

**THE PEARLSTONE CONFERENCE
RETREAT CENTER**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2020 AND 2019



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**THE PEARLSTONE CONFERENCE RETREAT CENTER
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	20
SUPPLEMENTARY INFORMATION	
STATEMENT OF FINANCIAL POSITION – BY INTERNAL FUND	21
STATEMENT OF ACTIVITIES – BY INTERNAL FUND	22
STATEMENT OF FINANCIAL POSITION – WITHOUT DONOR RESTRICTIONS – BY INTERNAL FUND	23
STATEMENT OF FINANCIAL POSITION – WITH DONOR RESTRICTIONS – BY INTERNAL FUND	24
STATEMENT OF ACTIVITIES – WITHOUT DONOR RESTRICTIONS – BY INTERNAL FUND	25
STATEMENT OF ACTIVITIES – WITH DONOR RESTRICTIONS – BY INTERNAL FUND	26



INDEPENDENT AUDITORS' REPORT

Board of Directors
The Pearlstone Conference Retreat Center
Reisterstown, Maryland

We have audited the accompanying financial statements of The Pearlstone Conference Retreat Center (the Center), which comprise the statement of financial position as of June 30, 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.

Auditors' 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 auditors' 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.

Board of Directors
The Pearlstone Conference Retreat Center

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 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.

Emphasis of Matter

As disclosed in Note 1 to the financial statements, the Center adopted Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. Our opinion is not modified with respect to this matter.

Other Matter

The 2019 financial statements of The Pearlstone Conference Retreat Center were audited by other auditors whose report dated March 6, 2020, expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Baltimore, Maryland
May 21, 2021

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
ASSETS				
Cash	\$ (155,990)	\$ 2,143,997	\$ 1,988,007	\$ 1,417,137
Property and Equipment, Net	5,072,472	-	5,072,472	4,195,032
Accounts Receivable	207,183	-	207,183	326,660
Pledges and Grants Receivable	10,257	326,248	336,505	334,437
Employee Loans Receivable	9,530	-	9,530	12,724
Prepaid Expenses	1,216	-	1,216	10,710
Other Assets	84,113	-	84,113	64,246
Due from The Associated: Jewish Community Federation of Baltimore, Inc.	-	-	-	28,620
Total Assets	\$ 5,228,781	\$ 2,470,245	\$ 7,699,026	\$ 6,389,566
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable and Accrued Expenses Due to The Associated: Jewish Community Federation of Baltimore, Inc.	\$ 308,208	\$ -	\$ 308,208	\$ 406,209
PPP Loan	579,900	-	579,900	-
Mortgage Payable	511,871	-	511,871	536,000
Deferred Revenue	841,886	-	841,886	861,209
Total Liabilities	2,277,100	-	2,277,100	1,803,418
NET ASSETS	2,951,681	2,470,245	5,421,926	4,586,148
Total Liabilities and Net Assets	\$ 5,228,781	\$ 2,470,245	\$ 7,699,026	\$ 6,389,566

See accompanying Notes to Financial Statements.

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash	\$ 76,842	\$ 1,340,295	\$ 1,417,137
Property and Equipment, Net	4,195,032	-	4,195,032
Accounts Receivable	326,660	-	326,660
Pledges and Grants Receivable	44,437	290,000	334,437
Employee Loans Receivable	12,724	-	12,724
Prepaid Expenses	10,710	-	10,710
Other Assets	64,246	-	64,246
Due from The Associated: Jewish Community Federation of Baltimore, Inc.	28,620	-	28,620
Total Assets	\$ 4,759,271	\$ 1,630,295	\$ 6,389,566
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 406,209	\$ -	\$ 406,209
Mortgage Payable	536,000	-	536,000
Deferred Revenue	861,209	-	861,209
Total Liabilities	1,803,418	-	1,803,418
NET ASSETS	2,955,853	1,630,295	4,586,148
Total Liabilities and Net Assets	\$ 4,759,271	\$ 1,630,295	\$ 6,389,566

See accompanying Notes to Financial Statements.

