



# PROJECT KESHER

Audited Financial Statements

June 30, 2022



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Project Kesher

### ***Opinion***

We have audited the accompanying financial statements of Project Kesher (the "Organization"), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

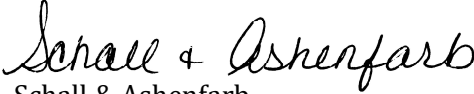
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

***Report on Summarized Comparative Information***

We have previously audited Project Kesher's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 3, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

December 6, 2022

**PROJECT KESHER**  
**STATEMENT OF FINANCIAL POSITION**  
**AT JUNE 30, 2022**  
(With comparative totals at June 30, 2021)

	<u>6/30/22</u>	<u>6/30/21</u>
<b>Assets</b>		
Cash and cash equivalents	\$1,103,120	\$437,653
Pledges receivable, net	212,500	131,000
Prepaid expenses	15,000	25,165
Fixed assets (Note 3)	3,300	6,600
Restricted cash (Note 4)	51,464	51,406
	<u>                    </u>	<u>                    </u>
Total assets	<u><u>\$1,385,384</u></u>	<u><u>\$651,824</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$5,000	\$0
Paycheck Protection Program loan (Note 5)	0	61,250
Total liabilities	<u>5,000</u>	<u>61,250</u>
Net assets:		
Without donor restrictions	463,640	368,654
With donor restrictions (Note 6)		
Ukraine Emergency Fund	581,976	0
Other future programs and periods	334,768	221,920
Total net assets with donor restrictions	<u>916,744</u>	<u>221,920</u>
Total net assets	<u>1,380,384</u>	<u>590,574</u>
	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u><u>\$1,385,384</u></u>	<u><u>\$651,824</u></u>

*The attached notes and auditors' report are an integral part of these financial statements.*

**PROJECT KESHER**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
(With comparative totals for the year ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions		Total	Total 6/30/22	Total 6/30/21
		Ukraine Emergency Fund	Future Programs and Periods			
Public support:						
Individuals and congregations	\$342,031	\$782,664	\$12,726	\$795,390	\$1,137,421	\$818,335
Foundations and corporations	475,000	256,600	300,000	556,600	1,031,600	356,750
Special event (net of expenses with a direct benefit to donors)	573,193			0	573,193	0
Paycheck Protection Program grant (Note 5)	61,250			0	61,250	60,700
Other income	566			0	566	4,617
Net assets released from restrictions (Note 6)	657,166	(457,288)	(199,878)	(657,166)	0	0
Total public support	<u>2,109,206</u>	<u>581,976</u>	<u>112,848</u>	<u>694,824</u>	<u>2,804,030</u>	<u>1,240,402</u>
Expenses:						
Program services	<u>1,517,542</u>			0	1,517,542	855,664
Supporting services:						
Management and general	217,263			0	217,263	132,169
Fundraising	279,415			0	279,415	186,369
Total supporting services	<u>496,678</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>496,678</u>	<u>318,538</u>
Total expenses	<u>2,014,220</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,014,220</u>	<u>1,174,202</u>
Change in net assets	94,986	581,976	112,848	694,824	789,810	66,200
Net assets - beginning of year	<u>368,654</u>	<u>0</u>	<u>221,920</u>	<u>221,920</u>	<u>590,574</u>	<u>524,374</u>
Net assets - end of year	<u>\$463,640</u>	<u>\$581,976</u>	<u>\$334,768</u>	<u>\$916,744</u>	<u>\$1,380,384</u>	<u>\$590,574</u>

*The attached notes and auditors' report are an integral part of these financial statements.*

**PROJECT KESHER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
(With comparative totals for the year ended June 30, 2021)

	Supporting Services			Total Expenses 6/30/22	Total Expenses 6/30/21
	Program Services	Management and General	Fundraising		
Salaries	\$188,985	\$68,065	\$152,069	\$220,134	\$409,119
Payroll taxes and benefits	24,679	8,889	19,857	28,746	59,881
Total personnel services	213,664	76,954	171,926	248,880	462,544
Grants - Commonwealth of Independent States	627,041			0	627,041
Grants - Israel (Note 7)	193,258			0	193,258
Ukraine emergency grants	457,288			0	457,288
Professional fees	255	83,022	206	83,228	83,483
U.S. programming - international seminars	7,443			0	7,443
Event expense			91,844	91,844	91,844
Insurance	1,797	647	1,445	2,092	3,889
Postage and shipping			480	480	480
Office supplies	13,157	4,739	10,585	15,324	28,481
Printing and copying				0	0
Interest and bank charges		18,732		18,732	18,732
Depreciation		3,300		3,300	3,300
Licenses and fees		3,393		3,393	3,393
Travel	3,639	1,311	2,929	4,240	7,879
Bad debt		25,165		25,165	25,165
<b>Total expenses</b>	<b>\$1,517,542</b>	<b>\$217,263</b>	<b>\$279,415</b>	<b>\$496,678</b>	<b>\$2,014,220</b>

