5,039,314</u>	<u>-</u>	<u>5,039,314</u>	<u>1,503,121</u>	<u>6,542,435</u>
EXPENSES					
Program Services	<u>3,653,843</u>	<u>-</u>	<u>3,653,843</u>	<u>-</u>	<u>3,653,843</u>
Supporting Services:					
General and Administrative	743,397	-	743,397	-	743,397
Fundraising and Development	<u>401,571</u>	<u>-</u>	<u>401,571</u>	<u>-</u>	<u>401,571</u>
Total supporting services	<u>1,144,968</u>	<u>-</u>	<u>1,144,968</u>	<u>-</u>	<u>1,144,968</u>
Total expenses	<u>4,798,811</u>	<u>-</u>	<u>4,798,811</u>	<u>-</u>	<u>4,798,811</u>
Changes in net assets before other item	240,503	-	240,503	1,503,121	1,743,624
OTHER ITEM					
Net investment return	<u>318,406</u>	<u>-</u>	<u>318,406</u>	<u>-</u>	<u>318,406</u>
Changes in net assets	558,909	-	558,909	1,503,121	2,062,030
Net assets at beginning of year	<u>1,364,063</u>	<u>658,797</u>	<u>2,022,860</u>	<u>4,077,391</u>	<u>6,100,251</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,922,972</u>	<u>\$ 658,797</u>	<u>\$ 2,581,769</u>	<u>\$ 5,580,512</u>	<u>\$ 8,162,281</u>

See accompanying notes to financial statements.

KESHET, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>	<u>Total</u>
	<u>Undesignated</u>	<u>Board Designated</u>	<u>Total</u>		
SUPPORT AND REVENUE					
Grants and contributions	\$ 703,293	\$ -	\$ 703,293	\$ 3,416,933	\$ 4,120,226
Training and consulting fees	140,084	-	140,084	-	140,084
Events, net of expenses totaling \$145,842	89,236	-	89,236	-	89,236
Contributed services	2,254	-	2,254	-	2,254
Net assets released from donor restrictions	3,320,146	-	3,320,146	(3,320,146)	-
Total support and revenue	<u>4,255,013</u>	<u>-</u>	<u>4,255,013</u>	<u>96,787</u>	<u>4,351,800</u>
EXPENSES					
Program Services	<u>3,016,178</u>	<u>-</u>	<u>3,016,178</u>	<u>-</u>	<u>3,016,178</u>
Supporting Services:					
General and Administrative	401,237	-	401,237	-	401,237
Fundraising and Development	564,514	-	564,514	-	564,514
Total supporting services	<u>965,751</u>	<u>-</u>	<u>965,751</u>	<u>-</u>	<u>965,751</u>
Total expenses	<u>3,981,929</u>	<u>-</u>	<u>3,981,929</u>	<u>-</u>	<u>3,981,929</u>
Changes in net assets before other item	273,084	-	273,084	96,787	369,871
OTHER ITEM					
Net investment return	<u>(152,744)</u>	<u>-</u>	<u>(152,744)</u>	<u>-</u>	<u>(152,744)</u>
Changes in net assets	120,340	-	120,340	96,787	217,127
Net assets at beginning of year	<u>1,243,723</u>	<u>658,797</u>	<u>1,902,520</u>	<u>3,980,604</u>	<u>5,883,124</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,364,063</u>	<u>\$ 658,797</u>	<u>\$ 2,022,860</u>	<u>\$ 4,077,391</u>	<u>\$ 6,100,251</u>

See accompanying notes to financial statements.

KESHET, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>		
Salaries	\$ 1,885,997	\$ 439,205	\$ 258,356	\$ 697,561	\$ 2,583,558
Professional fees	495,764	89,037	96,996	186,033	681,797
Payroll taxes and employee benefits	521,432	121,429	71,429	192,858	714,290
Leases	151,438	48,499	452	48,951	200,389
Travel and accommodations	238,525	4,704	28,865	33,569	272,094
Equipment and software	104,801	26,207	1,877	28,084	132,885
Office and program supplies	47,759	3,513	15,124	18,637	66,396
Food and entertainment	27,687	1,507	20,458	21,965	49,652
Space rental	41,999	373	5,000	5,373	47,372
Printing and reproduction	44,811	35	17,702	17,737	62,548
Miscellaneous	8,957	577	5,505	6,082	15,039
Professional development	9,351	-	95	95	9,446
Merchant account fees	9,327	3,450	1,277	4,727	14,054
Postage and shipping	8,035	297	2,754	3,051	11,086
Event registration	28,746	-	178	178	28,924
Membership dues and subscriptions	15,005	1,396	86	1,482	16,487
Marketing and promotion	6,134	181	139	320	6,454
Insurance	8,075	2,987	-	2,987	11,062
Subtotal	3,653,843	743,397	526,293	1,269,690	4,923,533
Less: Events expense included in support and revenue	-	-	(124,722)	(124,722)	(124,722)
TOTAL	<u>\$ 3,653,843</u>	<u>\$ 743,397</u>	<u>\$ 401,571</u>	<u>\$ 1,144,968</u>	<u>\$ 4,798,811</u>

