

**BRITEPATHS, INC.**

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

**YEAR ENDED DECEMBER 31, 2019  
(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2018)**

**BRITEPATHS, INC.**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2018)**

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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, 2019, 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, 2019, 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 2018 financial statements, and my report dated April 27, 2019 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, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Bernard M. Gordon, CPA, PLC*

May 12, 2020

**BRITEPATHS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**  
**(WITH SUMMARIZED INFORMATION AT DECEMBER 31, 2018)**

**ASSETS**

	2019	2018
Cash and cash equivalents	\$ 234,926	\$ 320,244
Receivable for costs recoverable under government grants	27,840	11,571
Accrued contract receivable	16,000	17,500
Non-government grants receivable	51,816	37,576
Contributions and other receivables	58,565	23,636
Gift cards	11,001	3,805
Inventory	7,362	9,216
Prepaid expenses	12,427	10,924
Loans receivable - clients	4,502	4,487
Property and equipment, net	40,960	42,845
Intangible assets, net	3,850	12,762
Tenant security deposit	6,765	6,765
<b>TOTAL ASSETS</b>	<b>\$ 476,014</b>	<b>\$ 501,331</b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable and accrued expenses	\$ 9,823	\$ 46,841
Accrued payroll and payroll taxes	22,641	13,747
Deferred rent payable	27,840	17,477
Deposit payable	6,765	6,765
<b>TOTAL LIABILITIES</b>	67,069	84,830

**NET ASSETS**

Without donor restrictions	378,945	386,501
With donor restrictions	30,000	30,000
<b>TOTAL NET ASSETS</b>	408,945	416,501

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 476,014</b>	<b>\$ 501,331</b>
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See notes to financial statements.

**BRITEPATHS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2018)**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	2019 <u>Total</u>	2018 <u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>				
Donated goods, services, and facilities use	\$ 386,660	\$ -	\$ 386,660	\$ 404,446
Contributions	481,140	-	481,140	408,566
Government grants	352,593	-	352,593	294,791
Non-government contracts	167,500	-	167,500	162,500
Non-government grants	115,200	30,000	145,200	106,200
Donated gift cards	16,833	-	16,833	19,727
Special events	130,062	-	130,062	71,223
Less: Costs of direct benefits to donors	(36,783)	-	(36,783)	(22,535)
Interest and other revenue	64	-	64	72
Net assets released from restrictions				
Satisfaction of purpose restrictions	<u>30,000</u>	<u>(30,000)</u>	<u>0</u>	<u>0</u>
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>1,643,269</b>	<b>0</b>	<b>1,643,269</b>	<b>1,444,990</b>
<b>EXPENSES</b>				
Program services				
Financial Empowerment Center	283,730	-	283,730	291,028
Financial Literacy	224,871	-	224,871	188,613
Food	191,733	-	191,733	156,276
Seasonal Programs	169,267	-	169,267	209,875
Community Education	167,370	-	167,370	149,535
Workforce Development	147,681	-	147,681	56,583
Financial Assistance	82,550	-	82,550	96,414
Project BRIDGE	10,188	-	10,188	37,935
Advocacy	2,664	-	2,664	1,911
Naomi Project	<u>2,235</u>	<u>-</u>	<u>2,235</u>	<u>33,593</u>
	1,282,289	-	1,282,289	1,221,763
Fundraising	187,332	-	187,332	129,274
General and administrative	<u>181,204</u>	<u>-</u>	<u>181,204</u>	<u>124,567</u>
<b>TOTAL EXPENSES</b>	<b>1,650,825</b>	<b>-</b>	<b>1,650,825</b>	<b>1,475,604</b>
<b>CHANGE IN NET ASSETS</b>	<b>(7,556)</b>	<b>0</b>	<b>(7,556)</b>	<b>(30,614)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u><b>386,501</b></u>	<u><b>30,000</b></u>	<u><b>416,501</b></u>	<u><b>447,115</b></u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u><b>\$ 378,945</b></u></u>	<u><u><b>\$ 30,000</b></u></u>	<u><u><b>\$ 408,945</b></u></u>	<u><u><b>\$ 416,501</b></u></u>

See notes to financial statements.

