

BETHESDA CARES, INC.

FINANCIAL STATEMENTS

December 31, 2023 and 2022

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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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Bethesda, Maryland
November 12, 2024

BETHESDA CARES, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	ASSETS	
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,576,684	\$ 1,748,491
Investments, at fair value	1,671	2,688
Grants receivable, net of allowance for doubtful accounts of \$0	566,807	175,847
Pledges receivable, net of allowance for doubtful accounts of \$0	83,962	89,796
Prepaid expenses	20,261	9,261
Total current assets	2,249,385	2,026,083
PROPERTY AND EQUIPMENT, at cost		
Automobiles	36,925	36,925
Equipment	5,118	5,118
Total property and equipment	42,043	42,043
Less: accumulated depreciation and amortization	26,415	17,803
Net property and equipment	15,628	24,240
OTHER ASSETS		
Office security deposit	3,604	-
Total other assets	3,604	-
Total assets	\$ 2,268,617	\$ 2,050,323

LIABILITIES AND NET ASSETS

	2023	2022
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 54,637	\$ 18,302
Deferred revenue	-	1,600
	54,637	19,902
Total current liabilities	54,637	19,902
Total liabilities	54,637	19,902
NET ASSETS		
Without donor restrictions	1,949,676	1,940,033
With donor restrictions	264,304	90,388
	2,213,980	2,030,421
Total net assets	2,213,980	2,030,421
	\$ 2,268,617	\$ 2,050,323

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, 2023

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains, and other support				
Community contributions	\$ 439,168	\$ -	\$ 439,168	\$ 482,099
Federated campaign	17,819	-	17,819	21,435
Government grants	1,669,680	-	1,669,680	1,508,428
Other grants	110,000	292,000	402,000	186,293
Fundraising (net of expenses of \$0 and \$18,486)	-	-	-	19,211
Interest	24,165	-	24,165	2,824
In kind support/miscellaneous revenue	98,863	-	98,863	113,697
Net assets released from donor restrictions	118,084	(118,084)	-	-
Total revenue	2,477,779	173,916	2,651,695	2,333,987
Expenses				
Program services				
Lunch program	145,324	-	145,324	149,983
Eviction program	262,857	-	262,857	189,133
Supportive housing	1,016,190	-	1,016,190	1,026,431
Outreach	537,405	-	537,405	475,927
Total program services	1,961,776	-	1,961,776	1,841,474
Administrative and fundraising	359,145	-	359,145	258,796
Fundraising	147,101	-	147,101	112,941
Unrealized gain	5,409	-	5,409	152
Realized loss on sale of investments	(5,295)	-	(5,295)	2,929
Total expenses	2,468,136	-	2,468,136	2,216,292
Change in net assets	9,643	173,916	183,559	117,695
Net assets at beginning of year	1,940,033	90,388	2,030,421	1,912,726
Net assets at end of year	\$ 1,949,676	\$ 264,304	\$ 2,213,980	\$ 2,030,421

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, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 183,559	\$ 117,695
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	8,613	8,103
Unrealized loss from investments	5,409	152
Loss (gain) on sale of investment	(5,295)	2,929
(Increase) Decrease in:		
Grants receivable	(390,960)	(30,076)
Pledges receivable	5,834	775
Prepaid expenses	(11,000)	3,113
Office security deposit	(3,604)	-
Increase (Decrease) in:		
Accounts payable and accrued expenses	36,335	(21,966)
Deferred revenue	(1,600)	-
Net cash used in operating activities	(172,709)	80,725
Cash flows from investing activities		
Purchases of equipment	-	(1,530)
Purchases of investments	(5,193)	(2,821)
Proceeds from sale of investments	6,095	11,305
Net cash provided by investing activities	902	6,954
Net decrease in cash and cash equivalents	(171,807)	87,679
Cash and cash equivalents, beginning of year	1,748,491	1,660,812
Cash and cash equivalents, end of year	\$ 1,576,684	\$ 1,748,491

Interest expense paid in cash was \$0 and \$0 for the years ended December 31, 2023 and 2022, respectively.
Income tax expense paid in cash was \$0 and \$0 for the years ended December 31, 2023 and 2022, 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, 2023

	Program Services					Administrative	Fundraising	Total
	Lunch Program	Eviction Prevention	Supportive Housing	Street Outreach	Total program services			
Salaries and fringe benefits	\$ 96,598	\$ 27,812	\$ 488,348	\$ 417,726	\$ 1,030,484	\$ 254,006	\$ 113,743	\$ 1,398,233
Direct aid program services	-	229,671	411,607	19,403	660,681	5,263	6,899	672,843
Lunch food and supplies	35,957	-	-	-	35,957	97	-	36,054
Office space and supplies	6,473	1,737	31,244	27,994	67,448	19,842	7,634	94,924
Insurance expenses	789	227	3,988	3,411	8,415	2,164	929	11,508
Postage and printing	-	-	-	4	4	114	11,375	11,493
Staff parking and transportation	-	-	23,472	16,800	40,272	2,168	-	42,440
Telephone & Internet expenses	-	1,677	7,096	7,493	16,266	7,230	280	23,776
Accounting and audit	4,832	1,391	24,430	20,897	51,550	24,855	5,690	82,095
Professional memberships	-	-	11,000	4,988	15,988	6,547	-	22,535
Consultants	-	-	2,400	2,400	4,800	14,901	-	19,701
Licenses and subscriptions	47	47	88	47	229	1,057	-	1,286
Payroll services	468	135	2,367	2,025	4,995	1,231	551	6,777
Technology upgrades	160	160	9,585	13,856	23,761	7,174	-	30,935
Taxes and finance fees	-	-	-	-	-	2,381	-	2,381
Recruiting	-	-	565	361	926	1,502	-	2,428
Depreciation	-	-	-	-	-	8,613	-	8,613
TOTAL	\$ 145,324	\$ 262,857	\$ 1,016,190	\$ 537,405	\$ 1,961,776	\$ 359,145	\$ 147,101	\$ 2,468,022

