

BETHESDA CARES, INC.

FINANCIAL STATEMENTS

December 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bethesda Cares, Inc.
Bethesda, Maryland

We have audited the accompanying financial statements of Bethesda Cares, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year 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 audit. We conducted our audit 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.

Opinion

In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the financial position of Bethesda Cares, Inc. as of December 31, 2019, and the changes in its net assets, cash flows and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Bethesda Cares, Inc. 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report November 13, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ryan + Wetmore, PC

Bethesda, MD
November 5, 2020

BETHESDA CARES, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	ASSETS	
	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 516,774	\$ 392,005
Investments, at fair value	6,265	5,041
Grants receivable, net of allowance for doubtful accounts of \$0	130,192	196,097
Pledges receivable, net of allowance for doubtful accounts of \$0	95,284	-
Deposit	500	-
Prepaid expenses	3,603	-
Employee advances	-	100
	<u>752,618</u>	<u>593,243</u>
Total assets	<u>\$ 752,618</u>	<u>\$ 593,243</u>
	LIABILITIES AND NET ASSETS	
	2019	2018
CURRENT LIABILITIES		
Accounts payable	\$ 16,287	\$ -
Accrued expenses	375	-
	<u>16,662</u>	<u>-</u>
Total current liabilities	<u>16,662</u>	<u>-</u>
LONG-TERM LIABILITIES		
Deferred rent	526	993
	<u>526</u>	<u>993</u>
Total long-term liabilities	<u>526</u>	<u>993</u>
Total liabilities	<u>17,188</u>	<u>993</u>
NET ASSETS		
Without donor restrictions	655,564	534,733
With donor restrictions	79,866	57,517
	<u>735,430</u>	<u>592,250</u>
Total net assets	<u>735,430</u>	<u>592,250</u>
	<u>\$ 752,618</u>	<u>\$ 593,243</u>

The Notes to Financial Statements are an integral part of these statements.

BETHESDA CARES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2019

(with summarized comparative financial information for the year ended December 31, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains, and other support				
Community contributions	\$ 358,109	\$ -	\$ 358,109	\$ 243,023
Federated campaign	25,800	-	25,800	32,081
Government grants	792,775	-	792,775	664,570
Other grants	20,000	114,000	134,000	106,685
Fundraising (net of expenses of \$37,765 and \$30,431)	72,945	-	72,945	39,972
Interest	214	-	214	213
In kind support	97,132	-	97,132	158,470
Net assets released from donor restrictions	91,651	(91,651)	-	-
Total revenue	1,458,626	22,349	1,480,975	1,245,014
Expenses				
Program services				
Lunch program	151,331	-	151,331	212,475
Eviction program	141,795	-	141,795	191,496
Supportive housing	383,497	-	383,497	
Outreach	428,582	-	428,582	660,789
Total program services	1,105,205	-	1,105,205	1,064,760
Administrative and fundraising	232,687	-	232,687	180,025
Gain/loss on sale of investment	(97)	-	(97)	49
Total expenses	1,337,795	-	1,337,795	1,244,834
Change in net assets	120,831	22,349	143,180	180
Net assets at beginning of year	534,733	57,517	592,250	592,070
Net assets at end of year	<u>\$ 655,564</u>	<u>\$ 79,866</u>	<u>\$ 735,430</u>	<u>\$ 592,250</u>

The Notes to Financial Statements are an integral part of these statements.

