

**BETH-EL CENTER, INC.**  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**BETH-EL CENTER, INC.**  
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**DECEMBER 31, 2020 AND 2019**

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CARNEY, ROY AND GERROL, P.C.  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of Beth-El Center, Inc. (the "Center") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**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 financial statements referred to above present fairly, in all material respects, the financial position of Beth-El Center, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited Beth-El Center, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Rocky Hill, Connecticut  
August 9, 2021

**BETH-EL CENTER, INC.**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020, WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 585,401	\$ 468,755
Investments	76,376	73,363
Grant and other receivables	57,318	22,439
Prepaid expenses	13,752	12,854
<b>Total current assets</b>	<b>732,847</b>	<b>577,411</b>
<b>PROPERTY AND EQUIPMENT</b>		
Land	54,574	54,574
Building and improvements	1,162,629	1,114,329
Furniture and fixtures	86,671	86,671
Office and computer equipment	29,881	28,541
Vehicles	25,304	25,304
	1,359,059	1,309,419
Less: accumulated depreciation	(941,658)	(896,240)
<b>Net property and equipment</b>	<b>417,401</b>	<b>413,179</b>
	<b>\$ 1,150,248</b>	<b>\$ 990,590</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 56,410	\$ 34,627
Payroll Protection Program (PPP) loan	101,300	-
Current portion of long-term debt	10,500	10,500
Deferred grant revenue	16,747	3,115
<b>Total current liabilities</b>	<b>184,957</b>	<b>48,242</b>
<b>Total liabilities</b>	<b>184,957</b>	<b>48,242</b>
<b>NET ASSETS</b>		
Without donor restrictions	839,808	800,305
With donor restrictions	125,483	142,043
<b>Total net assets</b>	<b>965,291</b>	<b>942,348</b>
	<b>\$ 1,150,248</b>	<b>\$ 990,590</b>

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

BETH-EL CENTER, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020, WITH SUMMARIZED  
FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
<b>SUPPORT AND REVENUES</b>				
Federal, state and municipal grants	\$ 520,310	\$ -	\$ 520,310	\$ 475,758
Contributions, including in-kind of \$157,000 and \$106,230 in 2020 and 2019, respectively	531,977	1,677	533,654	284,020
Fundraising and special events, net of direct costs of \$2,387 and \$12,020 in 2020 and 2019, respectively	56,028	-	56,028	99,509
United Way	20,000	-	20,000	20,000
Program fees	3,856	-	3,856	6,589
Investment return and interest	3,398	-	3,398	4,670
<b>Total support and revenues</b>	<u>1,135,569</u>	<u>1,677</u>	<u>1,137,246</u>	<u>890,546</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>18,237</u>	<u>(18,237)</u>	<u>-</u>	<u>-</u>
<b>EXPENSES</b>				
Program services	977,832	-	977,832	790,554
Management and general	92,874	-	92,874	96,252
Fundraising	43,597	-	43,597	51,745
<b>Total expenses</b>	<u>1,114,303</u>	<u>-</u>	<u>1,114,303</u>	<u>938,551</u>
<b>CHANGE IN NET ASSETS</b>	39,503	(16,560)	22,943	(48,005)
<b>NET ASSETS, beginning of year</b>	<u>800,305</u>	<u>142,043</u>	<u>942,348</u>	<u>990,353</u>
<b>NET ASSETS, end of year</b>	<u>\$ 839,808</u>	<u>\$ 125,483</u>	<u>\$ 965,291</u>	<u>\$ 942,348</u>

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

BETH-EL CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

	<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	226,754	1,869	-	228,623
<b>Total functional expenses</b>	<u>\$ 977,832</u>	<u>\$ 92,874</u>	<u>\$ 43,597</u>	<u>\$ 1,114,303</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2019 Total</u>
Salaries	\$ 402,639	\$ 40,412	\$ 24,113	\$ 467,164
Employee benefits	23,939	5,301	2,623	31,863
Office expense	20,143	22,801	2,967	45,911
Utilities	33,741	3,327	2,023	39,091
Payroll taxes	36,708	3,671	2,195	42,574
Depreciation	39,634	3,978	2,374	45,986
Occupancy	44,559	4,560	1,484	50,603
Professional fees	51,487	6,418	13,213	71,118
Insurance	12,257	1,403	753	14,413
Client services	125,447	4,381	-	129,828
<b>Total functional expenses</b>	<u>\$ 790,554</u>	<u>\$ 96,252</u>	<u>\$ 51,745</u>	<u>\$ 938,551</u>

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, 2020, WITH SUMMARIZED FINANCIAL  
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 22,943	\$ (48,005)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	45,417	45,986
Investment realized and unrealized (gains) losses	(935)	(1,923)
(Increase) decrease in operating assets:		
Grant and other receivables	(34,879)	3,928
Prepaid expenses	(898)	1,667
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	21,783	9,989
Deferred grant revenue	13,632	(11,413)
<b>Net cash provided by operating activities</b>	<u>67,063</u>	<u>229</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(2,077)	(2,618)
Purchase of property and equipment	(49,640)	(17,389)
<b>Net cash used in investing activities</b>	<u>(51,717)</u>	<u>(20,007)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP loan	101,300	-
<b>Net cash provided by financing activities</b>	<u>101,300</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	116,646	(19,778)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>468,755</u>	<u>488,533</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 585,401</u>	<u>\$ 468,755</u>

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



**BETH-EL CENTER, INC.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**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, 2020 and 2019, the Center's uninsured cash balances totaled \$171,118 and \$53,787, respectively.