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE, GAINS, AND OTHER SUPPORT				
Grant Revenue	\$ 331,909	\$ 2,016,366	\$ 2,348,275	\$ 2,633,666
Allocation from The Associated: Jewish Community Federation of Baltimore, Inc.	1,063,434	-	1,063,434	929,778
Contributions	147,091	46,452	193,543	103,893
Retreat Center Income	2,512,616	-	2,512,616	3,252,404
Other Income	80,424	-	80,424	78,874
Satisfaction of Donor Restrictions	1,222,868	(1,222,868)	-	-
Total Revenue, Gains, and Other Support	<u>5,358,342</u>	<u>839,950</u>	<u>6,198,292</u>	<u>6,998,615</u>
EXPENSES				
Program	4,371,510	-	4,371,510	4,318,453
General and Administrative	849,222	-	849,222	734,918
Fundraising	141,782	-	141,782	84,718
Total Program Services Expense	<u>5,362,514</u>	<u>-</u>	<u>5,362,514</u>	<u>5,138,089</u>
CHANGE IN NET ASSETS	(4,172)	839,950	835,778	1,860,526
Net Assets - Beginning of Year	<u>2,955,853</u>	<u>1,630,295</u>	<u>4,586,148</u>	<u>2,725,622</u>
NET ASSETS - END OF YEAR	<u>\$ 2,951,681</u>	<u>\$ 2,470,245</u>	<u>\$ 5,421,926</u>	<u>\$ 4,586,148</u>

See accompanying Notes to Financial Statements.

**THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Grant Revenue	\$ 619,977	\$ 2,013,689	\$ 2,633,666
Allocation from The Associated: Jewish Community Federation of Baltimore, Inc.	929,778	-	929,778
Contributions	91,393	12,500	103,893
Retreat Center Income	3,252,404	-	3,252,404
Other Income	78,874	-	78,874
Satisfaction of Donor Restrictions	754,001	(754,001)	-
Total Revenue, Gains, and Other Support	5,726,427	1,272,188	6,998,615
 EXPENSES			
Program	4,318,453	-	4,318,453
General and Administrative	734,918	-	734,918
Fundraising	84,718	-	84,718
Total Program Services Expense	5,138,089	-	5,138,089
 CHANGE IN NET ASSETS	588,338	1,272,188	1,860,526
Net Assets - Beginning of Year	2,367,515	358,107	2,725,622
 NET ASSETS - END OF YEAR	\$ 2,955,853	\$ 1,630,295	\$ 4,586,148

See accompanying Notes to Financial Statements.

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2019)

	2020			2019 Total	
	Program	General and Administrative	Fundraising		Total
Salaries, Taxes, and Benefits	\$ 2,665,234	\$ 429,676	\$ 99,971	\$ 3,194,881	\$ 2,966,327
Occupancy Costs	612,862	98,803	22,988	734,653	616,855
Other Programming Expenses	405,745	468	394	406,607	399,182
Food and Beverage	248,447	-	-	248,447	359,291
Professional Fees	-	134,601	-	134,601	125,369
Depreciation and Amortization	149,875	24,162	5,622	179,659	101,993
Information Technology	20,989	93,701	786	115,476	97,381
Advertising and Promotion	56,522	12,314	2,120	70,956	115,055
Consulting Fees	58,030	-	-	58,030	63,457
Insurance	41,556	6,699	1,559	49,814	52,248
Office Expenses	39,975	7,958	484	48,417	53,536
Contract Services	43,866	-	-	43,866	112,560
Interest	-	28,298	-	28,298	9,820
Other Expenses	135	11,402	7,634	19,171	8,899
Conferences, Conventions, and Meetings	14,611	179	-	14,790	16,056
Honorariums	7,700	-	-	7,700	21,551
Travel	5,963	961	224	7,148	18,509
Total Expenses	<u>\$ 4,371,510</u>	<u>\$ 849,222</u>	<u>\$ 141,782</u>	<u>\$ 5,362,514</u>	<u>\$ 5,138,089</u>

See accompanying Notes to Financial Statements.

**THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	2019			
	Program	General and Administrative	Fundraising	Total
Salaries, Taxes, and Benefits	\$ 2,545,432	\$ 356,406	\$ 64,489	\$ 2,966,327
Occupancy Costs	530,480	73,141	13,234	616,855
Other Programming Expenses	395,884	2,732	566	399,182
Food and Beverage	359,291	-	-	359,291
Professional Fees	-	125,369	-	125,369
Advertising and Promotion	70,183	43,094	1,778	115,055
Contract Services	112,560	-	-	112,560
Depreciation and Amortization	87,522	12,254	2,217	101,993
Information Technology	11,621	85,495	265	97,381
Consulting Fees	63,457	-	-	63,457
Office Expenses	46,638	6,267	631	53,536
Insurance	44,835	6,277	1,136	52,248
Honorariums	21,551	-	-	21,551
Travel	15,883	2,224	402	18,509
Conferences, Conventions, and Meetings	13,067	2,989	-	16,056
Interest	-	9,820	-	9,820
Other Expenses	49	8,850	-	8,899
	<u>\$ 4,318,453</u>	<u>\$ 734,918</u>	<u>\$ 84,718</u>	<u>\$ 5,138,089</u>
Total Expenses	<u>\$ 4,318,453</u>	<u>\$ 734,918</u>	<u>\$ 84,718</u>	<u>\$ 5,138,089</u>

See accompanying Notes to Financial Statements.

**THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 835,778	\$ 1,860,526
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	179,659	101,993
Contributions Restricted for Long-Term Investment	(926,420)	(1,355,000)
(Increase) Decrease in Assets:		
Accounts Receivable	119,477	(58,244)
Pledges and Grants Receivable	(84,250)	152,151
Prepaid Expenses	9,494	(3,138)
Other Assets	(19,867)	(7,204)
Due from The Associated: Jewish Community Federation of Baltimore, Inc.	28,620	(28,620)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(98,001)	110,615
Due to The Associated: Jewish Community Federation of Baltimore, Inc.	35,235	(40,691)
Deferred Revenue	(19,323)	344,001
Net Cash Provided by Operating Activities	<u>60,402</u>	<u>1,076,389</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(1,057,099)	(1,058,050)
Collection on Employee Loan Receivable, Net	3,194	3,877
Net Cash Used by Investing Activities	<u>(1,053,905)</u>	<u>(1,054,173)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Notes Payable	(24,129)	(351,500)
Proceeds from PPP Loan	579,900	-
Proceeds from Contributions Restricted for Long-Term Investment	1,008,602	1,485,000
Net Cash Provided by Financing Activities	<u>1,564,373</u>	<u>1,133,500</u>
NET INCREASE IN CASH	570,870	1,155,716
Cash - Beginning of Year	<u>1,417,137</u>	<u>261,421</u>
CASH - END OF YEAR	<u>\$ 1,988,007</u>	<u>\$ 1,417,137</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 28,298</u>	<u>\$ 7,497</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and Equipment Purchases Included in Accounts Payable	<u>\$ 19,164</u>	<u>\$ 80,724</u>
Property and Equipment Purchases Funded by Mortgage Payable	<u>\$ -</u>	<u>\$ 536,000</u>

See accompanying Notes to Financial Statements.

THE PEARLSTONE CONFERENCE RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Pearlstone Conference Retreat Center (the Center) is a retreat center predominantly serving the Jewish community that provides a unique residential environment in which people are actively engaged in education, spiritual growth and community building. The Center promotes affordable community-wide usage, innovative programming through its on-site farm and high-quality service throughout its entire operation.

Affiliation

The Center is a constituent agency of The Associated: Jewish Community Federation of Baltimore, Inc. (The Associated) and receives an annual allocation from The Associated. The Associated owns some of the Center's land and buildings.

Basis of Accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. Revenue received which relates to future periods is recorded as deferred revenue. Expenses paid which relate to future periods are recorded as prepaid expenses.

Cash and Cash Equivalents

The Center considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

Accounts Receivable, Pledges and Grant Receivable

Receivable are carried at original invoice amount or pledge amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Management has determined all receivables to be fully collectible; therefore, an allowance has not been recorded as of June 30, 2020 and 2019. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Property and Equipment

The Center records property and equipment additions over \$5,000 with a useful life of at least three years or more at cost, if purchased, or fair value at the date of donation, if donated. Depreciation is calculated based on the straight-line method over the estimated useful lives of the related assets, which range from 2 to 30 years.

Valuation of Long-Lived Assets

The Center reviews the valuation of long-lived assets and certain identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

THE PEARLSTONE CONFERENCE RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Other Assets

Other assets are comprised of food and supplies.

Deferred Revenue

Deferred revenue represents cash deposits related to retreat activities received in advance of the event.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows

Net Assets Without Donor Restriction – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

Contributions and grants are recorded as revenue when an unconditional promise to give has been made. Cost reimbursable grants are recognized when the related expenses are incurred. Donated assets are recorded at their fair value at the date of donation. Contributions are recorded as revenue without donor restrictions or revenue with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Any resource with a temporary in nature restriction that is received and used during the current year is considered to be a resource without donor restrictions and is reported as contribution revenue without donor restrictions. Contributions with donor-imposed conditions – that is, those with a measurable performance or other barrier and a right of return or release – revenues are recognized at the time the conditions are substantially met, regardless of the timing of cash receipt.