BETHESDA CARES, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 143,180	\$ 180
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Deferred rent	(467)	993
Gain/loss on sale of investment	(97)	49
(Increase) Decrease in:		
Grants receivable	65,905	(81,850)
Pledges receivable	(95,284)	-
Deposit	(500)	-
Prepaid expenses	(3,603)	-
Employee advances	100	(100)
Increase (Decrease) in:		
Accounts payable	16,287	(4,000)
Accrued expenses	375	-
Net cash provided by (used in) operating activities	<u>125,896</u>	<u>(84,728)</u>
Cash flows from investing activities		
Purchases of investments	(6,139)	-
Proceeds from sale of investments	5,012	1,934
Net cash provided by (used in) investing activities	<u>(1,127)</u>	<u>1,934</u>
Net increase (decrease) in cash and cash equivalents	124,769	(82,794)
Cash and cash equivalents, beginning of year	<u>392,005</u>	<u>474,799</u>
Cash and cash equivalents, end of year	<u>\$ 516,774</u>	<u>\$ 392,005</u>

Interest expense paid in cash was \$0 and \$0 for the years ended December 31, 2019 and 2018, respectively.

Income tax expense paid in cash was \$984 and \$0 for the years ended December 31, 2019 and 2018, respectively.

The Notes to Financial Statements are an integral part of these statements.

BETHESDA CARES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

Program Services

	Lunch Program	Eviction Prevention	Supportive Housing	Street Outreach	Total program services	Administrative	Fundraising	Total
Salaries and related costs	\$ 22,000	\$ 18,780	\$ 56,431	\$ 73,084	\$ 170,295	\$ 95,624	\$ 34,256	\$ 300,175
Counselor, social worker	-	24,841	75,543	118,662	219,046	-	-	219,046
Direct aid	-	63,772	164,472	37,009	265,253	-	-	265,253
Coordinators	71,750	-	52,000	157,715	281,465	10,725	50,050	342,240
Administrative expenses	10,045	11,294	15,794	22,855	59,988	29,176	3,848	93,012
Lunch food and other expenses	21,033	-	-	-	21,033	-	-	21,033
In-kind services								
Facilities	7,703	23,108	19,257	19,257	69,325	7,703	-	77,028
Personnel	-	-	-	-	-	1,304	-	1,304
Lunch room rent	18,800	-	-	-	18,800	-	-	18,800
TOTAL	\$ 151,331	\$ 141,795	\$ 383,497	\$ 428,582	\$ 1,105,205	\$ 144,532	\$ 88,155	\$ 1,337,892

The Notes to Financial Statements are an integral part of these statements.

BETHESDA CARES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018

	Program Services			Total All Programs	Administrative	Fundraising	Total
	Lunch Program	Eviction Prevention	Outreach				
Salaries and related Costs	\$ 29,728	\$ 27,510	\$ 95,822	\$ 153,060	\$ 87,303	\$ 27,717	\$ 268,080
Counselor, social worker	-	23,920	260,197	284,117	11,295	-	295,412
Direct aid	-	107,785	196,191	303,976	-	-	303,976
Coordinators	69,386	-	40,267	109,653	-	-	109,653
Administrative expenses	8,653	9,480	30,311	48,444	43,550	2,609	94,603
Lunch food and other expenses	14,640	-	-	14,640	-	-	14,640
In-kind services	-	-	-	-	-	-	-
Facilities	7,000	21,001	35,001	63,002	7,000	-	70,002
Utilities	600	1,800	3,000	5,400	600	-	6,000
Program coordinator	9,668	-	-	9,668	-	-	9,668
Lunch room rent	72,800	-	-	72,800	-	-	72,800
TOTAL	\$ 212,475	\$ 191,496	\$ 660,789	\$ 1,064,760	\$ 149,748	\$ 30,326	\$ 1,244,834

The Notes to Financial Statements are an integral part of these statements.

BETHESDA CARES, INC.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018**

Note 1 Summary of significant accounting policies

Organization

Bethesda Cares, Inc., a nonprofit corporation, was founded in 1988. The mission of the Organization is to respond with compassion and creativity to help the homeless and persons in need in the community and to help prevent impending homelessness in Montgomery County, Maryland. Located in the heart of downtown Bethesda, the Organization serves those living on the streets locally in Montgomery County.

The Organization offers the following program services:

Street Outreach – Assistance is available to clients which includes housing, benefit referrals, prescription and psychiatric help.

Lunch Program – Meals are provided daily free of charge to an average of 75 persons experiencing homelessness.

