

DRAFT

BETH-EL CENTER, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

DRAFT

	PAGE
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Financial Position with Summarized Comparative Information	3
Statement of Activities with Summarized Comparative Information	4
Statement of Functional Expenses with Summarized Comparative Information	5
Statement of Cash Flows with Summarized Comparative Information	6
Notes to Financial Statements with Summarized Comparative Information	7-15

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Beth-El Center, Inc.
Milford, Connecticut

Opinion

We have audited the accompanying financial statements of Beth-El Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beth-El Center, Inc. as of December 31, 2021, and the changes in 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Beth-El Center, Inc. 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 Beth-El Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted 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.

DRAFT

In performing an audit in accordance with generally accepted 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 Beth-El Center, Inc.'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 Beth-El Center, Inc.'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

We have previously audited Beth-El Center, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

 **DRAFT**
Casper, Roy and Spaul, P.C.

Rocky Hill, Connecticut
November 11, 2022

BETH-EL CENTER, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

DRAFT
2020

2021

2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 685,703	\$ 585,401
Investments	77,798	76,376
Grant and other receivables	122,234	57,318
Prepaid expenses	<u>17,638</u>	<u>13,752</u>
Total current assets	<u>903,373</u>	<u>732,847</u>

PROPERTY AND EQUIPMENT

Land	54,574	54,574
Building and improvements	1,163,992	1,162,629
Furniture and fixtures	86,671	86,671
Office and computer equipment	29,881	29,881
Vehicles	<u>25,304</u>	<u>25,304</u>
	1,360,422	1,359,059
Less: accumulated depreciation	<u>(986,577)</u>	<u>(941,658)</u>
Net property and equipment	<u>373,845</u>	<u>417,401</u>
	<u>\$ 1,277,218</u>	<u>\$ 1,150,248</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 56,439	\$ 56,410
Payroll Protection Program (PPP) loan	-	101,300
Current portion of long-term debt	10,500	10,500
Deferred grant revenue	<u>6,257</u>	<u>16,747</u>
Total current liabilities	<u>73,196</u>	<u>184,957</u>
Total liabilities	<u>73,196</u>	<u>184,957</u>

NET ASSETS

Without donor restrictions	1,080,189	839,808
With donor restrictions	<u>123,833</u>	<u>125,483</u>
Total net assets	<u>1,204,022</u>	<u>965,291</u>
	<u>\$ 1,277,218</u>	<u>\$ 1,150,248</u>

The accompanying notes are an integral part of the financial statements.

BETH-EL CENTER, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021 WITH SUMMARIZED
FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020

DRAFT

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
SUPPORT AND REVENUES				
Federal, state and municipal grants	\$ 552,459	\$ -	\$ 552,459	\$ 520,310
Contributions, including in-kind of \$153,000 and \$157,000 in 2021 and 2020, respectively	679,470	1,733	681,203	533,654
Fundraising and special events, net of direct costs of \$3,226 and \$2,387 in 2021 and 2020, respectively	63,662	-	63,662	56,028
United Way	20,000	-	20,000	20,000
Debt forgiveness - PPP	101,300	-	101,300	-
Program fees	1,516	-	1,516	3,856
Investment return and interest	1,648	-	1,648	3,398
Total support and revenues	<u>1,420,055</u>	<u>1,733</u>	<u>1,421,788</u>	<u>1,137,246</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>3,383</u>	<u>(3,383)</u>	<u>-</u>	<u>-</u>
EXPENSES				
Program services	1,042,254	-	1,042,254	977,832
Management and general	96,446	-	96,446	92,874
Fundraising	44,357	-	44,357	43,597
Total expenses	<u>1,183,057</u>	<u>-</u>	<u>1,183,057</u>	<u>1,114,303</u>
CHANGE IN NET ASSETS	240,381	(1,650)	238,731	22,943
NET ASSETS, beginning of year	<u>839,808</u>	<u>125,483</u>	<u>965,291</u>	<u>942,348</u>
NET ASSETS, end of year	<u>\$1,080,189</u>	<u>\$ 123,833</u>	<u>\$1,204,022</u>	<u>\$ 965,291</u>

The accompanying notes are an integral part of the financial statements.

