BEIT T'SHUVAH

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

BEIT T'SHUVAH
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Beit T'Shuvah
Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beit T'Shuvah, as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Beit T'Shuvah and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Beit T'Shuvah's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Beit T'Shuvah's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Beit T'Shuvah's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The June 30, 2021 summarized comparative information has been derived from Beit T'Shuvah financial statements and in our report dated February 28, 2022, 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, 2021 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, 2023

BEIT T'SHUVAH
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
WITH COMPARATIVE TOTALS FOR JUNE 30, 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	$ 1,257,305	$ 2,894,420
Note Receivable	-	4,576,000
Accounts Receivable, Net	481,078	366,150
Contributions Receivable, Net	218,665	236,601
Investments:		
Other	8,397,322	9,748,497
Perpetual in Nature	2,000,000	2,000,000
Prepaid Expenses	165,354	146,151
Total Current Assets	12,519,724	19,967,819
PROPERTY AND EQUIPMENT		
Land	7,331,500	5,216,500
Building and Improvements	13,917,208	12,870,810
Equipment and Furniture	434,771	1,334,344
Construction in Progress	-	56,248
Total	21,683,479	19,477,902
Less: Accumulated Depreciation	(5,017,500)	(5,412,669)
Net Property and Equipment	16,665,979	14,065,233
Total Assets	$ 29,185,703	$ 34,033,052
LIABILITIES		
Accounts Payable	$ 107,031	$ 26,771
Accrued Liabilities	486,627	854,463
Paycheck Protection Program (PPP) Loan	-	1,195,825
Total Liabilities	593,658	2,077,059
NET ASSETS		
Without Donor Restrictions:		
Undesignated	9,027,658	14,962,894
Invested in Property and Equipment	16,665,979	14,065,233
Total Without Donor Restrictions	25,693,637	29,028,127
With Donor Restrictions:		
Purpose Restrictions	898,408	927,866
Perpetual in Nature	2,000,000	2,000,000
Total With Donor Restrictions	2,898,408	2,927,866
Total Net Assets	28,592,045	31,955,993
Total Liabilities and Net Assets	$ 29,185,703	$ 34,033,052

See accompanying Notes to Financial Statements.

BEIT T'SHUVAH
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
OPERATING REVENUE				
Contributions and Grants	$ 664,314	$ 833,296	$ 1,497,610	$ 1,954,185
Special Events	1,962,395	-	1,962,395	1,874,046
Primary and Extended Care:				
Government Grants	1,617,500		1,617,500	1,330,939
Insurance and Private Pay	299,001		299,001	410,743
PPP Loan Forgiveness	1,195,825	-	1,195,825	1,135,300
Donated Services	1,128,750	-	1,128,750	1,038,800
Gambling Program	756,708	-	756,708	574,682
Thrift Shop	642,717	-	642,717	1,422,391
Congregation Beit T'Shuvah	254,809	-	254,809	249,560
Creative Matters	250,958	-	250,958	208,126
Rental Income	117,774	-	117,774	171,421
Investment Income	(1,537,175)	-	(1,537,175)	2,429,578
Fees for Services	62,452	-	62,452	37,046
Other Income	-	-	-	-
Releases from Restriction	862,754	(862,754)	-	-
Total Operating Revenue	8,278,782	(29,458)	8,249,324	12,836,817
OPERATING EXPENSES				
Program Services Expense:				
Program Expense	8,449,411	-	8,449,411	8,239,667
Supporting Services Expense:				
Management and General	2,211,631	-	2,211,631	1,777,544
Fundraising	604,749	-	604,749	751,459
Cost of Direct Benefit to Donors	347,481	-	347,481	135,929
Total Operating Expenses	11,613,272	-	11,613,272	10,904,599
GAIN (LOSS) FROM OPERATIONS	(3,334,490)	(29,458)	(3,363,948)	1,932,218
OTHER CHANGES IN NET ASSETS				
Gain on Sale of Property	-	-	-	3,435,143
CHANGE IN NET ASSETS	(3,334,490)	(29,458)	(3,363,948)	5,367,361
Net Assets - Beginning of Year	29,028,127	2,927,866	31,955,993	26,588,632
NET ASSETS - END OF YEAR	$ 25,693,637	$ 2,898,408	$ 28,592,045	$ 31,955,993

See accompanying Notes to Financial Statements.