The Center's retreat center revenue is recognized when the event takes place.

THE PEARLSTONE CONFERENCE RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Gifts-in-Kind

Donated assets are recorded at their fair value at the date of receipt. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. Supporting services expenses include those expenses that are not directly identifiable with any specific function, but which provide for the overall support and direction of the Center. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All other costs are charged directly to the appropriate functional category. Expenses that are attributed to more than one program or supporting function are allocated consistently based on the following:

- Salaries, taxes and benefits are allocated based on management's estimates of time and effort.
- Travel, depreciation, insurance, and occupancy cost expense lines have been allocated completely based on the calculated ratio determined by management for salaries, taxes and benefits.
- Advertising and promotion, office expenses and information technology have various expenses within them that are allocated based on the calculated ratio determined by management for salaries, taxes and benefits, while other components of these lines can be directly allocated to their functionality.

Income Tax Status

The Center is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is not considered to be a private foundation. Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Center had no net unrelated business income for the years ended June 30, 2020 and 2019.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

THE PEARLSTONE CONFERENCE RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Credit Risk

The Center has funds on deposit with financial institutions in excess of federally-insured amounts. The Center has not experienced any losses on cash accounts and management believes the Center is not exposed to significant credit risk on cash.

Corona Virus

During March 2020, the World Health Organization declared the spread of Coronavirus disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Future events and revenues and expenses of the Center contain uncertainty due to the potential impact on travel. This could also impact transactions relating to customers and vendors. As of May 21, 2021, the amount and likelihood of loss relating to these events is not determined.

Change in Accounting Principle

During the year ended June 30, 2020, the Center adopted the Financial Accounting Standards Board's (FASB's), Accounting Standards Update (ASU) 2018-08, *Not-for-Profits Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, applied using the modified prospective basis. This clarifying ASU distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. Additionally, once a transaction is deemed to be a contribution, this ASU assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is donor-restricted for limited purpose or timing. There was no significant impact on the Center's financial statements as a result of adoption of this standard.

Recent accounting pronouncements not yet adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU create Topic 606, *Revenue from Customers*, and supersede the revenue requirements in Topic 605, *Revenue Recognition*, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Accounting Standards Codification. In summary, the core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or 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. See ASU 2020-05 below for the delay in the effective dates. The Center's management is in the process of evaluating the impact that the adoption of ASU 2014-09 will have on its financial statements.

THE PEARLSTONE CONFERENCE RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

**NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Recent accounting pronouncements not yet adopted (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the statement of activities. See ASU 2020-05 below for the delay in the effective dates. The Center's management is in the process of evaluating the impact that the adoption of ASU 2016-02 will have on the financial statements.

In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities*, which delays the effective dates of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU 2016-02, *Leases (Topic 842)* for certain entities, as discussed above. The effective date of ASU 2014-09 for The Center is now July 1, 2020. The effective date of ASU 2016-02 for The Center is now July 1, 2022.

Subsequent events

Subsequent events have been evaluated through May 21, 2021, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Center is primarily supported by grants, contributions, retreat center income, and its annual allocation from The Associated. Historical operating revenues in excess of operating expenses are instrumental to maintain short-term liquidity.

Short-term cash liquidity is measured and sustained by the excess of operating revenue after incurring operating expenses. Cash received for a specific use is reserved and held in separately restricted accounts, only to be used upon the release of the restrictions and transfer of the assets.

THE PEARLSTONE CONFERENCE RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

Financial assets available to meet cash needs for general expenditures within one year as of June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,988,007	\$ 1,417,137
Accounts Receivable	207,183	326,660
Pledges and Grants Receivable	336,505	334,437
Employee Loans Receivable	9,530	12,724
Due from The Associated: Jewish Community Federation of Baltimore, Inc.	-	28,620
Total Financial Assets	<u>2,541,225</u>	<u>2,119,578</u>
Less:		
Donor-Restricted Cash	(2,143,997)	(1,340,295)
Donor-Restricted Pledges and Grants Receivable	(326,248)	(290,000)
Employee Loans Receivable	<u>(9,530)</u>	<u>(12,724)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 61,450</u>	<u>\$ 476,559</u>

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment is as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Building and Building Improvements	\$ 2,157,066	\$ 1,619,517
Land	460,292	460,292
Furniture and Equipment	731,673	666,522
Construction in Progress	<u>2,401,006</u>	<u>1,946,606</u>
Total	5,750,037	4,692,937
Less: Accumulated Depreciation	<u>(677,565)</u>	<u>(497,905)</u>
Total Property and Equipment	<u>\$ 5,072,472</u>	<u>\$ 4,195,032</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$179,659 and \$101,993, respectively.