BETH-EL CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021 WITH SUMMARIZED
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2021 Total</u>
Salaries	\$ 552,453	\$ 45,664	\$ 27,195	\$ 625,312
Employee benefits	29,938	4,156	2,019	36,113
Office expense	25,910	20,675	4,120	50,705
Utilities	31,310	2,492	1,457	35,259
Payroll taxes	47,675	4,045	2,381	54,101
Depreciation	39,687	3,280	1,954	44,921
Occupancy	38,864	3,716	1,186	43,766
Professional fees	55,015	5,432	3,017	63,464
Insurance	20,635	1,733	1,028	23,396
Client services	<u>200,767</u>	<u>5,253</u>	<u>-</u>	<u>206,020</u>
Total functional expenses	<u>\$ 1,042,254</u>	<u>\$ 96,446</u>	<u>\$ 44,357</u>	<u>\$ 1,183,057</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2020 Total</u>
Salaries	\$ 476,723	\$ 41,488	\$ 24,756	\$ 542,967
Employee benefits	26,179	5,921	3,222	35,322
Office expense	21,822	21,072	3,527	46,421
Utilities	32,935	2,804	1,687	37,426
Payroll taxes	41,536	3,562	2,180	47,278
Depreciation	39,876	3,470	2,071	45,417
Occupancy	37,284	4,273	1,053	42,610
Professional fees	54,734	6,657	4,016	65,407
Insurance	19,989	1,758	1,085	22,832
Client services	<u>226,754</u>	<u>1,869</u>	<u>-</u>	<u>228,623</u>
Total functional expenses	<u>\$ 977,832</u>	<u>\$ 92,874</u>	<u>\$ 43,597</u>	<u>\$ 1,114,303</u>

DRAFT

The accompanying notes are an integral part of the financial statements.

BETH-EL CENTER, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021 WITH SUMMARIZED FINANCIAL
 INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020

DRAFT

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 238,731	\$ 22,943
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	44,921	45,417
Investment realized and unrealized (gains) losses	641	(935)
Forgiveness of PPP debt	(101,300)	-
(Increase) decrease in operating assets:		
Grant and other receivables	(64,916)	(34,879)
Prepaid expenses	(3,886)	(898)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	29	21,783
Deferred grant revenue	<u>(10,490)</u>	<u>13,632</u>
Net cash provided by operating activities	<u>103,730</u>	<u>67,063</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,065)	(2,077)
Purchase of property and equipment	<u>(1,363)</u>	<u>(49,640)</u>
Net cash used in investing activities	<u>(3,428)</u>	<u>(51,717)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	<u>-</u>	<u>101,300</u>
Net cash provided by financing activities	<u>-</u>	<u>101,300</u>
NET INCREASE IN CASH	100,302	116,646
CASH AND CASH EQUIVALENTS, beginning of year	<u>585,401</u>	<u>468,755</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 685,703</u></u>	<u><u>\$ 585,401</u></u>

The accompanying notes are an integral part of the financial statements.

BETH-EL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

DRAFT

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Beth-El Center, Inc. (the “Center”) was organized on November 29, 1985 to provide temporary shelter and meals to the homeless and hungry in Milford, Connecticut. Residents are provided case management services and referrals to help them obtain permanent housing, employment and financial assistance. The Center also refers residents to counseling services to address substance abuse and mental health issues, and the soup kitchen serves meals to the hungry. The Center operates the “Meals to Go” program to distribute meals to low income and homeless community members. The Center is supported primarily through government grants and private contributions. Approximately 250 individuals are provided shelter services and over 29,000 meals are served to the greater community per year.

Basis of Presentation

The financial statement presentation of the Center follows generally accepted accounting principles applicable for not-for-profit voluntary health and welfare organizations. Accordingly, the Center is required to report information regarding its financial position and activities according to two classes of net assets based on donor-imposed restrictions: net assets without donor restrictions and net assets with donor restrictions.

Cash Equivalents and Supplemental Cash Flow Information

For purposes of the statement of cash flows, the Center considers all short-term investments with an original maturity of three months or less to be cash equivalents.

