

**BEIT T'SHUVAH**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**



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**BEIT T'SHUVAH  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Beit T'Shuvah  
Los Angeles, California

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Beit T'Shuvah (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Beit T'Shuvah

***Opinion***

In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the financial position of Beit T'Shuvah as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

The 2018 summarized comparative information has been derived from Beit T'Shuvah's financial statements and in our report dated February 11, 2019 we expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent in all material respects, with the audited financial statements from which it has been derived.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Los Angeles, California  
March 11, 2020

**BEIT T'SHUVAH**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2018**

|                                    | 2019          | 2018          |
|------------------------------------|---------------|---------------|
| <b>ASSETS</b>                      |               |               |
| Cash and Cash Equivalents          | \$ 1,554,786  | \$ 1,790,383  |
| Accounts Receivable, Net           | 200,635       | 222,525       |
| Contributions Receivable, Net      | 1,318,436     | 1,503,567     |
| Investments:                       |               |               |
| Other                              | 6,719,853     | 4,012,571     |
| Perpetual in Nature                | 2,000,000     | 2,000,000     |
| Prepaid Expenses                   | 67,965        | 97,067        |
| Total Current Assets               | 11,861,675    | 9,626,113     |
| <b>PROPERTY AND EQUIPMENT</b>      |               |               |
| Land                               | 5,904,614     | 5,904,614     |
| Building and Improvements          | 13,465,127    | 13,411,064    |
| Equipment and Furniture            | 1,180,889     | 1,140,126     |
| Construction in Progress           | 77,319        | 45,057        |
| Total                              | 20,627,949    | 20,500,861    |
| Less: Accumulated Depreciation     | (4,776,193)   | (4,185,728)   |
| Net Property and Equipment         | 15,851,756    | 16,315,133    |
| <br>                               |               |               |
| Total Assets                       | 27,713,431    | 25,941,246    |
| <b>LIABILITIES</b>                 |               |               |
| Accounts Payable                   | 63,315        | 29,226        |
| Accrued Salaries and Vacation      | 486,047       | 458,439       |
| Total Liabilities                  | 549,362       | 487,665       |
| <b>NET ASSETS</b>                  |               |               |
| Without Donor Restrictions         |               |               |
| Undesignated                       | 7,654,294     | 5,680,090     |
| Invested in Property and Equipment | 15,851,756    | 16,315,133    |
| Total Without Donor Restrictions   | 23,506,050    | 21,995,223    |
| With Donor Restrictions            |               |               |
| Purpose Restrictions               | 1,658,019     | 1,458,358     |
| Perpetual in Nature                | 2,000,000     | 2,000,000     |
| Total With Donor Restrictions      | 3,658,019     | 3,458,358     |
| <br>                               |               |               |
| Total Net Assets                   | 27,164,069    | 25,453,581    |
| <br>                               |               |               |
| Total Liabilities and Net Assets   | \$ 27,713,431 | \$ 25,941,246 |

See accompanying Notes to Financial Statements.

**BEIT T'SHUVAH**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2019**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018**

