BEIT T'SHUVAH

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

BEIT T'SHUVAH
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Beit T'Shuvah
Los Angeles, California

Report on the Audit of the Financial Statements

Qualified 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, 2023, 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, except for the effects of recording inventory and donated thrift store goods received, as discussed in the Basis for Qualified Opinion section below, the financial statements referred to above present fairly, in all material respects, the financial position of Beit T'Shuvah, as of June 30, 2023, 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 Qualified Opinion

As described in Note 2 to the financial statements, the Organization has not recorded inventory or donated goods related to its thrift store operations in accordance with accounting principles generally accepted in the United States of America, which require that inventory be recorded as of year-end and that donated goods received be recorded as contributions and corresponding cost of goods sold expense when sold. The effect of this departure from accounting principles generally accepted in the United States of America on the financial position, the results of operations and its cash flows is undeterminable.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2023, Beit T'Shuvah adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Board of Directors
Beit T'Shuvah

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024, on our consideration of Beit T'Shuvah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Beit T'Shuvah's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beit T'Shuvah's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The June 30, 2022 summarized comparative information has been derived from Beit T'Shuvah financial statements and in our report dated February 28, 2023, we expressed a qualified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Los Angeles, California
March 18, 2024

BEIT T'SHUVAH
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR JUNE 30, 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	$ 1,690,290	$ 1,257,305
Accounts Receivable, Net	313,090	481,078
Contributions Receivable, Net	267,354	218,665
Investments:		
Other	9,460,267	8,397,322
Perpetual in Nature	2,000,000	2,000,000
Prepaid Expenses	134,376	165,354
Total Current Assets	13,865,377	12,519,724
PROPERTY AND EQUIPMENT		
Land	7,331,500	7,331,500
Building and Improvements	13,976,078	13,917,208
Equipment and Furniture	434,771	434,771
Construction in Progress	5,040	-
Total	21,747,389	21,683,479
Less: Accumulated Depreciation	(5,599,918)	(5,017,500)
Net Property and Equipment	16,147,471	16,665,979
Right-of-Use Asset - Operating	737,031	-
Total Assets	$ 30,749,879	$ 29,185,703
LIABILITIES AND NET ASSETS		
Accounts Payable	$ 55,780	$ 107,031
Accrued Liabilities	495,986	486,627
Lease Liability	768,121	-
Total Liabilities	1,319,887	593,658
NET ASSETS		
Without Donor Restrictions:		
Undesignated	10,449,116	9,027,658
Invested in Property and Equipment	16,147,471	16,665,979
Total Without Donor Restrictions	26,596,587	25,693,637
With Donor Restrictions:		
Purpose Restrictions	833,405	898,408
Perpetual in Nature	2,000,000	2,000,000
Total With Donor Restrictions	2,833,405	2,898,408
Total Net Assets	29,429,992	28,592,045
Total Liabilities and Net Assets	$ 30,749,879	$ 29,185,703

See accompanying Notes to Financial Statements.

BEIT T'SHUVAH
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	2023	2022
OPERATING REVENUE				
Contributions and Grants	$ 770,079	$ 605,608	$ 1,375,687	$ 1,497,610
Special Events	1,949,190	-	1,949,190	1,962,395
Primary and Extended Care:				
Government Grants	2,098,779	-	2,098,779	1,617,500
Insurance and Private Pay	426,613	-	426,613	299,001
PPP Loan Forgiveness	-	-	-	1,195,825
Employer Retention Credit	1,175,391	-	1,175,391	-
Donated Services	1,374,500	-	1,374,500	1,128,750
Gambling Program	583,868	-	583,868	756,708
Thrift Shop	1,140,620	-	1,140,620	642,717
Congregation Beit T'Shuvah	299,104	-	299,104	254,809
Creative Matters	-	-	-	250,958
Rental Income	116,825	-	116,825	117,774
Investment Income	1,062,984	-	1,062,984	(1,537,175)
Fees for Services	87,720	-	87,720	62,452
Releases from Restriction	670,611	(670,611)	-	-
Total Operating Revenue	11,756,284	(65,003)	11,691,281	8,249,324
OPERATING EXPENSES				
Program Services Expense:				
Program Expense	8,395,861	-	8,395,861	8,449,411
Supporting Services Expense:				
Management and General	1,543,575	-	1,543,575	2,211,631
Fundraising	522,200	-	522,200	604,749
Cost of Direct Benefit to Donors	391,698	-	391,698	347,481
Total Operating Expenses	10,853,334	-	10,853,334	11,613,272
CHANGE IN NET ASSETS	902,950	(65,003)	837,947	(3,363,948)
Net Assets - Beginning of Year	25,693,637	2,898,408	28,592,045	31,955,993
NET ASSETS - END OF YEAR	$ 26,596,587	$ 2,833,405	$ 29,429,992	$ 28,592,045

See accompanying Notes to Financial Statements.

