

BRITEPATHS, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)**

BRITEPATHS, INC.
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)

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Bernard M. Gordon, CPA, PLC

Certified Public Accountant and Consultant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Britepaths, Inc.

I have audited the accompanying financial statements of Britepaths, Inc. (a not-for-profit corporation), which consist of 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Britepaths, 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

I have previously audited Britepaths, Inc.'s 2019 financial statements, and my report dated May 12, 2020 expressed an unmodified opinion on those audited financial statements. In my 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.

Bernard M. Gordon, CPA, PLC

April 27, 2021

BRITEPATHS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION AT DECEMBER 31, 2019)

ASSETS		
	2020	2019
Cash and cash equivalents	\$ 788,844	\$ 234,926
Receivable for costs recoverable under government grants	32,098	27,840
Accrued contract receivable	15,000	16,000
Non-government grants receivable	-	51,816
Contributions and other receivables	87,947	58,565
Other assets	3,240	-
Gift cards	27,069	11,001
Inventory	-	7,362
Prepaid expenses	21,384	12,427
Loans receivable - clients	14,556	4,502
Property and equipment, net	29,489	40,960
Intangible assets, net	2,101	3,850
Tenant security deposit	6,765	6,765
TOTAL ASSETS	\$ 1,028,493	\$ 476,014
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 23,484	\$ 9,823
Accrued payroll and payroll taxes	52,402	22,641
Bank loan - PPP	160,000	-
Deferred rent payable	24,428	27,840
Deposit payable	6,765	6,765
TOTAL LIABILITIES	267,079	67,069
NET ASSETS		
Without donor restrictions	761,414	378,945
With donor restrictions	-	30,000
TOTAL NET ASSETS	761,414	408,945
TOTAL LIABILITIES AND NET ASSETS	\$ 1,028,493	\$ 476,014

See notes to financial statements.

BRITEPATHS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
REVENUE AND OTHER SUPPORT				
Donated goods, services, and facilities use	\$ 259,206	\$ -	\$ 259,206	\$ 386,660
Contributions	1,023,622	-	1,023,622	481,140
Government contract	1,200,000	-	1,200,000	-
Government grants	482,587	-	482,587	352,593
Non-government contracts	155,000	-	155,000	167,500
Non-government grants	94,500	-	94,500	145,200
Donated gift cards	20,209	-	20,209	16,833
Special events	-	-	-	130,062
Less: Costs of direct benefits to donors	-	-	-	(36,783)
Interest and other revenue	1,831	-	1,831	64
Net assets released from restrictions				
Satisfaction of purpose restrictions	30,000	(30,000)	0	0
TOTAL REVENUE AND OTHER SUPPORT	3,266,955	(30,000)	3,236,955	1,643,269
EXPENSES				
Program services				
CARES	1,280,905	-	1,280,905	-
Financial Empowerment Center	374,386	-	374,386	283,730
Financial Literacy	195,924	-	195,924	224,871
Workforce Development	176,417	-	176,417	157,869
Food	137,737	-	137,737	191,733
Financial Assistance	105,173	-	105,173	82,550
Seasonal Programs	96,671	-	96,671	169,267
Community Education	81,806	-	81,806	167,370
Naomi Project	496	-	496	2,235
Advocacy	-	-	-	2,664
	2,449,515	-	2,449,515	1,282,289
Fundraising	206,166	-	206,166	187,332
General and administrative	228,805	-	228,805	181,204
TOTAL EXPENSES	2,884,486	-	2,884,486	1,650,825
CHANGE IN NET ASSETS	382,469	(30,000)	352,469	(7,556)
NET ASSETS AT BEGINNING OF YEAR	378,945	30,000	408,945	416,501
NET ASSETS AT END OF YEAR	\$ 761,414	\$ 0	\$ 761,414	\$ 408,945

See notes to financial statements.

