

BETHESDA CARES, INC.

FINANCIAL STATEMENTS

December 31, 2024 and 2023

CONTENTS

INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of financial position	3
Statements of activities and changes in net assets	4
Statements of cash flows	5
Statements of functional expenses	6 - 7
Notes to financial statements	8 - 18



INDEPENDENT AUDITORS' 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, 2024, 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, 2024, 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 Auditors' 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.

Auditors' 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 auditors' 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Ryan & Wetmore, PC". The signature is written in a cursive, flowing style.

Bethesda, Maryland
November 6, 2025

BETHESDA CARES, INC.**STATEMENTS OF FINANCIAL POSITION**
December 31, 2024 and 2023

	ASSETS	
	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,685,244	\$ 1,576,684
Investments, at fair value	3,966	1,671
Grants receivable, net of allowance for doubtful accounts of \$0	534,003	566,807
Pledges receivable, net of allowance for doubtful accounts of \$0	92,083	83,962
Prepaid expenses	30,539	20,261
Total current assets	2,345,835	2,249,385
PROPERTY AND EQUIPMENT, at cost		
Automobiles	36,925	36,925
Equipment	15,591	5,118
Total property and equipment	52,516	42,043
Less: accumulated depreciation and amortization	36,359	26,415
Net property and equipment	16,157	15,628
OTHER ASSETS		
Office security deposit	3,604	3,604
Right of use asset	176,530	-
Total other assets	180,134	3,604
Total assets	\$ 2,542,126	\$ 2,268,617

LIABILITIES AND NET ASSETS

	2024	2023
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 11,255	\$ 54,637
Current portion of lease liability	35,363	-
Total current liabilities	46,618	54,637
LONG-TERM LIABILITIES		
Lease liability, noncurrent	145,856	-
Total long-term liabilities	145,856	-
NET ASSETS		
Without donor restrictions	1,908,474	1,949,676
With donor restrictions	441,178	264,304
Total net assets	2,349,652	2,213,980
	\$ 2,542,126	\$ 2,268,617

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 Years Ended December 31, 2024 and 2023

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains, and other support				
Community contributions	\$ 416,974	\$ -	\$ 416,974	\$ 439,168
Federated campaign	15,914	-	15,914	17,819
Government grants	2,183,222	-	2,183,222	1,669,680
Other grants	125,244	411,800	537,044	402,000
Fundraising (net of expenses of \$8,087 and \$0)	15,035	-	15,035	-
Interest	47,207	-	47,207	24,165
In kind support/miscellaneous revenue	93,311	-	93,311	98,863
Net assets released from donor restrictions	234,926	(234,926)	-	-
Total revenue	3,131,833	176,874	3,308,707	2,651,695
Expenses				
Program services				
Lunch program	140,556	-	140,556	145,324
Eviction program	234,362	-	234,362	262,857
Supportive housing	1,377,041	-	1,377,041	1,016,190
Street outreach	670,713	-	670,713	537,405
Total program services	2,422,672	-	2,422,672	1,961,776
Administrative and fundraising	618,225	-	618,225	359,145
Fundraising	132,223	-	132,223	147,101
Unrealized gain	1,086	-	1,086	5,409
Realized loss on sale of investments	(1,171)	-	(1,171)	(5,295)
Total expenses	3,173,035	-	3,173,035	2,468,136
Change in net assets	(41,202)	176,874	135,672	183,559
Net assets at beginning of year	1,949,676	264,304	2,213,980	2,030,421
Net assets at end of year	\$ 1,908,474	\$ 441,178	\$ 2,349,652	\$ 2,213,980

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 135,672	\$ 183,559
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	9,944	8,613
Operating lease right-of-use asset amortization	47,931	-
Payments to settle operating lease liability	(43,242)	-
Unrealized loss from investments	1,086	5,409
Loss (gain) on sale of investment	(1,171)	(5,295)
(Increase) Decrease in:		
Grants receivable	32,804	(390,960)
Pledges receivable	(8,121)	5,834
Prepaid expenses	(10,278)	(11,000)
Office security deposit	-	(3,604)
Increase (Decrease) in:		
Accounts payable and accrued expenses	(43,382)	36,335
Deferred revenue	-	(1,600)
Net cash provided by (used in) operating activities	<u>121,243</u>	<u>(172,709)</u>
Cash flows from investing activities		
Purchases of equipment	(10,473)	-
Purchases of investments	(3,952)	(5,193)
Proceeds from sale of investments	<u>1,742</u>	<u>6,095</u>
Net cash (used in) provided by investing activities	<u>(12,683)</u>	<u>902</u>
Net increase (decrease) in cash and cash equivalents	108,560	(171,807)
Cash and cash equivalents, beginning of year	<u>1,576,684</u>	<u>1,748,491</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,685,244</u></u>	<u><u>\$ 1,576,684</u></u>

Interest expense paid in cash was \$0 and \$0 for the years ended December 31, 2024 and 2023, respectively.

