BEIT T'SHUVAH

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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CliftonLarsonAllen LLP

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Beit T'Shuvah
Los Angeles, California

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, 2021, 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 2021 financial statements referred to above present fairly, in all material respects, the financial position of Beit T'Shuvah as of June 30, 2021, 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 2020 summarized comparative information has been derived from Beit T'Shuvah's financial statements and in our report dated January 7, 2021 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, 2020, is consistent in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Los Angeles, California
February 28, 2022

BEIT T'SHUVAH
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR JUNE 30, 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	$ 2,894,420	$ 1,571,915
Note Receivable	4,576,000	-
Accounts Receivable, Net	366,150	78,321
Contributions Receivable, Net	236,601	576,291
Investments:		
Other	9,748,497	8,480,247
Perpetual in Nature	2,000,000	2,000,000
Prepaid Expenses	146,151	110,697
Total Current Assets	19,967,819	12,817,471
PROPERTY AND EQUIPMENT		
Land	5,216,500	5,904,614
Building and Improvements	12,870,810	13,494,199
Equipment and Furniture	1,334,344	1,342,487
Construction in Progress	56,248	52,623
Total	19,477,902	20,793,923
Less: Accumulated Depreciation	(5,412,669)	(5,320,740)
Net Property and Equipment	14,065,233	15,473,183
Total Assets	$ 34,033,052	$ 28,290,654
LIABILITIES		
Accounts Payable	$ 26,771	$ 28,675
Accrued Salaries and Vacation	854,463	538,047
Paycheck Protection Program (PPP) Loan	1,195,825	1,135,300
Total Liabilities	2,077,059	1,702,022
NET ASSETS		
Without Donor Restrictions		
Undesignated	14,962,894	7,950,329
Invested in Property and Equipment	14,065,233	15,473,183
Total Without Donor Restrictions	29,028,127	23,423,512
With Donor Restrictions		
Purpose Restrictions	927,866	1,165,120
Perpetual in Nature	2,000,000	2,000,000
Total With Donor Restrictions	2,927,866	3,165,120
Total Net Assets	31,955,993	26,588,632
Total Liabilities and Net Assets	$ 34,033,052	$ 28,290,654

See accompanying Notes to Financial Statements.

BEIT T'SHUVAH
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021	2020
OPERATING REVENUE				
Contributions and Grants	$ 628,741	$ 1,325,444	$ 1,954,185	$ 3,001,687
Primary and Extended Care	1,741,682	-	1,741,682	2,144,296
Special Events	1,874,046	-	1,874,046	2,215,197
Thrift Shop	1,422,391	-	1,422,391	1,030,222
Donated Services	1,038,800	-	1,038,800	1,151,975
Investment Income	2,429,578	-	2,429,578	148,607
Gambling Program	574,682	-	574,682	523,135
Congregation Beit T'Shuvah	249,560	-	249,560	336,102
Rental Income	171,421	-	171,421	191,926
Creative Matters	208,126	-	208,126	220,884
Fees for Services	37,046	-	37,046	97,018
PPP Loan Forgiveness	1,135,300	-	1,135,300	-
Other Income	-	-	-	16,447
Releases from Restriction	1,562,698	(1,562,698)	-	-
Total Operating Revenue	13,074,071	(237,254)	12,836,817	11,077,496
OPERATING EXPENSES				
Program Services Expense:				
Program Expense	8,239,667	-	8,239,667	9,098,367
Supporting Services Expense:				
Management and General	1,777,544	-	1,777,544	1,341,644
Fundraising	751,459	-	751,459	833,295
Cost of Direct Benefit to Donors	135,929		135,929	379,627
Total Operating Expenses	10,904,599	-	10,904,599	11,652,933
GAIN (LOSS) FROM OPERATIONS	2,169,472	(237,254)	1,932,218	(575,437)
OTHER CHANGES IN NET ASSETS				
Gain on Sale of Property	3,435,143	-	3,435,143	-
CHANGE IN NET ASSETS	5,604,615	(237,254)	5,367,361	(575,437)
Net Assets - Beginning of Year	23,423,512	3,165,120	26,588,632	27,164,069
NET ASSETS - END OF YEAR	$ 29,028,127	$ 2,927,866	$ 31,955,993	$ 26,588,632

See accompanying Notes to Financial Statements.

