

# **Sharsheret, Inc.**

Independent Auditor's Report and Financial Statements

December 31, 2020 and 2019



**Sharsheret, Inc.**  
**December 31, 2020 and 2019**

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## Independent Auditor's Report

Board of Directors  
Sharsheret, Inc.  
Teaneck, New Jersey

We have audited the accompanying financial statements of Sharsheret, Inc. which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Board of Directors  
Sharsheret, Inc.  
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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sharsheret, Inc. 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.

*BKD, LLP*

New York, New York  
September 30, 2021

**Sharsheret, Inc.**  
**Statements of Financial Position**  
**December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,194,882	\$ 1,398,402
Investments	9,036,892	6,984,751
Investment - 457(b) plan	49,549	39,199
Contributions receivable	537,141	440,342
Government grant receivable	22,048	25,175
Prepaid expenses and other assets	74,428	16,583
Prepaid rent	-	884
	<u>\$ 10,914,940</u>	<u>\$ 8,905,336</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 190,315	\$ 149,326
Deferred rent payable	3,135	-
Deferred compensation payable	49,549	39,199
	<u>242,999</u>	<u>188,525</u>
Total current liabilities	242,999	188,525
Loan payable	365,781	-
	<u>608,780</u>	<u>188,525</u>
Total liabilities	608,780	188,525
<b>Net Assets</b>		
Without donor restrictions	8,994,543	7,366,351
With donor restrictions	1,311,617	1,350,460
	<u>10,306,160</u>	<u>8,716,811</u>
Total net assets	10,306,160	8,716,811
Total liabilities and net assets	<u>\$ 10,914,940</u>	<u>\$ 8,905,336</u>

**Sharsheret, Inc.**  
**Statements of Activities**  
**Years Ended December 31, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, Losses and Other Support</b>						
Contributions	\$ 1,828,082	\$ 1,006,583	\$ 2,834,665	\$ 1,728,162	\$ 1,024,438	\$ 2,752,600
Contributions - in-kind	83,141	-	83,141	55,222	-	55,222
Special events	\$ 1,540,410			\$ 1,605,792		
Less direct costs of special events	<u>(145,155)</u>	-	1,395,255	<u>(303,575)</u>	-	1,302,217
Government grant	359,863	-	359,863	343,586	-	343,586
Rental income	2,000	-	2,000	-	-	-
Net investment return	609,958	-	609,958	695,327	-	695,327
Net assets released from restrictions	<u>1,045,426</u>	<u>(1,045,426)</u>	<u>-</u>	<u>450,508</u>	<u>(450,508)</u>	<u>-</u>
Total revenues, gains, losses and other support	<u>5,323,725</u>	<u>(38,843)</u>	<u>5,284,882</u>	<u>4,575,022</u>	<u>573,930</u>	<u>5,148,952</u>
<b>Expenses</b>						
Support programs and services	1,120,373	-	1,120,373	987,722	-	987,722
Education and outreach programs	<u>1,873,158</u>	<u>-</u>	<u>1,873,158</u>	<u>1,873,800</u>	<u>-</u>	<u>1,873,800</u>
Total program services	<u>2,993,531</u>	<u>-</u>	<u>2,993,531</u>	<u>2,861,522</u>	<u>-</u>	<u>2,861,522</u>
Management and general	271,173	-	271,173	242,195	-	242,195
Fundraising	<u>430,829</u>	<u>-</u>	<u>430,829</u>	<u>402,555</u>	<u>-</u>	<u>402,555</u>
Total support services	<u>702,002</u>	<u>-</u>	<u>702,002</u>	<u>644,750</u>	<u>-</u>	<u>644,750</u>
Total expenses	<u>3,695,533</u>	<u>-</u>	<u>3,695,533</u>	<u>3,506,272</u>	<u>-</u>	<u>3,506,272</u>
<b>Change in Net Assets Before Other Adjustments</b>	1,628,192	(38,843)	1,589,349	1,068,750	573,930	1,642,680
<b>Change in Donor Designations</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(369,351)</u>	<u>369,351</u>	<u>-</u>
<b>Change in Net Assets</b>	1,628,192	(38,843)	1,589,349	699,399	943,281	1,642,680
<b>Net Assets, Beginning of Year</b>	<u>7,366,351</u>	<u>1,350,460</u>	<u>8,716,811</u>	<u>6,666,952</u>	<u>407,179</u>	<u>7,074,131</u>
<b>Net Assets, End of Year</b>	<u>\$ 8,994,543</u>	<u>\$ 1,311,617</u>	<u>\$ 10,306,160</u>	<u>\$ 7,366,351</u>	<u>\$ 1,350,460</u>	<u>\$ 8,716,811</u>