BRITEPATHS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)

	CARES	Financial Empowerment Center	Financial Literacy	Workforce Development	Food	Financial Assistance	Seasonal Programs	Community Education	Naomi Project	Total Program Services	Fund-raising	General and Administrative	Indirect Expenses	2020 Grand Total	2019 Grand Total
Advertising	\$ -	\$ 1,204	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 695	\$ -	\$ 1,899	\$ -	\$ -	\$ -	\$ 1,899	\$ 4,576
Audit and accounting fees	-	-	-	-	-	-	-	-	-	-	-	13,000	-	13,000	12,500
Bank and transaction fees	72	-	-	-	-	-	-	-	-	72	-	538	11,495	12,105	4,618
Conferences and meetings	-	68	-	-	-	-	-	198	-	266	337	596	-	1,199	5,657
Consultant/professional services	-	6,888	-	1,050	-	-	-	-	-	7,938	-	-	-	7,938	9,341
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	21,980	21,980	26,542
Dues and subscriptions	-	2,226	-	-	-	-	-	710	-	2,936	1,330	10,840	-	15,106	10,619
Financial assistance grants	696,376	-	-	10,362	-	77,350	-	-	-	784,088	-	-	-	784,088	60,010
Information technology	-	2,392	-	-	-	-	-	18	-	2,410	-	15,443	-	17,853	22,650
Insurance - general	-	-	-	-	-	-	-	-	-	-	-	9,222	-	9,222	7,801
Insurance - health and life	-	-	-	-	-	-	-	-	-	-	-	-	14,260	14,260	6,850
In-kind donations															
Facilities use	-	13,844	-	-	-	-	-	-	-	13,844	-	-	4,044	17,888	19,388
Food	-	-	-	-	12,733	-	-	-	-	12,733	-	-	-	12,733	35,737
Gift cards	-	-	-	-	375	-	-	-	-	375	-	-	-	375	8,335
Holiday items and other	-	-	-	-	4,766	-	-	-	-	4,766	-	620	-	5,386	97,090
Services	-	112,696	27,219	-	-	-	-	-	-	139,915	-	-	90,270	230,185	223,741
Miscellaneous	-	4,001	1,920	-	237	-	-	-	-	6,158	586	5,701	1,933	14,378	8,124
Office supplies	-	492	-	-	200	-	-	-	-	692	-	3,079	-	3,771	10,165
Payroll processing fees	-	-	-	-	-	-	-	-	-	-	-	278	3,456	3,734	3,859
Postage and shipping	1,038	24	17	511	695	-	1,129	200	-	3,614	1,285	1,866	-	6,765	6,063
Printing and copying	-	190	-	-	-	-	460	460	-	1,110	3,167	7,836	-	12,113	16,911
Program support															
Gift cards distributed	524,495	585	100	1,095	76,470	14,830	48,400	-	-	665,975	-	2,476	-	668,451	102,244
Our Daily Veggie vouchers	-	-	-	-	9,120	-	-	-	-	9,120	-	-	-	9,120	6,130
Goods and supplies	-	-	325	-	-	-	23,484	-	-	23,809	-	-	-	23,809	27,952
Refreshments	-	27	175	82	-	-	-	-	-	284	-	9	-	293	1,699
Rent and copier lease	-	-	-	-	-	-	-	-	-	-	-	6,813	69,551	76,364	74,387
Retirement plan expense	-	-	-	-	-	-	-	-	-	-	-	-	17,597	17,597	16,338
Salary and payroll taxes	35,403	138,023	99,697	98,004	19,914	7,812	13,943	47,759	298	460,853	119,916	87,681	208,734	877,184	805,790
Staff training and seminars	-	119	100	275	-	-	-	47	-	541	-	226	-	767	3,645
Telephone	-	-	-	-	-	-	-	-	-	-	-	4,420	-	4,420	4,641
Travel	41	40	252	42	20	-	8	45	-	448	16	-	-	464	6,440
Volunteer recognition	-	29	-	-	-	-	-	-	-	29	-	10	-	39	982
Allocation of indirect expenses	1,257,425	282,848	129,805	111,421	124,530	99,992	87,424	50,132	298	2,143,875	126,637	170,654	443,320	2,884,486	1,650,825
	23,480	91,538	66,119	64,996	13,207	5,181	9,247	31,674	198	305,640	79,529	58,151	(443,320)	0	0
Total expenses	\$ 1,280,905	\$ 374,386	\$ 195,924	\$ 176,417	\$ 137,737	\$ 105,173	\$ 96,671	\$ 81,806	\$ 496	\$ 2,449,515	\$ 206,166	\$ 228,805	\$ 0	\$ 2,884,486	\$ 1,650,825