The Center maintains the majority of its cash and investment balances with two local financial institutions. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2021 and 2020, the Center’s uninsured cash balances totaled \$261,114 and \$171,118, respectively.

Donated Materials and Services

The Center receives significant noncash contributions, primarily in the form of donated food items for the soup kitchen. During 2021 and 2020, the Center received noncash contributions with an estimated value of \$153,000 and \$157,000, respectively.

No amounts have been reflected in the financial statements for donated services. The Center pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Center with its programs and fundraising.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Center has a Cost Allocation Plan. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. These expenses are allocated primarily on the basis of estimates of employee time and effort devoted to each function. The estimates are based on personnel activity reports and employee time studies.

BETH-EL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

DRAFT

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Grant and Other Receivables

Grant and other receivables, which are typically collectible within one year, are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined that all outstanding balances at December 31, 2021 and 2020 are fully collectible.

Income Tax Status

The Internal Revenue Service has determined that the Center is exempt from federal income taxes on exempt function income under Section 501(c)(3) of the Internal Revenue Code. Consequently, no provision for income taxes has been made in the accompanying financial statements. The Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Center accounts for uncertainty in income taxes in accordance with FASB ASC 740, *Income Taxes*. The Center files a federal income tax return, which represents the major tax jurisdiction of the Center. Federal tax years 2018 through 2021 remain open for audit under the various statutes of limitations.

Investments

Investments in non-negotiable certificates of deposit are carried at cost plus reinvested interest, which approximates fair market value. Investments in common stock are valued at fair market value, based on market prices for the stock that the broker obtains from independent services.

Property and Equipment

Property and equipment are recorded at cost, or, if donated, at estimated fair value. Depreciation is recorded over the estimated useful lives using the straight-line method. The Center generally capitalizes assets acquired and expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets in amounts exceeding \$1,000.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

BETH-EL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

DRAFT

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Recognition of Support and Revenues

Contributions received are recorded as support “without donor restrictions” or “with donor restrictions”, depending on the existence and/or nature of any donor restrictions. In accordance with generally accepted accounting principles, support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Performance-based government grants and contracts are considered to be exchange transactions in which the grantor or contractor requires the performance of specific activities. Entitlement to performance-based grant and contract revenue is based on the attainment of specific performance goals and, therefore, revenue is recognized to the extent of performance achieved. Receivables are recorded to the extent that grant expenditures have been incurred and not reimbursed by the grantor. Any amounts received from grantors for services not yet performed during a contract period are reported as deferred grant revenue. The Center submits proposed budgets to the grantors for approval, and is required to adhere to budgets to maintain all funding. Costs are in accordance with approved budgets and management expects that no costs will be subject to disallowance.

Summarized Financial Information for Prior Fiscal Year

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class or functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the December 31, 2020 financial statements from which the summarized information was derived.

Revenue from Contracts with Customers

Any consideration received in excess of contract revenue recognized results in a contract liability balance for that contract, while revenue recognized in excess of consideration received results in a balance receivable for that contract. Performance obligations typically consist of the requirement to transfer a service over time or services at points in time. Program income typically consists of fees charged for meeting space rental and laundry quarters for clients. Revenue is recognized as the meetings are held and when the quarters are given to the clients for their laundry, and a corresponding decrease in contract liability or increase in amounts receivable from customers is recognized depending on whether payment has been received from the customer.

BETH-EL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

DRAFT

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue from Contracts with Customers, continued

Revenue from contracts with customers consisted of the following:

	<u>2021</u>	<u>2020</u>
Program income	\$ 1,516	\$ 3,856
	<u>\$ 1,516</u>	<u>\$ 3,856</u>

Contract receivables and contract liabilities balances consisted of the following:

	<u>2021</u>	<u>2020</u>
Receivables - beginning	\$ -	\$ -
Receivables - ending	\$ -	\$ -
Contract liabilities - beginning	\$ -	\$ -
Contract liabilities - ending	\$ -	\$ -