BEIT T'SHUVAH
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	Program Services					Supporting Services				
	Treatment	Congregation BTS	Outreach and Education	Thrift Shop	Total	Management and General	Fundraising	Direct Donor Benefits	2023	2022
Salaries	$ 2,494,622	$ 134,831	$ 132,312	$ 477,996	$ 3,239,761	$ 673,062	$ 341,618	$ -	$ 4,254,441	$ 5,490,786
Employee Benefits	364,510	18,107	21,886	85,707	490,210	85,011	38,938	-	614,159	645,381
Payroll Taxes	199,925	10,633	9,410	41,283	261,251	49,119	24,630	-	335,000	356,052
Total Salary Related Expense	3,059,057	163,571	163,608	604,986	3,991,222	807,192	405,186	-	5,203,600	6,492,219
Donated Services	1,374,500	-	-	-	1,374,500	-	-	-	1,374,500	1,128,750
Professional Fees	296,323	35,279	18,900	925	351,427	582,334	7,117	-	940,878	914,972
Facilities and Occupancy	461,547	48,221	16	228,317	738,101	1,090	200	-	739,391	615,470
Supplies - Food	443,522	72,074	6,604	16,078	538,278	9,706	13,909	-	561,893	472,527
Direct Donor Benefits	-	-	-	-	-	-	-	391,698	391,698	347,481
Work Therapy	114,966	2,079	2,200	13,320	132,565	9,825	5,900	-	148,290	134,065
Travel and Auto	34,107	2,344	58,460	28,889	123,800	11,465	5,604	-	140,869	120,795
Taxes and Fees	53,549	1,732	526	64,548	120,355	5,685	13,963	-	140,003	137,136
Repairs and Maintenance	133,042	64	1,123	5,908	140,137	-	-	-	140,137	163,940
Insurance	185,443	7,758	3,420	32,983	229,604	43,188	14,364	-	287,156	281,903
Office Expenses	50,632	2,485	5	1,333	54,455	4,050	12,225	-	70,730	82,266
Other Expenses	88,878	4,573	2,000	-	95,451	9,871	148	-	105,470	93,933
Advertising and Marketing	7,287	306	-	9,332	16,925	6,305	3,071	-	26,301	15,325
Bad Debt Expense	-	-	-	-	-	-	-	-	-	4,681
Total Expenses Before Depreciation	6,302,853	340,486	256,862	1,006,619	7,906,820	1,490,711	481,687	391,698	10,270,916	11,005,463
Depreciation	432,613	17,171	28,957	10,300	489,041	52,864	40,513	-	582,418	607,809
Total Expenses	$ 6,735,466	$ 357,657	$ 285,819	$ 1,016,919	$ 8,395,861	$ 1,543,575	$ 522,200	$ 391,698	$ 10,853,334	$ 11,613,272

See accompanying Notes to Financial Statements.

BEIT T'SHUVAH
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 837,947	$ (3,363,948)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Lease Transition Adjustment	31,090	-
Depreciation	582,418	607,809
(Gain) Loss on Investments	(944,968)	1,618,483
Forgiveness of Paycheck Protection Program Loan	-	(1,195,825)
(Increase) Decrease in Assets:		
Note Receivable	-	4,576,000
Accounts Receivable, Net	167,988	(114,928)
Contributions Receivable	(48,689)	17,936
Prepaid Expenses	30,978	(19,203)
Increase (Decrease) in Liabilities:		
Accounts Payable	(51,251)	80,260
Accrued Liabilities	9,359	(367,836)
Net Cash Provided by Operating Activities	614,872	1,838,748
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(63,910)	(3,208,555)
Proceeds from Sale of Property and Equipment	-	-
Purchase of Investments	(762,027)	(1,181,308)
Proceeds from Sale of Investments	644,050	914,000
Net Cash Used by Investing Activities	(181,887)	(3,475,863)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	432,985	(1,637,115)
Cash and Cash Equivalents - Beginning of Year	1,257,305	2,894,420
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,690,290	$ 1,257,305

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, regardless of their ability to pay. 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.

