



BRITEPATHS, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Britepaths, Inc.

Opinion

We have audited the accompanying financial statements of Britepaths, Inc. (the Organization), a not-for-profit corporation, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 the Organization'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

Our 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 our 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 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, we:

- 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 the Organization'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.



HAN GROUP LLC
Washington, DC
October 24, 2025

BRITEPATHS, INC.

Statement of Financial Position

June 30, 2025

Assets

Cash	\$ 876,019
Government accounts receivable	28,542
Government contributions receivable	98,752
Non-government accounts receivable	42,750
Non-government contributions receivable	27,692
Intangible assets, net	2,746
Prepaid expenses and deposits	13,545
Gift cards and food inventory	29,338
Right-of-use asset – operating lease	<u>219,027</u>

Total assets	<u><u>\$ 1,338,411</u></u>
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Liabilities and Net Assets**Liabilities**

Accounts payable and accrued expenses	\$ 20,498
Accrued payroll and related liabilities	55,632
Operating lease liability	<u>227,104</u>

Total liabilities	<u>303,234</u>
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Net Assets

Without donor restrictions	984,257
With donor restrictions	<u>50,920</u>

Total net assets	<u>1,035,177</u>
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Total liabilities and net assets	<u><u>\$ 1,338,411</u></u>
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BRITEPATHS, INC.

Statement of Activities

Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Government contracts	\$ 1,027,796	\$ -	\$ 1,027,796
Non-government contributions	585,790	229,594	815,384
Non-government contracts	285,451	-	285,451
Contributions of non-financial assets	217,956	-	217,956
Government contributions	143,431	-	143,431
Special fundraising events:			
Contributions	197,066	-	197,066
Direct costs of special fundraising events	(82,642)	-	(82,642)
Net special fundraising events	114,424	-	114,424
Interest and other revenue	60,591	-	60,591
Net assets released from restrictions:			
Satisfaction of purpose restrictions	201,174	(201,174)	-
Total revenue	2,636,613	28,420	2,665,033
Expenses			
Program services:			
Financial Empowerment	546,015	-	546,015
Financial Assistance	509,683	-	509,683
Food	314,392	-	314,392
Emergency Rental Assistance	205,933	-	205,933
Workforce Development	196,808	-	196,808
Community Education	102,789	-	102,789
Youth	102,750	-	102,750
Economic Mobility	71,391	-	71,391
Total program services:	2,049,761	-	2,049,761
Supporting services:			
General and administrative	211,259	-	211,259
Fundraising	305,422	-	305,422
Total supporting services:	516,681	-	516,681
Total expenses	2,566,442	-	2,566,442
Change in Net Assets	70,171	28,420	98,591
Net Assets , beginning of year	914,086	22,500	936,586
Net Assets , end of year	\$ 984,257	\$ 50,920	\$ 1,035,177

See accompanying notes.

BRITEPATHS, INC.

Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services						
	Financial Empowerment	Financial Assistance	Food	Emergency Rental Assistance	Workforce Development	Community Education	Youth
Salaries and related expenses	\$ 340,007	\$ 54,325	\$ 125,858	\$ 1,672	\$ 165,713	\$ 92,901	\$ 10,059
Family assistance	2,000	423,151	-	204,138	16,254	-	-
Gift cards and other direct support	2,372	-	159,030	-	300	-	79,582
Consultants and other professional services	155,856	1,304	3,335	17	6,912	4,392	125
Occupancy	-	25,618	13,697	-	-	-	-
IT support and website	11,816	1,393	6,576	44	4,007	2,295	1,694
Conferences and meetings	15,276	1,147	659	6	412	408	14
Office expense	5,445	1,165	2,651	18	1,804	1,014	366
Amortization	-	-	-	-	-	-	-
Dues and subscriptions	3,317	59	105	2	-	248	6
Insurance	5,612	768	1,680	36	1,286	1,218	244
Travel and mileage	490	537	729	-	113	313	59
Other expenses	3,824	216	72	-	7	-	10,601
Total expenses	<u>\$ 546,015</u>	<u>\$ 509,683</u>	<u>\$ 314,392</u>	<u>\$ 205,933</u>	<u>\$ 196,808</u>	<u>\$ 102,789</u>	<u>\$ 102,750</u>

See accompanying notes.

BRITEPATHS, INC.

