

BRITEPATHS, INC.

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

YEAR ENDED JUNE 30, 2022

BRITEPATHS, INC.
YEAR ENDED JUNE 30, 2022

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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.

Opinion

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 June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Britepaths, Inc. as of June 30, 2022, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. I am required to be independent of Britepaths, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Britepaths, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Britepaths, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Britepaths, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Bernard M. Gordon, CPA, PLC

March 6, 2023

BRITEPATHS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Cash and cash equivalents	\$	960,792
Receivable for costs recoverable under government grants		398,733
Accrued contract receivable		76,240
Non-government grants, contributions and other receivable		36,585
Gift cards		43,747
Inventory		2,217
Prepaid expenses		30,835
Loans receivable - clients		13,769
Property and equipment, net		46,898
Intangible assets, net		14,491
Tenant security deposit		<u>6,765</u>
TOTAL ASSETS	\$	<u>1,631,072</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$	194,776
Accrued payroll and payroll taxes		49,910
Deferred government contract revenue		299,264
Deferred rent		15,516
Deposit payable		<u>6,765</u>
TOTAL LIABILITIES		566,231

NET ASSETS

Without donor restrictions		1,059,841
With donor restrictions		<u>5,000</u>
TOTAL NET ASSETS		1,064,841

	\$	<u>1,631,072</u>
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See notes to financial statements.

BRITEPATHS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Donated goods, services, and facilities use	\$ 169,944	\$ -	\$ 169,944
Contributions	653,128	-	653,128
Government contracts	5,469,401	-	5,469,401
Government grants	801,617	-	801,617
Non-government contracts	190,600	-	190,600
Non-government grants	115,300	-	115,300
Special events	93,611	-	93,611
Less: Costs of direct benefits to donors	(51,968)	-	(51,968)
Donated gift cards	19,651	-	19,651
Interest and other revenue	2,768	-	2,768
Net assets released from restrictions			
Satisfaction of purpose restrictions	5,000	(5,000)	0
TOTAL REVENUE	<u>7,469,052</u>	<u>(5,000)</u>	<u>7,464,052</u>
EXPENSES			
Program services	6,943,978	-	6,943,978
Fundraising	252,037	-	252,037
General and administrative	170,531	-	170,531
TOTAL EXPENSES	<u>7,366,546</u>	<u>-</u>	<u>7,366,546</u>
INCOME FROM OPERATIONS	102,506	(5,000)	97,506
GAIN ON EXTINGUISHMENT OF PAYCHECK PROTECTION PROGRAM DEBT	<u>160,000</u>	<u>-</u>	<u>160,000</u>
CHANGE IN NET ASSETS	262,506	(5,000)	257,506
NET ASSETS AT JULY 1, 2021	<u>797,335</u>	<u>10,000</u>	<u>807,335</u>
NET ASSETS AT JUNE 30, 2022	<u>\$ 1,059,841</u>	<u>\$ 5,000</u>	<u>\$ 1,064,841</u>

See notes to financial statements.