BEIT T'SHUVAH
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021

	Program Services						Supporting Services				
	Treatment	Congregation BTS	Outreach and Education	Creative Matters	Thrift Shop	Total	Management and General	Fundraising	Direct Donor Benefits	2022	2021
Salaries	$ 2,580,304	$ 98,641	$ 245,045	$ 193,086	$ 342,550	$ 3,459,626	$ 1,627,828	$ 403,332	$ -	$ 5,490,786	$ 5,389,072
Employee Benefits	381,716	15,365	45,226	19,123	60,778	522,208	80,186	42,987	-	645,381	712,171
Payroll Taxes	190,565	7,927	18,529	17,047	28,644	262,712	63,604	29,736	-	356,052	382,202
Total Salary Related Expense	3,152,585	121,933	308,800	229,256	431,972	4,244,546	1,771,618	476,055	-	6,492,219	6,483,445
Donated Services	1,128,750	-	-	-	-	1,128,750	-	-	-	1,128,750	1,038,800
Professional Fees	472,653	31,673	23,300	78,557	482	606,665	308,307	-	-	914,972	898,536
Facilities and Occupancy	377,871	6,648	-	-	230,778	615,297	-	173	-	615,470	498,290
Supplies - Food	409,946	41,253	2,038	78	9,101	462,416	8,348	1,763	-	472,527	412,132
Direct Donor Benefits	-	-	-	-	-	-	-	-	347,481	347,481	135,929
Work Therapy	107,965	1,050	250	3,325	8,050	120,640	10,925	2,500	-	134,065	131,350
Travel and Auto	32,623	-	32,465	7,274	38,703	111,065	4,899	4,831	-	120,795	58,362
Taxes and Fees	90,768	1,441	834	11,148	16,011	120,202	6,010	10,924	-	137,136	124,178
Repairs and Maintenance	113,297	3,528	-	240	3,403	120,468	-	43,472	-	163,940	137,176
Insurance	194,656	3,645	1,500	3,858	35,746	239,405	36,498	6,000	-	281,903	218,235
Office Expenses	44,670	5,327	75	17,832	2,521	70,425	3,998	7,843	-	82,266	72,649
Other Expenses	77,617	12,550	-	-	977	91,144	2,536	253	-	93,933	73,990
Advertising and Marketing	1,647	2,058	-	-	4,322	8,027	3,323	3,975	-	15,325	14,690
Bad Debt Expense	-	-	-	-	-	-	-	4,681	-	4,681	94,816
Total Expenses Before Depreciation	6,205,048	231,106	369,262	351,568	782,066	7,939,050	2,156,462	562,470	347,481	11,005,463	10,392,578
Depreciation	466,536	14,436	29,389	-	-	510,361	55,169	42,279	-	607,809	512,021
Total Expenses	$ 6,671,584	$ 245,542	$ 398,651	$ 351,568	$ 782,066	$ 8,449,411	$ 2,211,631	$ 604,749	$ 347,481	$ 11,613,272	$ 10,904,599

See accompanying Notes to Financial Statements.

BEIT T'SHUVAH
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (3,363,948)	$ 5,367,361
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	607,809	512,021
(Gain) Loss on Investments	1,618,483	(2,429,578)
(Gain) on Sale of Property	-	(3,435,143)
Forgiveness of Paycheck Protection Program Loan	(1,195,825)	(1,135,300)
(Increase) Decrease in Assets:		
Note Receivable	4,576,000	(4,576,000)
Accounts Receivable, Net	(114,928)	(287,829)
Contributions Receivable	17,936	339,690
Prepaid Expenses	(19,203)	(35,454)
Increase (Decrease) in Liabilities:		
Accounts Payable	80,260	(1,904)
Accrued Liabilities	(367,836)	316,416
Net Cash Provided (Used) by Operating Activities	1,838,748	(5,365,720)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(3,208,555)	(77,933)
Proceeds from Sale of Property and Equipment	-	4,409,005
Purchase of Investments	(1,181,308)	(838,672)
Proceeds from Sale of Investments	914,000	2,000,000
Net Cash Provided (Used) by Investing Activities	(3,475,863)	5,492,400
CASH FLOWS FROM FINANCING ACTIVITIES		
New Borrowings on Paycheck Protection Loan	-	1,195,825
Net Cash Provided (Used) by Financing Activities	-	1,195,825
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,637,115)	1,322,505
Cash and Cash Equivalents - Beginning of Year	2,894,420	1,571,915
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,257,305	$ 2,894,420

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, 2022, 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.