BEIT T'SHUVAH
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	Program Services						Supporting Services				
	Treatment	Congregation BTS	Outreach & Education	Creative Matters	Thift Shop	Total	Management and General	Fundraising	Direct Donor Benefits	2021	2020
Salaries	$ 2,869,355	$ 167,752	$ 169,858	$ 250,779	$ 482,262	$ 3,940,006	$ 914,866	$ 534,200	$ -	$ 5,389,072	$ 5,541,204
Employee Benefits	439,987	16,337	27,211	22,196	75,423	581,154	74,916	56,101	-	712,171	712,592
Payroll Taxes	203,894	8,628	13,136	20,844	39,258	285,760	61,688	34,754	-	382,202	433,674
Total Salary Related Expense	3,513,236	192,717	210,205	293,819	596,943	4,806,920	1,051,470	625,055	-	6,483,445	6,687,470
Donated Services	1,038,800	-	-	-	-	1,038,800	-	-	-	1,038,800	1,151,975
Professional Fees	365,818	8,650	37,675	39,434	250	451,827	436,360	10,349	-	898,536	777,229
Facilities and Occupancy	306,051	83,849	4,192	4,192	79,044	477,328	8,385	12,577	-	498,290	567,304
Supplies - Food	360,608	37,689	143	-	11,430	409,870	2,204	58	-	412,132	495,014
Direct Donor Benefits	-	-	-	-	-	-	-	-	135,929	135,929	379,627
Work Therapy	112,750	-	-	5,325	-	118,075	8,075	5,200	-	131,350	197,777
Travel and Auto	25,670	-	-	7,227	15,724	48,621	4,912	4,829	-	58,362	169,299
Taxes and Fees	35,713	1,257	509	10,078	92	47,649	60,704	15,825	-	124,178	146,443
Repairs and Maintenance	113,997	-	-	99	5,349	119,445	853	16,878	-	137,176	142,550
Insurance	94,263	4,801	13,312	24,006	29,243	165,625	40,607	12,003	-	218,235	129,835
Office Expenses	35,588	4,234	2,903	15,390	6,110	64,225	2,724	5,700	-	72,649	124,735
Other Expenses	60,924	9,563	1,050	-	-	71,537	2,453	-	-	73,990	92,033
Advertising and Marketing	767	75	-	-	-	842	11,263	2,585	-	14,690	36,380
Bad Debt Expense	-	-	-	-	-	-	94,816	-	-	94,816	10,716
Total Expenses before Depreciation	6,064,185	342,835	269,989	399,570	744,185	7,820,764	1,724,826	711,059	135,929	10,392,578	11,108,387
Depreciation	323,702	13,796	28,084	33,996	19,325	418,903	52,718	40,400	-	512,021	544,547
Total Expenses	$ 6,387,887	$ 356,631	$ 298,073	$ 433,566	$ 763,510	$ 8,239,667	$ 1,777,544	$ 751,459	$ 135,929	$ 10,904,599	$ 11,652,934

See accompanying Notes to Financial Statements.

BEIT T'SHUVAH
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 5,367,361	$ (575,437)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	512,021	544,547
(Gain) on Investment Income	(2,429,578)	(148,607)
(Gain) on Sale of Property	(3,435,143)	-
(Increase) Decrease in Assets:		
Note Receivable	(4,576,000)	-
Accounts Receivable, Net	(287,829)	122,314
Contributions Receivable	339,690	742,145
Prepaid Expenses	(35,454)	(42,732)
Increase (Decrease) in Liabilities:		
Accounts Payable	(1,904)	(34,640)
Accrued Salaries and Vacation	316,416	52,000
Net Cash Provided (Used) by Operating Activities	(4,230,420)	659,590
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(77,933)	(165,974)
Proceeds from Sale of Property and Equipment	4,409,005	-
Purchase of Investments	(838,672)	(2,445,967)
Proceeds from Sale of Investments	2,000,000	834,180
Net Cash Provided (Used) by Investing Activities	5,492,400	(1,777,761)
CASH FLOWS FROM FINANCING ACTIVITIES		
Forgivess of Paycheck Protection Program Loan	(1,135,300)	-
New Borrowings on Paycheck Protection Loan	1,195,825	1,135,300
Net Cash Provided by Financing Activities	60,525	1,135,300
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,322,505	17,129
Cash and Cash Equivalents - Beginning of Year	1,571,915	1,554,786
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,894,420	$ 1,571,915

See accompanying Notes to Financial Statements.