|                                    | Without Donor<br>Restrictions | With Donor<br>Restrictions | 2019                 | 2018                 |
|------------------------------------|-------------------------------|----------------------------|----------------------|----------------------|
| <b>OPERATING REVENUE</b>           |                               |                            |                      |                      |
| Contributions and Grants           | \$ 762,775                    | \$ 3,033,408               | \$ 3,796,183         | \$ 3,019,417         |
| Primary and Extended Care          | 1,831,780                     | -                          | 1,831,780            | 2,040,297            |
| Special Events                     | 1,964,496                     | -                          | 1,964,496            | 2,561,536            |
| Thrift Shop                        | 1,332,874                     | -                          | 1,332,874            | 1,180,734            |
| Donated Services                   | 1,285,650                     | -                          | 1,285,650            | 1,044,925            |
| Investment Income                  | 340,453                       | -                          | 340,453              | 376,944              |
| Gambling Program                   | 449,988                       | -                          | 449,988              | 405,101              |
| Congregation Beit T'Shuvah         | 487,811                       | -                          | 487,811              | 485,781              |
| Rental Income                      | 184,252                       | -                          | 184,252              | 176,787              |
| Creative Matters                   | 219,243                       | -                          | 219,243              | 293,659              |
| Fees for Services                  | 132,636                       | -                          | 132,636              | 23,120               |
| Other Income                       | 13,778                        | -                          | 13,778               | 23,312               |
| Releases from Restriction          | 2,833,747                     | (2,833,747)                | -                    | -                    |
| Total Operating Revenue            | <u>11,839,483</u>             | <u>199,661</u>             | <u>12,039,144</u>    | <u>11,631,613</u>    |
| <b>OPERATING EXPENSES</b>          |                               |                            |                      |                      |
| Program Services Expense:          |                               |                            |                      |                      |
| Program Expense                    | 9,225,586                     | -                          | 9,225,586            | 8,879,870            |
| Supporting Services Expense:       |                               |                            |                      |                      |
| Management and General             | 1,132,912                     | -                          | 1,132,912            | 1,049,763            |
| Fundraising                        | 967,231                       | -                          | 967,231              | 1,074,530            |
| Cost of Direct Benefit to Donors   | <u>502,927</u>                | <u>-</u>                   | <u>502,927</u>       | <u>526,773</u>       |
| Total Operating Expenses           | <u>11,828,656</u>             | <u>-</u>                   | <u>11,828,656</u>    | <u>11,530,936</u>    |
| <b>GAIN (LOSS) FROM OPERATIONS</b> | 10,827                        | 199,661                    | 210,488              | 100,677              |
| <b>OTHER CHANGES IN NET ASSETS</b> |                               |                            |                      |                      |
| Real Estate Off Market Fee         | <u>1,500,000</u>              | <u>-</u>                   | <u>1,500,000</u>     | <u>-</u>             |
| <b>CHANGE IN NET ASSETS</b>        | 1,510,827                     | 199,661                    | 1,710,488            | 100,677              |
| Net Assets - Beginning of Year     | <u>21,995,223</u>             | <u>3,458,358</u>           | <u>25,453,581</u>    | <u>25,352,904</u>    |
| <b>NET ASSETS - END OF YEAR</b>    | <u>\$ 23,506,050</u>          | <u>\$ 3,658,019</u>        | <u>\$ 27,164,069</u> | <u>\$ 25,453,581</u> |

See accompanying Notes to Financial Statements.

**BEIT T'SHUVAH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018**

|                                    | Program Services |                  |                      |                  |             | Supporting Services |                        |             | Direct Donor Benefits | 2019          | 2018          |
|------------------------------------|------------------|------------------|----------------------|------------------|-------------|---------------------|------------------------|-------------|-----------------------|---------------|---------------|
|                                    | Treatment        | Congregation BTS | Outreach & Education | Creative Matters | Thrift Shop | Total               | Management and General | Fundraising |                       |               |               |
| Salaries                           | \$ 2,424,315     | \$ 405,293       | \$ 375,553           | \$ 207,411       | \$ 463,804  | \$ 3,876,376        | \$ 571,287             | \$ 590,444  | \$ -                  | \$ 5,038,107  | \$ 4,906,409  |
| Employee Benefits                  | 341,275          | 23,476           | 51,410               | 17,677           | 65,868      | 499,706             | 69,505                 | 58,854      | -                     | 628,065       | 724,690       |
| Payroll Taxes                      | 203,517          | 28,476           | 23,949               | 17,314           | 41,865      | 315,121             | 45,426                 | 42,726      | -                     | 403,273       | 392,016       |
| Total Salary Related Expense       | 2,969,107        | 457,245          | 450,912              | 242,402          | 571,537     | 4,691,203           | 686,218                | 692,024     | -                     | 6,069,445     | 6,023,115     |
| Donated Services                   | 1,285,650        | -                | -                    | -                | -           | 1,285,650           | -                      | -           | -                     | 1,285,650     | 1,044,925     |
| Professional Fees                  | 272,188          | 65,853           | 76,060               | 36,802           | 6,000       | 456,903             | 281,864                | 11,787      | -                     | 750,554       | 763,049       |
| Facilities and Occupancy           | 378,521          | 118,831          | 4,854                | 4,854            | 75,483      | 582,543             | 6,243                  | 10,533      | -                     | 599,319       | 564,658       |
| Supplies - Food                    | 413,941          | 93,161           | 4,351                | 748              | 19,061      | 531,262             | 2,224                  | 7,410       | -                     | 540,896       | 626,220       |
| Direct Donor Benefits              | -                | -                | -                    | -                | -           | -                   | -                      | -           | 502,927               | 502,927       | 526,773       |
| Work Therapy                       | 215,931          | 23,550           | 2,100                | 14,025           | 40,875      | 296,481             | 8,550                  | 6,225       | -                     | 311,256       | 283,727       |
| Travel and Auto                    | 71,817           | 1,125            | 87,857               | 14,196           | 35,707      | 210,702             | 7,444                  | 4,846       | -                     | 222,992       | 236,091       |
| Repairs and Maintenance            | 135,057          | 6,755            | 420                  | 3,478            | 9,056       | 154,766             | 11,756                 | 46,790      | -                     | 213,312       | 139,108       |
| Other Expenses                     | 135,997          | 11,092           | 772                  | 90               | -           | 147,951             | 4,700                  | 1,127       | -                     | 153,778       | 200,641       |
| Taxes and Fees                     | 70,718           | 528              | 366                  | 8,719            | 25,449      | 105,780             | 4,290                  | 31,856      | -                     | 141,926       | 164,817       |
| Office Expenses                    | 50,621           | 17,363           | 1,987                | 29,542           | 7,208       | 106,721             | 6,546                  | 23,022      | -                     | 136,289       | 154,330       |
| Insurance                          | 83,992           | 21,536           | 1,077                | 1,077            | 16,354      | 124,036             | 1,930                  | 1,930       | -                     | 127,896       | 138,065       |
| Bad Debt Expense                   | 65,121           | -                | -                    | -                | -           | 65,121              | -                      | 58,825      | -                     | 123,946       | 20,505        |
| Advertising and Marketing          | -                | -                | -                    | -                | -           | -                   | 58,005                 | -           | -                     | 58,005        | 64,959        |
| Total Expenses before Depreciation | 6,148,661        | 817,039          | 630,756              | 355,933          | 806,730     | 8,759,119           | 1,079,770              | 896,375     | 502,927               | 11,238,191    | 10,950,983    |
| Depreciation                       | 348,930          | 42,449           | 34,052               | 19,592           | 21,444      | 466,467             | 53,142                 | 70,856      | -                     | 590,465       | 579,953       |
| Total Expenses                     | \$ 6,497,591     | \$ 859,488       | \$ 664,808           | \$ 375,525       | \$ 828,174  | \$ 9,225,586        | \$ 1,132,912           | \$ 967,231  | \$ 502,927            | \$ 11,828,656 | \$ 11,530,936 |

