

**BEIT T'SHUVAH**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**



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**BEIT T'SHUVAH  
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YEAR ENDED JUNE 30, 2020**

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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, 2020, 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 2020 financial statements referred to above present fairly, in all material respects, the financial position of Beit T'Shuvah as of June 30, 2020, 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 2019 summarized comparative information has been derived from Beit T'Shuvah's financial statements and in our report dated March 11, 2020 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, 2019, is consistent in all material respects, with the audited financial statements from which it has been derived.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Los Angeles, California  
January 7, 2021

**BEIT T'SHUVAH**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2019**

|                                    | 2020          | 2019          |
|------------------------------------|---------------|---------------|
| <b>ASSETS</b>                      |               |               |
| Cash and Cash Equivalents          | \$ 1,571,915  | \$ 1,554,786  |
| Accounts Receivable, Net           | 78,321        | 200,635       |
| Contributions Receivable, Net      | 576,291       | 1,318,436     |
| Investments:                       |               |               |
| Other                              | 8,480,247     | 6,719,853     |
| Perpetual in Nature                | 2,000,000     | 2,000,000     |
| Prepaid Expenses                   | 110,697       | 67,965        |
| Total Current Assets               | 12,817,471    | 11,861,675    |
| <b>PROPERTY AND EQUIPMENT</b>      |               |               |
| Land                               | 5,904,614     | 5,904,614     |
| Building and Improvements          | 13,494,199    | 13,465,127    |
| Equipment and Furniture            | 1,342,487     | 1,180,889     |
| Construction in Progress           | 52,623        | 77,319        |
| Total                              | 20,793,923    | 20,627,949    |
| Less: Accumulated Depreciation     | (5,320,740)   | (4,776,193)   |
| Net Property and Equipment         | 15,473,183    | 15,851,756    |
| <br>                               |               |               |
| Total Assets                       | \$ 28,290,654 | \$ 27,713,431 |
| <b>LIABILITIES</b>                 |               |               |
| Accounts Payable                   | \$ 28,675     | \$ 63,315     |
| Accrued Salaries and Vacation      | 538,047       | 486,047       |
| Paycheck Protection Program Loan   | 1,135,300     | -             |
| Total Liabilities                  | 1,702,022     | 549,362       |
| <b>NET ASSETS</b>                  |               |               |
| <br>                               |               |               |
| Without Donor Restrictions         |               |               |
| Undesignated                       | 7,950,329     | 7,654,294     |
| Invested in Property and Equipment | 15,473,183    | 15,851,756    |
| Total Without Donor Restrictions   | 23,423,512    | 23,506,050    |
| <br>                               |               |               |
| With Donor Restrictions            |               |               |
| Purpose Restrictions               | 1,165,120     | 1,658,019     |
| Perpetual in Nature                | 2,000,000     | 2,000,000     |
| Total With Donor Restrictions      | 3,165,120     | 3,658,019     |
| <br>                               |               |               |
| Total Net Assets                   | 26,588,632    | 27,164,069    |
| <br>                               |               |               |
| Total Liabilities and Net Assets   | \$ 28,290,654 | \$ 27,713,431 |

See accompanying Notes to Financial Statements.

