

BETHESDA CARES, INC.

FINANCIAL STATEMENTS

December 31, 2018 and 2017

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Bethesda Cares, Inc.  
Bethesda, Maryland

We have audited the accompanying financial statements of Bethesda Cares, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, cash flows and functional expenses 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.

### **Auditor's 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 auditor's 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.

## **Opinion**

In our opinion, the 2018 financial statements referred to above present fairly, in all material respects, the financial position of Bethesda Cares, Inc. as of December 31, 2018, and the changes in its net assets, cash flows and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter – 2017 Financial Statements**

The financial statements of Bethesda Cares, Inc. as of December 31, 2017, were audited by other auditors, whose report dated June 13, 2018 expressed an unmodified opinion on those statements.

*Ryan & Wetmore, PC*

Bethesda, MD  
November 13, 2019

BETHESDA CARES, INC.

STATEMENTS OF FINANCIAL POSITION  
December 31, 2018 and 2017

	ASSETS	
	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 392,005	\$ 474,799
Investments, at fair value	5,041	7,024
Grants receivable, net of allowance for doubtful accounts of \$0 and \$0, respectively	196,097	114,247
Employee advances	100	-
	<u>593,243</u>	<u>596,070</u>
Total assets	<u>\$ 593,243</u>	<u>\$ 596,070</u>
	LIABILITIES AND NET ASSETS	
	2018	2017
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 4,000
	<u>-</u>	<u>4,000</u>
Total current liabilities	<u>-</u>	<u>4,000</u>
LONG-TERM LIABILITIES		
Deferred rent	993	-
	<u>993</u>	<u>-</u>
Total long-term liabilities	<u>993</u>	<u>-</u>
Total liabilities	<u>993</u>	<u>4,000</u>
NET ASSETS		
Without donor restrictions	534,733	428,608
With donor restrictions	57,517	163,462
	<u>592,250</u>	<u>592,070</u>
Total net assets	<u>592,250</u>	<u>592,070</u>
	<u>\$ 593,243</u>	<u>\$ 596,070</u>

The Notes to Financial Statements are an integral part of these statements.

**BETHESDA CARES, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**For the Year Ended December 31, 2018**

**(with summarized comparative financial information for the year ended December 31, 2017)**

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains, and other support				
Community contributions	\$ 243,023	\$ -	\$ 243,023	\$ 372,131
Federated campaign	32,081	-	32,081	30,003
Government grants	664,570		664,570	550,291
Other grants	74,685	32,000	106,685	320,631
Fundraising (net of expenses of 30,431 and \$16,050)	39,972	-	39,972	14,528
Interest	213	-	213	156
In kind support	158,470	-	158,470	174,157
Net assets released from donor restrictions	137,945	(137,945)	-	-
<b>Total revenue</b>	<b>1,350,959</b>	<b>(105,945)</b>	<b>1,245,014</b>	<b>1,461,897</b>
Expenses				
Program services				
Lunch program	212,475	-	212,475	309,497
Eviction program	191,496	-	191,496	213,153
Outreach	660,789	-	660,789	596,525
<b>Total program services</b>	<b>1,064,760</b>	<b>-</b>	<b>1,064,760</b>	<b>1,119,175</b>
Administrative and fundraising	180,025	-	180,025	44,525
Loss on sale of investment	49	-	49	1,472
<b>Total expenses</b>	<b>1,244,834</b>	<b>-</b>	<b>1,244,834</b>	<b>1,165,172</b>
<b>Change in net assets</b>	<b>106,125</b>	<b>(105,945)</b>	<b>180</b>	<b>296,725</b>
Net assets at beginning of year	428,608	163,462	592,070	295,345
Net assets at end of year	<u>\$ 534,733</u>	<u>\$ 57,517</u>	<u>\$ 592,250</u>	<u>\$ 592,070</u>

**The Notes to Financial Statements are an integral part of these statements.**

BETHESDA CARES, INC.

STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 180	\$ 296,725
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Deferred rent	993	-
Loss on sale of investment	49	1,472
(Increase) Decrease in:		
Grants receivable	(81,850)	(100,541)
Accounts receivable	-	250
Employee advances	(100)	
Increase (Decrease) in:		
Accounts payable	(4,000)	890
Deferred revenue	-	(16,000)
Net cash provided by (used in) operating activities	<u>(84,728)</u>	<u>182,796</u>
Cash flows from investing activities		
Purchases of investments	-	(8,496)
Proceeds from sale of investments	<u>1,934</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>1,934</u>	<u>(8,496)</u>
Net increase (decrease) in cash and cash equivalents	(82,794)	174,300
Cash and cash equivalents, beginning of year	<u>474,799</u>	<u>300,499</u>
Cash and cash equivalents, end of year	<u>\$ 392,005</u>	<u>\$ 474,799</u>

Interest expense paid in cash was \$0 and \$0 for the years ended December 31, 2018 and 2017, respectively.

Income tax expense paid in cash was \$0 and \$0 for the years ended December 31, 2018 and 2017, respectively.

The Notes to Financial Statements are an integral part of these statements.

BETHESDA CARES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2018

Program Services

	Lunch Program	Eviction Prevention	Outreach	Total program services	Administrative	Fundraising	Total
Salaries and related costs	\$ 29,728	\$ 27,510	\$ 95,822	\$ 153,060	\$ 87,303	\$ 27,717	\$ 268,080
Counselor, social worker	-	23,920	260,197	284,117	11,295	-	295,412
Direct aid	-	107,785	196,191	303,976	-	-	303,976
Coordinators	69,386	-	40,267	109,653	-	-	109,653
Administrative expenses	8,653	9,480	30,311	48,444	43,550	2,609	94,603
Lunch food and other expenses	14,640	-	-	14,640	-	-	14,640
In-kind services							
Facilities	7,000	21,001	35,001	63,002	7,000	-	70,002
Utilities	600	1,800	3,000	5,400	600	-	6,000
Program coordinator	9,668	-	-	9,668	-	-	9,668
Lunch room rent	72,800	-	-	72,800	-	-	72,800
<b>TOTAL</b>	<b>\$ 212,475</b>	<b>\$ 191,496</b>	<b>\$ 660,789</b>	<b>\$ 1,064,760</b>	<b>\$ 149,748</b>	<b>\$ 30,326</b>	<b>\$ 1,244,834</b>

The Notes to Financial Statements are an integral part of these statements.



BETHESDA CARES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2017

	Program Services			Total All Programs	Administrative	Fundraising	Total
	Lunch Program	Eviction Prevention	Outreach				
Salaries and related Costs	\$ 67,104	\$ 67,104	\$ 112,168	\$ 246,376	\$ 11,184	\$ -	\$ 257,560
Counselor, social worker	-	76,942	281,277	358,219	-	-	358,219
Direct aid	-	25,872	148,399	174,271	-	-	174,271
Coordinators	70,518	-	-	70,518	-	-	70,518
Administrative expenses	9,655	20,715	17,148	47,518	27,307	-	74,825
Lunch food and other expenses	55,622	-	-	55,622	-	-	55,622
In-kind services	-	-	-	-	-	-	-
Facilities	6,907	20,720	34,533	62,160	6,906	-	69,066
Utilities	600	1,800	3,000	5,400	600	-	6,000
Program coordinator	26,291	-	-	26,291	-	-	26,291
Lunch room rent	72,800	-	-	72,800	-	-	72,800
<b>TOTAL</b>	<b>\$ 309,497</b>	<b>\$ 213,153</b>	<b>\$ 596,525</b>	<b>\$ 1,119,175</b>	<b>\$ 45,997</b>	<b>\$ -</b>	<b>\$ 1,165,172</b>

The Notes to Financial Statements are an integral part of these statements.

**BETHESDA CARES, INC.**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017**

**Note 1 Summary of significant accounting policies**

*Organization*

Bethesda Cares, Inc., a nonprofit corporation, was founded in 1988. The mission of the Organization is to respond with compassion and creativity to help the homeless and persons in need in the community and to help prevent impending homelessness in Montgomery County, Maryland. Located in the heart of downtown Bethesda, the Organization serves those living on the streets locally in Montgomery County.