NOTE 2—MAJOR REVENUE AND SUPPORT

The Center received \$191,283, or approximately 14%, and \$67,071, or approximately 5%, of its operating revenue and support under cost reimbursement agreements with the State of Connecticut Department of Housing (DOH) and the State of Connecticut Department of Mental Health and Addiction Services (DMHAS), respectively, during 2021. The Center received \$189,909, or approximately 17%, and \$43,165, or approximately 4%, of its operating revenue and support under cost reimbursement agreements with the State of Connecticut Department of Housing (DOH) and the State of Connecticut Department of Mental Health and Addiction Services (DMHAS), respectively, during 2020. Any significant decrease or elimination of these contracts would have a major adverse impact on the operations of the Center.

During 2021, the Center received \$137,268, or approximately 9%, of its operating revenue and support from grants and contributions from the City of Milford, Connecticut. During 2020, the Center received \$138,888, or approximately 12%, of its operating revenue and support from grants and contributions from the City of Milford, Connecticut. Any significant decrease or elimination of these grants would have a major adverse impact on the operations of the Center.

NOTE 3—LINE OF CREDIT

The Center has a revolving line of credit with a local bank which permits borrowings up to \$75,000. The line is secured by certain property and expires in December 2022. Outstanding balances bear interest at the bank's prime rate plus 1% (4.25% at December 31, 2021 and 2020), and the principal is due and payable on demand. There was no outstanding balance on the line of credit at December 31, 2021 and 2020.

BETH-EL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

DRAFT

NOTE 4—LONG-TERM DEBT

The Center has a note payable to the Greater New Haven Community Loan Fund for predevelopment expenses related to the construction of an affordable housing project. The note was set to mature in October 2016 or upon receipt of proceeds from the permanent funding source for the project. The loan may be extended for twelve months by the lender if the project financing is delayed and may be forgiven at the discretion of the lender if the project is not able to proceed. The note bears no interest. The balance outstanding was \$10,500 at December 31, 2021 and 2020.

Estimated future annual maturities of long-term debt are as follows:

2022	\$ 10,500
------	-----------

NOTE 5—NET ASSETS WITH DONOR RESTRICTIONS

Net assets were donor-restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
Food and other necessities	\$ 28,367	\$ 28,367
“Meals to Go” program	17,877	17,877
Capital reserve	50,000	50,000
Facility improvements	5,824	5,824
No Freeze - breakfast program	1,561	1,561
Furniture and equipment	3,976	3,976
Children’s services	1,000	1,000
Outplacement assistance	13,555	14,605
Educational opportunities	92	692
Security equipment	1,581	1,581
	<u>\$ 123,833</u>	<u>\$ 125,483</u>

NOTE 6—EMPLOYEE BENEFIT PLAN

The Center has an employee savings 403(b) plan that covers substantially all employees. There is no matching provision under this plan.

BETH-EL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

DRAFT

NOTE 7—OPERATING LEASES

The Center had a 60-month noncancelable operating lease for a printer-copier machine that expired in April of 2021. Monthly payments of \$272 were required. The Center did not exercise the option to purchase the machine at the end of the lease period. The Center entered into a new 60-month noncancelable operating lease for a new printer-copier that expires at the end of April 2026. Monthly payments of \$236 are required. If at the end of the lease period the Center does not exercise the option to purchase the machine at fair market value or return the machine, the lease will renew for a one-year period. Rental expenses for this lease, including taxes and fees, amounted to \$3,866 and \$3,896 for the years ended December 31, 2021 and 2020, respectively.

The Center entered into a new 63-month noncancelable operating lease for a new postage machine that expires at the end of September 2024. Quarterly payments of \$209 are required. Rental expenses for this lease, including taxes and fees, amounted to \$956 and \$1,045 for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2021, are:

Year ending December 31:	
2022	\$ 3,668
2023	3,668
2024	3,459
2025	2,832
2026	944
	<u>\$ 14,571</u>

NOTE 8—LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Beth-El Center is supported by donor-restricted contributions. Because a donor's restriction requires resources to be used in a specific manner or in a future period, the Center must maintain sufficient resources to meet its responsibilities to its donors. Thus, certain financial assets may not be available for general expenditures within one year of December 31, 2021 and 2020.