See notes to financial statements.

BRITEPATHS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 352,469	\$ (7,556)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	21,980	26,542
(Increase) decrease in operating assets		
Receivable for costs recoverable under government grants	(4,258)	(16,269)
Accrued contract receivable	1,000	1,500
Non-government grants receivable	51,816	(14,240)
Contributions and other receivables	(29,382)	(34,929)
Other assets	(3,240)	-
Gift cards	(16,068)	(7,196)
Inventory	7,362	1,854
Prepaid expenses	(8,957)	(1,503)
Loans receivable - clients	(10,054)	(15)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	13,661	(37,018)
Accrued payroll and payroll taxes	29,761	8,894
Deferred rent payable	(3,412)	10,363
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	402,678	(69,573)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(7,482)	(14,351)
Purchase of intangible assets	(1,278)	(1,394)
NET CASH USED BY INVESTING ACTIVITIES	(8,760)	(15,745)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loan - PPP borrowings	160,000	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	553,918	(85,318)
CASH AND CASH EQUIVALENTS - BEGINNING	234,926	320,244
CASH AND CASH EQUIVALENTS - ENDING	\$ 788,844	\$ 234,926

See notes to financial statements.

BRITEPATHS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)

1. NATURE OF ACTIVITIES

Britepaths, Inc. (“Britepaths”) provides our Fairfax County area neighbors in need with short-term safety-net services and empowers them to work toward long-term self-sufficiency. Britepaths began in 1984 and incorporated in Virginia in 1989 as Our Daily Bread, Inc. The name was changed in 2016 to Britepaths to better reflect our organization’s mission. Britepaths operates the following programs with the help of volunteers:

CARES

Britepaths provides financial assistance to clients for food, rent, and other basic needs. Funding for this program is provided to Britepaths from the County of Fairfax government and City of Fairfax government. The program is made possible by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was passed by the U.S. Congress and signed by the President in March 2020.

Financial Empowerment Center

Through agreements with United Way of the National Capital Area and the County of Fairfax, Virginia, Britepaths is the lead not-for-profit partner managing the operation of the Financial Empowerment Center at South County, which offers financial coaching and workshops in budgeting, personal finance, life skills and more.

Financial Literacy

Britepaths educates clients in basic household budgeting and understanding credit through four programs: one-on-one counseling is provided through the Financial Mentoring Program and Financial Counseling Clinics, small group instruction is provided through budgeting classes, and eligible clients may participate in the MPower Loan Program in which the client is provided with a zero-interest loan. Britepaths’ staff train and supervise volunteers who provide mentoring and classroom instruction.

Workforce Development

Britepaths matches a professional volunteer mentor with a client to improve job seeking skills. Workshops are conducted on topics including resume writing and interviewing. Small stipends are awarded to eligible clients for job training.

Food

The organization coordinates a monthly food program by finding and matching a group of volunteers to a list of clients referred by government agencies. The volunteers typically pay for groceries and/or gift cards and deliver them directly to the clients. In addition, Britepaths maintains a food pantry in order to make emergency deliveries to families with urgent needs.

Financial Assistance

Britepaths enlists and coordinates volunteers to evaluate requests from referring government agencies for emergency financial assistance grants. These grants are generally one-time emergency situations. Britepaths provides financial assistance grants to pay rent, utilities, medical and other emergency expenses, including auto repair.