Eviction Prevention – Organization works with a network of agencies to prevent eviction and utility shutoff for residents in Montgomery County, MD, facing these issues.

Supportive Housing – Organization helps to provide clients with permanent housing and ongoing supportive services.

Basis of accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Revenue is recognized when earned and expenses are recorded as incurred.

Comparative Information

The financial statements include certain December 31, 2018 summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Bethesda Cares, Inc.'s financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Basis of presentation

Bethesda Cares, Inc. reports information regarding its financial position and activities to the following two classes of net assets:

Net assets without donor restrictions: Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and /or management for general operating purposes.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note 1 Summary of significant accounting policies (continued)

Net assets with donor restrictions: Net assets with donor restrictions consists of assets whose use is limited by donor-imposed restrictions that expire either with the passage of time or the fulfillment of a specific programmatic purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, donor restricted net assets are reclassified as net assets without donor restriction and are reported in the statement of activities as net assets released from restriction. When the restrictions on contributions are met in the same time period that the contribution is received, the contribution is reported in the statement of activities as with donor restrictions and as net assets released from restrictions.

Cash and cash equivalents

Cash and cash equivalents are considered to be cash and temporary investments with original maturities of three months or less.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized and realized gains and losses are included in the statement of activities in the period in which such changes occur. Interest and dividends are recorded when earned.

Grants receivable

Unconditional promises to give are recognized as support when the donor makes a promise to give the Organization that is, in substance, unconditional. Pledges that are expected to be collected within a year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate applicable to the year in which the pledge is made. All unconditional promises to give are expected to be received in one year or less and therefore there was no discount calculated on these pledges.

Revenue recognition

Contribution revenue is recognized at the earlier of the receipt of cash or an unconditional promise to give. Donations of property and equipment are recorded at their estimated Fair value at the date of donation. Unconditional promises to give are recognized as revenues in the period received as assets, decreases in liabilities, or expenses, depending on the form of benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note 1 Summary of significant accounting policies (continued)

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, disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

In preparing these financial statements, Bethesda Cares, Inc. has evaluated events and transactions for potential recognition or disclosure through November 5, 2020, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements. See additional information in Note 14.

Reclassifications

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported changes in net assets.

Recent accounting pronouncements

In June 2018, FASB issued ASU 2018-08, Not- For-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not- for-profit entities. Bethesda Cares, Inc. adopted the change in accounting principle on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2019. Adoption of the ASU had no effect on the financial statements as Bethesda Cares, Inc.'s contributions were recognized the same way under old and new guidance.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note 1 Summary of significant accounting policies (continued)

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance outlines a single, comprehensive model for accounting for revenue from contracts with customers. Bethesda Cares Inc. adopted the standard on January 1, 2019 and applied it using a modified retrospective approach. Adoption of the ASU had no effect on the prior year financial statements as Bethesda Care Inc.'s contracts with customers were recognized the same way under old and new guidance.

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842), which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a ROU asset or lease liability.

At inception, lessees must classify all leases as either finance or operating based on five criteria. Statement of Financial Position recognition of finance and operating leases is similar, but the pattern of expense recognition in the statement of activities, as well as the effect on the statement of cash flows, differs depending on the lease classification. The new leases standard requires a lessor to classify leases as either sales-type, direct financing, or operating, similar to existing U.S. GAAP. Classification depends on the same five criteria used by lessees plus certain additional factors. The subsequent accounting treatment for all three lease types is substantially equivalent to existing U.S. GAAP for sales-type leases, direct financing leases, and operating leases. However, the new standard updates certain aspects of the lessor accounting model to align it with the new lessee accounting model, as well as with the new revenue standard under Topic 606. Lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The ASU is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 16, 2020. Management continues to evaluate the potential impact of this update on the financial statements.

Property and equipment

Property and equipment are recorded at cost, net of accumulated depreciation. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are generally 3 to 7 years. When assets are sold or otherwise disposed of the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred. Depreciation expense for the years ended December 31, 2019 and 2018 are \$0 and \$0 respectively.