Beth-El Center's financial assets generally include cash and cash equivalents, investments, grants receivable, and other amounts receivable. The following reflects the Center's financial assets as of December 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

BETH-EL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

DRAFT

NOTE 8—LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS, continued

	2021	2020
Cash and cash equivalents	\$ 685,703	\$ 585,401
Investments	77,798	76,376
Grant and other receivables	122,234	57,318
Financial assets at year-end	885,735	719,095
Less those unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	(123,833)	(125,483)
Financial assets available to meet cash needs for general expenditure within one year	\$ 761,902	\$ 593,612

As part of the Center's liquidity management, it invests cash in excess of daily requirements in savings accounts and short-term investments, typically certificates of deposit. The Center also has a revolving line of credit available, as mentioned in Note 3.

NOTE 9 – COVID-19 PANDEMIC

The COVID-19 outbreak in the United States during 2020 has caused business disruption through mandated and voluntary limitations on businesses, individuals and not-for-profit entities. While the disruption is currently expected to be temporary, the Center does expect this matter to negatively impact its operating results. There is considerable uncertainty around the duration and extent of the impact on the Center, and the financial impact cannot be reasonably estimated at this time.

NOTE 10 – PPP LOAN

On May 6, 2020, the Center obtained a Paycheck Protection Program (PPP) loan in the amount of \$101,300. The loan has a fixed interest rate of 1% and is not secured by collateral. The PPP is part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and was amended by the Paycheck Protection Program Flexibility Act (PPPF Act). Under the PPP, the loan will be partially or fully forgiven if the Center maintains its workforce and salaries and uses the loan proceeds for qualifying amounts of payroll, rent, mortgage interest, or utilities costs during the Covered Period. The PPPF Act increases the Covered Period from 8 weeks to 24 weeks after the loan was issued and amends the loan repayment deferral from six months to until the date on which the amount of forgiveness determined under Section 1106 of the CARES Act is remitted to the lender; any borrowers who fail to apply for forgiveness within 10 months of the last day of the Covered Period must make loan repayments beginning on that date.

The Center was notified in 2021 by the lender that the loan, including interest, was fully approved for forgiveness. Income reported for the year ended December 31, 2021 is \$101,300 and a liability of \$101,300 has been recognized during the year ended December 31, 2020, accordingly. Interest expense forgiven for the years ended December 31, 2021 and 2020 is \$429 and \$588, respectively.

BETH-EL CENTER, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2021 AND 2020

DRAFT

NOTE 11—INVESTMENTS

The total value of investments as of December 31, 2021, is as follows:

	Fair Value (Level 1)	Fair Value (Level 2)	Total
Certificate of deposit and brokerage funds:			
Maturity 1-5 years	\$ 74,565	\$ -	\$ 74,565
Common stock	3,233	-	3,233
	\$ 77,798	\$ -	\$ 77,798

The total value of investments as of December 31, 2020, is as follows:

	Fair Value (Level 1)	Fair Value (Level 2)	Total
Certificate of deposit and brokerage funds:			
Maturity 1-5 years	\$ 4,502	\$ 69,447	\$ 73,949
Common Stock	2,427	-	2,427
	\$ 6,929	\$ 69,447	\$ 76,376

NOTE 12—FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ("FASB") *Accounting Standards Codification* ("ASC") 820, *Fair Value Measurements*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access;

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability;

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

BETH-EL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

DRAFT

NOTE 12—FAIR VALUE MEASUREMENTS, continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Certificates of deposit: Valued at cost, which approximates fair market value.

Common stock: Valued at fair market value, based on market prices for the stock that the broker obtains from independent services

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different value measurement at the reporting date.

NOTE 13 – CONTINGENCIES – LITIGATION

The Center is occasionally a party to routine legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such actions will either have no material impact on the Center's financial position, or the outcome cannot be reasonably determined at this time.

NOTE 14—SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 11, 2022, which is the date the financial statements were available to be issued. There are no material subsequent events which require recognition or disclosure.