**BRITEPATHS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2018)**

	Financial Empower- ment Center	Financial Literacy	Food	Seasonal Programs	Community Education	Workforce Develop- ment	Financial Assistance	Project BRIDGE	Ad- vocacy	Naomi Project	Total Program Services	Fund- raising	General and Admin- istrative	Indirect Expenses	2019 Grand Total	2018 Grand Total
Advertising	\$ 2,214	\$ -	\$ -	\$ -	\$ 567	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,781	\$ 1,675	\$ 120	\$ -	\$ 4,576	\$ 1,486
Audit and accounting fees	-	-	-	-	-	-	-	-	-	-	-	-	12,500	-	12,500	12,500
Bank and transaction fees	-	-	19	-	-	-	-	-	-	-	19	-	225	4,374	4,618	4,370
Conferences and meetings	670	-	-	182	3,190	-	-	-	-	-	4,042	912	703	-	5,657	3,067
Consultant/professional services	9,266	-	-	-	-	50	-	-	-	-	9,316	25	-	-	9,341	14,175
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	26,542	26,542	28,479
Dues and subscriptions	2,433	-	-	-	2,884	-	-	-	-	-	5,317	942	4,360	-	10,619	5,953
Financial assistance grants	-	-	-	-	-	1,397	56,911	1,553	-	-	59,861	-	149	-	60,010	66,581
Information technology	3,341	960	-	-	-	-	-	-	-	-	4,301	-	18,349	-	22,650	21,684
Insurance - general	-	-	-	-	-	-	-	-	-	-	-	-	6	7,795	7,801	7,215
Insurance - health and life	-	-	-	-	-	-	-	-	-	-	-	-	24	6,826	6,850	-
In-kind donations																
Facilities use	13,844	-	995	-	1,500	-	-	-	-	-	16,339	-	1,321	1,728	19,388	46,359
Food	-	-	35,737	-	-	-	-	-	-	-	35,737	-	-	-	35,737	41,473
Gift cards	-	-	8,335	-	-	-	-	-	-	-	8,335	-	-	-	8,335	7,768
Holiday items and other	63	-	1,240	84,318	9,695	-	-	125	-	-	95,441	-	1,649	-	97,090	111,354
Services	55,672	77,243	25,625	105	5,616	-	-	-	-	-	164,261	1,000	-	58,480	223,741	197,858
Maintenance and repairs													40	-	40	159
Miscellaneous	1,744	510	470	74	-	350	-	-	-	-	3,148	-	4,936	-	8,084	3,519
Moving	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,820
Office supplies	2,063	70	52	159	68	-	-	-	-	-	2,412	586	7,100	67	10,165	9,805
Payroll processing fees	68	-	-	-	-	-	-	-	-	-	68	-	3,791	-	3,859	3,602
Postage and shipping	23	8	412	245	24	-	-	-	-	-	712	2,159	3,192	-	6,063	5,168
Printing and copying	-	-	195	-	2,114	-	-	-	-	-	2,309	9,271	5,331	-	16,911	9,828
Program support																
Gift cards distributed	1,152	70	62,589	35,385	321	225	-	90	-	5	99,837	50	2,357	-	102,244	107,745
Our Daily Veggie vouchers	-	-	6,020	-	-	-	110	-	-	-	6,130	-	-	-	6,130	4,157
Goods and supplies	-	1,500	1,143	25,309	-	-	-	-	-	-	27,952	-	-	-	27,952	28,628
Property taxes and licenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	632
Refreshments	333	288	-	-	57	65	-	376	-	-	1,119	133	447	-	1,699	2,246
Rent and copier lease	-	-	-	-	-	-	-	-	-	-	-	-	4,478	69,909	74,387	20,611
Retirement plan expense	-	-	-	-	-	-	-	-	-	-	-	-	-	16,338	16,338	13,510
Salary and payroll taxes	124,195	93,216	32,100	15,412	90,811	95,480	16,768	5,196	1,750	1,462	476,390	111,667	67,339	150,394	805,790	675,793
Staff training and seminars	199	965	-	-	87	-	-	-	-	-	1,251	120	2,274	-	3,645	6,960
Telephone	272	-	-	-	-	-	-	-	-	-	272	-	4,369	-	4,641	3,425
Travel	1,287	1,169	29	26	2,988	226	-	133	-	4	5,862	446	132	-	6,440	5,485
Volunteer recognition	-	167	-	-	-	-	-	-	-	-	167	-	815	-	982	189
	218,839	176,166	174,961	161,215	119,922	97,793	73,789	7,473	1,750	1,471	1,033,379	128,986	146,007	342,453	1,650,825	1,475,604
Allocation of indirect expenses	64,891	48,705	16,772	8,052	47,448	49,888	8,761	2,715	914	764	248,910	58,346	35,197	(342,453)	0	0
Total expenses	\$ 283,730	\$ 224,871	\$ 191,733	\$ 169,267	\$ 167,370	\$ 147,681	\$ 82,550	\$ 10,188	\$ 2,664	\$ 2,235	\$ 1,282,289	\$ 187,332	\$ 181,204	\$ 0	\$ 1,650,825	\$ 1,475,604