See accompanying Notes to Financial Statements.

**BEIT T'SHUVAH**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2019**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018**

|   | 2019         | 2018         |
|---|--------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |              |              |
| Change in Net Assets  | \$ 1,710,488 | \$ 100,677   |
| Adjustments to Reconcile Change in Net Assets to Net Cash<br>Provided by Operating Activities |              |              |
| Depreciation  | 590,465      | 579,953      |
| Net Investment Loss   | (251,821)    | (305,911)    |
| Change in Present Value Discount on Contributions Receivable                                  | 19,515       | 18,671       |
| (Increase) Decrease in Assets:  |              |              |
| Accounts Receivable, Net  | 21,890       | (87,837)     |
| Contributions Receivable  | 165,616      | 248,227      |
| Prepaid Expenses  | 29,102       | 14,814       |
| Increase (Decrease) in Liabilities:   |              |              |
| Accounts Payable  | 34,089       | 8,113        |
| Accrued Salaries and Vacation   | 27,608       | 49,504       |
| Net Cash Provided by Operating Activities   | 2,346,952    | 626,211      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |              |              |
| Purchase of Property and Equipment  | (127,088)    | (247,257)    |
| Investments:  |              |              |
| Purchase of Investments   | (2,400,000)  | (342,977)    |
| Reinvested Interest and Dividends   | (88,632)     | -            |
| Proceeds from Sale of Investments   | 33,171       | 374          |
| Net Cash Used by Investing Activities   | (2,582,549)  | (589,860)    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   | -            | -            |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                   | (235,597)    | 36,351       |
| Cash and Cash Equivalents - Beginning of Year   | 1,790,383    | 1,754,032    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | \$ 1,554,786 | \$ 1,790,383 |

See accompanying Notes to Financial Statements.



**BEIT T'SHUVAH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 ORGANIZATION**

Beit T'Shuvah (the Organization) is a nonprofit corporation organized in the state of California.

**Mission and History**

Beit T'Shuvah's mission is to provide emotional and spiritual healing to individuals and families afflicted with addictive and behavioral disorders. We integrate spirituality, the 12-steps of Alcoholics Anonymous, traditional psychotherapy, creative arts expression, vocational counseling, and mind/body therapy and traditional psychotherapy.

There are a total of 145 beds combined in primary care, extended care, and post-graduate housing. The average patient is treated for six months, with a total of 200 residents treated and cared for annually. Over 75% of Beit T'Shuvah's employees are alumni of the recovery program.