BRITEPATHS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Emergency Rental Assistance	Financial Assistance	Financial Empower- ment Center	Food	Workforce Develop- ment	Financial Literacy	Community Education	Seasonal Programs	CARES	Total Program Services	Fund- raising	General and Admin- istrative	Indirect Expenses	Grand Total
Advertising	\$ -	\$ -	\$ 1,720	\$ -	\$ -	\$ -	\$ 240	\$ -	\$ -	\$ 1,960	\$ -	\$ -	\$ -	\$ 1,960
Audit and accounting fees	-	-	-	-	-	-	-	-	-	-	-	12,000	-	12,000
Bank and transaction fees	108	108	-	-	-	-	749	15	-	980	-	620	7,773	9,373
Consultants	-	-	775	-	-	-	-	-	-	775	-	5,600	5,000	11,375
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	22,710	22,710
Dues and subscriptions	-	-	1,458	-	-	-	1,808	-	-	3,266	1,048	11,657	2,200	18,171
Financial assistance grants	5,121,109	357,205	-	-	19,348	4,432	-	-	61,683	5,563,777	-	-	-	5,563,777
Information technology	-	-	2,264	-	-	-	-	-	-	2,264	-	6,138	14,563	22,965
Insurance - general	-	-	-	-	-	-	-	-	-	-	-	18,295	-	18,295
Insurance - health and life	-	-	-	-	-	-	-	-	-	-	-	13,181	4,358	17,539
In-kind donations														
Facilities use	-	-	13,844	-	-	-	-	-	-	13,844	-	-	4,044	17,888
Services	-	1,645	98,369	-	-	450	-	-	-	100,464	-	1,941	24,365	126,770
Goods and other	-	-	-	22,211	-	-	-	-	-	22,211	-	1,393	-	23,604
Miscellaneous	-	75	5,608	460	50	1,971	1,722	-	-	9,886	231	5,554	158	15,829
Office supplies	-	156	794	636	-	-	11	63	-	1,660	120	4,291	44	6,115
Payroll processing fees	-	-	-	-	-	-	-	-	-	-	-	-	3,901	3,901
Postage and shipping	-	581	141	975	9	-	-	183	-	1,889	1,828	3,674	-	7,391
Printing and copying	-	-	248	255	-	-	1,946	-	-	2,449	4,201	4,025	-	10,675
Program support														
Gift cards distributed	-	80	680	139,693	1,150	-	-	74,900	-	216,503	521	2,591	-	219,615
ODV vouchers	-	-	-	4,534	-	-	-	-	-	4,534	-	-	-	4,534
Rent and copier lease	-	-	-	-	-	-	-	-	-	-	-	4,193	69,135	73,328
Retirement plan expense	-	-	-	-	-	-	-	-	-	-	-	-	20,657	20,657
Salary and payroll taxes	147,969	5,232	169,593	53,468	155,696	104,383	68,924	5,422	-	710,687	173,902	46,693	202,272	1,133,554
Telephone	-	-	-	-	-	-	-	-	-	-	-	4,520	-	4,520
	<u>5,269,186</u>	<u>365,082</u>	<u>295,494</u>	<u>222,232</u>	<u>176,253</u>	<u>111,236</u>	<u>75,400</u>	<u>80,583</u>	<u>61,683</u>	<u>6,657,149</u>	<u>181,851</u>	<u>146,366</u>	<u>381,180</u>	<u>7,366,546</u>
Allocation of indirect expenses	59,719	2,111	68,447	21,580	62,838	42,128	27,817	2,189	-	286,829	70,186	24,165	(381,180)	0
Total expenses	<u>\$ 5,328,905</u>	<u>\$ 367,193</u>	<u>\$ 363,941</u>	<u>\$ 243,812</u>	<u>\$ 239,091</u>	<u>\$ 153,364</u>	<u>\$ 103,217</u>	<u>\$ 82,772</u>	<u>\$ 61,683</u>	<u>\$ 6,943,978</u>	<u>\$ 252,037</u>	<u>\$ 170,531</u>	<u>\$ 0</u>	<u>\$ 7,366,546</u>

See notes to financial statements.

BRITEPATHS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 257,506
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	22,710
(Increase) decrease in operating assets	
Receivable for costs recoverable under government grants	(198,240)
Accrued contract receivable	(46,240)
Non-government grants, contributions, and other receivables	8,485
Other assets	5,756
Gift cards	(22,273)
Inventory	(1,828)
Prepaid expenses	(11,073)
Loans receivable - clients	(473)
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	159,089
Accrued payroll and payroll taxes	15,428
Bank loan - PPP	(160,000)
Deferred government contract revenue	(859,599)
Deferred rent	(6,456)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(837,208)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(27,167)
Purchase of intangible assets	(17,176)
NET CASH USED BY INVESTING ACTIVITIES	<u>(44,343)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(881,551)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>1,842,343</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 960,792</u></u>

See notes to financial statements.

BRITEPATHS, INC.
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2022

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:

Emergency Rental Assistance

Britepaths processes direct assistance payments for rent and other expenses related to housing to eligible recipients as determined by the County of Fairfax government. Funding for the program is provided to Britepaths by the County of Fairfax government from funds the County received from the U.S. Department of the Treasury.

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.

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.

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 to make emergency deliveries to families with urgent needs.

