

BETHESDA CARES, INC.

FINANCIAL STATEMENTS

December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bethesda Cares, Inc.

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, 2020, 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 financial statements referred to above present fairly, in all material respects, the financial position of Bethesda Cares, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows 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 the Bethesda Cares, Inc. 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 5, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ryan & Wetmore, PC

Bethesda, Maryland

October 21, 2021

BETHESDA CARES, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	ASSETS	
	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,087,874	\$ 516,774
Investments, at fair value	24,886	6,265
Grants receivable, net of allowance for doubtful accounts of \$0	128,536	130,192
Pledges receivable, net of allowance for doubtful accounts of \$0	134,518	95,284
Deposit	-	500
Prepaid expenses	9,521	3,603
	<u>1,385,335</u>	<u>752,618</u>
Total current assets		
PROPERTY AND EQUIPMENT, at cost		
Automobiles	36,926	-
Equipment	2,000	-
	<u>38,926</u>	<u>-</u>
Total property and equipment		
Less: accumulated depreciation and amortization	1,598	-
	<u>37,328</u>	<u>-</u>
Net property and equipment		
	<u>37,328</u>	<u>-</u>
Total assets	<u>\$ 1,422,663</u>	<u>\$ 752,618</u>

LIABILITIES AND NET ASSETS

	2020	2019
CURRENT LIABILITIES		
Paycheck protection program note payable	\$ 47,422	\$ -
Accounts payable and accrued expenses	22,527	16,662
Deferred revenue	1,600	-
	71,549	16,662
LONG-TERM LIABILITIES		
Deferred rent	-	526
	-	526
	71,549	17,188
NET ASSETS		
Without donor restrictions	1,306,021	655,564
With donor restrictions	45,093	79,866
	1,351,114	735,430
	\$ 1,422,663	\$ 752,618

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, 2020

(with summarized comparative financial information for the year ended December 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains, and other support				
Community contributions	\$ 674,194	\$ -	\$ 674,194	\$ 358,109
Federated campaign	23,092	-	23,092	25,800
Government grants	804,797	-	804,797	792,775
Other grants	161,000	164,370	325,370	134,000
Fundraising (net of expenses of \$21,933 and \$37,765)	26,738	-	26,738	72,945
Interest	356	-	356	214
In kind support	134,561	-	134,561	97,132
Net assets released from donor restrictions	199,143	(199,143)	-	-
Total revenue	2,023,881	(34,773)	1,989,108	1,480,975
Expenses				
Program services				
Lunch program	166,745	-	166,745	151,331
Eviction program	93,123	-	93,123	141,795
Supportive housing	442,583	-	442,583	383,497
Outreach	380,072	-	380,072	428,582
Total program services	1,082,523	-	1,082,523	1,105,205
Administrative and fundraising	293,116	-	293,116	232,687
Unrealized loss (gain)	(2,338)	-	(2,338)	-
Realized loss (gain) on sale of investments	123	-	123	(97)
Total expenses	1,373,424	-	1,373,424	1,337,795
Change in net assets	650,457	(34,773)	615,684	143,180
Net assets at beginning of year	655,564	79,866	735,430	592,250
Net assets at end of year	\$ 1,306,021	\$ 45,093	\$ 1,351,114	\$ 735,430

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, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 615,684	\$ 143,180
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,598	-
Deferred rent	(526)	(467)
Unrealized loss (gain)	(2,338)	-
Realized loss (gain) on sale of investment	123	(97)
(Increase) Decrease in:		
Grants receivable	1,656	65,905
Pledges receivable	(39,234)	(95,284)
Deposit	500	(500)
Prepaid expenses	(5,918)	(3,603)
Employee advances	-	100
Increase (Decrease) in:		
Accounts payable and accrued expenses	5,866	16,662
Deferred revenue	1,600	-
Net cash provided by operating activities	<u>579,011</u>	<u>125,896</u>
Cash flows from investing activities		
Purchases of equipment	(38,926)	-
Purchases of investments	(22,698)	(6,139)
Proceeds from sale of investments	6,291	5,012
Net cash used in investing activities	<u>(55,333)</u>	<u>(1,127)</u>
Cash flows from financing activities		
Proceeds from paycheck protection program note payable	47,422	-
Net cash provided by investing activities	<u>47,422</u>	<u>-</u>
Net increase in cash and cash equivalents	571,100	124,769
Cash and cash equivalents, beginning of year	<u>516,774</u>	<u>392,005</u>
Cash and cash equivalents, end of year	<u>\$ 1,087,874</u>	<u>\$ 516,774</u>

Interest expense paid in cash was \$0 and \$0 for the years ended December 31, 2020 and 2019, respectively.

Income tax expense paid in cash was \$0 and \$984 for the years ended December 31, 2020 and 2019, respectively.