**Current Programs**

**Treatment**

Primary care is where each resident is assigned a staff counselor with expertise in addiction counseling, an individual therapist, and a spiritual counselor. Residents participate in group therapy sessions, 12-step meetings, Torah study, music process groups, and may also elect to participate in arts and mind/body programs.

After completing primary care or initial levels of treatment, residents have opportunities to live in extended care facilities and then post-graduate housing. Residents receive career counseling at the Susan and Leonard Nimoy Career Center, and work experience is available to residents through internships and externships as they progress in their recovery. Those in extended care and post-graduate housing are employed and pay rent.

The Beit T'Shuvah Right Action Gambling Program provides holistic, therapeutic treatment services for gambling addiction in collaboration with the UCLA Gambling Studies Program and the California Office of Problem Gambling.

**Congregation Beit T'Shuvah**

Congregation BTS is the spiritual core of our community, offering weekly services integrating faith and recovery.

**Outreach and Education**

There are a broad range of services for nonresidents, their families, and alumni. Additionally, educational and professional training services are offered through Youth Prevention programming and the Elaine Breslow Institute, respectively.

**BEIT T'SHUVAH  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 ORGANIZATION (CONTINUED)**

**Creative Matters**

Creative Matters is a full service design and branding agency providing services to local nonprofit and for-profit businesses at affordable rates, while serving as a training center for residents.

**Beit T'Shuvah Thrift Store**

Beit T'Shuvah Thrift Store provides valuable job training and workforce re-entry skills to residents of Beit T'Shuvah, and helps offset the cost of care.

No one has ever been refused treatment at Beit T'Shuvah because of an inability to pay, with the majority of residents receiving substantial financial assistance. The Organization is dependent on private donations and foundation grants.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of Beit T'Shuvah have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. These standards require that the Organization report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net Assets Without Donor Restrictions**

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**Net Assets With Donor Restrictions**

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**BEIT T'SHUVAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Cash and Cash Equivalents**

For the purposes of the financial statement, the Organization considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

**Accounts Receivable**

Represents amounts owed to the Organization by the residence and participants of programs, rent from the occupants, special events, purchases and commitments. For the year ended June 30, 2019, the allowance for doubtful accounts was \$4,204 against primary care receivables.

**Contributions**

As required by accounting principles generally accepted in the United States of America, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Donated Services and Materials**

Consistent with accounting principles generally accepted in the United States of America, the Organization recognizes as support only those donated services which create or enhance nonfinancial assets or which require specialized skills which the Organization would otherwise have paid for. Donated materials are recognized as contributions at their fair values at the date of donation. Total donated services for the year ended June 30, 2019 were \$1,285,650.

**Property and Equipment**

Property and equipment are recorded at historical cost and are being depreciated using the straight-line method over the estimated useful life of the assets. The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized. The following lives have been assigned:

|                           |          |
|---------------------------|----------|
| Building and Improvements | 30 Years |
| Furniture and equipment   | 5 Years  |

**BEIT T'SHUVAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Advertising**

Advertising costs are charged to operations when incurred and are included in functional expenses.

**Investments**

Investments are comprised of marketable securities, carried at fair value.

**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, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort.

**Summarized Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

**Change in Accounting Principle**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

**Subsequent Events-**

Management has evaluated subsequent events through March 11, 2020, the date the financial statements were available to be issued.

**BEIT T'SHUVAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

|                               |                     |
|-------------------------------|---------------------|
|                               | 2019                |
| Cash and Cash Equivalents     | \$ 859,015          |
| Accounts Receivable, Net      | 200,635             |
| Contributions Receivable, Net | 356,188             |
| Investments                   | 6,719,853           |
|                               | <u>\$ 8,135,691</u> |

As part of the organization's liquidity management plan, cash in excess of daily requirements is invested in short-term savings accounts.

**NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENT**

Investments as of June 30, 2019 are as follows:

|  |                     |
|--|---------------------|
|  | Fair Value          |
| Cash and Cash Equivalents in Investment Pool | \$ 52,530           |
| Common Investment Pool                       | 8,667,323           |
| Total Investments                            | <u>\$ 8,719,853</u> |

The Organization's investments are reported at fair value in the accompanying statements of financial position for June 30, 2019.

|  |  |   |   |
|--|--|---|---|
|  | <u>Fair Value Measurements at Report Date Using:</u> |   |   |
|  |  | Quoted<br>Prices in<br>Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) |
|  | <u>Total</u>   |   |   |
| Cash Equivalents in<br>Investment Pool | \$ 52,530  | \$ 52,530   | \$ -  |
| Common Investment Pool                 | 8,667,323  | -   | 8,667,323   |
| Total                                  | <u>\$ 8,719,853</u>                                  | <u>\$ 52,530</u>  | <u>\$ 8,667,323</u>                                       |

**BEIT T'SHUVAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)**

Accounting principles generally accepted in the United States of America defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

*Level 1* – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

*Level 3* – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances. There were no Level 3 inputs as of June 30, 2019.