BRITEPATHS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)

Seasonal Programs

Britepaths works with Fairfax County government agencies, community-based organizations, faith communities, area businesses, individual families, and other volunteers to provide school supplies, holiday meals, gifts of clothing and toys, and store gift cards to clients referred by governmental agencies, faith communities, and not-for-profit organizations.

Community Education

Britepaths provides information about its activities to the community and referring agents and fosters relationships with donors through several mediums, including the organization's website, social media, print materials, display boards, and newsletters.

Naomi Project

The program matches high-risk pregnant or newly parenting women with trained mentors who are committed to promoting healthy pregnancies and healthy babies. The program ended in 2019.

Advocacy

Britepaths' Board members and staff advocate for Board-selected issues to create an environment where Britepaths' clients can achieve long-term self-sufficiency. The program was inactive during 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial reporting framework

Britepaths presents its financial statements in accordance with United States generally accepted accounting principles for not-for-profit organizations.

Cash and cash equivalents

Britepaths considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Receivables

Britepaths considers all receivables to be fully collectible and, therefore, there is no allowance for doubtful accounts. Britepaths does not require collateral for receivables.

Inventory

Inventory consists of donated and purchased food. Donated items are recorded at fair value as of the donation date. Purchased items are recorded at cost. Inventory is stated in the statement of financial position at the lower of cost or realizable value using the first in, first out (FIFO) method.

Property and equipment

Britepaths capitalizes property and equipment acquisitions of \$500 or more. Purchased property and equipment is capitalized at cost. Donated property and equipment is capitalized at estimated fair value and revenue is recorded. Property and equipment is depreciated using the straight-line method over the estimated useful lives of three to seven years.

BRITEPATHS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)

Intangible assets

Intangible assets consist of a website and database software, which are capitalized at cost. Intangible assets are amortized using the straight-line method over the estimated useful life of three years.

Bank loan - PPP

Britepaths accounts for the forgivable loan received from a bank under the U.S. Small Business Administration's Paycheck Protection Program as debt, in accordance with the Financial Accounting Standards Board's Accounting Standards Codification topic 470.

Net assets

Net assets are classified based on the existence, or absence, of restrictions imposed by donors. Accordingly, net assets are reported in the following classifications:

- Net assets without donor restrictions – net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the organization's mission.
- Net assets with donor restrictions – net assets subject to restrictions imposed by donors. Some restrictions are temporary in nature; those restrictions are met by actions of Britepaths or the passage of time. Other restrictions are perpetual in nature, where the donor has stipulated the funds be maintained by Britepaths in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Revenue and revenue recognition

Contributions are recognized as revenue when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give (i.e., those with a measurable performance or other barrier and a right of return) are not recognized as revenue until the conditions on which they depend are met.

Contributions are recorded as (i) net assets without donor restrictions, or (ii) net asset with donor restrictions, depending on the existence and nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions.

Grants are accounted for as "contracts with customers" if each party under the agreement directly receives commensurate value. Other grants are accounted for as "contributions".

Income taxes

Britepaths is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

BRITEPATHS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)

Advertising costs

Advertising costs are charged to expense as incurred.

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses for each function. Accordingly, certain costs have been allocated among the programs, management and general, and fundraising. Expenses are allocated based on estimates of time and effort.

Concentration of credit risk

Financial instruments which subject Britepaths to concentrations of credit risk consist primarily of cash and cash equivalents at a bank and a credit union. The balances at the bank are insured by the Federal Deposit Insurance Corporation up to \$250,000, and the balance at the credit union is insured by the National Credit Union Administration, also up to \$250,000. At times, amounts on deposit may exceed the federally insured limit. Britepaths has not experienced, nor does it anticipate, any losses in the accounts at the bank and credit union.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Reclassifications

Certain 2019 amounts have been reclassified to conform to the 2020 financial statement presentation. These reclassifications had no effect on the reported net assets.

3. COVID-19 PANDEMIC

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created market uncertainty, volatility, and disruption across economies.