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, 2022

	Program Services				Total program services	Administrative	Fundraising	Total
	Lunch Program	Eviction Prevention	Supportive Housing	Street 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
Deprecation	-	-	-	-	-	8,103	-	8,103
Bank and credit card fees	-	-	-	-	-	3,309	-	3,309
Miscellaneous	-	-	-	-	-	860	-	860
TOTAL	\$ 149,983	\$ 189,133	\$ 1,026,431	\$ 475,927	\$ 1,841,474	\$ 258,796	\$ 112,941	\$ 2,213,211

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

BETHESDA CARES, INC.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022**

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.

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.

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.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

Note 1 Summary of significant accounting policies (continued)

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. The fundraising event participants were asked to convert their tickets to contributions to the Organization in 2023. For the period ending December 31, 2023, there was no deferred revenue reported by the Organization.

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, 2023 and 2022

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. Other than the matters disclosed in note 15 there were no other subsequent events that required disclosure in the financial statements.

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, 2023 and 2022

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, 2023 and 2022 are \$8,613 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, 2023 and 2022

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, 2023 and 2022, the Federal Deposit Insurance Corporation (FDIC) fully guaranteed accounts up to \$250,000. For the years ended December 31, 2023 and 2022, Bethesda Cares, Inc. held \$857,948 and \$1,042,130 in uninsured funds respectively. Bethesda Cares, Inc. has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash.

Note 3 Financial assets and liquidity resources

As of December 31, 2023, 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>December 31, 2023</u>
Financial assets:	
Cash and cash equivalents	\$ 1,576,684
Grants receivable	566,807
Pledges receivable	83,962
Liquidity resources:	
Investments	<u>1,671</u>
 Total financial assets and liquidity resources available within one year	 <u><u>\$ 2,229,124</u></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, 2023 and 2022

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, 2023 and 2022 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2023 Totals</u>	<u>2022 Totals</u>
Asset category:					
Mutual funds					
Equities	\$ 1,671	\$ -	\$ -	\$ 1,671	\$ 2,688
Total	<u>\$ 1,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,671</u>	<u>\$ 2,688</u>

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

Note 5 Grants receivable

Grants receivable were \$566,807 and \$175,847 on December 31, 2023 and December 31, 2022, 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 \$83,962 and \$89,796 on December 31, 2023 and December 31, 2022, 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, 2023.

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, 2023 and 2022, 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.

Note 8 In kind support

The Organization has a central office located in Bethesda, Maryland which had been provided free of charge by Montgomery County Government. Additional outreach program facilities are also provided free of charge by participating Church groups in the area. For the years ended December 31, 2023, and 2022, the in-kind contributions consisted of:

	December 31, 2023	December 31, 2022
Lunchroom rent	\$ 7,600	\$ 8,400
IT network support	9,141	24,153
Office space rent	76,122	81,144
 Total in kind support	 \$ 92,863	 \$ 113,697

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

Note 9 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, 2023 and 2022, Bethesda Cares, Inc. contributed \$22,268 and \$13,290 to this plan, respectively.

Note 10 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 2019 through 2022 are open tax years subject to examination. For the years ended December 31, 2023 and 2022, no interest or penalties were recorded or included in the statements of activities.

Note 11 Net assets with donor restrictions

The Organization had the following net assets with donor restrictions as of December 31, 2023 and 2022.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Individual donors	\$ 264,304	\$ 79,613
Churches and congregations	-	5,000
Corporations	-	5,775
	<hr/>	<hr/>
Total net assets with donor restrictions	<u>\$ 264,304</u>	<u>\$ 90,388</u>

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

Note 12 Grants backlog

The Organization had the following balances available for their community grants as of December 31, 2023 and 2022.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Montgomery County – Outreach Contract	\$ 418,918	\$ 202,152
Montgomery County – Veteran Contract	365,341	299,693
Montgomery County – Eviction Program and Utility Shut-off	-	28,574
Montgomery County – Volunteer Coordinator	<u>50,058</u>	<u>31,653</u>
 Total balances available	 <u>\$ 834,317</u>	 <u>\$ 562,072</u>

Note 13 Concentration of revenue

Bethesda Cares, Inc. received a significant portion of its revenue (approximately 77% during this period and 73% during the previous) from one governmental entity. There is no guarantee that this level of funding will continue indefinitely.

December 31, 2023	<u>Revenue</u>	<u>Percent of revenue</u>
Community contributions	\$ 439,168	17%
Federated campaign	17,819	1%
Grants- Montgomery County, MD	2,071,680	77%
In kind support/miscellaneous	98,863	4%
Other	<u>24,165</u>	<u>1%</u>
 Total revenue	 <u>\$ 2,651,695</u>	 <u>100%</u>

December 31, 2022	<u>Revenue</u>	<u>Percent of revenue</u>
Community contributions	\$ 482,099	17%
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>

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
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Note 14 Subsequent events

The Organization entered an operating lease agreement for additional office space on October 5th, 2023 in Bethesda, Maryland. The newly leased office space commenced on January 5th, 2024 and expires December 31, 2028 for a 5 year term.