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

BETHESDA CARES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Program Services				Total program services	Administrative	Fundraising	Total
	Lunch Program	Eviction Prevention	Supportive Housing	Street Outreach				
Salaries and related costs	\$ 17,939	\$ 12,582	\$ 78,564	\$ 74,972	\$ 184,057	\$ 93,572	\$ 27,623	\$ 305,252
Counselor, social worker	-	27,895	108,975	59,767	196,637	3,423	-	200,060
Direct aid	-	24,095	118,608	20,727	163,430	-	-	163,430
Coordinators	71,339	-	86,676	168,508	326,523	6,092	62,559	395,174
Administrative expenses	6,141	5,081	30,201	36,539	77,962	65,978	5,359	149,299
Lunch food and other expenses	27,863	-	-	-	27,863	-	-	27,863
In-kind services								
Facilities	7,823	23,470	19,559	19,559	70,411	7,823	-	78,234
Computer	-	-	-	-	-	12,561	-	12,561
Meals	24,640	-	-	-	24,640	-	-	24,640
Personnel	-	-	-	-	-	8,126	-	8,126
Lunch room rent	11,000	-	-	-	11,000	-	-	11,000
TOTAL	\$ 166,745	\$ 93,123	\$ 442,583	\$ 380,072	\$ 1,082,523	\$ 197,575	\$ 95,541	\$ 1,375,639

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

BETHESDA CARES, INC.

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

	Program Services				Total program	Administrative	Fundraising	Total
	Lunch Program	Eviction Prevention	Supportive Housing	Street Outreach				
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	3,849	93,013
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.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019**

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, 2019 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, 2019, 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, 2020 and 2019

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 and pledges 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.

Deferred revenue

Deferred revenue consists of tickets sold for a fundraising event that was postponed due to Covid-19. Bethesda Cares, Inc. recognizes fundraising revenue when the event has occurred.

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, 2020 and 2019

Note 1 Summary of significant accounting policies (continued)

Revenue recognition (continued)

The Organization reports contributions in the donor restricted net asset class if they are received with donor stipulations as to their use and/or time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are released and reclassified to net assets without donor restriction in the consolidated statement of activities.

Revenue from grants and contracts, including federal grants, that are considered to be conditional contributions are recorded in the statement of activities under Contracts, including federal government within the contribution section and are recognized as qualifying expenses are incurred under the agreement.

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 the date of the auditor's report, the date the financial statements were available to be issued. See additional information in Note 15.

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

During 2019, Bethesda Cares, Inc. adopted ASU 2014-09 Revenue from Contracts with Customers (Topic 606), as amended. This update establishes a comprehensive revenue recognition standard for virtually all industries under U.S. GAAP, including those that previously followed industry-specific guidance. The principle of the update is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Bethesda Cares, Inc. has applied the ASU using the modified retrospective approach. Adoption of the ASU had no effect on the prior year financial statements as Bethesda Cares, Inc.'s contracts with customers were recognized the same way under old and new guidance.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

Note 1 Summary of significant accounting policies (continued)

Recent accounting pronouncements (continued)

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, 2022. 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, 2020 and 2019 are \$1,598 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.

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, 2020 and 2019, the Federal Deposit Insurance Corporation (FDIC) fully guaranteed accounts up to \$250,000. At December 31, 2020, Bethesda Cares, Inc. held \$637,735 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.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

Note 3 Financial assets and liquidity resources

As of December 31, 2020, 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:

	12/31/2020
Financial assets:	
Cash and cash equivalents	\$ 1,087,874
Liquidity resources:	
Investments	24,886
Total financial assets and liquidity resources available within one year	\$ 1,112,760

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, 2020 and 2019:

	12/31/2020	12/31/2019
Mutual funds	\$ 12,580	\$ 6,265
Equities	12,306	-
Total investments, at fair value	\$ 24,886	\$ 6,265

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:

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

Note 4 Fair value of financial instruments (continued)

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, 2020 and 2019 are as follows:

	Level 1	Level 2	Level 3	12/31/2020 Totals	12/31/2019 Totals
Asset category:					
Mutual funds	12,580	-	-	12,580	6,265
Equities	12,306	-	-	12,306	
 Total	<u>\$ 24,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,886</u>	<u>\$ 6,265</u>

Note 5 Grants receivable

Grants receivable were \$128,536 and \$130,192 on December 31, 2020 and December 31, 2019, respectively. . 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 were \$134,518 and \$95,284 on December 31, 2020 and December 31, 2019, respectively. The entire balance was evaluated by management as collectible within one year and is classified as current on the statement of financial position.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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. As of April 2020, rent is paid on a month to month basis.

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.