Project costs

The organization charges and allocates cost to each program based on the actual labor and direct costs spent on the activity.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note 2 Concentration of credit risk

Bethesda Cares, Inc. maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. At December 31, 2019 and 2018, the Federal Deposit Insurance Corporation (FDIC) fully guaranteed accounts up to \$250,000. At December 31, 2019, Bethesda Cares, Inc. held \$277,867 in uninsured funds respectively. Bethesda Cares, Inc. has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash.

Note 3 Financial assets and liquidity resources

As of December 31, 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and capital expenditure costs not financed with debt, were as follows:

	<u>12/31/2019</u>
Financial assets:	
Cash and cash equivalents	\$ 516,774
Liquidity resources:	
Investments	<u>6,265</u>
Total financial assets and liquidity resources available within one year	<u>\$ 523,039</u>

Total investments per the statements of financial position are included above as any investment can be liquidated immediately to meet general expenditures. The Board manages its liquid resources by focusing on investing excess cash in investments that maximize earnings potential balanced with the amount of risk the Board has decided can be tolerated.

Note 4 Fair value of financial instruments

Investments, at fair value, consisted of the following at December 31, 2019 and 2018:

	<u>12/31/2019</u>	<u>12/31/2018</u>
Mutual funds	<u>\$ 6,265</u>	<u>\$ 5,041</u>
Total investments, at fair value	<u>\$ 6,265</u>	<u>\$ 5,041</u>

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note 4 Fair value of financial instruments (continued)

ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplaces as Bethesda Cares, Inc. would use in pricing Bethesda Cares, Inc.'s asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of Bethesda Cares, Inc. are traded. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

Level 1: Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgement. Examples include equity securities and publicly traded mutual funds that are actively traded on a major exchange or over-the-counter market.

Level 2: Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly, such as municipal bonds. The fair value of municipal bonds is estimated using recently executed transactions, bid/asked prices and pricing models that factor in, where applicable, interest rates, bond spreads and volatility.

Level 3: Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value. Examples included limited partnerships and private equity investments.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Financial assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2019 and 2018 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>12/31/2019 Totals</u>	<u>12/31/2018 Totals</u>
Asset category:					
Mutual funds	\$ 6,265	\$ -	\$ -	\$ 6,265	\$ 5,041
Total	<u>\$ 6,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,265</u>	<u>\$ 5,041</u>

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note 5 Grants receivable

Grants receivable was \$130,192 on December 31, 2019. The entire balance was evaluated by management as collectible within one year and is classified as current on the statement of financial position.

Note 6 Pledges receivable

Pledges receivable was \$95,284 on December 31, 2019. The entire balance was evaluated by management as collectible within one year and is classified as current on the statement of financial position.

Note 7 Commitments and contingencies

Operating leases

In March 2018, Bethesda Cares, Inc. entered into a lease agreement for office space in Silver Spring, Maryland with a local church. The lease agreement requires lease payments of \$618 per month with yearly rent increases of 15% through April 2020.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statements of Financial Position.

The following summary is a schedule of net future minimum rental payments required under this operating lease arrangement as of December 31:

<u>Year Ended December 31</u>	<u>Amounts</u>
2020	\$ 3,269
2021	-
2022	-
2023	-
2024	-
2025 and thereafter	-
	<u>\$ 3,269</u>

Rent expense for office space was \$8,748 and \$7,474 for the years ended December 31, 2019 and 2018, respectively.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note 8 In kind support

The Organization has a central office located in Bethesda, Maryland which had been provided free of charge by Montgomery County Government. Additional outreach program facilities are also provided free of charge by participating Church groups in the area. For the year ended December 31, 2019 and 2018, the in-kind contributions consisted of:

	<u>12/31/2019</u>	<u>12/31/2018</u>
Program space (churches)	\$ 18,800	\$ 72,800
Office space rent	77,028	70,002
Utilities	-	6,000
Personnel	<u>1,304</u>	<u>9,668</u>
Total in kind support	<u>\$ 97,132</u>	<u>\$ 158,470</u>

Note 9 Employee benefits

Bethesda Cares, Inc. has a 401(k) retirement plan for all employees. During the years ended December 31, 2019 and 2018, Bethesda Cares, Inc. contributed \$0 and \$0 to this plan, respectively.