The Organization offers the following program services:

*Outreach* – Assistance is available to clients which includes housing, benefit referrals, prescription and psychiatric help.

*Lunch Program* – Meals are provided daily free of charge to an average of 75 persons experiencing homelessness.

*Eviction Prevention* – Organization works with a network of agencies to prevent eviction and utility shutoff for residents in Montgomery County, MD, facing these issues.

*Basis of accounting*

The Organization prepares its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Revenue is recognized when earned and expenses are recorded as incurred.

*Comparative Information*

The financial statements include certain December 31, 2017 summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Bethesda Cares, Inc.'s financial statements for the year ended December 31, 2017, from which the summarized information was derived.

*Basis of presentation*

Bethesda Cares, Inc. reports information regarding its financial position and activities to the following two classes of net assets:

*Net assets without donor restrictions:* Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and /or management for general operating purposes.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

**Note 1 Summary of significant accounting policies (continued)**

*Net assets with donor restrictions:* Net assets with donor restrictions consists of assets whose use is limited by donor-imposed restrictions that expire either with the passage of time or the fulfillment of a specific programmatic purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, donor restricted net assets are reclassified as net assets without donor restriction and are reported in the statement of activities as net assets released from restriction. When the restrictions on contributions are met in the same time period that the contribution is received, the contribution is reported in the statement of activities as with donor restrictions and as net assets released from restrictions.

*Cash and cash equivalents*

Cash and cash equivalents are considered to be cash and temporary investments with original maturities of three months or less.

*Credit and financial risk*

Bethesda Cares, Inc. receives a significant portion of its revenue from one government entity. There is no guarantee that this level of funding will continue indefinitely.

Bethesda Cares, Inc. maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Bethesda Cares, Inc. has not experienced any losses in such accounts. Bethesda Cares, Inc. believes it is not exposed to any significant financial risk on cash.

*Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized and realized gains and losses are included in the statement of activities in the period in which such changes occur. Interest and dividends are recorded when earned.

*Grants receivable*

Unconditional promises to give are recognized as support when the donor makes a promise to give the Organization that is, in substance, unconditional. Pledges that are expected to be collected within a year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate applicable to the year in which the pledge is made. All unconditional promises to give are expected to be received in one year or less and therefore there was no discount calculated on these pledges.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

**Note 1 Summary of significant accounting policies (continued)**

*Revenue recognition*

Contribution revenue is recognized at the earlier of the receipt of cash or an unconditional promise to give. Donations of property and equipment are recorded at their estimated Fair value at the date of donation. Unconditional promises to give are recognized as revenues in the period received as assets, decreases in liabilities, or expenses, depending on the form of benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

*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, disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Subsequent events*

In preparing these financial statements, Bethesda Cares, Inc. has evaluated events and transactions for potential recognition or disclosure through November 13, 2019, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

*Reclassifications*

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported changes in net assets.

*Recent accounting pronouncements*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers* (Topic 606). The update establishes a comprehensive revenue recognition standard for virtually all industries under U.S. GAAP, including those that previously followed industry-specific guidance. The principle of the update is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for fiscal year 2019. Management continues to evaluate the potential impact of this update on the financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842), which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a ROU asset or lease liability.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

**Note 1 Summary of significant accounting policies (continued)**

At inception, lessees must classify all leases as either finance or operating based on five criteria. Statement of Financial Position recognition of finance and operating leases is similar, but the pattern of expense recognition in the statement of activities, as well as the effect on the statement of cash flows, differs depending on the lease classification. The new leases standard requires a lessor to classify leases as either sales-type, direct financing, or operating, similar to existing U.S. GAAP. Classification depends on the same five criteria used by lessees plus certain additional factors. The subsequent accounting treatment for all three lease types is substantially equivalent to existing U.S. GAAP for sales-type leases, direct financing leases, and operating leases. However, the new standard updates certain aspects of the lessor accounting model to align it with the new lessee accounting model, as well as with the new revenue standard under Topic 606. Lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 16, 2020. Management continues to evaluate the potential impact of this update on the financial statements.

