

BETHESDA CARES, INC.

FINANCIAL STATEMENTS

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

November 2, 2022

To the Board of Directors of
Bethesda Cares, Inc.

Opinion

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, 2021, 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.

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, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bethesda Cares, Inc., ability to continue as a going concern within one year after the date that the financial statements are available to be issued. Auditor's Responsibilities for the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Bethesda Cares, Inc., 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Bethesda, Maryland

November 2, 2022

BETHESDA CARES, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,660,812	\$ 1,087,874
Investments, at fair value	14,253	24,886
Grants receivable, net of allowance for doubtful accounts of \$0	145,771	128,536
Pledges receivable, net of allowance for doubtful accounts of \$0	90,571	134,518
Prepaid expenses	12,374	9,521
Total current assets	1,923,781	1,385,335
PROPERTY AND EQUIPMENT, at cost		
Automobiles	36,926	36,926
Equipment	3,587	2,000
Total property and equipment	40,513	38,926
Less: accumulated depreciation and amortization	9,700	1,598
Net property and equipment	30,813	37,328
Total assets	\$ 1,954,594	\$ 1,422,663
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Paycheck protection program note payable	\$ -	\$ 47,422
Accounts payable and accrued expenses	40,268	22,527
Deferred revenue	1,600	1,600
Total current liabilities	41,868	71,549
Total liabilities	41,868	71,549
NET ASSETS		
Without donor restrictions	1,783,591	1,306,021
With donor restrictions	129,135	45,093
Total net assets	1,912,726	1,351,114
	\$ 1,954,594	\$ 1,422,663

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

BETHESDA CARES, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2021

(with summarized comparative financial information for the year ended December 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains, and other support				
Community contributions	\$ 635,404	\$ -	\$ 635,404	\$ 674,194
Federated campaign	24,793	-	24,793	23,092
Government grants	1,065,208	-	1,065,208	804,797
Other grants	155,422	196,500	351,922	325,370
Fundraising (net of expenses of \$24,376 and \$21,933)	17,894	-	17,894	26,738
Interest	327	-	327	356
In kind support	96,758	-	96,758	134,561
Net assets released from donor restrictions	112,458	(112,458)	-	-
Total revenue	2,108,264	84,042	2,192,306	1,989,108
Expenses				
Program services				
Lunch program	135,553	-	135,553	166,745
Eviction program	179,165	-	179,165	93,123
Supportive housing	619,969	-	619,969	442,583
Outreach	388,211	-	388,211	380,072
Total program services	1,322,898	-	1,322,898	1,082,523
Administrative and fundraising	199,973	-	199,973	197,575
Fundraising	107,436	-	107,436	95,541
Unrealized loss (gain)	364	-	364	(2,338)
Realized loss (gain) on sale of investments	23	-	23	123
Total expenses	1,630,694	-	1,630,694	1,373,424
Change in net assets	477,570	84,042	561,612	615,684
Net assets at beginning of year	1,306,021	45,093	1,351,114	735,430
Net assets at end of year	\$ 1,783,591	\$ 129,135	\$ 1,912,726	\$ 1,351,114

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 561,612	\$ 615,684
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,103	1,598
Deferred rent	-	(526)
Unrealized (gain) loss from investments	364	(2,338)
Loss on sale of investment	23	123
Forgiveness of PPP loan	(47,422)	-
(Increase) Decrease in:		
Grants receivable	(17,235)	1,656
Pledges receivable	43,947	(39,234)
Deposit	-	500
Prepaid expenses	(2,853)	(5,918)
Increase (Decrease) in:		
Accounts payable and accrued expenses	17,738	5,866
Deferred revenue	-	1,600
Net cash provided by operating activities	<u>564,278</u>	<u>579,011</u>
Cash flows from investing activities		
Purchases of equipment	(1,587)	(38,926)
Purchases of investments	(20,665)	(22,698)
Proceeds from sale of investments	<u>30,912</u>	<u>6,291</u>
Net cash provided by (used in) investing activities	<u>8,660</u>	<u>(55,333)</u>
Cash flows from financing activities		
Proceeds from paycheck protection program note payable	<u>-</u>	<u>47,422</u>
Net cash provided by (used in) financing activities	<u>-</u>	<u>47,422</u>
Net increase in cash and cash equivalents	572,938	571,100
Cash and cash equivalents, beginning of year	<u>1,087,874</u>	<u>516,774</u>
Cash and cash equivalents, end of year	<u>\$ 1,660,812</u>	<u>\$ 1,087,874</u>

Interest expense paid in cash was \$0 and \$0 for the years ended December 31, 2021 and 2020, respectively.
Income tax expense paid in cash was \$0 and \$0 for the years ended December 31, 2021 and 2020, 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, 2021

	Program Services				Total program services	Administrative	Fundraising	Total
	Lunch Program	Eviction Prevention	Supportive Housing	Street Outreach				
Salaries and related costs	\$ 20,029	\$ 13,622	\$ 84,624	\$ 81,833	\$ 200,108	\$ 92,180	\$ 34,199	\$ 326,487
Counselor, social worker	-	26,885	123,329	35,066	185,280	-	-	185,280
Direct aid	-	106,565	228,163	25,468	360,196	-	-	360,196
Coordinators	72,407	2,401	129,747	197,373	401,928	1,600	68,004	471,532
Administrative expenses	5,761	5,946	34,318	28,683	74,708	89,072	5,233	169,013
Lunch food and other expenses	21,041	-	-	-	21,041	-	-	21,041
In-kind services								
Facilities	7,915	23,746	19,788	19,788	71,237	7,915	-	79,152
Personnel	-	-	-	-	-	9,206	-	9,206
Lunch room rent	8,400	-	-	-	8,400	-	-	8,400
TOTAL	\$ 135,553	\$ 179,165	\$ 619,969	\$ 388,211	\$ 1,322,898	\$ 199,973	\$ 107,436	\$ 1,630,307

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

	Lunch Program	Eviction Prevention	Supportive Housing	Street Outreach	Total program services	Administrative	Fundraising	Total
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: In-kind services	27,863	-	-	-	27,863	-	-	27,863
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.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020**

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, 2020 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, 2020, 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, 2021 and 2020

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, 2021 and 2020

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.