There are a total of 138 beds combined in Primary Care and Extended Care. The average resident is treated for seven months. Over 60% 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)

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 County Substance Abuse Prevention and Control Bureau (SAPC), participants of programs, health insurance, and rent from occupants. For the year ended June 30, 2023, 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.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Beit T'Shuvah adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

Beit T'Shuvah has elected to adopt the package of practical expedients available in the year of adoption. Beit T'Shuvah has elected to adopt the available practical expedient to use hindsight in determining the lease term in assessing impairment of Beit T'Shuvah's ROU assets.

Leases

Beit T'Shuvah determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statement of financial position.

ROU assets represent Beit T'Shuvah's right to use an underlying asset for the lease term and lease liabilities represent Beit T'Shuvah's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Beit T'Shuvah will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Beit T'Shuvah has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The individual lease contracts to not provide information about the discount rate implicit in the lease. Therefore, Beit T'Shuvah has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

Beit T'Shuvah has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

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, 2023. 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 $53,736 of cost reimbursable grants that have not been recognized at June 30, 2023 because qualifying expenditures have not yet been incurred, with $53,736 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, 2023 were $1,374,500 that was utilized in the primary care program.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Thrift Store Inventory and Donated Goods

A significant portion of the high volume of donated goods received has little to no value, and it is more cost effective for the operations of the Organization to recognize the value of goods when an actual sale is completed. Accounting principles generally accepted in the United States of America require inventory be recorded as of year-end and that donated goods received be recorded as contributions and corresponding cost of goods sold expense when sold. The effect of this departure from accounting principles generally accepted in the United States of America on the financial position, the results of operations and its cash flows is undeterminable. See Note 12.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through March 18, 2024, the date the financial statements were available to be issued.

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	$ 1,690,290
Accounts Receivable, Net	313,090
Contributions Receivable, Net	267,354
Investments	11,460,267
Less: Net Assets With Donor Restrictions	(2,833,405)
Total	$ 10,897,596

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, 2023.

	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	$ 70,824	$ 70,824	$ -	$ -
Common Investment Pool	10,718,509	-	-	10,718,509
Fixed Income	669,753	669,753	-	-
Money Market	1,181	1,181	-	-
Total	$ 11,460,267	$ 741,758	$ -	$ 10,718,509

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.

NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

The changes in assets classified as Level 3 are as follows for the year June 30, 2023:

	Common Investment Pool
Beginning Balance - June 30, 2022	$ 9,630,486
Net Transfers in(out) of Level 3	-
Net Purchases, Sales and Settlements	150,000
Net Realized Gain (Loss)	-
Net Unrealized Gain (Loss)	938,023
Ending Balance - June 30, 2023	$ 10,718,509

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, 2023, promises to give are expected to be realized in the following periods:

Within One Year	$ 250,288
In One to Five Years	42,066
Over Five Years	-
Total	292,354
Less: Discount to Net Present Value	-
Less: Allowance for Uncollectible Promises to Give	(25,000)
Total	$ 267,354

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Land and Improvements	$ 7,331,500
Buildings and Improvements:	
Venice Boulevard	12,606,967
Comey Avenue	687,946
National Boulevard	358,612
La Cienega Boulevard	327,593
Equipment	5,000
Furniture and Fixtures	429,771
Total	21,747,389
Less: Accumulated Depreciation and Amortization	(5,599,918)
Total Property and Equipment	$ 16,147,471

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	$	178,225
Foundation Grants and Pledges		655,180
Total Temporarily Restricted	$	833,405
Perpetual in Nature:		
Endowment in Perpetuity, the Income of which is Expendable to Support Treatment and Prevention Programs	$	2,000,000

NOTE 8 LEASES

The Organization leases the La Cienega Thrift Store, copiers and various apartment units for various terms under long-term, noncancelable lease agreements. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Additionally, the agreements generally require the Organization to pay real estate taxes, insurance, and common area maintenance.