NOTE 4 PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable as of June 30 are comprised of the following:

	<u>2020</u>	<u>2019</u>
Due in Less than One Year	\$ 216,505	\$ 259,437
Due in One to Five Years	<u>120,000</u>	<u>75,000</u>
Total	<u>\$ 336,505</u>	<u>\$ 334,437</u>

Management has determined all receivables to be fully collectible.

THE PEARLSTONE CONFERENCE RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 PPP LOAN

On April 16, 2020 the Center received a loan from Truist Bank in the amount of \$579,900 to fund payroll, rent, and utilities, through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5, 2020) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Center fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

On May 7, 2021 the Center was notified that the SBA approved their loan forgiveness application for the first PPP Loan and the full amount of the loan was forgiven.

On March 26, 2021 the Center received a second loan from Truist Bank through the Paycheck Protection Program in the amount of \$594,350. This loan has the same terms as the first round PPP Loan discussed above.

NOTE 6 MORTGAGE PAYABLE

The Center obtained a \$536,000 mortgage from a commercial bank on May 3, 2019, to finance the purchase of an adjacent property and house. The mortgage has a maturity date of November 3, 2029 and accrues interest at a rate of 5.2%. Interest-only payments were made until December 2019, at which time payments included principal and interest. Accrued interest as of June 30, 2020 and 2019 is \$2,218 and \$2,323, respectively, and is included in accounts payable and accrued expenses on the statement of financial position.

The future principal payments are expected to be made as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 43,511
2022	45,828
2023	48,269
2024	50,840
2025	53,547
Thereafter	269,876
Total	<u>\$ 511,871</u>

THE PEARLSTONE CONFERENCE RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2020</u>	<u>2019</u>
Capital Projects	\$ 1,079,732	\$ 1,129,429
The Associated Support	350,000	-
Emergency Food Assistance	266,209	-
Project Accelerate	254,000	168,500
Farm Forward Grant	240,000	-
Youth and Families Pathway	145,000	210,000
Programming	130,373	45,000
Cardin Women Garden	4,931	9,866
Jewish Farmer Network Conference	-	50,000
FBEN Conference	-	12,500
Car Charging Station	-	5,000
Total Net Assets With Donor Restrictions	<u>\$ 2,470,245</u>	<u>\$ 1,630,295</u>

NOTE 8 RELEASES FROM DONOR RESTRICTIONS

Amounts were released from donor restrictions for the following purposes at June 30:

	<u>2020</u>	<u>2019</u>
Capital Projects	\$ 643,780	\$ 340,645
Programming	494,088	302,356
Project Accelerate	85,000	111,000
Total Released from Donor Restrictions	<u>\$ 1,222,868</u>	<u>\$ 754,001</u>

NOTE 9 RETIREMENT PLAN

The Center contributes to a 401(k) thrift plan (the Plan). Employees normally scheduled to work 18.75 hours or more per week are automatically enrolled in the Plan at a 2% pre-tax deferral rate each month following completion of the eligibility requirement of three months of service. Each year, eligible participants may contribute between 1% and 100% of their annual compensation as defined in the Plan subject to annual limitations in the IRC. Participants may designate some or all their own contributions as Roth 401(k) contributions. Such contributions and any activity related to these amounts will be accounted for separate from the participant's pre-tax contributions. In addition, employees may rollover distributions received from other plans. Participants direct the investment of contributions into various investment options offered by the Plan on a daily basis. The Plan currently offers mutual funds and a common collective trust as investment options for participants.

THE PEARLSTONE CONFERENCE RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 9 RETIREMENT PLAN (CONTINUED)

The Plan allows for Safe Harbor matching contributions up to a maximum of 4% of compensation for eligible employees. Participants vest immediately in both their and employer contributions plus actual earnings thereon. Under the Plan, the Center may also make a discretionary contribution.