*The attached notes and auditors' report are an integral part of these financial statements.*

**PROJECT KESHER**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
(With comparative totals for the year ended June 30, 2021)

	6/30/22	6/30/21
Cash flows from operating activities:		
Change in net assets	\$789,810	\$66,200
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,300	3,300
Paycheck Protection Program loan forgiveness	(61,250)	(60,700)
Changes in assets and liabilities:		
Pledges receivable	(81,500)	139,010
Prepaid expenses	10,165	4,244
Accounts payable and accrued expenses	5,000	0
Paycheck Protection Program loan	0	61,250
Total adjustments	(124,285)	147,104
Net cash provided by operating activities/ increase in cash, cash equivalents and restricted cash	665,525	213,304
Cash, cash equivalents and restricted cash - beginning of year	489,059	275,755
Cash, cash equivalents and restricted cash - end of year	\$1,154,584	\$489,059
Cash, cash equivalents and restricted cash		
Cash and cash equivalents	\$1,103,120	\$437,653
Restricted cash	51,464	51,406
Total cash, cash equivalents and restricted cash	\$1,154,584	\$489,059
Supplemental disclosures:		
Interest paid	\$0	\$0
Taxes paid	\$0	\$0

*The attached notes and auditors' report are an integral part of these financial statements.*



**PROJECT KESHER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Note 1 - Organization and Nature of Activities**

Project Kesher is an Illinois not-for-profit corporation formed to strengthen Jewish identity and community, provide leadership training, eradicate gender inequality, and build civil society. The primary beneficiaries of the mission of Project Kesher are concentrated in the Commonwealth of Independent States (CIS) (formerly the Soviet Union) and Israel.

Project Kesher's U.S. staff is directly involved in securing funding from grantors (domestically and internationally) and also in mentoring overseas beneficiaries in identifying grantors and writing grants and reports. Developing overseas fundraising capacity is integral to Project Kesher's mission. Some grantors support programming through the U.S. operation and others transmit funds directly to the overseas beneficiaries. These direct funds are not recognized as part of U.S. revenue but increase the programming conducted by the overseas beneficiaries.

Project Kesher is a not-for-profit organization and has been notified by the Internal Revenue Service that they are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

**Note 2 - Summary of Significant Accounting Policies**

a. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Basis of Presentation

As a not-for-profit organization, Project Kesher is required to report information regarding its financial position and activities according to specific classes of net assets as follows:

- *Net Assets Without Donor Restrictions* – represents resources without donor-imposed restrictions.
- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor. (See Note 6 for details).

c. Revenue Recognition

Project Kesher follows the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature.

Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met. Payments received in advance of conditions being met are recorded as deferred revenue.

All pledges receivable at June 30, 2022 are expected to be received within one year, except for \$100,000 which is due during the year ended June 30, 2024. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques, however, this has not been discounted due to the immaterial nature of the discount. Management assesses receivable balances for collectability. Based on a review of several factors, including the credit worthiness of the donor and historical experience, management deems these receivables to be fully collectable and has not established any reserves.

d. Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with initial maturities of three months or less.

e. Concentration of Credit Risk

Financial instruments, which potentially subject Project Kesher to a concentration of credit risk, consist of cash and money market accounts that have been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. Management feels they have little risk and has not experienced any losses due to bank failure.

f. Fixed Assets

Property and equipment that exceed pre-defined amounts that have a useful life of greater than one year are capitalized at cost, or at fair value, if donated. Depreciation is charged each year using the straight-line method over the estimated useful life of the asset.

g. Donated Services

Organizations are required to recognize contributions of services if they enhance non-financial assets or require specialized skills, are performed by those possessing those skills, and would typically need to be purchased, if not provided in-kind.

Board members and other individuals volunteer their time. These services do not meet these criteria; therefore, no amounts have been reflected in the financial statements for these services.

h. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

i. Functional Allocation of Expenses

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

The following costs are allocated by time and effort:

- Salaries
- Payroll taxes and benefits
- Insurance
- Office supplies
- Travel

All other expenses have been charged directly to the applicable program or supporting services.

j. Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Project Kesher's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

k. Accounting for Uncertainty of Income Taxes

Project Kesher does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2019, and later are subject to examination by applicable taxing authorities.