Income tax expense paid in cash was \$0 and \$0 for the years ended December 31, 2024 and 2023, 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, 2024

	Program Services					Administrative	Fundraising	Total
	Lunch Program	Eviction Prevention	Supportive Housing	Street Outreach	Total program services			
Salaries and fringe benefits	\$ 95,725	\$ 45,009	\$ 801,502	\$ 564,564	\$ 1,506,800	\$ 407,991	\$ 77,999	\$ 1,992,790
Direct aid program services	56	184,825	439,009	12,732	636,622	312	8,150	645,084
Lunch food and supplies	35,674	-	213	-	35,887	-	90	35,977
Office space and supplies	3,919	994	20,890	17,651	43,454	101,778	979	146,211
Insurance expenses	2,455	2,361	3,563	3,044	11,423	8,483	159	20,065
Postage and printing	-	-	390	194	584	79	4,792	5,455
Staff parking and transportation	-	-	33,162	27,791	60,953	3,137	43	64,133
Telephone & Internet expenses	186	330	10,236	9,321	20,073	9,648	308	30,029
Accounting and audit	2,159	682	26,452	18,397	47,690	26,904	2,431	77,025
Professional memberships	-	-	4,121	2,048	6,169	9,391	386	15,946
Consultants	335	114	8,914	7,867	17,230	18,126	36,378	71,734
Licenses and subscriptions	47	47	47	47	188	1,303	-	1,491
Payroll services	-	-	113	4,074	4,187	3,758	-	7,945
Technology upgrades	-	-	27,892	2,108	30,000	13,372	508	43,880
Taxes and finance fees	-	-	37	-	37	3,360	-	3,397
Recruiting	-	-	500	875	1,375	639	-	2,014
Deprecation	-	-	-	-	-	9,944	-	9,944
TOTAL	\$ 140,556	\$ 234,362	\$ 1,377,041	\$ 670,713	\$ 2,422,672	\$ 618,225	\$ 132,223	\$ 3,173,120

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								
	Lunch Program	Eviction Prevention	Supportive Housing	Street Outreach	Total program services	Administrative	Fundraising	Total	
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	
Deprecation	-	-	-	-	-	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.

**NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023**

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, 2024 and 2023

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.

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.

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.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

Note 1 Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

In preparing these financial statements, Bethesda Cares, Inc. has evaluated events and transactions for potential recognition or disclosure through the date of the auditor's report, the date the financial statements were available to be issued. There were no 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.

Adoption of new lease standard

On January 1, 2022, the Organization 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 Organization elected to apply the provisions retrospectively as of the date of adoption, January 1, 2022.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

Note 1 Summary of significant accounting policies (continued)

Recent accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), which changes the impairment model for most financial assets. The new standard model uses a forward-looking expected loss method, which will generally result in earlier recognition of allowances of credit losses. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the report amount. The implementation of this amendment is effective for reporting periods beginning after December 15, 2022, for private entities, or as of January 1, 2023. The Organizations adopted ASU 2016-13 as of January 1, 2023 and it did not have a material effect on the financial statements.

Property and equipment

Property and equipment are recorded at cost, net of accumulated depreciation and amortization. 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 below the capitalization threshold of \$5,000 are charged to expense when incurred. Depreciation expense for the years ended December 31, 2024 and 2023 are \$9,944 and \$8,613 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 Organization 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 Organization does not have any existing leases that are classified as financing leases.

The Organization 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 Organization 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, 2024 and 2023

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, 2024 and 2023, the Federal Deposit Insurance Corporation (FDIC) fully guaranteed accounts up to \$250,000. For the years ended December 31, 2024 and 2023, Bethesda Cares, Inc. held \$1,208,326 and \$857,948 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, 2024, 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, 2024</u>
Financial assets:	
Cash and cash equivalents	\$ 1,685,244
Grants receivable	534,003
Pledges receivable	92,083
Liquidity resources:	
Investments	<u>3,966</u>
 Total financial assets and liquidity resources available within one year	 <u>\$ 2,315,296</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, 2024 and 2023

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, 2024 and 2023 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2024 Totals</u>	<u>2023 Totals</u>
Asset category:					
Mutual funds					
Equities	\$ 3,966	\$ -	\$ -	\$ 3,966	\$ 1,671
Total	<u>\$ 3,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,966</u>	<u>\$ 1,671</u>

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

Note 5 Grants receivable

Grants receivable were \$534,003 and \$566,807 on December 31, 2024 and December 31, 2023, 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. As of December 31, 2024 and 2023, the Organization had \$96,651 and \$263,885 in grants receivable over 90 days.

Note 6 Pledges receivable

Pledges receivable were \$92,083 and \$83,962 on December 31, 2024 and December 31, 2023, respectively. The entire balance was evaluated by management as collectible within one year and is classified as current on the statement of financial position. As of December 31, 2024 and 2023, the Organization had \$2,486 and \$2,253 in pledges receivable over 90 days.