**Sharsheret, Inc.**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2020 and 2019**

	2020								
	Program Services			Support Services					
	Support Programs and Services	Education and Outreach Programs	Program Services Total	Management and General	Fundraising	Direct Costs of Special Events	Total Fundraising Expense	Total Supporting Services	Total
Salaries	\$ 601,607	\$ 1,221,445	\$ 1,823,052	\$ 162,551	\$ 265,809	\$ -	\$ 265,809	\$ 428,360	\$ 2,251,412
Payroll taxes and employee benefits	72,105	146,394	218,499	19,384	31,942	-	31,942	51,326	269,825
Telephone and online communications	41,290	83,831	125,121	2,085	6,896	-	6,896	8,981	134,102
Quality of Life Services	197,771	-	197,771	-	-	-	-	-	197,771
Occupancy	29,339	59,567	88,906	7,927	12,963	-	12,963	20,890	109,796
Equipment rental and purchases	5,937	12,054	17,991	1,606	2,623	-	2,623	4,229	22,220
Professional fees	32,722	66,436	99,158	19,807	1,195	-	1,195	21,002	120,160
Publicity and media (including donated advertising of \$25,000)	29,039	58,957	87,996	-	5,660	-	5,660	5,660	93,656
Postage, printing and publications (including donated supplies of \$58,141)	74,893	152,056	226,949	967	100,286	-	100,286	101,253	328,202
Travel and conferences	22,537	45,756	68,293	95	304	-	304	399	68,692
Insurance	2,290	4,649	6,939	102	431	-	431	533	7,472
Office supplies	8,901	18,071	26,972	11,176	1,833	-	1,833	13,009	39,981
Caterer, music and facility rental	-	-	-	-	-	145,155	145,155	145,155	145,155
Credit card fees	-	-	-	35,697	-	-	-	35,697	35,697
Volunteer expenses	1,942	3,942	5,884	525	887	-	887	1,412	7,296
Bab debt	-	-	-	9,251	-	-	-	9,251	9,251
<b>Total expenses</b>	<b>1,120,373</b>	<b>1,873,158</b>	<b>2,993,531</b>	<b>271,173</b>	<b>430,829</b>	<b>145,155</b>	<b>575,984</b>	<b>847,157</b>	<b>3,840,688</b>
Less expenses deducted directly from revenues on the statements of activities									
Direct costs of special events	-	-	-	-	-	(145,155)	(145,155)	(145,155)	(145,155)
<b>Total expenses reported by function on the statements of activities</b>	<b>\$ 1,120,373</b>	<b>\$ 1,873,158</b>	<b>\$ 2,993,531</b>	<b>\$ 271,173</b>	<b>\$ 430,829</b>	<b>\$ -</b>	<b>\$ 430,829</b>	<b>\$ 702,002</b>	<b>\$ 3,695,533</b>