The following tables provide quantitative information concerning the Organization's leases for the year ended June 30, 2023:

Lease Cost		
Operating Lease Cost	$	221,824
Total Lease Cost	$	221,824
Other Information		
Cash Paid for the Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	$	190,734
Right-of-use Assets Obtained in Exchange for New Operating Lease Liabilities:	$	924,884
Weighted-Average Remaining Lease Term - Operating Leases		3.2 Years
Weighted-Average Discount Rate - Operating Leases		2.88%

NOTE 8 LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year Ending June 30,	Operating
2024	$ 245,194
2025	248,166
2026	255,026
2027	55,918
2028	-
Thereafter	-
Undiscounted Cash Flows	804,304
Less: Imputed Interest	(36,183)
Total Present Value	$ 768,121

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, 2023.

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, 2023 is as follows:

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

Changes in endowment net assets as of June 30, 2023 are as follows:

Endowment Net Assets - Beginning of Year	$ 2,000,000
Contributions	-
Investment Income	41,896
Net Appreciation (Depreciation)	-
Amount Appropriated for Expenditure	(41,896)
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, 2023, total expense was $142,309.

NOTE 12 QUALIFIED OPINION IN RELATION TO THRIFT STORE INVENTORY AND DONATED GOODS

A qualified opinion states that the financial statements of Beit T'Shuvah are fairly presented, with the exception of a specified area. For Beit T'Shuvah, the specified area is thrift store inventory and the related donated items received. Management's position is as follows:

- For many nonprofit organizations with thrift store operations of similar size and volume, inventory management utilizes substantial resources that are better suited for direct program services. Due to monetary and human resource constraints, numerous nonprofits elect to accept a qualified opinion in relation to thrift store inventory and the related donated goods. Management continues to analyze the cost benefit to best support the mission of Beit T'Shuvah.

- The thrift store operations serves to support the treatment program of Beit T'Shuvah by providing workforce re-entry for the residents. The goal of thrift store operations is to cover its operating expenses at a minimum. With current year thrift store revenue of $1,140,620 and current year thrift store expense of $1,016,919, the remaining net income of $123,701 directly supports the treatment program. In the prior year, thrift store expenses exceeded thrift store revenues.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Beit T'Shuvah
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Beit T'Shuvah (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 18, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Beit T'Shuvah's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Beit T'Shuvah's internal control. Accordingly, we do not express an opinion on the effectiveness of Beit T'Shuvah's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Directors
Beit T'Shuvah

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Beit T'Shuvah’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Los Angeles, California
March 18, 2024

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL FOR EACH MAJOR PROGRAM,REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Beit T'Shuvah
Los Angeles, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Beit T'Shuvah's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Beit T'Shuvah's major federal programs for the year ended June 30, 2023. Beit T'Shuvah's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Beit T'Shuvah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative* Requirements*, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Beit T'Shuvah and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Beit T'Shuvah's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Beit T'Shuvah's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Beit T'Shuvah's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Beit T'Shuvah's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, 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 Beit T'Shuvah's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of Beit T'Shuvah's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Beit T'Shuvah's internal control over compliance. Accordingly, no such opinion is expressed.
  Beit T'Shuvah

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Los Angeles, California
March 18, 2024

BEIT T'SHUVAH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Qualified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes ___x___ no
   - Significant deficiency(ies) identified? ______ yes ___x___ none reported

3. Noncompliance material to financial statements noted? ______ yes ___x___ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? ______ yes ___x___ no
   - Significant deficiency(ies) identified? ______ yes ___x___ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ yes ___x___ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? ______ yes ___x___ no

BEIT T'SHUVAH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Prior Audit Findings and Questioned Costs

N/A

BEIT T'SHUVAH
SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
JUNE 30, 2023

Federal Grantor/Federal Program Title	Contract Number	Federal Assistance Listing Number	Governmental Revenue Federal	Governmental Revenue Nonfederal	Program Expenditures from Governmental Revenue
Federal Awards					
Department of Health and Human Services:					
Passthrough: County of Los Angeles					
Block Grants for Prevention and Treatment of Substance Abuse	PH-003963	93.959	$ 1,241,407	710,120	$ 1,951,527
Total Federal and Nonfederal Awards			$ 1,241,407	$ 710,120	$ 1,951,527

NOTE 1 BASIS OF PRESENTATION

The schedule of expenditures of federal and nonfederal awards includes contract activity of Beit T'Shuvah and is presented on the accrual basis of accounting, which is the same basis of accounting used in the preparation of the financial statements.

The information in this schedule is presented in accordance with the requirements of the Uniform Guidance and agrees with the amounts in the financial statements.

NOTE 2 INDIRECT COST RATE

Beit T'Shuvah has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.