Revenue Recognition

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 as 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, 2022. A portion Beit T'Shuvah’s revenue is derived from cost reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Beit T'Shuvah has incurred expenditures in compliance with specific contract or grant provisions. Beit T'Shuvah has $367,654 of cost reimbursable grants that have not been recognized at June 30, 2022 because qualifying expenditures have not yet been incurred, with $34,321 of advance payments recognized in the statement of financial position as deferred revenue.

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, 2022 were $1,128,750 that was utilized in the primary care program.

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, 2021, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through February 28, 2023, the date the financial statements were available to be issued.

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 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncement

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosure by *Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 was issued to increase the transparency of contributed nonfinancial assets for nonprofit entities by enhancing presentation and disclosure. The amendments in ASU 2020 -07 are effective for nonprofit organizations for annual periods beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. The standard did not have a material impact on the financial statements.

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	$ 1,257,305
Accounts Receivable, Net	481,078
Contributions Receivable, Net	218,665
Investments	10,397,322
Less: Net Assets With Donor Restrictions	(2,898,408)
Total	$ 9,455,962

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, 2022.

	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	$ 115,443	$ 115,443	$ -	$ -
Common Investment Pool	9,630,486	-	-	9,630,486
Fixed Income	646,987	646,987	-	-
Money Market	4,406	4,406	-	-
Total	$ 10,397,322	$ 766,836	$ -	$ 9,630,486

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.

The changes in assets classified as Level 3 are as follows for the year June 30, 2022:

	Common Investment Pool
Beginning Balance - June 30, 2021	$ 10,194,264
Net Transfers in(out) of Level 3	-
Net Purchases, Sales and Settlements	1,000,000
Net Realized Gain (Loss)	-
Net Unrealized Gain (Loss)	(1,563,778)
Ending Balance - June 30, 2022	$ 9,630,486

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, 2022, promises to give are expected to be realized in the following periods:

Within One Year	$ 143,962
In One to Five Years	168,365
Over Five Years	-
Total	312,327
Less: Discount to Net Present Value	(18,662)
Less: Allowance for Uncollectible Promises to Give	(75,000)
Total	$ 218,665

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land and Improvements	$ 7,331,500
Buildings and Improvements:	
Venice Boulevard	12,573,487
Comey Avenue	662,556
National Boulevard	353,572
La Cienega Boulevard	327,593
Equipment	5,000
Furniture and Fixtures	429,771
Total	21,683,479
Less: Accumulated Depreciation and Amortization	(5,017,500)
Total Property and Equipment	$ 16,665,979

The Venice building, which is the Residential Treatment and Prevention Center, accommodates patients in the program, administrative offices, and other program services.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

The restricted net assets are available for the following purposes:

Purpose Restrictions:		
Capital Fund	$	203,319
Foundation Grants and Pledges		695,089
Total Temporarily Restricted	$	898,408
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 the La Cienega Thrift Store, copiers and various apartment units expiring at various dates. Future minimum annual rental payments under these lease agreements are as follows:

Year Ending June 30,		Amount
2023	$	247,363
2024		237,853
2025		233,994
2026		234,372
2027		39,166
Total Minimum Lease Payments	$	992,748

Rental expense for the year ended June 30, 2022 was $238,430.

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, 2022.

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, 2022 is as follows:

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

Changes in endowment net assets as of June 30, 2022 are as follows:

Endowment Net Assets - Beginning of Year	$ 2,000,000
Contributions	-
Investment Income	41,725
Net Appreciation (Depreciation)	-
Amount Appropriated for Expenditure	(41,725)
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, 2022, total expense was $142,309.

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 (SBA). 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 by the SBA 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 PPP Loan was forgiven in full on April 29, 2022. The forgiveness is subject to SBA review.