**Sharsheret, Inc.**  
**Statements of Functional Expenses (Continued)**  
**Years Ended December 31, 2020 and 2019**

	2019								
	Program Services			Support Services					
	Support Programs and Services	Education and Outreach Programs	Program Services Total	Management and General	Fundraising	Direct Costs of Special Events	Total Fundraising Expense	Total Supporting Services	Total
Salaries	\$ 557,112	\$ 1,131,107	\$ 1,688,219	\$ 125,765	\$ 251,053	\$ -	\$ 251,053	\$ 376,818	\$ 2,065,037
Payroll taxes and employee benefits	67,905	137,869	205,774	16,927	30,600	-	30,600	47,527	253,301
Telephone and online communications	30,137	61,188	91,325	1,579	6,140	-	6,140	7,719	99,044
Quality of Life Services	64,807	-	64,807	-	-	-	-	-	64,807
Occupancy	35,389	71,851	107,240	7,989	15,947	-	15,947	23,936	131,176
Depreciation	227	460	687	51	102	-	102	153	840
Equipment rental and purchases	7,703	15,640	23,343	1,741	3,471	-	3,471	5,212	28,555
Professional fees	29,783	60,469	90,252	22,640	9,210	-	9,210	31,850	122,102
Publicity and media	27,565	55,965	83,530	-	3,626	-	3,626	3,626	87,156
Postage, printing and publications (including donated supplies of \$51,060)	90,586	183,917	274,503	2,493	63,808	-	63,808	66,301	340,804
Travel and conferences	55,518	112,719	168,237	512	11,689	-	11,689	12,201	180,438
Insurance	2,451	4,976	7,427	75	403	-	403	478	7,905
Office supplies	15,902	32,285	48,187	18,393	5,318	-	5,318	23,711	71,898
Caterer, music and facility rental (including donated services of \$4,162)	-	-	-	-	-	279,049	279,049	279,049	279,049
Race gear and registration	-	-	-	-	-	24,526	24,526	24,526	24,526
Credit card fees	-	-	-	43,435	-	-	-	43,435	43,435
Volunteer expenses	2,637	5,354	7,991	595	1,188	-	1,188	1,783	9,774
<b>Total expenses</b>	<b>987,722</b>	<b>1,873,800</b>	<b>2,861,522</b>	<b>242,195</b>	<b>402,555</b>	<b>303,575</b>	<b>706,130</b>	<b>948,325</b>	<b>3,809,847</b>
Less expenses deducted directly from revenues on the statements of activities									
Direct costs of special events	-	-	-	-	-	(303,575)	(303,575)	(303,575)	(303,575)
<b>Total expenses reported by function on the statements of activities</b>	<b>\$ 987,722</b>	<b>\$ 1,873,800</b>	<b>\$ 2,861,522</b>	<b>\$ 242,195</b>	<b>\$ 402,555</b>	<b>\$ -</b>	<b>\$ 402,555</b>	<b>\$ 644,750</b>	<b>\$ 3,506,272</b>



**Sharsheret, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Operating Activities</b>		
Change in net assets	\$ 1,589,349	\$ 1,642,680
Items not requiring (providing) cash		
Depreciation	-	840
Provision for bad debt	9,251	-
Net realized and unrealized gains on investments	(510,939)	(567,282)
Changes in		
Contributions receivable	(106,050)	113,086
Government grant receivable	3,127	(16)
Prepaid expenses and other assets	(57,845)	(7,865)
Accounts payable and accrued expenses	40,989	32,911
Deferred rent payable	4,019	(1,832)
Deferred compensation payable	10,350	10,507
	982,251	1,223,029
Net cash provided by operating activities		
<b>Investing Activities</b>		
Proceeds from disposition of investments	541,830	6,500,545
Purchases of investments	(2,093,382)	(7,974,400)
	(1,551,552)	(1,473,855)
Net cash used in investing activities		
<b>Financing Activities</b>		
Proceeds from loan	365,781	-
	365,781	-
Net cash provided by financing activities		
<b>Decrease in Cash and Cash Equivalents</b>	(203,520)	(250,826)
<b>Cash and Cash Equivalents, Beginning of Year</b>	1,398,402	1,649,228
<b>Cash and Cash Equivalents, End of Year</b>	\$ 1,194,882	\$ 1,398,402

**Sharsheret, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

Sharsheret, Inc. (the Organization) is a national not-for-profit organization supporting young Jewish women and their families facing breast cancer. The Organization's mission is to offer a community of support to women, of all backgrounds, diagnosed with breast cancer or at increased genetic risk, by fostering culturally relevant individualized connections with networks of peers, health professionals, and related resources. The Organization's programs are open to all women and men.