Pension expense was \$68,257 and \$60,501 for the years ended June 30, 2020 and 2019, respectively.

NOTE 10 RELATED PARTY TRANSACTIONS

The Associated

The Center has executed a memorandum of understanding (MOU), effective July 1, 2016, with The Associated outlining the services provided by The Associated to the Center. The MOU outlines the type of services provided to the Center including real estate, finance/payroll, human resources, information technology, marketing, property management and repairs, investment management and security, as well as the agreed upon value to these services. The MOU creates no contractual obligations and automatically renews annually, unless terminated under terms of the agreement. The memorandum is amended each year to reflect updated costs of the services provided by The Associated to the Center. In addition, the Center entered into a lease arrangement with The Associated for an initial lease term of 10 years, automatically renewable for three additional 10-year terms. The terms of the lease provide for an increase of 3% from the initial rent on an annual basis. The Associated provides a rent subsidy to the Center, through allocations from The Associated that matches the annual rent expense after each annual increase.

The total value of these services was \$597,222 and \$484,564 for the years ended June 30, 2020 and 2019, respectively, and is included in the allocation from The Associated: Jewish Community Federation of Baltimore, Inc. on the statements of activities. The Associated provided an allocation to the Center totaling \$1,063,434 and \$929,778 for the years ended June 30, 2020 and 2019, respectively.

The Center has accounts receivable from The Associated as of June 30, 2020 of \$10,301 and a payable to The Associated of \$25,235 as of June 30, 2019. The Center also reimburses The Associated for certain costs including benefits, insurance, and other costs.

Employee Loans

On July 24, 2009, the Center loaned \$30,000 to an employee for the purchase of property. The loan is to be repaid over 108 months at an interest rate of 2.06% per year, with the first payment in the amount of \$3,000 due on September 1, 2009. Thereafter, \$250 is deducted on a monthly basis from the employee's salary to pay the Center for each monthly loan payment. The remaining receivable was \$-0- and \$1,406 at June 30, 2020 and 2019, respectively, and is included in employee loans receivable on the statements of financial position.

**THE PEARLSTONE CONFERENCE RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 10 RELATED PARTY TRANSACTIONS (CONTINUED)

Charitable Income Trust U/W J.H. Pearlstone, Jr.

On December 14, 2014, the trustees of the Charitable Income Trust U/W J.H. Pearlstone, Jr. (the Trust) and The Associated created a Capital Fund Agreement to designate the future use of the Fund for capital projects that benefit the Center and have been authorized by the board of directors with the consent of the trustees of the Trust and The Associated. During the year ended June 30, 2020, the Center recorded \$238,654 of grant revenue and a receivable of \$146,980 related to expenditures incurred under capital grants. During the year ended June 30, 2019, the Center recorded \$485,477 of grant revenue and a receivable of \$147,600 related to expenditures incurred under capital grants. As of June 30, 2020, approximately \$200,000 remains available in the Trust.

NOTE 11 COMMITMENTS

The Center has employment agreements with members of senior management that include severance benefits only if employment is terminated by the Center without cause. As of June 30, 2020, no amounts have been accrued for these severance benefits.



CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
The Pearlstone Conference Retreat Center
Reisterstown, Maryland

We have audited the financial statements of The Pearlstone Conference Retreat Center as of and for the year ended June 30, 2020, and our report thereon dated May 21, 2021, which expressed an unqualified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 21 to 26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The 2019 supplementary information was subjected to the auditing procedures applied in the 2019 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2019 financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
May 21, 2021

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF FINANCIAL POSITION – BY INTERNAL FUND
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS	2020			2019
	Operating	Capital	Total	Total
Cash	\$ 1,542,546	\$ 445,461	\$ 1,988,007	\$ 1,417,137
Property and Equipment, Net	-	5,072,472	5,072,472	4,195,032
Accounts Receivable	60,203	146,980	207,183	326,660
Pledges and Grants Receivable	336,255	250	336,505	334,437
Employee Loans Receivable	9,530	-	9,530	12,724
Prepaid Expenses	1,216	-	1,216	10,710
Other Assets	84,113	-	84,113	64,246
Due from The Associated: Jewish Community Federation of Baltimore, Inc.	-	-	-	28,620
Due from (to) other funds	568,998	(568,998)	-	-
Total Assets	\$ 2,602,861	\$ 5,096,165	\$ 7,699,026	\$ 6,389,566
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 287,384	\$ 20,824	\$ 308,208	\$ 406,209
Due to The Associated: Jewish Community Federation of Baltimore, Inc.	35,235	-	35,235	-
PPP Loan	579,900	-	579,900	-
Mortgage Payable	-	511,871	511,871	536,000
Deferred Revenue	841,886	-	841,886	861,209
Total Liabilities	1,744,405	532,695	2,277,100	1,803,418
NET ASSETS	858,456	4,563,470	5,421,926	4,586,148
Total Liabilities and Net Assets	\$ 2,602,861	\$ 5,096,165	\$ 7,699,026	\$ 6,389,566