**BEIT T'SHUVAH**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019**

|                                    | Without Donor<br>Restrictions | With Donor<br>Restrictions | 2020                 | 2019                 |
|------------------------------------|-------------------------------|----------------------------|----------------------|----------------------|
| <b>OPERATING REVENUE</b>           |                               |                            |                      |                      |
| Contributions and Grants           | \$ 1,255,160                  | \$ 1,746,527               | \$ 3,001,687         | \$ 3,796,183         |
| Primary and Extended Care          | 2,144,296                     | -                          | 2,144,296            | 1,831,780            |
| Special Events                     | 2,215,197                     | -                          | 2,215,197            | 1,964,496            |
| Thrift Shop                        | 1,030,222                     | -                          | 1,030,222            | 1,332,874            |
| Donated Services                   | 1,151,975                     | -                          | 1,151,975            | 1,285,650            |
| Investment Income                  | 148,607                       | -                          | 148,607              | 340,453              |
| Gambling Program                   | 523,135                       | -                          | 523,135              | 449,988              |
| Congregation Beit T'Shuvah         | 336,102                       | -                          | 336,102              | 487,811              |
| Rental Income                      | 191,926                       | -                          | 191,926              | 184,252              |
| Creative Matters                   | 220,884                       | -                          | 220,884              | 219,243              |
| Fees for Services                  | 97,018                        | -                          | 97,018               | 132,636              |
| Other Income                       | 16,447                        | -                          | 16,447               | 13,778               |
| Releases from Restriction          | 2,239,426                     | (2,239,426)                | -                    | -                    |
| Total Operating Revenue            | <u>11,570,395</u>             | <u>(492,899)</u>           | <u>11,077,496</u>    | <u>12,039,144</u>    |
| <b>OPERATING EXPENSES</b>          |                               |                            |                      |                      |
| Program Services Expense:          |                               |                            |                      |                      |
| Program Expense                    | 9,098,367                     | -                          | 9,098,367            | 9,225,586            |
| Supporting Services Expense:       |                               |                            |                      |                      |
| Management and General             | 1,341,644                     | -                          | 1,341,644            | 1,132,912            |
| Fundraising                        | 833,295                       | -                          | 833,295              | 967,231              |
| Cost of Direct Benefit to Donors   | <u>379,627</u>                | <u>-</u>                   | <u>379,627</u>       | <u>502,927</u>       |
| Total Operating Expenses           | <u>11,652,933</u>             | <u>-</u>                   | <u>11,652,933</u>    | <u>11,828,656</u>    |
| <b>GAIN (LOSS) FROM OPERATIONS</b> | (82,538)                      | (492,899)                  | (575,437)            | 210,488              |
| <b>OTHER CHANGES IN NET ASSETS</b> |                               |                            |                      |                      |
| Real Estate Off Market Fee         | -                             | -                          | -                    | 1,500,000            |
| <b>CHANGE IN NET ASSETS</b>        | (82,538)                      | (492,899)                  | (575,437)            | 1,710,488            |
| Net Assets - Beginning of Year     | <u>23,506,050</u>             | <u>3,658,019</u>           | <u>27,164,069</u>    | <u>25,453,581</u>    |
| <b>NET ASSETS - END OF YEAR</b>    | <u>\$ 23,423,512</u>          | <u>\$ 3,165,120</u>        | <u>\$ 26,588,632</u> | <u>\$ 27,164,069</u> |

See accompanying Notes to Financial Statements.