**NOTE 5 CONTRIBUTIONS RECEIVABLE**

Promises to give are included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Certain promises to give are recorded after discounting at the rate of 2.25% to the present value of the future cash flows. At June 30, 2019, promises to give are expected to be realized in the following periods:

|  | 2019         |
|--|--------------|
| Within One Year                                    | \$ 1,116,014 |
| In One to Five Years                               | 269,084      |
| Over Five Years                                    | -            |
| Total  | 1,385,098    |
| Less: Discount to Net Present Value                | (18,662)     |
| Less: Allowance for Uncollectible Promises to Give | (48,000)     |
| Total  | \$ 1,318,436 |

**BEIT T'SHUVAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

|   | 2019          |
|---|---------------|
| Land and Improvements                           | \$ 5,904,614  |
| Buildings and Improvements:                     |               |
| Venice Boulevard                                | 12,544,415    |
| Washington Boulevard                            | 623,389       |
| National Boulevard                              | 297,323       |
| Equipment                                       | 141,506       |
| Furniture and Fixtures                          | 1,039,383     |
| Construction in Process                         | 77,319        |
| Total   | 20,627,949    |
| Less: Accumulated Depreciation and Amortization | 4,776,193     |
| Total Property and Equipment                    | \$ 15,851,756 |

The Venice building, which is the Residential Treatment and Prevention Center, accommodates patients in the program, administrative offices, and other program services. The Washington Boulevard building accommodates the Thrift Shop. The National Boulevard construction began during 2017 with the hiring of architects and other preparation work for future construction on the site.

**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS**

The restricted net assets are available for the following purposes:

|   |              |
|---|--------------|
| Purpose Restrictions  |              |
| Capital Fund  | \$ 373,643   |
| Foundation Grants and Pledges   | 1,284,376    |
| Total Temporarily Restricted  | \$ 1,658,019 |
| Perpetual in Nature   |              |
| Endowment in Perpetuity, the Income of which is Expendable to Support Treatment and Prevention Programs | \$ 2,000,000 |

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**NOTE 8 COMMITMENTS**

The Organization leases various apartment units, a warehouse and copiers expiring at various dates. Future minimum annual rental payments under these lease agreements are as follows:

| <u>Year Ending June 30,</u>  | <u>Amount</u>     |
|------------------------------|-------------------|
| 2020                         | \$ 127,111        |
| 2021                         | 110,955           |
| 2022                         | 88,641            |
| 2023                         | 90,901            |
| 2024                         | 93,241            |
| Total Minimum Lease Payments | <u>\$ 510,849</u> |

Rental expense for the year ended June 30, 2019 was \$127,840.

**NOTE 9 CASH IN BANK – CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash and cash equivalents at several banks which may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents at June 30, 2019.

**NOTE 10 DONOR DESIGNATED ENDOWMENT**

The Organization's endowment consists of a fund established for the purpose of creating a permanent endowment. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions, perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions, perpetual in nature is classified as net assets with donor restrictions, purpose restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in



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**NOTE 10 DONOR DESIGNATED ENDOWMENT (CONTINUED)**

making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Endowment assets are invested in a well-diversified investment pool, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 3%, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The Organization has a policy of appropriating for distribution each year 3% of its endowment fund's investment income through the current fiscal year-end.

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

|                        |                            |
|------------------------|----------------------------|
| Permanently Endowment: |                            |
| Donor-Restricted       | <u><u>\$ 2,000,000</u></u> |

Changes in endowment net assets as of June 30, 2019 are as follows:

|  |                            |
|--|----------------------------|
| Endowment Net Assets - Beginning of Year | \$ 2,000,000               |
| Contributions                            | -                          |
| Investment Income                        | 20,333                     |
| Net Appreciation (Depreciation)          | -                          |
| Amount Appropriated for Expenditure      | <u>(20,333)</u>            |
| Endowment Net Assets - End of Year       | <u><u>\$ 2,000,000</u></u> |

**NOTE 11 RETIREMENT PLAN**

The Organization maintains a 401(k) plan for the benefit of all eligible employees. The Plan matches 7.5% of the first 15% of employee contributions. For the year ended June 30, 2019, total expense was \$305,730.

