

BETHESDA CARES, INC.

FINANCIAL STATEMENTS

December 31, 2022 and 2021

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## INDEPENDENT AUDITOR'S REPORT

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, 2022, and the related statements of activities and changes in net assets, cashflows, 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, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.'s 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

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.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bethesda Cares, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

#### **Report on Summarized Comparative Information**

We have previously audited Bethesda Cares, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Ryan & Wetmore, PC*

Bethesda, Maryland  
November 14, 2023

*Jan Myg*

BETHESDA CARES, INC.

STATEMENTS OF FINANCIAL POSITION  
December 31, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,748,491	\$ 1,660,812
Investments, at fair value	2,688	14,253
Grants receivable, net of allowance for doubtful accounts of \$0	175,847	145,771
Pledges receivable, net of allowance for doubtful accounts of \$0	89,796	90,571
Prepaid expenses	9,261	12,374
	<u>2,026,083</u>	<u>1,923,781</u>
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Automobiles	36,925	36,926
Equipment	5,118	3,587
	<u>42,043</u>	<u>40,513</u>
Total property and equipment	42,043	40,513
Less: accumulated depreciation and amortization	17,803	9,700
	<u>24,240</u>	<u>30,813</u>
Net property and equipment	24,240	30,813
	<u>24,240</u>	<u>30,813</u>
Total assets	<u>\$ 2,050,323</u>	<u>\$ 1,954,594</u>

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 18,302	\$ 40,268
Deferred revenue	1,600	1,600
	<u>19,902</u>	<u>41,868</u>
Total current liabilities	19,902	41,868
Total liabilities	19,902	41,868
	<u>19,902</u>	<u>41,868</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,940,033	1,783,591
With donor restrictions	90,388	129,135
	<u>2,030,421</u>	<u>1,912,726</u>
Total net assets	2,030,421	1,912,726
	<u>2,030,421</u>	<u>1,912,726</u>
	<u>\$ 2,050,323</u>	<u>\$ 1,954,594</u>

SEE INDEPENDENT AUDITOR'S REPORT.  
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, 2022  
 (with summarized comparative financial information for the year ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains, and other support				
Community contributions	\$ 482,099	\$ -	\$ 482,099	\$ 635,404
Federated campaign	21,435	-	21,435	24,793
Government grants	1,508,428	-	1,508,428	1,065,208
Other grants	123,000	63,293	186,293	351,922
Fundraising (net of expenses of \$18,486 and \$24,376)	19,211	-	19,211	17,894
Interest	2,824	-	2,824	327
In kind support	113,697	-	113,697	96,758
Net assets released from donor restrictions	102,040	(102,040)	-	-
<b>Total revenue</b>	<b>2,372,734</b>	<b>(38,747)</b>	<b>2,333,987</b>	<b>2,192,306</b>
Expenses				
Program services				
Lunch program	149,983	-	149,983	135,553
Eviction program	189,133	-	189,133	179,165
Supportive housing	1,026,431	-	1,026,431	619,969
Outreach	475,927	-	475,927	388,211
<b>Total program services</b>	<b>1,841,474</b>	<b>-</b>	<b>1,841,474</b>	<b>1,322,898</b>
Administrative and fundraising				
Fundraising	258,796	-	258,796	199,973
Unrealized loss	112,941	-	112,941	107,436
Unrealized loss	152	-	152	364
Realized loss on sale of investments	2,929	-	2,929	23
<b>Total expenses</b>	<b>2,216,292</b>	<b>-</b>	<b>2,216,292</b>	<b>1,630,694</b>
<b>Change in net assets</b>	<b>156,442</b>	<b>(38,747)</b>	<b>117,695</b>	<b>561,612</b>
Net assets at beginning of year	1,783,591	129,135	1,912,726	1,351,114
Net assets at end of year	\$ 1,940,033	\$ 90,388	\$ 2,030,421	\$ 1,912,726

SEE INDEPENDENT AUDITOR'S REPORT.  
 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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 117,695	\$ 561,612
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	8,103	8,103
Unrealized loss from investments	152	364
Loss on sale of investment	2,929	23
Forgiveness of PPP loan	-	(47,422)
(Increase) Decrease in:		
Grants receivable	(30,076)	(17,235)
Pledges receivable	775	43,947
Prepaid expenses	3,113	(2,853)
Increase (Decrease) in:		
Accounts payable and accrued expenses	(21,966)	17,738
Net cash provided by operating activities	<u>80,725</u>	<u>564,278</u>
Cash flows from investing activities		
Purchases of equipment	(1,530)	(1,587)
Purchases of investments	(2,821)	(20,665)
Proceeds from sale of investments	11,305	30,912
Net cash provided by investing activities	<u>6,954</u>	<u>8,660</u>
Net increase in cash and cash equivalents	87,679	572,938
Cash and cash equivalents, beginning of year	<u>1,660,812</u>	<u>1,087,874</u>
Cash and cash equivalents, end of year	<u>\$ 1,748,491</u>	<u>\$ 1,660,812</u>

Interest expense paid in cash was \$0 and \$0 for the years ended December 31, 2022 and 2021, respectively.  
Income tax expense paid in cash was \$0 and \$0 for the years ended December 31, 2022 and 2021, respectively.