**Note 3 - Fixed Assets**

Fixed assets consist of the following:

	<u>6/30/22</u>	<u>6/30/21</u>
Website	\$16,500	\$16,500
Less: accumulated depreciation	<u>(13,200)</u>	<u>(9,900)</u>
Total fixed assets, net	<u>\$3,300</u>	<u>\$6,600</u>

**Note 4 - Line of Credit**

At June 30, 2022, Project Kesher had a \$100,000 revolving line of credit with a financial institution at an interest rate of 1% above the prime rate. There was no outstanding balances as of June 30, 2022 and 2021. The initial agreement expired in August 2021 and was renewed for an additional two-year period which will expire in August 2023. As part of the agreement, Project Kesher is required to hold a certificate of deposit as collateral at the financial institution that Project Kesher obtained the line of credit from. As of June 30, 2022, the certificate of deposit totaled \$51,464.

**Note 5 - Paycheck Protection Program Loan**

During the year ended June 30, 2021 and 2020, Project Keshar obtained loans from the Small Business Administration (“SBA”) in the amount of \$61,250 and \$60,700, respectively, through the Paycheck Protection Program (“PPP”). Terms of the loans indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were greater than pre-determined historical periods, that the loans, or a portion thereof, would be forgiven.

Project Keshar accounts for the PPP loan as a conditional contribution in accordance with FASB ASC 958-605. During the year ended June 30, 2021, the conditions on the first loan were met and the total amount was recognized as revenue during the year then ended. During the year ended June 30, 2022, the conditions on the second loan were met and the total amount was recognized as revenue during the year then ended. Both loans have been formally forgiven in fully by the SBA.

**Note 6 - Net Assets With Donor Restrictions**

Activity in the class of net assets with donor restrictions can be summarized as follows:

	<u>June 30, 2022</u>			
	<u>7/1/21</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	<u>6/30/22</u>
Program restrictions	\$201,920	\$1,051,990	(\$537,166)	\$716,744
Time restrictions	<u>20,000</u>	<u>300,000</u>	<u>(120,000)</u>	<u>200,000</u>
Total	<u>\$221,920</u>	<u>\$1,351,990</u>	<u>(\$657,166)</u>	<u>\$916,744</u>
	<u>June 30, 2021</u>			
	<u>7/1/20</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	<u>6/30/21</u>
Program restrictions	\$294,400	\$27,500	(\$119,980)	\$201,920
Time restrictions	<u>76,000</u>	<u>20,000</u>	<u>(76,000)</u>	<u>20,000</u>
Total	<u>\$370,400</u>	<u>\$47,500</u>	<u>(\$195,980)</u>	<u>\$221,920</u>

With twenty-eight years of experience working in Ukraine, Project Keshar and Project Keshar Ukraine (“PKU”) were positioned to take an active role in the humanitarian response to the war in Ukraine and funders responded with support totaling \$1,039,264. Project Keshar and PKU have been devoting these funds to evacuations, financial support for displaced and refugee women, generators, food, menstrual products, mental health programs designed for women and communication initiatives to inform women about how to navigate the war. These funds have been segregated in the Ukraine Emergency Fund. While the war and rebuilding may take many years, it is not yet clear whether this spike in funding will continue and at what level.

**Note 7 - Related Party Transactions**

Grant expenses of \$193,258 and \$181,211 were paid at June 30, 2022 and 2021, respectively, to an organization in Israel which shares common Board members with Project Keshar.

**Note 8 - Retirement Plan**

Project Keshar has a voluntary, tax deferred retirement plan under Internal Revenue Code Section 403(b). Upon hire, employees who work more than 20 hours per week are eligible to contribute to the plan by designating a percentage of their salaries, subject to regulatory limits, to be contributed to the plan on a pre-tax basis. The plan does not provide for any employer matching contributions.

**Note 9 - Availability and Liquidity**

Financial assets are available within one year of the date of the statement of financial position for general expenditure as follows:

Cash and cash equivalents	\$1,103,120	
Pledges receivable, net	<u>212,500</u>	
Total financial assets		\$1,315,620
Less amounts not available for general expenditures:		
Amounts included as financial assets that are restricted for future programs	(716,744)	
Receivables due after one year	<u>(100,000)</u>	
Total amounts not currently available for general expenditures:		<u>(816,744)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$498,876</u>

Project Keshar maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, Project Keshar operates its programs within a Board approved budget and relies on grants and earned income to fund its operations and program activities. Access to a line of credit of \$100,000 is also available to pay for general expenses.

**Note 10 - Subsequent Events**

Subsequent events have been evaluated through December 6, 2022, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.

**Note 11 - Other Matters**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which Project Keshar operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted, however supply chains remain impacted. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact cannot be quantified.