Statement of Functional Expenses (continued)

Year Ended June 30, 2025

	Program Services		Supporting Services			
	Economic Mobility	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Salaries and related expenses	\$ 71,178	\$ 861,713	\$ 94,722	\$ 272,268	\$ 366,990	\$1,228,703
Family assistance	-	645,543	-	-	-	645,543
Gift cards and other direct support	-	241,284	2,749	100	2,849	244,133
Consultants and other professional services	-	171,941	33,329	7,366	40,695	212,636
Occupancy	-	39,315	31,170	-	31,170	70,485
IT support and website	157	27,982	3,295	5,950	9,245	37,227
Conferences and meetings	-	17,922	5,750	3,410	9,160	27,082
Office expense	56	12,519	3,262	6,449	9,711	22,230
Depreciation	-	-	17,682	-	17,682	17,682
Dues and subscriptions	-	3,737	9,062	3,523	12,585	16,322
Insurance	-	10,844	1,106	3,409	4,515	15,359
Travel and mileage	-	2,241	2,600	99	2,699	4,940
Other expenses	-	14,720	6,532	2,848	9,380	24,100
Total expenses	\$ 71,391	\$2,049,761	\$ 211,259	\$ 305,422	\$ 516,681	\$2,566,442

See accompanying notes.

BRITEPATHS, INC.Statement of Cash Flows
Year Ended June 30, 2025**Cash Flows from Operating Activities**

Change in net assets	\$ 98,591
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	17,682
Changes in operating assets and liabilities:	
Government accounts receivable	(28,542)
Government contributions receivable	289,972
Non-government accounts receivable	6,399
Non-government contributions receivable	17,975
Prepaid expenses and deposits	17,809
Gift cards and food inventory	(11,189)
Accounts payable and accrued expenses	(592)
Accrued payroll liabilities	(11,660)
Deferred revenue	(300,452)
Operating lease asset and liability	1,733
Net cash provided by operating activities	97,726

Cash Flows from Financing Activities

Proceeds from loans receivable	6,132
Net cash provided by financing activities	6,132

Net Increase in Cash 103,858

Cash, beginning of year 772,161

Cash, end of year \$ 876,019

1. Nature of Operations

Britepaths, Inc. (the Organization) is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization provides short-term safety-net services to individuals and families across Northern Virginia, while empowering them to work toward long-term self-sufficiency. All programs and services are provided free of charge. The Organization 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 the Organization's mission. The Organization operates the following programs and engages the help of volunteers where appropriate and necessary:

Financial Empowerment

Through agreements with United Way of the National Capital Area and the County of Fairfax, Virginia, the Organization operates the Financial Empowerment Center in the South County Community, which offers financial coaching and workshops in budgeting, personal finance, improving credit scores, and other financial education topics. Coaching and workshops are provided by Certified Financial Planners or other finance industry professionals who volunteer their time to the program.

Financial Assistance

The Organization enlists and coordinates volunteers to evaluate requests from Fairfax Coordinated Services Planning and partner organizations for emergency financial assistance grants. These grants are generally one-time emergency situations. The Organization provides financial assistance grants to pay rent, utilities, medical and other emergency expenses, including auto repair.

Emergency Rental Assistance

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

Food Security

The Organization provides grocery gift cards and a hygiene packing from our in-office pantry to households referred by Coordinated Services Planning and partner organizations for emergency food needs. Households are eligible once per fiscal year for this assistance. Funding for this program is provided to the Organization through the Consolidated Community Funding Pool, funding from Fairfax County.

In the spring, summer, and fall, the Organization provides vouchers for fresh produce and protein products that families can use at participating vendor stalls at Northern Virginia farmers markets. The Organization reimburses the vendors for the vouchers spent at their stall. Households eligible to receive the vouchers include food security clients, financial empowerment clients, and workforce development clients.

1. Nature of Operations (continued)Food Security (continued)

In Fiscal Year 2025, the Organization had the opportunity to run a pilot food assistance and financial empowerment program through a Fairfax City grant program, called BriteSteps. A cohort of 25 Fairfax City residents with children were selected, and each received one grocery gift card per month upon completion of a financial empowerment or workforce development activity, for a duration of six months.

Youth Programs

The Organization maintains a free library called The Secret Garden in the Fairfax office. Books provided include baby board books to high school level books and books in languages that reflect our diverse community. The library is open to anyone in the community with children.

The Organizations' Food4Thought program supports more than twenty Fairfax County Public schools with grocery gift cards to provide weekend meals for children. Volunteer groups and individuals are also encouraged to create weekend food packs to donate to partner schools.

In the summer of 2024, the Organization supported 10 Fairfax County schools with backpacks and supplies kits, to prepare students for school in the fall. Working closely with a wholesale supplies kits partner, the supplies are paid for by the Organization fundraising and delivered to the 10 partner schools before the beginning of the school year. In 2025, the Organization is moving to an in-person Back To School Fair event model.