**BEIT T'SHUVAH**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019**

|                                    | Program Services    |                   |                      |                   |                   | Supporting Services |                        |                   | Direct Donor Benefits | 2020                 | 2019                 |
|------------------------------------|---------------------|-------------------|----------------------|-------------------|-------------------|---------------------|------------------------|-------------------|-----------------------|----------------------|----------------------|
|                                    | Treatment           | Congregation BTS  | Outreach & Education | Creative Matters  | Thrift Shop       | Total               | Management and General | Fundraising       |                       |                      |                      |
| Salaries                           | \$ 2,862,540        | \$ 349,952        | \$ 374,478           | \$ 254,197        | \$ 503,481        | \$ 4,344,648        | \$ 629,880             | \$ 566,676        | \$ -                  | \$ 5,541,204         | \$ 5,038,107         |
| Employee Benefits                  | 391,462             | 35,606            | 54,874               | 19,620            | 82,611            | 584,173             | 68,047                 | 60,372            | -                     | 712,592              | 628,065              |
| Payroll Taxes                      | 225,699             | 26,570            | 26,490               | 22,197            | 43,945            | 344,901             | 47,906                 | 40,867            | -                     | 433,674              | 403,273              |
| Total Salary Related Expense       | 3,479,701           | 412,128           | 455,842              | 296,014           | 630,037           | 5,273,722           | 745,833                | 667,915           | -                     | 6,687,470            | 6,069,445            |
| Donated Services                   | 1,151,975           | -                 | -                    | -                 | -                 | 1,151,975           | -                      | -                 | -                     | 1,151,975            | 1,285,650            |
| Professional Fees                  | 224,629             | 48,502            | 83,450               | 38,731            | -                 | 395,312             | 373,664                | 8,253             | -                     | 777,229              | 750,554              |
| Facilities and Occupancy           | 362,412             | 99,292            | 4,965                | 4,965             | 70,847            | 542,481             | 9,929                  | 14,894            | -                     | 567,304              | 577,544              |
| Supplies - Food                    | 388,829             | 70,450            | 9,346                | 246               | 15,483            | 484,354             | 2,189                  | 8,471             | -                     | 495,014              | 540,896              |
| Direct Donor Benefits              | -                   | -                 | -                    | -                 | -                 | -                   | -                      | -                 | 379,627               | 379,627              | 524,702              |
| Work Therapy                       | 142,427             | 9,200             | 1,500                | 13,950            | 16,500            | 183,577             | 8,825                  | 5,375             | -                     | 197,777              | 311,256              |
| Travel and Auto                    | 33,030              | 508               | 85,315               | 8,364             | 30,185            | 157,402             | 7,416                  | 4,481             | -                     | 169,299              | 222,992              |
| Taxes and Fees                     | 31,564              | 1,195             | 576                  | 10,180            | 227               | 43,742              | 83,804                 | 18,897            | -                     | 146,443              | 141,926              |
| Repairs and Maintenance            | 116,118             | 500               | -                    | 6,318             | 3,148             | 126,084             | 121                    | 16,345            | -                     | 142,550              | 213,312              |
| Insurance                          | 76,213              | 3,246             | 6,362                | 7,790             | 16,749            | 110,360             | 11,036                 | 8,439             | -                     | 129,835              | 127,896              |
| Office Expenses                    | 38,268              | 4,943             | 7,853                | 29,200            | 6,546             | 86,810              | 6,389                  | 31,535            | -                     | 124,734              | 136,289              |
| Other Expenses                     | 75,096              | 6,772             | 5,963                | 445               | 1,395             | 89,671              | 2,362                  | -                 | -                     | 92,033               | 153,778              |
| Advertising and Marketing          | 1,694               | 5,007             | 663                  | -                 | -                 | 7,364               | 23,293                 | 5,723             | -                     | 36,380               | 58,005               |
| Bad Debt Expense                   | -                   | -                 | -                    | -                 | -                 | -                   | 10,716                 | -                 | -                     | 10,716               | 123,946              |
| Total Expenses before Depreciation | 6,121,956           | 661,743           | 661,835              | 416,203           | 791,117           | 8,652,854           | 1,285,577              | 790,328           | 379,627               | 11,108,386           | 11,238,191           |
| Depreciation                       | 344,264             | 14,672            | 29,868               | 36,156            | 20,553            | 445,513             | 56,067                 | 42,967            | -                     | 544,547              | 590,465              |
| Total Expenses                     | <u>\$ 6,466,220</u> | <u>\$ 676,415</u> | <u>\$ 691,703</u>    | <u>\$ 452,359</u> | <u>\$ 811,670</u> | <u>\$ 9,098,367</u> | <u>\$ 1,341,644</u>    | <u>\$ 833,295</u> | <u>\$ 379,627</u>     | <u>\$ 11,652,933</u> | <u>\$ 11,828,656</u> |

See accompanying Notes to Financial Statements.

**BEIT T'SHUVAH**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2020**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019**

|   | 2020         | 2019         |
|---|--------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |              |              |
| Change in Net Assets  | \$ (575,437) | \$ 1,710,488 |
| Adjustments to Reconcile Change in Net Assets to Net Cash<br>Provided by Operating Activities |              |              |
| Depreciation  | 544,547      | 590,465      |
| Net Investment Loss   | (148,607)    | (251,821)    |
| Change in Present Value Discount on Contributions Receivable                                  | -            | 19,515       |
| (Increase) Decrease in Assets:  |              |              |
| Accounts Receivable, Net  | 122,314      | 21,890       |
| Contributions Receivable  | 742,145      | 165,616      |
| Prepaid Expenses  | (42,732)     | 29,102       |
| Increase (Decrease) in Liabilities:   |              |              |
| Accounts Payable  | (34,640)     | 34,089       |
| Accrued Salaries and Vacation   | 52,000       | 27,608       |
| Net Cash Provided by Operating Activities   | 659,590      | 2,346,952    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |              |              |
| Purchase of Property and Equipment  | (165,974)    | (127,088)    |
| Investments:  |              |              |
| Purchase of Investments   | (2,445,967)  | (2,400,000)  |
| Reinvested Interest and Dividends   |              | (88,632)     |
| Proceeds from Sale of Investments   | 834,180      | 33,171       |
| Net Cash Used by Investing Activities   | (1,777,761)  | (2,582,549)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |              |              |
| New Borrowings on Paycheck Protection Loan  | 1,135,300    | -            |
| Net Cash Provided (Used) by Financing Activities  | 1,135,300    | -            |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                   | 17,129       | (235,597)    |
| Cash and Cash Equivalents - Beginning of Year   | 1,554,786    | 1,790,383    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | \$ 1,571,915 | \$ 1,554,786 |