See accompanying notes to financial statements.

KESHET, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>		
Salaries	\$ 1,591,864	\$ 182,215	\$ 422,028	\$ 604,243	\$ 2,196,107
Professional fees	442,836	81,477	51,518	132,995	575,831
Payroll taxes and employee benefits	405,607	51,424	104,938	156,362	561,969
Leases	121,630	46,903	39	46,942	168,572
Travel and accommodations	132,521	3,879	25,937	29,816	162,337
Equipment and software	91,637	23,124	3,963	27,087	118,724
Office and program supplies	29,874	29	30,195	30,224	60,098
Food and entertainment	17,465	1,072	39,709	40,781	58,246
Space rental	36,777	1,715	14,420	16,135	52,912
Printing and reproduction	31,754	661	12,999	13,660	45,414
Miscellaneous	39,546	1,062	109	1,171	40,717
Professional development	16,239	112	-	112	16,351
Merchant account fees	9,861	3,835	-	3,835	13,696
Postage and shipping	10,315	522	1,926	2,448	12,763
Event registration	10,125	-	2,389	2,389	12,514
Membership dues and subscriptions	10,975	872	13	885	11,860
Marketing and promotion	11,320	67	173	240	11,560
Insurance	5,832	2,268	-	2,268	8,100
Subtotal	3,016,178	401,237	710,356	1,111,593	4,127,771
Less: Events expense included in support and revenue	-	-	(145,842)	(145,842)	(145,842)
TOTAL	<u>\$ 3,016,178</u>	<u>\$ 401,237</u>	<u>\$ 564,514</u>	<u>\$ 965,751</u>	<u>\$ 3,981,929</u>

See accompanying notes to financial statements.

KESHET, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 2,062,030	\$ 217,127
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Unrealized (gains) losses on investments	(302,928)	165,525
Realized losses on investments	46,369	-
Change in discount on noncurrent receivables	47,881	133,086
Change in allowance for doubtful accounts	399	2,680
Donated stock	(5,112)	(27,969)
Proceeds from sale of donated stock	5,103	28,065
Realized losses (gains) on sales of donated stock	9	(96)
Amortization of right-of-use assets, operating	159,367	-
Amortization of right-of-use asset, financing	1,419	-
Increase in:		
Grants and contributions receivable	(1,944,388)	(238,233)
Other receivables	(34,884)	(29,748)
Prepaid expenses	(30,166)	(18,750)
Security deposits	(692)	-
(Decrease) increase in:		
Accounts payable and accrued liabilities	(4,210)	398
Accrued salaries and related benefits	41,957	37,269
Operating lease liabilities	<u>(157,373)</u>	<u>-</u>
Net cash (used) provided by operating activities	<u>(115,219)</u>	<u>269,354</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal payments on finance lease liability	(1,320)	-
Net purchases of investments	<u>(552,472)</u>	<u>(762,685)</u>
Net cash used by investing activities	<u>(553,792)</u>	<u>(762,685)</u>
Net decrease in cash and cash equivalents	(669,011)	(493,331)
Cash and cash equivalents at beginning of year	<u>1,283,295</u>	<u>1,776,626</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 614,284</u>	<u>\$ 1,283,295</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:		
Right-of-Use Asset in Connection with Financing Lease	<u>\$ 7,098</u>	<u>\$ -</u>
Right-of-Use Assets in Connection with Operating Leases	<u>\$ 565,043</u>	<u>\$ -</u>
Financing Lease Liability	<u>\$ 7,098</u>	<u>\$ -</u>
Operating Lease Liabilities	<u>\$ 565,043</u>	<u>\$ -</u>

See accompanying notes to financial statements.