SEE INDEPENDENT AUDITOR'S REPORT.  
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BETHESDA CARES, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2022

	Lunch Program	Eviction Prevention	Supportive Housing	Program Services		Total program services	Administrative	Fundraising	Total
				Street Outreach	Outreach				
Salaries and fringe benefits	\$ 94,036	\$ 44,363	\$ 437,576	\$ 368,211	\$ 944,186	\$ 108,003	\$ 108,853	\$ 1,161,042	
Direct aid program services	-	113,077	515,898	45,655	674,630	-	-	674,630	
Lunch food and supplies	39,615	-	-	-	39,615	-	-	39,615	
Office space	8,114	24,343	25,539	22,406	80,402	11,258	-	91,660	
Insurance expenses	3,326	3,326	3,326	3,326	13,304	3,326	-	16,630	
Office supplies	-	431	1,742	1,149	3,322	2,192	110	5,624	
Postage and printing	858	788	1,006	1,006	3,658	3,147	2,940	9,745	
Staff parking and transportation	-	-	16,716	13,525	30,241	2,118	621	32,980	
Employee development	23	-	918	2,177	3,118	3,142	-	6,260	
Telephone expenses	298	298	3,844	5,465	9,905	3,035	417	13,357	
Accounting and audit	2,098	2,098	11,887	9,790	25,873	53,053	-	78,926	
Professional memberships	-	-	-	-	-	2,546	-	2,546	
Consultants	-	-	-	-	-	25,709	-	25,709	
Licenses and subscriptions	-	-	-	-	-	873	-	873	
Payroll services	175	175	1,864	699	2,913	2,913	-	5,826	
Technology upgrades	1,206	-	5,764	2,167	9,137	20,526	-	29,663	
Internet services	234	234	351	351	1,170	4,683	-	5,853	
Depreciation	-	-	-	-	-	8,103	-	8,103	
Bank and credit card fees	-	-	-	-	-	3,309	-	3,309	
Miscellaneous	-	-	-	-	-	860	-	860	
<b>TOTAL</b>	<b>\$ 149,983</b>	<b>\$ 189,133</b>	<b>\$ 1,026,431</b>	<b>\$ 475,927</b>	<b>\$ 1,841,474</b>	<b>\$ 258,796</b>	<b>\$ 112,941</b>	<b>\$ 2,213,211</b>	

SEE INDEPENDENT AUDITOR'S REPORT.  
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

	Lunch Program	Eviction Prevention	Program Services			Total program services	Administrative	Fundraising	Total
			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	
<b>TOTAL</b>	<b>\$ 135,553</b>	<b>\$ 179,165</b>	<b>\$ 619,969</b>	<b>\$ 388,211</b>	<b>\$ 1,322,898</b>	<b>\$ 199,973</b>	<b>\$ 107,436</b>	<b>\$ 1,630,307</b>	

SEE INDEPENDENT AUDITOR'S REPORT.  
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**BETHESDA CARES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**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, 2021, 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 and management understands this. Accordingly, such information should be read in conjunction with Bethesda Cares, Inc.'s financial statements for the year ended December 31, 2021, 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, 2022 and 2021

**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, 2022 and 2021**

**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, 2022 and 2021

**Note 1 Summary of significant accounting policies (continued)**

*Adoption of new lease standard*

On January 1, 2022, the Company adopted Accounting Standards Update (“ASU”) 2016-02 – Leases (Topic 842). Topic 842 establishes the principles that lessees and lessors shall report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease by increasing transparency and comparability by recognizing lease assets and lease liabilities on the statement of financial position. There was no impact on the beginning retained earnings at January 1, 2022. As permitted by ASU 2016-02, the company elected to apply the provisions retrospectively as of the date of adoption, January 1, 2022.

*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, 2022 and 2021 are \$8,103 and \$8,103 respectively.

*Project costs*

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

*Leases*

Under ASU 2016-02, Leases, a lease is contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment (the underlying asset) for a period of time in exchange for consideration. The Company has recognized lease assets and liabilities, with certain exceptions, on the balance sheet. Both financing leases and operating leases create an asset (right-of-use or ROU asset) and a liability measured at the present value of the lease payments that are reflected in accompanying balance sheet. The Company does not have any existing leases that are classified as financing leases.