The Organization's revenues and other support are derived principally from contributions and special events.

As a result of COVID-19, effective March 2020, the Organization went remote. The Organization conducted their special events remotely.

The Organization offers the following national programs:

***Support Programs and Services***

***Peer Support Network***, connecting women newly diagnosed or at high risk of developing breast cancer or ovarian cancer one-on-one with others who share similar diagnoses and experiences.

***Embrace***, supporting women living with advanced breast cancer and ovarian cancer.

***Genetics for Life***, addressing hereditary breast cancer and ovarian cancer.

***Thriving Again***, providing individualized support, education, and survivorship navigation for breast cancer survivors.

***Busy Box***, for young parents facing cancer.

***Best Face Forward***, addressing the cosmetic side effects of treatment.

***Sharsheret Supports***, developing local support groups and programs.

***Family Focus***, providing resources and support for caregivers and family members.

***Ovarian Cancer Program***, tailored resources and support for young Jewish women and families facing ovarian cancer.

***Best Face Forward 2.0*** provides services and subsidies for eligible individuals for non-medical services that are critical to a woman's quality of life and body image.

***Education and Outreach Programs***

***Health Care Symposia***, on issues unique to younger women facing breast cancer and ovarian cancer.

***Sharsheret on Campus***, outreach to students on campus.

**Sharsheret, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

*Sharsheret Educational Resource Booklet Series*, culturally relevant publications for Jewish women, their families, and health care professionals.

***Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents. At December 31, 2020 and 2019, cash equivalents consisted primarily of money market accounts.

At December 31, 2020, the Organization's cash accounts did not exceed federally insured limits.

***Investments and Net Investment Return***

Investments are carried at fair value.

The Organization invests in various investment securities. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the Organization's financial statements.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

***Long-Lived Asset Impairment***

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2020 and 2019.

**Sharsheret, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Net Assets**

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

**Contributions**

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

**Sharsheret, Inc.**  
**Notes to Financial Statements**  
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Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

***In-Kind Contributions***

In addition to receiving cash contributions, the Organization receives in-kind contributions of program supplies and services from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by the same amount. For the years ended December 31, 2020 and 2019, \$83,141 and \$55,222, respectively, was received in in-kind contributions.

***Government Grants***

Support funded by grants is recognized as the Organization meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

***Allowance for Doubtful Accounts***

The Organization determines whether an allowance for uncollectibles should be provided for contributions and government grants receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent collections and historical information. Contributions and government grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. As of December 31, 2020 and 2019, no allowance for doubtful accounts was deemed necessary.

***Income Taxes***

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization files tax returns in the U.S. federal jurisdiction.

***Operating Leases***

Rent expense is recorded on the straight-line basis over the term of the lease. Deferred rent represents the difference between fixed payments and the rent expense.

**Sharsheret, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the time spent by personnel in the various departments.

***Change in Accounting Principles***

***ASC 606, Revenue from Contracts with Customers (Topic 606)***

On January 1, 2020, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), using a modified retrospective method of adoption to all contracts not completed at January 1, 2020.

The core guidance in Topic 606 is to recognize revenue to depict the transfer of promised goods or services to special event attendees in amounts that reflect the consideration to which the Organization expects to be entitled in exchange for those goods or services.

The amount to which the Organization expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing services.

Adoption of Topic 606 did not result in changes in presentation of financial statements or timing of revenue recognition, but it did result in related disclosures in the notes to the financial statements.