In August 2016, FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances the required disclosures. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. The ASU is effective for fiscal years beginning after December 15, 2017. Management has adopted ASU 2016-14 as of and for the year ended December 31, 2018. The applicable amendment of ASU 2016-14 has been applied retrospectively to all reporting periods.

A reconciliation of the net assets required by the adoption of ASU 2016-14 as of December 31, 2017 is as follows:

	Without donor restrictions	With donor restrictions	Total net assets
Net assets, as previously presented:			
Unrestricted	\$ 428,608	\$ -	\$ 428,608
Temporarily restricted	-	163,462	163,462
Permanently restricted	-	-	-
Net assets, as reclassified	<u>\$ 428,608</u>	<u>\$ 163,462</u>	<u>\$ 592,070</u>

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

**Note 1 Summary of significant accounting policies (continued)**

*Property and equipment*

Property and equipment are recorded at cost, net of accumulated depreciation. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are generally 3 to 7 years. When assets are sold or otherwise disposed of the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred. Depreciation expense for the years ended December 31, 2018 and 2017 are \$0 and \$0 respectively.

*Project costs*

The organization charges and allocates cost to each program based on the actual labor and direct costs spent on the activity.

**Note 2 Concentration of credit risk**

Bethesda Cares, Inc. maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. At December 31, 2018 and 2017, the Federal Deposit Insurance Corporation (FDIC) fully guaranteed accounts up to \$250,000. At December 31, 2018, Bethesda Cares, Inc. held \$140,509 in uninsured funds respectively.

**Note 3 Financial assets and liquidity resources**

As of December 31, 2018, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and capital expenditure costs not financed with debt, were as follows:

	<u>12/31/2018</u>
Financial assets:	
Cash and cash equivalents	\$ 392,005
Liquidity resources:	
Investments	<u>5,041</u>
Total financial assets and liquidity resources available within one year	<u>\$ 397,046</u>

Total investments per the statements of financial position are included above as any investment can be liquidated immediately to meet general expenditures. The Board manages its liquid resources by focusing on investing excess cash in investments that maximize earnings potential balanced with the amount of risk the Board has decided can be tolerated.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

**Note 4 Fair value of financial instruments**

Investments, at fair value, consisted of the following at December 31, 2018 and 2017:

	<u>12/31/2018</u>	<u>12/31/2017</u>
Mutual funds	\$ 5,041	\$ 7,024
Total investments, at fair value	<u>\$ 5,041</u>	<u>\$ 7,024</u>

ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplaces as Bethesda Cares, Inc. would use in pricing Bethesda Cares, Inc.'s asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of Bethesda Cares, Inc. are traded. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

*Level 1:* Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgement. Examples include equity securities and publicly traded mutual funds that are actively traded on a major exchange or over-the-counter market.

*Level 2:* Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly, such as municipal bonds. The fair value of municipal bonds is estimated using recently executed transactions, bid/asked prices and pricing models that factor in, where applicable, interest rates, bond spreads and volatility.

*Level 3:* Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value. Examples included limited partnerships and private equity investments.

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

**Note 4 Fair value of financial instruments (continued)**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Financial assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2018 and 2017 are as follows:

	Level 1	Level 2	Level 3	12/31/2018 Totals	12/31/2017 Totals
Asset category:					
Mutual funds	\$ 5,041	\$ -	\$ -	\$ 5,041	\$ 7,024
Total	<u>\$ 5,041</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,041</u>	<u>\$ 7,024</u>

**Note 5 Grants receivable**

The entire balance of grants receivable as of December 31, 2018 was evaluated by management as collectible within one year and is classified as current on the statement of financial position.