Rent expense for office space was \$7,922 and \$8,748 for the years ended December 31, 2020 and 2019, respectively.

COVID-19

In December 2019, a novel strain of coronavirus was reported in China. 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. Therefore, the Organization expects this matter to negatively impacts its operating results. However, the related financial impact and duration will depend on future developments and cannot be reasonably estimated at this time.

Note 8 Paycheck protection program notes payable

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.

Under the requirements of the CARES Act, as amended by the PPP Flexibility Act and Consolidated Appropriations Act, 2021, proceeds may only be used for the Organization's eligible payroll costs (with salary capped at \$100,000 on an annualized basis for each employee), or other eligible costs related to rent, mortgage interest, utilities, covered operations expenditures, covered property damage, covered supplier costs, and covered worker protection expenditures, in each case paid during the 24-week period following disbursement. The PPP Loan may be fully forgiven if (i) proceeds are used to pay eligible payroll costs or other eligible costs and (ii) full-time employee headcount and salaries are either maintained during the 24-week period following disbursement or restored by December 31, 2020. If not maintained or restored, any forgiveness of the PPP Loan would be reduced in accordance with the regulations that were issued by the SBA. All the proceeds of the PPP Loan were used by the Organization to pay eligible payroll costs and the Organization maintained its headcount and otherwise complied with the terms of the PPP Loan.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

Note 8 Paycheck protection program notes payable (continued)

While the Organization believes that it has acted in compliance with the program and will seek forgiveness of the PPP Loan, no assurance can be provided that the Organization will obtain forgiveness of the PPP Loan in whole or in part. The balance on this PPP loan was \$47,422 as of December 31, 2020, and has been classified as current on the accompanying statements of financial position as Bethesda Cares, Inc. received full-forgiveness of the loan on January 8, 2021. (See Note 15)

Note 9 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, 2020 and 2019, the in-kind contributions consisted of:

	12/31/2020	12/31/2019
Program space (churches)	\$ 11,000	\$ 18,800
Computer	12,561	-
Meals	24,640	-
Office space rent	78,234	77,028
Personnel	8,126	1,304
Total in kind support	\$ 134,561	\$ 97,132

Note 10 Employee benefits

Bethesda Cares, Inc. has a 401(k) retirement plan for all employees. Employees are eligible to participate in the plan once they have been employed by the Company for 3 months. Eligible employees may elect to defer a percentage of their annual eligible earnings, limited to a maximum annual amount as set periodically by the Internal Revenue Service. In 2020, The Company started making a discretionary matching contribution as determined by the plan, up to an amount of 2% of the participant's compensation. During the years ended December 31, 2020 and 2019, Bethesda Cares, Inc. contributed \$8,017 and \$0 to this plan, respectively.

Note 11 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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

Note 11 Income taxes (continued)

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 2016 through 2019 are open tax years subject to examination. For the years ended December 31, 2020 and 2019, no interest or penalties were recorded or included in the statements of activities.

Note 12 Net assets with donor restrictions

The Organization had the following net assets with donor restrictions as of December 31, 2020 and 2019.

	12/31/2020	12/31/2019
Foundations	\$ 38,217	\$ 35,000
Individual donors	2,876	34,405
Churches and congregations	4,000	2,000
Corporations	-	8,461
	<u>\$ 45,093</u>	<u>\$ 79,866</u>
Total net assets with donor restrictions	<u>\$ 45,093</u>	<u>\$ 79,866</u>

Note 13 Grants backlog

The Organization had the following balances available for their community grants as of December 31, 2020 and 2019.

	12/31/2020	12/31/2019
Montgomery County – Outreach Contract	\$ 180,680	\$ 198,619
Montgomery County – Veteran Contract	534,293	156,494
Montgomery County – Eviction Program and Utility Shut-off	42,804	11,222
Montgomery County – Housing Stabilization Program	-	2,210
	<u>\$ 757,777</u>	<u>\$ 368,545</u>
Total balances available	<u>\$ 757,777</u>	<u>\$ 368,545</u>

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

Note 14 Concentration of revenue

Bethesda Cares, Inc. received a significant portion of its revenue (approximately 57% during this period) from one governmental entity. There is no guarantee that this level of funding will continue indefinitely.

December 31, 2020	Revenue	Percent of revenue
Community contributions	\$ 674,194	34%
Federated campaign	23,092	1%
Grants	1,130,167	57%
Fundraising	26,738	1%
In kind support	134,561	7%
Other	356	0%
	<u>\$ 1,989,108</u>	<u>100%</u>

December 31, 2019	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%
	<u>\$ 1,480,975</u>	<u>100%</u>

Note 15 Subsequent events

On January 8, 2021, Bethesda Cares, Inc. received full forgiveness of the \$47,422 PPP loan received in 2020.