**Note 2: Contributions Receivable**

The Organization received unconditional promises to give. Contributions receivable are due as follows:

	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Due within one year	\$ 180,391	\$ 341,750	\$ 522,141
Due within one to five years	-	15,000	15,000
	\$ 180,391	\$ 356,750	\$ 537,141

**Sharsheret, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

	<b>Without Donor Restrictions</b>	<b>2019 With Donor Restrictions</b>	<b>Total</b>
Due within one year	\$ 272,120	\$ 103,222	\$ 375,342
Due within one to five years	-	65,000	65,000
	\$ 272,120	\$ 168,222	\$ 440,342

**Note 3: Government Grant**

In 2014, the Organization entered into a cooperative agreement with the Centers for Disease Control and Prevention to enhance and sustain structured support services for Jewish young women facing breast cancer. The grant is for \$1,750,000 over five years. This grant expired in 2019. The Organization renewed the grant in October 2019. The renewed grant is for \$1,800,000 over five years, and is a conditional grant. In 2020 and 2019, the Organization recognized \$359,863 and \$343,586, respectively. The unspent balance available as of December 31, 2020 and 2019 was \$1,366,712 and \$1,726,575, respectively.

**Note 4: Operating Leases**

The Organization entered into a noncancelable lease for office space in New Jersey. The lease expires May 31, 2024.

In 2020 the Organization terminated their leases in Florida, California and Illinois, that were previously on a month-to-month basis.

Minimum future payments under the terms of the lease are as follows:

2021	\$	83,742
2022		76,764
2023		83,742
2024		34,893
		\$ 279,141

Rent expense for all operating leases for 2020 and 2019 was \$101,418 and \$122,176, respectively.

Deferred (prepaid) rent for 2020 and 2019 was \$3,135 and \$(884), respectively.

In 2020 the Organization subleased part of their New Jersey space for \$1,000 a month. Rental income for the year ended December 31, 2020 was \$2,000.

**Sharsheret, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note 5: Pension and Other Postretirement Benefit Plans**

***Defined Contribution Plan***

The Organization has a 403(b) plan covering employees working 12 or more hours per week. The Plan allows for discretionary contributions by the Organization. Pension expense was \$33,877 and \$27,289 for the years ended December 31, 2020 and 2019, respectively.

**Note 6: Deferred Compensation Agreement**

The Organization established a deferred compensation agreement for executives selected by the Board of Directors. The funds are maintained in segregated investment accounts and are payable under the terms of the agreement. Contributions were \$10,000 in 2020 and 2019. The estimated liability at December 31, 2020 and 2019 was \$49,549 and \$39,199, respectively.

**Note 7: Net Assets With Donor Restrictions**

***Net Assets With Donor Restrictions***

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose		
Support programs and services	\$ 961,770	\$ 1,131,471
Education and outreach programs	<u>182,327</u>	<u>121,469</u>
	1,144,097	1,252,940
Subject to the passage of time		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	<u>167,520</u>	<u>97,520</u>
	<u>\$ 1,311,617</u>	<u>\$ 1,350,460</u>



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**Net Assets Released from Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2020</u>	<u>2019</u>
Expiration of time restrictions	\$ 50,000	\$ 95,000
Satisfaction of purpose restrictions		
Support programs and services	837,243	227,934
Education and outreach programs	<u>158,183</u>	<u>127,574</u>
	<u>995,426</u>	<u>355,508</u>
	<u>\$ 1,045,426</u>	<u>\$ 450,508</u>

**Note 8: Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year end		
Cash and cash equivalents	\$ 1,194,882	\$ 1,398,402
Investments	9,036,892	6,984,751
Investment - 457(b) plan	49,549	39,199
Contributions receivable	537,141	440,342
Government grant receivable	<u>22,048</u>	<u>25,175</u>
Total financial assets	10,840,512	8,887,869
Donor imposed restrictions		
Funds with donor restrictions	<u>(1,311,617)</u>	<u>(1,350,460)</u>
Net financial assets after donor imposed restrictions	9,528,895	7,537,409
Internal designations		
Investment - 457(b) plan	<u>(49,549)</u>	<u>(39,199)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,479,346</u>	<u>\$ 7,498,210</u>

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The Organization receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

The Organization manages its liquidity following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term expenditures and operating needs and maintaining sufficient liquidity to provide reasonable assurance that long-term obligations will be discharged. The Organization monitors liquidity and cash flow on an ongoing basis to ensure an appropriate amount of cash and cash equivalents are available to meet current expenditure needs.