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. Beit T'Shuvah believes 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.

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, 2021, the allowance for doubtful accounts was $4,204 against primary care receivables.

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, 2021.

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, 2021 were $1,038,800.

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.

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, 2020, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through February 28, 2022, the date the financial statements were available to be issued.

A lawsuit was settled in July 2021, and the settlement amount of $261,749 has been accrued in the financial statements as of June 30, 2021.

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	$ 2,894,420
Note Receivable	4,576,000
Accounts Receivable, Net	366,150
Contributions Receivable, Net	236,601
Investments	8,820,631
Total	$ 16,893,802

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, 2021.

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Equivalents in Investment Pool	$ 58,849	$ 58,849	$ -	$ -
Common Investment Pool	10,194,264	-	-	10,194,264
Fixed Income	788,247	788,247	-	-
Money Market	707,137	707,137	-	-
Total	$ 11,748,497	$ 1,554,233	$ -	$ 10,194,264

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, 2021.

The changes in assets classified as Level 3 are as follows for the year June 30, 2021:

	Common Investment Pool
Beginning Balance - June 30, 2020	$ 9,012,306
Net Transfers in(out) of Level 3	-
Net Purchases, Sales and Settlements	(1,183,993)
Net Realized Gain (Loss)	-
Net Unrealized Gain (Loss)	2,365,951
Ending Balance - June 30, 2020	$ 10,194,264

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, 2021, promises to give are expected to be realized in the following periods:

Within One Year	$ 161,898
In One to Five Years	168,365
Over Five Years	-
Total	330,263
Less: Discount to Net Present Value	(18,662)
Less: Allowance for Uncollectible Promises to Give	(75,000)
Total	$ 236,601

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land and Improvements	$ 5,216,500
Buildings and Improvements:	
Venice Boulevard	12,573,487
National Boulevard	297,323
Equipment	146,506
Furniture and Fixtures	1,187,838
Construction in Process	56,248
Total	19,477,902
Less: Accumulated Depreciation and Amortization	5,412,669
Total Property and Equipment	$ 14,065,233

The Venice building, which is the Residential Treatment and Prevention Center, accommodates patients in the program, administrative offices, and other program services. 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	$	231,330
Foundation Grants and Pledges		696,536
Total Temporarily Restricted	$	927,866
Perpetual in Nature		
Endowment in Perpetuity, the Income of which is Expendable to Support Treatment and Prevention Programs	$	2,000,000

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:

Year Ending June 30,		Amount
2022	$	235,886
2023		265,000
2024		243,819
2025		239,960
2026		240,338
Total Minimum Lease Payments	$	1,225,003

Rental expense for the year ended June 30, 2021 was $260,056.

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, 2021.

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.

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, 2021 is as follows:

Permanently Endowment:	
Donor-Restricted	$ 2,000,000

Changes in endowment net assets as of June 30, 2021 are as follows:

Endowment Net Assets - Beginning of Year	$ 2,000,000
Contributions	-
Investment Income	40,892
Net Appreciation (Depreciation)	-
Amount Appropriated for Expenditure	(40,892)
Endowment Net Assets - End of Year	$ 2,000,000

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, 2021, total expense was $148,369.

NOTE 12 PAYCHECK PROTECTION PLAN LOAN

Beit T'Shuvah received a loan in the amount of $1,195,825 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). 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 Organization 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 January 28, 2021 to July 13, 2021, is the time that a business has to spend their PPP Loan funds.

The previous PPP Loan received was forgiven in full on January 21, 2021.