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.

Income Taxes

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.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 1 Summary of significant accounting policies (continued)

Recent accounting pronouncements

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, 2021 and 2020 are \$8,103 and \$1,598 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, 2021 and 2020

Note 1 Summary of significant accounting policies (continued)

Leases

Leases that meet certain criteria are classified as capital leases. Assets and liabilities are recorded at amounts equal to the fair value of the leased properties at the beginning of their respective lease terms. These assets are depreciated over their estimated useful lives. Interest expense relating to the leased liabilities is recorded to effect constant rates of interest over the terms of the leases. Leases that do not meet such criteria are classified as operating leases and related rentals are charged to expenses as incurred.

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, 2021 and 2020, the Federal Deposit Insurance Corporation (FDIC) fully guaranteed accounts up to \$250,000. At December 31, 2021, Bethesda Cares, Inc. held \$957,082 in uninsured funds. 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, 2021, 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>12/31/2021</u>
Financial assets:	
Cash and cash equivalents	\$ 1,660,812
Liquidity resources:	
Investments	<u>14,253</u>
Total financial assets and liquidity resources available within one year	<u>\$ 1,675,065</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.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 4 Fair value of financial instruments

ASC 820-10, *Fair Value Measurement*, 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 the organization'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.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 4 Fair value of financial instruments (continued)

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, 2021 and 2020 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>12/31/2021 Totals</u>	<u>12/31/2020 Totals</u>
Asset category:					
Mutual funds					\$ 12,580
Equities	<u>\$ 14,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,253</u>	<u>12,306</u>
Total	<u><u>\$ 14,253</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,253</u></u>	<u><u>\$ 24,886</u></u>

Note 5 Grants receivable

Grants receivable were \$145,771 and \$128,536 on December 31, 2021 and December 31, 2020, respectively. The entire balance was evaluated by management as collectible within one year and is classified as current on the statements of financial position.

Note 6 Pledges receivable

Pledges receivable were \$90,571 and \$134,518 on December 31, 2021 and December 31, 2020, 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, 2021 and 2020

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 \$9,216 and \$7,922 for the years ended December 31, 2021 and 2020, respectively.

COVID-19

The World Health Organization declared the coronavirus outbreak (COVID-19) a pandemic. The impact of COVID-19 could negatively impact the Company's operations, suppliers, or subcontractors. The extent to which COVID-19 impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and actions taken to contain COVID-19, among other factors.

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, 2021 and 2020

Note 8 Paycheck protection program notes payable (continued)

The balance on this PPP loan was \$47,422 as of December 31, 2020, and has been classified as current liability on the accompanying statements of financial position. Bethesda Cares, Inc. received full forgiveness of the loan on June 2, 2021. In accordance with ASC 405-20, *Extinguishments of Liabilities*, the Organization recognized the forgiveness of the PPP loan as other grants revenue in 2021.

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, 2021, and 2020, the in-kind contributions consisted of:

	12/31/2021	12/31/2020
Lunchroom rent	\$ 8,400	\$ 11,000
Computer	-	12,561
Meals	-	24,640
Office space rent	79,152	78,234
Consultants	9,206	8,126
Total in kind support	\$ 96,758	\$ 134,561

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, 2021 and 2020, Bethesda Cares, Inc. contributed \$11,167 and \$8,017 to this plan, respectively.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 11 Income taxes

Bethesda Cares, Inc. has adopted the provisions of FASB (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. The taxable years 2017 through 2020 are open tax years subject to examination. For the years ended December 31, 2021 and 2020, 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, 2021 and 2020.

	12/31/2021	12/31/2020
Foundations	\$ -	\$ 38,217
Individual donors	109,135	2,876
Churches and congregations	5,000	4,000
Corporations	15,000	-
Total net assets with donor restrictions	\$ 129,135	\$ 45,093

Note 13 Grants backlog

The Organization had the following balances available for their community grants as of December 31, 2021 and 2020.

	12/31/2021	12/31/2020
Montgomery County – Outreach Contract	\$ 200,019	\$ 180,680
Montgomery County – Veteran Contract	378,546	534,293
Montgomery County – Eviction Program and Utility Shut-off	32,612	42,804
Total balances available	\$ 611,177	\$ 757,777

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 14 Concentration of revenue

Bethesda Cares, Inc. received a significant portion of its revenue (approximately 65% during this period) from one governmental entity. There is no guarantee that this level of funding will continue indefinitely.

December 31, 2021	<u>Revenue</u>	<u>Percent of revenue</u>
Community contributions	\$ 635,404	29%
Federated campaign	24,793	1%
Grants	1,417,130	65%
Fundraising	17,894	1%
In kind support	96,758	4%
Other	327	0%
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Total revenue	<u>\$ 2,192,306</u>	<u>100%</u>

December 31, 2020	<u>Revenue</u>	<u>Percent of revenue</u>
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%
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Total revenue	<u>\$ 1,989,108</u>	<u>100%</u>