KESHET, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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. Keshet's program activities include the following:

Education and training - Keshet's education & training team bolsters Jewish institutions - synagogues, day schools, JCCs, federations, summer camps, and more - to cultivate communities of belonging through individualized consultations, trainings, and our cohort-based learning.

Youth Programs - Keshet fosters environments where LGBTQ+ Jewish youth and allies can thrive and grow as leaders, including through youth weekend retreats and online programs.

Jewish Community Mobilization for LGBTQ Equality - Keshet partners with Jewish organizations to prioritize LGBTQ+ equality within their social justice agendas, as well as with secular LGBTQ+ movement partners to bring the Jewish voice to issue-based campaigns.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit 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". Net assets set aside 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** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

Cash and cash equivalents -

Keshet considers all cash and other highly liquid investments, including certificates of deposit, 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.

KESHET, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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

Cash and cash equivalents (continued) -

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.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in net investment return, which is presented net of investment expenses paid to external investment advisors, the accompanying Statements of Activities and Changes in Net Assets.

Investments acquired by gift, such as donated stock, are recorded at their fair value at the date of the gift. Keshet's policy is to liquidate all gifts of investments as soon as possible after the gift.

Grants and contributions receivable -

Grants and contributions receivable are recorded at their net realizable value, which approximates fair value. 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. The cost of maintenance and repairs is recorded as expenses as incurred. There was no depreciation or amortization expense during the years ended December 31, 2023 and 2022.

Income taxes -

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

Revenue from contracts with customers -

Keshet's training and consulting fees are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligation is met. Keshet has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on criteria stipulated in the agreements. Any amounts received in advance of satisfying performance obligations are recorded as deferred revenue. Keshet's contracts with customers generally have initial terms of one year or less.

KESHET, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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

Support from grants and contributions -

Grants and contributions are recognized in the appropriate category of net assets in the period received. Keshet performs an analysis of the individual grant or contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from grants and contributions are recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, Keshet had no refundable advances as of December 31, 2023 and 2022.

In addition, Keshet may obtain funding source agreements related to conditional contributions, which will be received in future years. However, Keshet had no conditional contributions to be received in future years as of December 31, 2023 and 2022.

Contributed services -

Contributed services typically consists of donated legal services. Contributed services are recorded at their fair value as of the date of the gift. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Keshet. 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.

There were no contributed services received during the year ended of December 31, 2023. During the year ended December 31, 2022, contributed services received totaled \$2,254.

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.

KESHET, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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

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.

Investment risks and uncertainties -

Keshet invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, Keshet has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market Keshet has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

KESHET, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

2. INVESTMENTS (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2023 and 2022. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by Keshet are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by Keshet are deemed to be actively traded.
- *U.S. Treasury Bills* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, interest rate and credit risk.
- *Certificates of Deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2023.

Asset Class:	Level 1	Level 2	Level 3	Total
Money market funds	\$ 142,878	\$ -	\$ -	\$ 142,878
Mutual funds - Equities	1,353,050	-	-	1,353,050
Mutual funds - Bonds	666,234	-	-	666,234
U.S. Treasury bills	241,877	-	-	241,877
Certificates of deposit	<u>-</u>	<u>511,444</u>	<u>-</u>	<u>511,444</u>
TOTAL	<u>\$ 2,404,039</u>	<u>\$ 511,444</u>	<u>\$ -</u>	<u>\$ 2,915,483</u>

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2022:

Asset Class:	Level 1	Level 2	Level 3	Total
Money market funds	\$ 109,070	\$ -	\$ -	\$ 109,070
Mutual funds - Equities	1,161,987	-	-	1,161,987
Mutual funds - Bonds	589,430	-	-	589,430
U.S. Treasury bills	<u>245,965</u>	<u>-</u>	<u>-</u>	<u>245,965</u>
TOTAL	<u>\$ 2,106,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,106,452</u>

Included in net investment return (loss) are the following at December 31, 2023 and 2022:

	2023	2022
Interest and dividends	\$ 81,174	\$ 27,831
Unrealized gain (loss) on investments	302,928	(165,525)
Realized (loss) gain on investments	(46,369)	96
Investment expenses	<u>(19,327)</u>	<u>(15,146)</u>
NET INVESTMENT RETURN (LOSS)	<u>\$ 318,406</u>	<u>\$ (152,744)</u>