See notes to financial statements.

**BRITEPATHS, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2018)**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (7,556)	\$ (30,614)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	26,542	28,479
(Increase) decrease in operating assets		
Receivable for costs recoverable under government grants	(16,269)	(8,813)
Accrued contract receivable	1,500	(17,500)
Non-government grants receivable	(14,240)	3,199
Contributions and other receivables	(34,929)	63,603
Gift cards	(7,196)	(1,459)
Inventory	1,854	1,040
Prepaid expenses	(1,503)	(10,448)
Loans receivable - clients	(15)	(1,525)
Tenant security deposit	-	(6,765)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(37,018)	24,112
Accrued payroll and payroll taxes	8,894	7,038
Deferred revenue	-	(7,500)
Deferred rent payable	10,363	17,477
Deposit payable	-	6,765
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(69,573)</b>	<b>67,089</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(14,351)	(22,467)
Purchase of intangible assets	(1,394)	(2,371)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(15,745)</b>	<b>(24,838)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(85,318)</b>	<b>42,251</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>320,244</b>	<b>277,993</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ 234,926</b>	<b>\$ 320,244</b>

See notes to financial statements.



**BRITEPATHS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2018)**

**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:

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.

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.

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.

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.

**BRITEPATHS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2018)**

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.

Project BRIDGE

For selected clients, Britepaths draws upon the resources of all its programs and the community to develop a comprehensive plan for each client and provide services tailored to each client's specific needs.

Advocacy

Britepaths' Board members and staff advocate for Board-selected issues in order to create an environment where Britepaths' clients can achieve long-term self-sufficiency.

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.

**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

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, 2019**  
**(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2018)**

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.

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.

Contributions

Contributions are recognized as revenue in the period received or unconditionally promised, whichever is earlier.

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

Government grants

Government grants are cost reimbursable agreements. Revenue is recognized to the extent of allowable direct and indirect costs incurred.

Non-government contracts and grants

Non-government agreements to provide funds to Britepaths, e.g., grants, are accounted for as “contracts with customers” if each party under the agreement directly receives commensurate value. Other non-government agreements to provide funds to Britepaths 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, 2019**  
**(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2018)**

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 by 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 December 31, 2019, all of Britepaths' cash and cash equivalents balances are insured.

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 2018 amounts have been reclassified to conform to the 2019 financial statement presentation. These reclassifications had no effect on the reported net assets.

New accounting pronouncements

Britepaths implemented two of the Financial Accounting Standards Board's Accounting Standards Updates ("ASUs") effective January 1, 2019:

- ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The update provides a more robust framework for addressing revenue accounting issues.
- ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The update clarifies when to use the contribution accounting model for grants.

Britepaths implemented the updates in its 2019 financial statements. The updates have been applied retrospectively to 2018 in these financial statements. There is no effect upon net assets or other account balances as a result of the implementation.

**3. INFORMATION FOR 2018**

The 2018 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, 2018, from which the summarized information is derived.