As a response, the Britepaths office and the Financial Empowerment Center at South County temporarily closed to the public. Staff continues to work remotely. Britepaths continues to offer most of its programs, primarily by phone or internet.

4. INFORMATION FOR 2019

The 2019 summarized comparative information presented herein is consistent, in all material respects, with the audited financial statements from which it has been derived. However, such information does not constitute a presentation in conformity with generally accepted accounting principles because it is presented in total, and not by net asset class or functional expense category. Accordingly, such information should be read in conjunction with Britepaths' financial statements for the year ended December 31, 2019, from which the summarized information is derived.

BRITEPATHS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)

5. LOANS RECEIVABLE – CLIENTS

Loans to clients are zero interest loans.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Furniture and office equipment	\$ 84,114	\$ 76,632
Leasehold improvements	2,166	2,166
Less: accumulated depreciation	<u>(56,791)</u>	<u>(37,838)</u>
	<u>\$ 29,489</u>	<u>\$ 40,960</u>

7. INTANGIBLE ASSETS

Intangible assets consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Website and database software	\$ 112,946	\$ 111,668
Less: accumulated amortization	<u>(110,845)</u>	<u>(107,818)</u>
	<u>\$ 2,101</u>	<u>\$ 3,850</u>

8. BANK LOAN - PPP

In April 2020 Britepaths received a \$160,000 bank loan pursuant to the Paycheck Protection Program (“PPP”), a program implemented by the U.S. Small Business Administration (“SBA”). The loan bears interest at 1% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. The loan is subject to forgiveness upon Britepaths’ request to the extent Britepaths meets certain criteria and the loan proceeds are used to pay expenses permitted by the PPP, including payroll. Britepaths intends to apply for forgiveness of the loan. Loan repayments by Britepaths to the bank are deferred until the SBA remits Britepaths’ loan forgiveness amount to the bank.

The loan is accounted for in the financial statements as debt, in accordance the Financial Accounting Standards Board’s Accounting Standards Codification topic 470. Britepaths will reclassify the debt as revenue, upon obtaining legal release.

9. NET ASSETS WITH DONOR RESTRICTIONS

There are no net assets with donor restrictions as of December 31, 2020. Net assets with donor restrictions as of December 31, 2019 consists of \$30,000 for financial literacy.

BRITEPATHS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)

10. REVENUE FROM CONTRACTS WITH CUSTOMERS

Britepaths has two types of “contracts with customers”: (i) contracts to operate a Financial Empowerment Center, and (ii) a contract to provide direct client financial assistance.

Contracts to operate a Financial Empowerment Center (non-government contract revenue)

Contract types – Britepaths earns revenue from contracts awarded by one non-government customer. The contracts are nearly identical to each other but cover different time periods.

Performance obligations – Britepaths operates a dedicated center which provides, at no charge, financial coaching and workshops in budgeting, personal finance, life skills, and more to individuals of low to moderate income residing in the surrounding community.

Significant judgments related to the above grant –

- Performance obligations are recognized over time, not at a point of time.
- Revenue is not constrained, i.e., there are no uncertainties in recognizing revenue.

Reconciliation of contract balances – There are no contract assets or liabilities at January 1, 2020 and December 31, 2020. Receivables from contracts with customers (i.e., accrued contract receivable) at January 1, 2020 and December 31, 2020 are \$16,000 and \$15,000, respectively.

Revenue earned – Revenue earned from the above contracts is recognized evenly over the period of the contract, based on time elapsed.

Contract to provide direct client financial assistance (government contract revenue)

Contract type – Britepaths earns revenue from a contract awarded by the County of Fairfax from funds the County received under the CARES Act.

Performance obligations – Britepaths provides financial assistance for food, rent, and other basic needs to clients referred by the County.

Significant judgments related to the above grant –

- Performance obligations are recognized at a point of time, not over time.
- Revenue is not constrained, i.e., there are no uncertainties in recognizing revenue.

Reconciliation of contract balances – There are no contract assets or liabilities, nor are there any receivables from the contract, at January 1, 2020 and December 31, 2020.