**Note 6 Commitments and contingencies**

*Operating leases*

In March 2018, Bethesda Cares, Inc. into a lease agreement for office space in Silver Spring, Maryland with a local church. The lease agreement requires lease payments of \$618 per month with yearly rent increases of 15% through April 2020.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statements of Financial Position.



**BETHESDA CARES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**Note 6 Commitments and contingencies (continued)**

The following summary is a schedule of net future minimum rental payments required under this operating lease arrangement as of December 31:

Year Ended December 31	Amounts
2019	\$ 8,528
2020	3,269
2021	-
2022	-
2023	-
2024 and thereafter	-
	\$ 11,797

Rent expense for office space was \$7,474 and \$0 for the years ended December 31, 2018 and 2017, respectively.

**Note 7 In kind support**

The Organization has a central office located in Bethesda, Maryland which had been provided free of charge by Montgomery County Government. Additional outreach program facilities are also provided free of charge by participating Church groups in the area. For the year ended December 31, 2018 and 2017, the in-kind contributions consisted of:

	12/31/2018	12/31/2017
Program space (churches)	\$ 72,800	\$ 72,800
Office space rent	70,002	69,066
Utilities	6,000	6,000
Personnel	9,668	26,291
	\$ 158,470	\$ 174,157
Total in kind support		

**Note 8 Employee benefits**

Bethesda Cares, Inc. has a 401(k) retirement plan for all employees. During the years ended December 31, 2018 and 2017, Bethesda Cares, Inc. contributed \$0 and \$0 to this plan, respectively.

**BETHESDA CARES, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**Note 9 Income taxes**

Bethesda Cares, Inc. is exempt from income taxes under Section 501(c)(3) of the IRC except for any income that may be a result of unrelated business transactions.

Bethesda Cares, Inc. has adopted the provisions of FASB *Accounting Standards codification* (ASC) 740-10-50-15, *Accounting for Uncertainty in Income Taxes* – an interpretation of FASB statement 109 in accounting for uncertain tax positions. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than to that the position will be sustained. Bethesda Cares, Inc. does not believe that there are any material uncertain tax positions and accordingly it will not recognize any liability for unrecognized tax benefits. Bethesda Cares, Inc. has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, Bethesda Cares, Inc. has filed Internal Revenue Service Form 990 and Form 990T tax returns as required and all other applicable returns in those jurisdictions where it is required. The taxable years 2015 through 2018 are open tax years subject to examination. For the years ended December 31, 2018 and 2017, no interest or penalties were recorded or included in the statements of activities.

**Note 10 Net assets with donor restrictions**

The Organization had the following net assets with donor restrictions as of December 31, 2018 and 2017.

	12/31/2018	12/31/2017
Foundations	\$ 15,000	\$ 89,216
Individual donors	37,300	59,615
Churches and congregations	5,217	14,631
Total net assets with donor restrictions	\$ 57,517	\$ 163,462

**Note 11 Grants backlog**

The Organization had the following balances available for their community grants as of December 31, 2018 and 2017.

	12/31/2018	12/31/2017
Montgomery County – Outreach Contract	\$ 178,164	\$ 165,705
Montgomery County – Veteran Contract	152,438	145,645
Montgomery County – Coordinated Care	33,806	
Montgomery County – CDBG Hunger Relief	10,244	28,465
Montgomery County – Eviction Program and Utility Shut-off	8,757	15,277
Total net assets with donor restrictions	\$ 383,409	\$ 355,092

BETHESDA CARES, INC.

NOTES TO FINANCIAL STATEMENTS  
December 31, 2018 and 2017

**Note 12 Concentration of revenue**

Bethesda Cares, Inc. received a significant portion of its revenue (approximately 62% during this period) from one governmental entity. There is no guarantee that this level of funding will continue indefinitely.

	<u>Revenue</u>	<u>Percent of revenue</u>
Community contributions	\$ 243,023	20%
Federated campaign	32,081	3%
Grants	771,255	62%
Fundraising	39,972	3%
In kind support	158,470	12%
Other	213	0%
	<hr/>	<hr/>
Total revenue	<u>\$ 1,245,014</u>	<u>100%</u>