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF ACTIVITIES – BY INTERNAL FUND
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2019)
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	2020			2019
	Operating	Capital	Total	Total
REVENUE, GAINS, AND OTHER SUPPORT				
Grant Revenue	\$ 1,421,855	\$ 926,420	\$ 2,348,275	\$ 2,633,666
Allocation from The Associated: Jewish Community Federation of Baltimore, Inc.	1,063,434	-	1,063,434	929,778
Contributions	193,543	-	193,543	103,893
Retreat Center Income	2,512,616	-	2,512,616	3,252,404
Other Income	80,424	-	80,424	78,874
Total Revenue, Gains, and Other Support	<u>5,271,872</u>	<u>926,420</u>	<u>6,198,292</u>	<u>6,998,615</u>
EXPENSES				
Conference and Retreat expenses:				
Retreat Center expenses	1,664,237	-	1,664,237	1,823,283
Other programs	2,557,398	-	2,557,398	2,407,648
General and administrative	677,109	147,951	825,060	722,664
Fundraising	136,160	-	136,160	82,501
Depreciation	-	179,659	179,659	101,993
Total expenses	<u>5,034,904</u>	<u>327,610</u>	<u>5,362,514</u>	<u>5,138,089</u>
CHANGE IN NET ASSETS	236,968	598,810	835,778	1,860,526
Net Assets - Beginning of Year	<u>621,488</u>	<u>3,964,660</u>	<u>4,586,148</u>	<u>2,725,622</u>
NET ASSETS - END OF YEAR	<u>\$ 858,456</u>	<u>\$ 4,563,470</u>	<u>\$ 5,421,926</u>	<u>\$ 4,586,148</u>

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF FINANCIAL POSITION – WITHOUT DONOR RESTRICTIONS
BY INTERNAL FUND
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS	2020			2019
	Operating	Capital	Total	Total
Cash	\$ 233,192	\$ (389,182)	\$ (155,990)	\$ 76,842
Property and Equipment, Net	-	5,072,472	5,072,472	4,195,032
Accounts Receivable	60,203	146,980	207,183	326,660
Pledges and Grants Receivable	10,007	250	10,257	44,437
Employee Loans Receivable	9,530	-	9,530	12,724
Prepaid Expenses	1,216	-	1,216	10,710
Other Assets	84,113	-	84,113	64,246
Due from The Associated: Jewish Community Federation of Baltimore, Inc.	-	-	-	28,620
Due from (to) Other Funds	836,770	(836,770)	-	-
Total Assets	<u>\$ 1,235,031</u>	<u>\$ 3,993,750</u>	<u>\$ 5,228,781</u>	<u>\$ 4,759,271</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 287,384	\$ 20,824	\$ 308,208	\$ 406,209
Due to The Associated: Jewish Community Federation of Baltimore, Inc.	35,235	-	35,235	-
PPP Loan	579,900	-	579,900	-
Mortgage Payable	-	511,871	511,871	536,000
Deferred Revenue	841,886	-	841,886	861,209
Total Liabilities	<u>1,744,405</u>	<u>532,695</u>	<u>2,277,100</u>	<u>1,803,418</u>
NET ASSETS	<u>(509,374)</u>	<u>3,461,055</u>	<u>2,951,681</u>	<u>2,955,853</u>
Total Liabilities and Net Assets	<u>\$ 1,235,031</u>	<u>\$ 3,993,750</u>	<u>\$ 5,228,781</u>	<u>\$ 4,759,271</u>