**BRITEPATHS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2018)**

**4. LOANS RECEIVABLE – CLIENTS**

Loans to clients are zero interest loans.

**5. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Furniture and office equipment	\$ 76,632	\$ 62,281
Leasehold improvements	2,166	2,166
Less: accumulated depreciation	<u>(37,838)</u>	<u>(21,602)</u>
	<u>\$ 40,960</u>	<u>\$ 42,845</u>

**6. INTANGIBLE ASSETS**

Intangible assets consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Website and database software	\$ 111,668	\$ 110,274
Less: accumulated amortization	<u>(107,818)</u>	<u>(97,512)</u>
	<u>\$ 3,850</u>	<u>\$ 12,762</u>

**7. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2019 and 2018 consists of \$30,000 at both dates for financial literacy.

**8. DONATED GOODS, SERVICES, AND FACILITIES USE**

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

	<u>2019</u>	<u>2018</u>
Facilities use	\$ 19,388	\$ 46,359
Food	38,107	39,212
Gift cards	8,335	7,768
Holiday items and other	97,090	113,249
Services	<u>223,740</u>	<u>197,858</u>
	<u>\$ 386,660</u>	<u>\$ 404,446</u>

In addition, Britepaths received approximately 7,200 and 10,100 hours in 2019 and 2018, respectively, of donated services from unpaid volunteers who assist the organization in a variety of tasks. The value of these services is estimated at \$198,000 and \$272,000 for 2019 and 2018, 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.

**BRITEPATHS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(WITH SUMMARIZED INFORMATION FOR YEAR ENDED DECEMBER 31, 2018)**

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

**9. 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 \$6,068 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 an agreement with the County of Fairfax, Britepaths received \$52,432 reimbursement for actual lease costs incurred for October 1, 2018 through June 30, 2019. Under a separate agreement with the County, Britepaths will receive reimbursement for actual lease costs incurred for July 1, 2019 through June 30, 2020, not to exceed \$81,183.

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 space 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, 2020.

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.

Future minimum lease payments are:

<u>Year ended December 31,</u>	
2020	76,765
2021	78,780
2022	80,851
2023	82,119
2024	13,528
	<u>\$ 332,043</u>

Rent and copier lease expense is \$93,775 (of which \$19,388 is donated) for 2019 and \$66,970 (of which \$46,359 is donated) for 2018.

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**10. 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>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 234,926	\$ 320,244
Receivable for costs recoverable under government contracts	27,840	11,571
Accrued contract receivable	16,000	17,500
Non-government grants receivable	51,816	0
Contributions and other receivables	58,565	23,636
Loans receivable - clients		
Total	4,502	4,487
Due after one year	<u>(1,470)</u>	<u>(1,645)</u>
	<u>\$ 392,179</u>	<u>\$ 375,793</u>

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

**11. REVENUE CONCENTRATION**

During 2019 and 2018, 22% and 23%, respectively, of total revenue was derived from County of Fairfax agreements, including donated facilities use.

**12. REVENUE FROM CONTRACTS WITH CUSTOMERS**

Contract types – Britepaths earns revenue from contracts awarded to Britepaths 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, 2019 and December 31, 2019. Receivables from contracts with customers (i.e., accrued contract receivable) at January 1, 2019 and December 31, 2019 are \$17,500 and \$16,000, respectively.

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

**13. 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 \$16,338 and \$13,510 to the plan for 2019 and 2018, respectively.

**14. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 12, 2020 the date the financial statements were available to be issued.

Due to the COVID-19 pandemic, Governor Northam of Virginia issued several Executive Orders in March 2020 requiring residents to remain at their place of residence, except for the purpose of obtaining food, seeking medical assistance, and certain other purposes. 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.

In April 2020 Britepaths received a \$160,000 loan from a bank under the federal government's Paycheck Protection Program ("PPP"). These funds are being used to primarily to pay salaries in accordance PPP guidelines.

In February 2020, Britepaths obtained a \$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. The line of credit agreement ends February 2022. Britepaths has not borrowed any funds under the agreement.