*Donated Materials and Services*

The Center receives significant noncash contributions, primarily in the form of donated food items for the soup kitchen. During 2020 and 2019, the Center received noncash contributions with an estimated value of \$157,000 and \$106,230, 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.

**BETH-EL CENTER, INC.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

*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.

*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, 2020 and 2019 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 2017 through 2020 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.

**BETH-EL CENTER, INC.**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

*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.

*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, 2019 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, 2020 AND 2019**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

*Revenue from Contracts with Customers, continued*

Revenue from contracts with customers consisted of the following:

	<u>2020</u>	<u>2019</u>
Program income	\$ 3,856	\$ 6,589
	<u>\$ 3,856</u>	<u>\$ 6,589</u>

Contract receivables and contract liabilities balances consisted of the following:

	<u>2020</u>	<u>2019</u>
Receivables - beginning	\$ -	\$ -
Receivables - ending	\$ -	\$ -
Contract liabilities - beginning	\$ -	\$ -
Contract liabilities - ending	\$ -	\$ -

**NOTE 2—MAJOR REVENUE AND SUPPORT**

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. The Center received \$204,089, or approximately 23%, and \$58,320, or approximately 7%, 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 2019. Any significant decrease or elimination of these contracts would have a major adverse impact on the operations of the Center.

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. During 2019, the Center received \$107,200, 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 September 2021. Outstanding balances bear interest at the bank's prime rate plus 1% (4.25% and 5.75% at December 31, 2020 and 2019, respectively), and the principal is due and payable on demand. There was no outstanding balance on the line of credit at December 31, 2020 and 2019.



**BETH-EL CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**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, 2020 and 2019.

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

2021	\$ 10,500
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**NOTE 5—NET ASSETS WITH DONOR RESTRICTIONS**

Net assets were donor-restricted for the following purposes:

	<u>2020</u>	<u>2019</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	18,473
No Freeze - breakfast program	1,561	2,000
Furniture and equipment	3,976	3,976
Children’s services	1,000	1,000
Outplacement assistance	14,605	18,606
Educational opportunities	692	1,077
Shelter	-	667
Security equipment	1,581	-
	<u>\$ 125,483</u>	<u>\$ 142,043</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.

**NOTE 7—OPERATING LEASES**

The Center has a 60-month noncancelable operating lease for a printer-copier machine that expires in April of 2021. Monthly payments of \$272 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 \$3,896 and \$3,847 for the years ended December 31, 2020 and December 31, 2019, respectively.

**BETH-EL CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7—OPERATING LEASES, continued**

In May 2021, the Center entered into a new 60-month noncancelable operating lease for a printer-copier machine that expires in May of 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.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2020, are:

Year ending December 31:	
2021	\$ 2,976
2022	2,832
2023	2,832
2024	2,832
2025	<u>1,180</u>
	<u>\$ 12,652</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, 2020 and 2019.

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, 2020 AND 2019**

**NOTE 8—LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS, continued**

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 585,401	\$ 468,755
Investments	76,376	73,363
Grant and other receivables	<u>57,318</u>	<u>22,439</u>
Financial assets at year-end	719,095	564,557
Less those unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	<u>(125,483)</u>	<u>(142,043)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 593,612</u>	<u>\$ 422,514</u>

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 – NEW ACCOUNTING PRONOUNCEMENT**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and in June 2018 issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2014-09 introduces a comprehensive, principles-based framework and five-step decision-making model for revenue recognition related to sales and exchange transaction contracts. ASU 2018-08 is intended to clarify the existing guidance and resolve the diversity in practice in characterizing grants and similar contracts with resource providers as either exchange transactions or contributions. In addition, once a transaction is determined to be a contribution, it addresses the difficulty in distinguishing between conditions on which a promised contribution depends and donor-imposed restrictions.

These updates are effective for the Organization's annual financial statements starting in 2020, and the Organization has implemented the updates accordingly in its financial statements and accounting policies. The effect on the financial statements is the inclusion of the "Revenue from Contracts with Customers" section of Note 1. There is no effect on beginning net asset balances.



**BETH-EL CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 10 – 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 11 – 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, subsequent to year-end, was notified by the lender that the loan, including interest, was fully approved for forgiveness. A liability of \$101,300 has been recognized during the year ended December 31, 2020, accordingly. Revenue will be recognized during the year ended December 31, 2021. Interest expense for the year ended December 31, 2020 is \$588.

**NOTE 12—INVESTMENTS**

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

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

**BETH-EL CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 12—INVESTMENTS, continued**

The total value of investments as of December 31, 2019, is as follows:

	<u>Fair Value (Level 1)</u>	<u>Fair Value (Level 2)</u>	<u>Total</u>
Certificate of deposit and brokerage funds:			
Maturity 1-5 years	\$ 2,448	\$ 69,497	\$ 71,945
Common Stock	<u>1,418</u>	<u>-</u>	<u>1,418</u>
	<u>\$ 3,866</u>	<u>\$ 69,497</u>	<u>\$ 73,363</u>

**NOTE 13—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.

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, 2020 and 2019.

**BETH-EL CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**NOTE 13—FAIR VALUE MEASUREMENTS, continued**

*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 14 – 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 15—SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 9, 2021, which is the date the financial statements were available to be issued. There are no material subsequent events which require recognition or disclosure.