See accompanying Notes to Financial Statements.



**BEIT T'SHUVAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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 heal broken souls and save the lives of those wrestling with addiction by providing integrated care in a community setting. We believe everyone has the right to redemption, which is why we never turn a single soul away due to their inability to pay.

There are a total of 140 beds combined in Primary Care and Extended Care. The average resident is treated for seven months. 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 counselor with expertise in addiction counseling, a therapist, a spiritual counselor, and a psychiatrist (if needed). Residents participate in individual therapy and counseling sessions; process and education groups; community 12-step meetings, and may elect to participate in the arts and mind/body programs.

After completing Primary Care, residents progress to Extended Care and receive career counseling at the Susan and Leonard Nimoy Career Center. Work experience is available to residents through internships and externships as they progress in their recovery.

The Right Action Gambling Program provides holistic treatment for co-occurring substance abuse and gambling addictions in collaboration with the UCLA Gambling Studies Program and the California Office of Problem Gambling.

The Alternative Sentencing Program works with the criminal justice system to advocate for individuals to receive alternative sentencing at Beit T'Shuvah as opposed to serving jail or prison time and provides visitation for those who are incarcerated and serves as a liaison between those incarcerated and their families.

**Congregation Beit T'Shuvah**

Congregation Beit T'Shuvah is the spiritual core of the community, offering weekly Shabbat 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 Partners in Prevention and the Elaine Breslow Institute.

**BEIT T'SHUVAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 ORGANIZATION (CONTINUED)**

**Current Programs (Continued)**

**Creative Matters**

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

**Beit T'Shuvah Thrift Store**

Beit T'Shuvah Thrift Store provides valuable job training and workforce skills to residents of Beit T'Shuvah, and helps offset 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.

**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, 2020, the allowance for doubtful accounts was \$4,204 against primary care receivables.

**BEIT T'SHUVAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**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.

**Contributions**

In accordance with accounting principles generally accepted in the United States of America, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor limitations on the use of the support. 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 consolidated statement of activities net assets released from restrictions.

Beit T'Shuvah recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. There are no conditional promises to give at June 30, 2020.

**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, 2020 were \$1,151,975.

**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  |

**Advertising**

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

**BEIT T'SHUVAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**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, 2019, from which the summarized information was derived.

**Change in Accounting Principle**

In 2020, the Organization adopted Financial Accounting Standards Board's Accounting Standard (ASU) 2018-08, Accounting Guidance for Contributions Received and Made. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

**Subsequent Events**

Management has evaluated subsequent events through January 7, 2021, the date the financial statements were available to be issued.

**BEIT T'SHUVAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

**Risks and Uncertainties**

World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2020 operations and financial results, including grants. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

**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:

|                               |                            |
|-------------------------------|----------------------------|
| Cash and Cash Equivalents     | \$ 1,571,915               |
| Accounts Receivable, Net      | 78,321                     |
| Contributions Receivable, Net | 576,291                    |
| Investments                   | <u>7,315,127</u>           |
| Total                         | <u><u>\$ 9,541,654</u></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**

The Organization's investments are reported at fair value in the accompanying statements of financial position for June 30, 2020.

|                        | Total                       | 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) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|------------------------|-----------------------------|---|---|--|
| Cash Equivalents in    |                             |   |   |  |
| Investment Pool        | \$ 152,162                  | \$ 152,162  | \$ -  | \$ -   |
| Common Investment Pool | 9,012,306                   | -   | -   | 9,012,306  |
| Securities             | 907,976                     | 907,976   | -   | -  |
| Bonds                  | 559,965                     | 559,965   | -   | -  |
| Total                  | <u><u>\$ 10,632,409</u></u> | <u><u>\$ 1,620,103</u></u>  | <u><u>\$ -</u></u>  | <u><u>\$ 9,012,306</u></u>                         |

**BEIT T'SHUVAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**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, 2020.