The Company does not apply the lease standards to short-term leases of 12 months or less, that do not include an option to purchase the underlying asset classes of underlying assets. The Company has also made an accounting policy election, as a non-public business entity, to use the risk-free rate as the discount rate for all classes of underlying assets.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

**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, 2022 and 2021, the Federal Deposit Insurance Corporation (FDIC) fully guaranteed accounts up to \$250,000. At December 31, 2022, Bethesda Cares, Inc. held \$1,042,130 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, 2022, 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>12/31/2022</u>
Financial assets:	
Cash and cash equivalents	\$ 1,748,491
Grants receivable	175,847
Pledges receivable	89,796
Liquidity resources:	
Investments	<u>2,688</u>
Total financial assets and liquidity resources available within one year	<u>\$ 2,016,822</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, 2022 and 2021

**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.

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, 2022 and 2021 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>12/31/2022 Totals</u>	<u>12/31/2021 Totals</u>
Asset category:					
Mutual funds					
Equities	<u>\$ 2,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,688</u>	<u>\$ 14,253</u>
Total	<u>\$ 2,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,688</u>	<u>\$ 14,253</u>

**BETHESDA CARES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**Note 5 Grants receivable**

Grants receivable were \$175,847 and \$145,771 on December 31, 2022 and December 31, 2021, respectively. The entire balance was evaluated by management as collectible within one year and is classified as current on the statements of financial position. The Montgomery County grants are for Supportive Housing Outreach, specifically Veterans Rapid Rehousing, the Homeless (Eviction) Prevention Program, and Street Outreach, specifically the Lunch Program.

**Note 6 Pledges receivable**

Pledges receivable were \$89,796 and \$90,571 on December 31, 2022 and December 31, 2021, 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 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. Monthly rent was \$768 for the year ended December 31, 2022.

For the year ended December 31, 2021, accounting principles generally accepted in the United States of America required that the total rent commitment should be recognized on a straight-line basis over the term of the lease.

As of January 1, 2022, the company adopted the new lease standard. See footnote 1. Rent expense for office space was \$9,216 and \$9,216 for the years ended December 31, 2022 and 2021, respectively. As lease is on a month-to-month basis, no right of use asset or right of use liability is recorded for this lease.

*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.



BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

**Note 8 Paycheck protection program notes payable (continued)**

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.

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, 2022, and 2021, the in-kind contributions consisted of:

	<u>12/31/2022</u>	<u>12/31/2021</u>
Lunchroom rent	\$ 8,400	\$ 8,400
IT network support	24,153	-
Office space rent	81,144	79,152
Consultants	-	9,206
	<u>          </u>	<u>          </u>
Total in kind support	<u>\$ 113,697</u>	<u>\$ 96,758</u>

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS  
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**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, 2022 and 2021, Bethesda Cares, Inc. contributed \$13,290 and \$11,167 to this plan, respectively.

**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 2018 through 2021 are open tax years subject to examination. For the years ended December 31, 2022 and 2021, 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, 2022 and 2021.

	<u>12/31/2022</u>	<u>12/31/2021</u>
Individual donors	\$ 79,613	\$ 109,135
Churches and congregations	5,000	5,000
Corporations	<u>5,775</u>	<u>15,000</u>
Total net assets with donor restrictions	<u>\$ 90,388</u>	<u>\$ 129,135</u>

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS  
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**Note 13 Grants backlog**

The Organization had the following balances available for their community grants as of December 31, 2022 and 2021.

	<u>12/31/2022</u>	<u>12/31/2021</u>
Montgomery County – Outreach Contract	\$ 202,152	\$ 200,019
Montgomery County – Veteran Contract	299,693	378,546
Montgomery County – Eviction Program and Utility Shut-off	28,574	32,612
Montgomery County – Volunteer Coordinator	<u>31,653</u>	<u>-</u>
Total balances available	<u>\$ 562,072</u>	<u>\$ 611,177</u>

**Note 14 Concentration of revenue**

Bethesda Cares, Inc. received a significant portion of its revenue (approximately 73% during this period and 65% during the previous) from one governmental entity. There is no guarantee that this level of funding will continue indefinitely.

December 31, 2022

	<u>Revenue</u>	<u>Percent of revenue</u>
Community contributions	\$ 482,099	20%
Federated campaign	21,435	1%
Grants- Montgomery County, MD	1,694,721	73%
Fundraising	19,211	1%
In kind support	113,697	5%
Other	<u>2,824</u>	<u>0%</u>
Total revenue	<u>\$ 2,333,987</u>	<u>100%</u>

December 31, 2021

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