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.

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.

BRITEPATHS, INC.
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2022

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.

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.

CARES

Britepaths provides financial assistance to clients for food, rent, and other basic needs. Funding for this program is provided to Britepaths by 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.

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 the year ended June 30, 2022.

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.

BRITEPATHS, INC.
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2022

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.

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.

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, i.e., Britepaths has a simultaneous release policy. All other contributions that are restricted by the donor are reported as an increase 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.

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".

BRITEPATHS, INC.
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2022

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.

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.

3. LOANS RECEIVABLE – CLIENTS

Loans to clients are zero interest loans.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022:

Furniture and office equipment	\$ 128,074
Leasehold improvements	2,166
Less: accumulated depreciation	<u>(83,342)</u>
	<u>\$ 46,898</u>

BRITEPATHS, INC.
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2022

5. INTANGIBLE ASSETS

Intangible assets consist of the following at June 30, 2022:

Website and database software	\$ 130,409
Less: accumulated amortization	<u>(115,918)</u>
	<u>\$ 14,491</u>

6. 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. The loan, including interest, 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 applied for forgiveness of the loan. The application was approved and the loan was forgiven effective August 11, 2021.

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 reclassified the loan as a gain effective August 11, 2021, upon obtaining legal release.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2022 consists of \$5,000 for the Food program.

8. DONATED GOODS, SERVICES, AND FACILITIES USE

Britepaths recognized revenue in the statement of activities for the year ended June 30, 2022 for the fair value of the following donated items:

Facilities use	\$ 17,888
Services	126,770
Goods and other	<u>25,286</u>
	<u>\$ 169,944</u>

In addition, during the year ended June 30, 2022 Britepaths received approximately 4,000 hours of donated services from unpaid volunteers who assist the organization in a variety of tasks. The value of these services is estimated at \$117,000. 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.

BRITEPATHS, INC.
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2022

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

Britepaths has two types of “contracts with customers”: (i) contracts to operate a Financial Empowerment Center, and (ii) contracts 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 July 1, 2021 and June 30, 2022. Receivables from contracts with customers (i.e., accrued contract receivable) at June 30, 2022 is \$76,240.

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

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

Contract type – Britepaths earns revenue from contracts awarded by the County of Fairfax government and City of Fairfax government from funds the County and City received from the federal government.

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

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 – At July 1, 2021 and June 30, 2022, there are no contract assets and no receivables. At July 1, 2021, there are no contract liabilities. At June 30, 2022, there is \$299,264 of contract liabilities, which consists of deferred government contract revenue.

BRITEPATHS, INC.
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2022

Revenue earned – Revenue earned from the above contracts is recognized (i) to the extent of direct assistance payments incurred, plus (ii) an administrative fee, which is calculated based on the proportion of direct assistance payments incurred to the total contract direct assistance payments times the total contract administrative fee.

10. REVENUE CONCENTRATION

During the year ended June 30, 2022, 82% of total revenue was derived from County of Fairfax agreements, including donated facilities use.

11. 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 \$6,407 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, 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. 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, 2024.

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 June 30,</u>	
2023	81,909
2024	<u>54,428</u>
	<u><u>\$ 136,337</u></u>

Rent and copier lease expense for the year ended June 30, 2022 is \$91,216, of which \$17,888 is donated facilities use.

12. 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

BRITEPATHS, INC.
NOTES TO FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2022

contributions up to 6% of the employee's salary. Britepaths contributed \$20,657 to the plan for the year ended June 30, 2022.

13. 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 statement of financial position date consist of the following:

Cash and cash equivalents	\$ 960,792
Receivable for costs recoverable under government contracts	398,733
Accrued contract receivable	76,240
Non-government grants, contributions and other receivables	36,585
Loans receivable - clients	
Total	13,769
Due after one year	<u>(6,000)</u>
	<u>\$ 1,480,119</u>

Britepaths has a \$100,000 line of credit from a bank in effect through February 2024. 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.

14. FISCAL YEAR CHANGE

Effective January 1, 2021, Britepaths changed its fiscal year from the calendar year to July 1 - June 30.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 6, 2023 the date the financial statements were available to be issued.