**Note 9: Investments and Disclosures About Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

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***Recurring Measurements***

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2020 and 2019:

	2020			
	Total	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Blended	\$ 5,206,847	\$ 5,206,847	\$ -	\$ -
Exchange-traded funds (ETF)				
Equity - domestic	3,622,412	3,622,412	-	-
Total investments reported on the fair value hierarchy	8,829,259	8,829,259	-	-
Cash and cash equivalents	257,182	-	-	-
	<u>\$ 9,086,441</u>	<u>\$ 8,829,259</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to statement of financial position				
Investments	\$ 9,036,892			
Investment - 457(b) plan	49,549			
Total	<u>\$ 9,086,441</u>			

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	Total	2019		
		Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Blended	\$ 2,644,996	\$ 2,644,996	\$ -	\$ -
Money Market	547,637	547,637	-	-
U.S. Treasury securities bonds	898,923	898,923	-	-
Exchange-traded funds (ETF)				
Equity - domestic	2,648,558	2,648,558	-	-
Equities				
Domestic	4,997	4,997	-	-
Total investments reported on the fair value hierarchy	6,745,111	6,745,111	-	-
Cash and cash equivalents	278,839	-	-	-
	<u>\$ 7,023,950</u>	<u>\$ 6,745,111</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to statement of financial position				
Investments	\$ 6,984,751			
Investment - 457(b) plan	39,199			
Total	<u>\$ 7,023,950</u>			

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2020 and 2019.

**Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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**Note 10: Loan Payable**

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act). On April 7, 2020, the Organization received a loan in the amount of \$365,781 pursuant to the Paycheck Protection Program (PPP) loan. The Organization has elected to account for the funding as a loan in accordance with Accounting Standards Codification Topic 470, *Debt*. The loan is due two years from the date of the note and has a fixed interest rate of 0.98 percent per year.

Any forgiveness of the loan will be recognized as a gain in the financial statements in the period the debt is legally released. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audits, adjustments could be required to any gain recognized.

As of May 21, 2021, the Organization's PPP loan of \$365,781 was approved for full forgiveness.

Principal payments are as follows:

2022	\$ 365,781
Total	\$ 365,781

**Note 11: Revenue from Contracts with Special Event Attendees**

***Special Events Revenue***

Revenue from special events is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the direct cost of the benefits received by the participant at the event.

***Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations***

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over a period of time is generally recognized when goods are provided to donors over a period of time and the Organization does not believe it is required to provide additional goods or services related to that sale.

***Transaction Price***

The Organization determines the transaction price based on standard charges for goods and services provided. For the year ended December 31, 2020, the Organization recognized revenue of approximately \$17,000, from goods and services that transfer to the attendee over a period of time.

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**Note 12: Subsequent Events**

Subsequent events have been evaluated through September 30, 2021, which is the date the financial statements were available to be issued.

On December 27, 2020, the *Consolidated Appropriations Act of 2021* was signed into law and, among other things, established a new “Second Draw” Paycheck Protection Program. The Organization received a second PPP loan of \$361,043 on January 28, 2021 pursuant to the Paycheck Protection Program Second Draw. The loan is due in five years from the date of the first disbursement and has a fixed interest rate of one percent per year. A portion of the loan may be forgiven; however, as of the date of this report any amount of forgiveness is unable to be determined.

As of September 10, 2021, the Organization's second PPP Loan of \$361,043 was approved for full forgiveness.

**Note 13: Future Changes in Accounting Principles**

***Accounting for Leases***

FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating, or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for the Organization’s annual periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. The Organization is evaluating the impact the standard will have on the financial statements; however, the standard is expected to have an impact on the financial statements due to the recognition of additional assets and liabilities for operating leases.