Revenue earned – Revenue earned from the above contracts is recognized to the extent of allowable direct and indirect costs incurred.

BRITEPATHS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2019)

11. DONATED GOODS, SERVICES, AND FACILITIES USE

Britepaths recognized revenue in the statement of activities for the fair value of the following donated items:

	<u>2020</u>	<u>2019</u>
Facilities use	\$ 17,888	\$ 19,388
Food	12,733	38,107
Gift cards	375	8,335
Holiday items and other	5,386	97,090
Services	<u>230,185</u>	<u>223,740</u>
	<u>\$ 266,567</u>	<u>\$ 386,660</u>

In addition, Britepaths received approximately 4,400 and 7,200 hours in 2020 and 2019, respectively, of donated services from unpaid volunteers who assist the organization in a variety of tasks. The value of these services is estimated at \$127,000 and \$198,000 for 2020 and 2019, respectively. No revenue has been recognized for these services in the statement of activities because they do not meet the criteria for recognition under generally accepted accounting principles.

Donated goods, services and facilities use were used in a variety of programs and administrative activities.

12. REVENUE CONCENTRATION

During 2020 and 2019, 50% and 22%, respectively of total revenue was derived from County of Fairfax agreements, including donated facilities use.

13. OPERATING LEASES

Britepaths leases its main office under an agreement whose term is October 1, 2018 through February 29, 2024. Britepaths pays base rent of \$6,235 per month plus additional rent for its proportionate share of operating expenses that exceed base year operating expenses. Base rent increases 2.75% each year. Under agreements with the County of Fairfax, Britepaths receives reimbursement for actual lease costs incurred.

Deferred rent payable, which relates to the main office lease, consists of the excess of the rental expenses on a straight-line basis over the payments required by the lease and is included as a liability in the statement of financial position.

Britepaths leases the Financial Empowerment Center at South County office and a storage space at no cost under two separate License Agreements with the County of Fairfax, Virginia. The terms of the leases run concurrent with grant agreements with the County and are automatically renewed any time the grants are renewed. The License Agreements expire June 30, 2022.

In October 2018 Britepaths entered a copier lease whereby Britepaths is required to pay \$287 per month over the 60-month term of the lease.

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Future minimum lease payments are:

<u>Year ended December 31,</u>	
2021	78,780
2022	80,851
2023	82,119
2024	13,528
	<u>\$ 255,278</u>

Rent and copier lease expense is \$94,252 (of which \$17,888 is donated) for 2020 and \$93,775 (of which \$19,388 is donated) for 2019.

14. RETIREMENT PLAN

Britepaths has a 403(b) retirement plan, which covers substantially all employees. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their salary up to the maximum allowed by law. Britepaths matches a portion of the employee contributions in an amount determined by the Board of Directors on an annual basis, currently one-half of the employee's contributions up to 6% of the employee's salary. Britepaths contributed \$17,597 and \$16,338 to the plan for 2020 and 2019, respectively.

15. AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure (i.e., without donor or other restrictions limiting use) within one year of the statement of financial position date consist of the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 788,844	\$ 234,926
Receivable for costs recoverable under government contracts	32,098	27,840
Accrued contract receivable	15,000	16,000
Non-government grants receivable	-	51,816
Contributions and other receivables	87,947	58,565
Other assets	3,240	-
Loans receivable - clients		
Total	14,556	4,502
Due after one year	<u>(9,812)</u>	<u>(1,470)</u>
	<u>\$ 931,873</u>	<u>\$ 392,179</u>

Britepaths obtained in February 2020 a two-year \$100,000 line of credit from a bank. The interest rate on funds borrowed is 1.5% over the prime interest rate, but not less than 6.0% per annum. Britepaths has not borrowed any funds under the agreement.

As part of its liquidity management plan, cash in excess of daily operating requirements is maintained in cash and cash equivalents and not invested.

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16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 27, 2021 the date the financial statements were available to be issued.