KESHET, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2023 and 2022, contributors to Keshet have made written promises to give, of which \$4,837,140 and \$2,892,752, respectively, remained due and outstanding. Amounts due beyond one year of the Statements of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate ranging between 3.20% and 4.12%. Following is a schedule of amounts due, by year, as of December 31, 2023 and 2022:

	2023	2022
Less than one year	\$ 3,192,140	\$ 1,430,252
One to five years	1,645,000	1,462,500
Subtotal	4,837,140	2,892,752
Less: Allowance to discount balance to present value	(201,235)	(153,354)
Less: Reserve for uncollectable grants	(4,042)	(3,643)
GRANTS AND CONTRIBUTIONS RECEIVABLE, NET OF ALLOWANCE AND RESERVE	\$ 4,631,863	\$ 2,735,755

4. BOARD DESIGNATED NET ASSETS

As of December 31, 2023 and 2022, 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, 2023 and 2022.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2023 and 2022:

	2023	2022
Time restricted for general operating support	\$ 4,799,905	\$ 3,307,981
Program services	780,607	769,410
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 5,580,512	\$ 4,077,391

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, 2023 totaled \$36,539 and \$44,396, respectively.

KESHET, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

5. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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:

	2023	2022
Program services	\$ 67,856	\$ 323,145
Passage of time	3,231,439	2,997,001
NET ASSETS RELEASED FROM RESTRICTIONS	\$ 3,299,295	\$ 3,320,146

6. LIQUIDITY AND AVAILABILITY

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

	2023	2022
Cash and cash equivalents	\$ 614,284	\$ 1,283,295
Investments	2,915,483	2,106,452
Grants and contributions receivable, net	3,188,098	1,426,609
Other receivables	134,805	99,921
Subtotal financial assets available within one year	6,852,670	4,916,277
Less: Donor restricted funds (net of time restricted funds to be released within one year)	(780,607)	(769,410)
Less: Board designated funds	(658,797)	(658,797)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 5,413,266	\$ 3,488,070

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. Additionally, Keshet maintains a Board Designated Fund 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.

7. LEASES

Keshet follows FASB ASC 842 for leases. Keshet has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. Keshet has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

Short-term Leases:

Keshet leases office space on an as-needed basis. The Organization has elected the practical expedient for these short-term leases as the lease terms are less than 12 months. Total short-term lease expense included in operating expenses for the year ended December 31, 2023 and 2022, was \$24,971 and 91,495, respectively.

KESHET, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

7. LEASES (Continued)

Operating Leases:

Keshet has an operating lease for office space in Boston, MA that expires February 2028. The office lease includes an escalation of base rentals which is being amortized on a basis to achieve straight-line rent expense over the life of the lease.

The lease provides Keshet with a conditional option to renew for an additional five-year term, by submitting a renewal notice at least three months in advance. However, as of December 31, 2023, it is more likely than not that Keshet will not exercise this option. Consequently, this provision has not been included in the lease calculation.

For the year ended December 31, 2023, total lease cost was \$175,418 and total cash paid was \$173,578 for all operating leases. For the year ended December 31, 2022, all leases were considered short-term until the long-term agreements were signed in 2023. As of December 31, 2023, the weighted-average remaining lease term and rate for all operating leases is 4 years and 3.58%, respectively.

Financing Lease:

Keshet has entered a lease for a copier. Under the terms of the lease, Keshet is required to make monthly payments of \$129 through December 2027 when the lease expires.

The following is a schedule of the future minimum lease payments due under the operating leases and finance lease, net of imputed interest, as of December 31, 2023:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>	<u>Finance Lease</u>
2024	\$ 172,353	\$ 1,548
2025	93,280	1,548
2026	78,404	1,548
2027	79,181	1,548
2028	<u>13,262</u>	<u>-</u>
	436,480	6,192
Less: Imputed interest	<u>(28,810)</u>	<u>(414)</u>
	407,670	5,778
Less: Current portion	<u>(159,480)</u>	<u>(1,368)</u>
LEASE LIABILITIES, NONCURRENT	<u>\$ 248,190</u>	<u>\$ 4,410</u>

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. Employer contributions to the Plan during the years ended December 31, 2023 and 2022 totaled \$79,923 and \$68,227, respectively.

9. SUBSEQUENT EVENTS

In preparing these financial statements, Keshet has evaluated events and transactions for potential recognition or disclosure through September 23, 2024, the date the financial statements were issued.