Note 10 Income taxes

Bethesda Cares, Inc. is exempt from income taxes under Section 501(c)(3) of the IRC except for any income that may be a result of unrelated business transactions. Bethesda Cares, Inc. paid \$967 in income taxes during 2019 related to parking benefits paid to employees. The tax related to parking benefits paid to employees was repealed and Bethesda Cares, Inc. received a full refund of the \$967 during 2020.

Bethesda Cares, Inc. has adopted the provisions of FASB *Accounting Standards codification (ASC) 740-10-50-15, Accounting for Uncertainty in Income Taxes* – an interpretation of FASB statement 109 in accounting for uncertain tax positions. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than to that the position will be sustained. Bethesda Cares, Inc. does not believe that there are any material uncertain tax positions and accordingly it will not recognize any liability for unrecognized tax benefits. Bethesda Cares, Inc. has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, Bethesda Cares, Inc. has filed Internal Revenue Service Form 990 and Form 990T tax returns as required and all other applicable returns in those jurisdictions where it is required. The taxable years 2015 through 2018 are open tax years subject to examination. For the years ended December 31, 2019 and 2018, no interest or penalties were recorded or included in the statements of activities.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note 11 Net assets with donor restrictions

The Organization had the following net assets with donor restrictions as of December 31, 2019 and 2018.

	12/31/2019	12/31/2018
Foundations	\$ 35,000	\$ 15,000
Individual donors	34,405	37,300
Churches and congregations	2,000	5,217
Corporations	8,461	-
Total net assets with donor restrictions	\$ 79,866	\$ 57,517

Note 12 Grants backlog

The Organization had the following balances available for their community grants as of December 31, 2019 and 2018.

	12/31/2019	12/31/2018
Montgomery County – Outreach Contract	\$ 198,619	\$ 178,164
Montgomery County – Veteran Contract	156,494	152,438
Montgomery County – Coordinated Care	-	33,806
Montgomery County – CDBG Hunger Relief	-	10,244
Montgomery County – Eviction Program and Utility Shut-off	11,222	8,757
Montgomery County – Housing Stabilization Program	2,210	-
Total balances available	\$ 368,545	\$ 383,409

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note 13 Concentration of revenue

Bethesda Cares, Inc. received a significant portion of its revenue (approximately 62% during this period) from one governmental entity. There is no guarantee that this level of funding will continue indefinitely.

	Revenue	Percent of revenue
Community contributions	\$ 358,109	24%
Federated campaign	25,800	2%
Grants	926,775	62%
Fundraising	72,945	5%
In kind support	97,132	7%
Other	214	0%
Total revenue	<u>\$ 1,480,975</u>	<u>100%</u>

Note 14 Subsequent events

In December 2019, a novel strain of coronavirus was reported in China. In the first several months of 2020, the virus and resulting disease, COVID-19, has spread to the United States and throughout the world. The spread of the virus has caused business disruption throughout the economy. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration.

COVID-19 has not impacted the financial position and activities of Bethesda Cares during the year ended December 31, 2020. Therefore, no adjustment is required to be made to the 2019 financial statements as a result of the effects related to the COVID-19 outbreak subsequent to year-end.

On May 5, 2020, Bethesda Cares, Inc. received loan proceeds in the amount of \$47,422 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses and nonprofit organizations for amounts up to 2.5 times the qualifying average monthly payroll expenses of the organization. Bethesda Cares, Inc. anticipates all or substantially all of the PPP loan to be forgiven under the rules, regulations and guidance prescribed by the U.S. Small Business Administration.