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF FINANCIAL POSITION – WITH DONOR RESTRICTIONS
BY INTERNAL FUND
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2019)
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS	2020			2019
	Operating	Capital	Total	Total
Cash	\$ 1,309,354	\$ 834,643	\$ 2,143,997	\$ 1,340,295
Property and Equipment, Net	-	-	-	-
Accounts Receivable	-	-	-	-
Pledges and Grants Receivable	326,248	-	326,248	290,000
Employee Loans Receivable	-	-	-	-
Prepaid Expenses	-	-	-	-
Other Assets	-	-	-	-
Due from The Associated: Jewish Community Federation of Baltimore, Inc.	-	-	-	-
Due from (to) Other Funds	(267,772)	267,772	-	-
Total Assets	<u>\$ 1,367,830</u>	<u>\$ 1,102,415</u>	<u>\$ 2,470,245</u>	<u>\$ 1,630,295</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable and Accrued Expenses	\$ -	\$ -	\$ -	\$ -
Due to The Associated: Jewish Community Federation of Baltimore, Inc.	-	-	-	-
PPP Loan	-	-	-	-
Mortgage Payable	-	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS	<u>1,367,830</u>	<u>1,102,415</u>	<u>2,470,245</u>	<u>1,630,295</u>
Total Liabilities and Net Assets	<u>\$ 1,367,830</u>	<u>\$ 1,102,415</u>	<u>\$ 2,470,245</u>	<u>\$ 1,630,295</u>

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF ACTIVITIES– WITHOUT DONOR RESTRICTIONS
BY INTERNAL FUND
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2019)
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	2020			2019
	Operating	Capital	Total	Total
REVENUE, GAINS, AND OTHER SUPPORT				
Grant Revenue	\$ 93,255	\$ 238,654	\$ 331,909	\$ 619,977
Allocation from The Associated: Jewish Community Federation of Baltimore, Inc.	1,063,434	-	1,063,434	929,778
Contributions	147,091	-	147,091	91,393
Retreat Center Income	2,512,616	-	2,512,616	3,252,404
Other Income	80,424	-	80,424	78,874
Satisfaction of Donor Restrictions	508,088	714,780	1,222,868	754,001
Total Revenue, Gains, and Other Support	4,404,908	953,434	5,358,342	5,726,427
EXPENSES				
Conference and Retreat expenses:				
Retreat Center expenses	1,664,237	-	1,664,237	1,826,522
Other programs	2,557,398	-	2,557,398	2,407,648
General and Administrative	677,109	147,951	825,060	719,110
Fundraising	136,160	-	136,160	82,816
Depreciation	-	179,659	179,659	101,993
Total expenses	5,034,904	327,610	5,362,514	5,138,089
CHANGE IN NET ASSETS	(629,996)	625,824	(4,172)	588,338
Net Assets - Beginning of Year	120,622	2,835,231	2,955,853	2,367,515
NET ASSETS - END OF YEAR	<u>\$ (509,374)</u>	<u>\$ 3,461,055</u>	<u>\$ 2,951,681</u>	<u>\$ 2,955,853</u>

THE PEARLSTONE CONFERENCE RETREAT CENTER
STATEMENT OF ACTIVITIES – WITH DONOR RESTRICTIONS
BY INTERNAL FUND
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2019)
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	2020			2019
	Operating	Capital	Total	Total
REVENUE, GAINS, AND OTHER SUPPORT				
Grant Revenue	\$ 1,328,600	\$ 687,766	\$ 2,016,366	\$ 2,013,689
Allocation from The Associated: Jewish Community Federation of Baltimore, Inc.	-	-	-	-
Contributions	46,452	-	46,452	12,500
Retreat Center Income	-	-	-	-
Other Income	-	-	-	-
Satisfaction of Donor Restrictions	(508,088)	(714,780)	(1,222,868)	(754,001)
Total Revenue, Gains, and Other Support	866,964	(27,014)	839,950	1,272,188
EXPENSES				
Conference and Retreat expenses:				
Retreat Center expenses	-	-	-	-
Other programs	-	-	-	-
General and administrative	-	-	-	-
Fundraising	-	-	-	-
Depreciation	-	-	-	-
Total Program Services Expense	-	-	-	-
CHANGE IN NET ASSETS	866,964	(27,014)	839,950	1,272,188
Net Assets - Beginning of Year	500,866	1,129,429	1,630,295	358,107
NET ASSETS - END OF YEAR	<u>\$ 1,367,830</u>	<u>\$ 1,102,415</u>	<u>\$ 2,470,245</u>	<u>\$ 1,630,295</u>