The changes in assets classified as Level 3 are as follows for the year June 30, 2020:

|                                      | Common<br>Investment Pool |
|--------------------------------------|---------------------------|
| Beginning Balance - June 30, 2019    | \$ 8,667,323              |
| Net Transfers in(out) of Level 3     | -                         |
| Net Purchases, Sales and Settlements | 300,000                   |
| Net Realized Gain (Loss)             | -                         |
| Net Unrealized Gain (Loss)           | 44,983                    |
| Ending Balance - June 30, 2020       | <u>\$ 9,012,306</u>       |

**BEIT T'SHUVAH**  
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**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, 2020, promises to give are expected to be realized in the following periods:

|  |                          |
|--|--------------------------|
| Within One Year                                    | \$ 353,109               |
| In One to Five Years                               | 289,844                  |
| Over Five Years                                    | -                        |
| Total  | <u>642,953</u>           |
| Less: Discount to Net Present Value                | (18,662)                 |
| Less: Allowance for Uncollectible Promises to Give | (48,000)                 |
| Total  | <u><u>\$ 576,291</u></u> |

**NOTE 6 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

|   |                             |
|---|-----------------------------|
| Land and Improvements                           | \$ 5,904,614                |
| Buildings and Improvements:                     |                             |
| Venice Boulevard                                | 12,573,487                  |
| Washington Boulevard                            | 623,389                     |
| National Boulevard                              | 297,323                     |
| Equipment                                       | 146,506                     |
| Furniture and Fixtures                          | 1,195,981                   |
| Construction in Process                         | 52,623                      |
| Total   | <u>20,793,923</u>           |
| Less: Accumulated Depreciation and Amortization | 5,320,740                   |
| Total Property and Equipment                    | <u><u>\$ 15,473,183</u></u> |

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.

**BEIT T'SHUVAH**  
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**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS**

The restricted net assets are available for the following purposes:

|   |                     |
|---|---------------------|
| Purpose Restrictions  |                     |
| Capital Fund  | \$ 353,240          |
| Foundation Grants and Pledges   | 811,880             |
| Total Temporarily Restricted  | <u>\$ 1,165,120</u> |
| Perpetual in Nature   |                     |
| Endowment in Perpetuity, the Income of which is<br>Expendable to Support Treatment and Prevention<br>Programs | <u>\$ 2,000,000</u> |

**NOTE 8 COMMITMENTS**

The Organization leases various apartment units 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>     |
|------------------------------|-------------------|
| 2021                         | \$ 115,717        |
| 2022                         | 113,096           |
| 2023                         | 113,694           |
| 2024                         | 94,766            |
| 2025                         | 93,241            |
| Total Minimum Lease Payments | <u>\$ 530,514</u> |

Rental expense for the year ended June 30, 2020 was \$117,884.

**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, 2020.

**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.



**BEIT T'SHUVAH**  
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**NOTE 10 DONOR DESIGNATED ENDOWMENT (CONTINUED)**

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 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, 2020 is as follows:

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

Changes in endowment net assets as of June 30, 2020 are as follows:

|  |                     |
|--|---------------------|
| Endowment Net Assets - Beginning of Year | \$ 2,000,000        |
| Contributions                            | -                   |
| Investment Income                        | 44,985              |
| Net Appreciation (Depreciation)          | -                   |
| Amount Appropriated for Expenditure      | <u>(44,985)</u>     |
| Endowment Net Assets - End of Year       | <u>\$ 2,000,000</u> |

**BEIT T'SHUVAH**  
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**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, 2020, total expense was \$336,671.

**NOTE 12 PAYCHECK PROTECTION PLAN LOAN**

Beit T'Shuvah received a loan in the amount of \$1,135,300 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Company fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from April 28, 2020 to October 13, 2020, is the time that a business has to spend their PPP Loan funds.