Note 7 In kind support

The Organization has a central office located in Bethesda, Maryland which had been provided free of charge by Montgomery County Government. For the years ended December 31, 2024, and 2023, the in-kind contributions consisted of:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Credit Card Points	\$ 4,300	\$ 6,000
Lunchroom rent	2,700	7,600
IT network support	7,945	9,141
Utilities	6,996	-
Office space rent	<u>71,370</u>	<u>76,122</u>
Total in kind support	<u>\$ 93,311</u>	<u>\$ 98,863</u>

Note 8 Employee benefits

Bethesda Cares, Inc. has a 401(k)-retirement plan for all employees. Employees are eligible to participate in the plan upon hire. Eligible employees may elect to defer a percentage or dollar amount of their annual eligible earnings, limited to a maximum annual amount as set periodically by the Internal Revenue Service. Currently the employer match is up to 3% of the participant's annual compensation and an employer match is made in December. Employee must be employed at least 3 months of service during the Plan Year and must be employed on the last day of the Plan Year. During the years ended December 31, 2024 and 2023, Bethesda Cares, Inc. contributed \$27,699 and \$22,268 to this plan, respectively.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

Note 9 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 not 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 2021 through 2024 are open tax years subject to examination. For the years ended December 31, 2024 and 2023, no interest or penalties were recorded or included in the statements of activities.

Note 10 Net assets with donor restrictions

The Organization had the following net assets with donor restrictions as of December 31, 2024 and 2023.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Individual donors	\$ 425,878	\$ 264,304
Churches and congregations	9,500	-
Corporations	<u>5,800</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 441,178</u>	<u>\$ 264,304</u>

Note 11 Grants backlog

The Organization had the following balances available for their grants as of December 31, 2024 and 2023.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
U.S Department of Housing and Urban Development	\$ 4,040,010	\$ -
Montgomery County – Outreach Contract	441,255	418,918
Montgomery County – Veteran Contract	550,930	365,341
Montgomery County – Eviction Program and Utility Shut-off	47,306	-
Montgomery County – Volunteer Coordinator	-	50,058
Montgomery County – OGM – Housing First Accelerator program	<u>57,375</u>	<u>-</u>
Total balances available	<u>\$ 5,136,876</u>	<u>\$ 834,317</u>

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

Note 12 Concentration of revenue

Bethesda Cares, Inc. received a significant portion of its revenue (approximately 84% during this period and 77% during the previous) from one governmental entity. There is no guarantee that this level of funding will continue indefinitely.

December 31, 2024	Revenue	Percent of revenue
Community contributions	\$ 416,974	13%
Federated campaign	15,914	1%
Grants- Montgomery County, MD and Federal	2,720,266	81%
Fundraising	15,035	1%
In kind support/miscellaneous revenue	93,311	3%
Interest	47,207	1%
Total revenue	<u>\$ 3,308,707</u>	<u>100%</u>

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

Note 13 Leases

Under the new standard, the Organization has recognized lease assets and liabilities, with certain exceptions, on the statements of financial position. 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 the accompanying statements of financial position. Short-term leases with terms of one year or less, that do not include an option to purchase the underlying asset, are not included in the measurement of lease assets and liabilities.

The Organization assessed whether any expired or existing contracts are or contain leases. The lease classification was also assessed to determine whether there were any expired or existing leases classified as operating leases. The Organization does not have any existing leases that were classified as capital leases, and accordingly, does not have any leases that will now be classified as financing leases.

The Organization made an accounting policy election, as a non-public business entity, to use a risk-free discount rate, commensurate with the term of the lease, to determine the present value of the lease payments for each lease agreement. In addition, the Organization does not separate the non-lease

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

Note 13 Leases (continued)

components contained in “full service” leases for office space.

Operating leases

The Organization leases office space in Bethesda, Maryland under an operating lease agreement, which provides for monthly payments of \$3,604 as of December 31, 2024 and expires in December 31, 2028.

Rent expense is recognized on a straight-line basis over the life of the lease. Rent expense for the office spaces in Maryland for the year ended December 31, 2024 was \$43,938.

The following is a schedule of future minimum rental payments required under the operating lease agreements above:

2025	\$	46,949
2026		48,357
2027		49,808
2028		50,709
2029		-
2030 and beyond		-
		<hr/>
		195,823
Present value discount		<hr/> (14,604)
Lease liability		181,219
Less: current portion		<hr/> 35,363
Lease liability, long term portion	\$	<hr/> 145,856

The ROU asset is reported in the accompanying balance sheet and totaled \$176,530 as of December 31, 2024.

During the year ended December 31, 2024, the Organization had the following cash and non-cash activities associated with their leases above:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 39,639
ROU assets obtained in exchange for new operating lease liabilities	\$ 213,689

Because we generally do not have access to the rate implicit in the lease, we utilize the risk-free rate of return as the discount rate. The discount rate associated with the operating leases above as of December 31, 2024 is 3.93%. As of December 31, 2024, the average remaining lease term for the operating leases above is 4.00 years.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

Note 13 Leases (continued)

In accordance with Topic 842, Leases, the Organization has elected not to apply the recognition requirements to the short-term leases below. The Organization recognizes the lease payments in the statements of income on a straight-line basis over the term of the leases when incurred.

The Organization leases office space under an operating lease agreement 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, 2024. Bethesda Cares moved out of the Silver Spring office in July 2024. The final rent rate was \$768 as of July 2024.