During the winter school break of 2024, the Organization provided food security assistance in the form of grocery gift cards to client families, serving more than 300 children.

Workforce Development

The Organization provides one-on-one workforce coaching to assist with resume review, interview preparation, job search guidance, and identifying career training programs or educational resources. Signature programs include Network Up, a short-term mentoring program that matches a job seeker with a professional in the same or similar field and Pathfinder Kitchen, which teaches culinary skills, offers certifications, and delivers business insights for careers in the food service industry.

Community Education

The Organization provides information about its programs and services to the community and partner organizations and fosters relationships with donors through several mediums, including the organization's website, social media, print materials, display boards, and newsletters.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized as obligations are incurred.

Adoption of New Accounting Standards

In March 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The ASU allows a practical expedient whereby organizations may elect to assume that economic conditions remain unchanged over the life of the receivable for short term assets. In addition, it allows an accounting policy election to consider subsequent collection activity after year-end and before issuance of financial statements in determining the amount of the allowance for credit losses. The Organization elected the practical expedient and the accounting policy and applied them prospectively beginning as of July 1, 2024. Adoption of the ASU did not have a material impact on the financial statements.

Cash

The Organization considers all highly liquid instruments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase to be cash.

Government and Non-Government Accounts Receivable

Government and non-government accounts receivable represent amounts due from the Organization's customers. When indicated, accounts receivable are presented net of an allowance for credit losses. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. The Organization has historically had insignificant write-offs due to bad debt. At June 30, 2025, the allowance for credit losses was not recorded due to immateriality.

Government and Non-Government Contributions Receivable

Unconditional contributions that are expected to be collected within one year are reported at net realizable value. Unconditional contributions that are expected to be collected in future years are recorded at their present value using a risk-adjusted rate. Conditional contributions are not included as support until conditions are substantially met.

2. Summary of Significant Accounting Policies (continued)Government and Non-Government Contributions Receivable (continued)

The Organization records an allowance for doubtful accounts, if needed, equal to the estimated losses that will be incurred in the collection of receivables. The estimated losses are based on historical collection experience. The Organization records all contributions and grants receivable at their net realizable value. At June 30, 2025, there was no allowance for doubtful accounts.

Property and Equipment

Property and equipment with a projected useful life exceeding one year and in excess of \$500 are capitalized and recorded at cost or fair value at date of contribution. Amortization is computed using the straight-line method over the estimated useful lives of the related assets which range from three to seven years. Expenditures for minor and routine repairs and maintenance are expensed as incurred. Upon retirement or disposal of assets, the cost and accumulated amortization are eliminated from the accounts, and any resulting gain or loss is included in revenue or expense. Total property and equipment is not material and is zero net of accumulated depreciation at June 30, 2024 and therefore does not appear on the accompanying statement of financial position.

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.

Gift Cards and Food Inventory

Gift cards and food inventory consist of donated and purchased food and gift cards. 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.

Leases

The Organization accounts for leases in accordance with FASB's ASU No. 2016-02, *Leases (Topic 842)*, as amended. The Organization determines whether an arrangement is or contains a lease at contract inception. The Organization recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date.

2. Summary of Significant Accounting Policies (continued)Leases (continued)

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to recognize payments for short-term leases with a lease term of twelve months or less as expenses are incurred and these leases are not included in lease liabilities or ROU assets on the statement of financial position.

The Organization has elected to use a risk-free discount rate, commensurate with the terms of the leases, to determine the present value of the lease payments for each lease agreement. In addition, the Organization has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease components as a single lease component.

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* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's general operations..
- *Net Assets With Donor Restrictions* represent funds that are subject to donor-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. The Organization did not have any donor-imposed restrictions which are perpetual in nature at June 30, 2025.

Revenue Recognition*Contributions*

Unconditional contributions are recognized as revenue upon notification and are reported as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the accompanying statement of activities as net assets released from restrictions.

2. Summary of Significant Accounting Policies (continued)Revenue Recognition (continued)*Contributions (continued)*

Contributions that are considered to be conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are recognized as revenue once the conditions on which they depend have been met. Amounts recognized in revenue that have not been received are included in contributions receivable. Conversely, amounts received in advance of the conditions being met are recorded as refundable advances on the accompanying statement of financial position. The Organization did not have unrecognized conditional contributions at June 30, 2025.

Contract Income

Contract income is recognized once the service is rendered. Amounts received in advance of work being performed are included in deferred revenue. Conversely, amounts that have been earned but not received are included in accounts receivable. There was no deferred revenue related to contracts at June 30, 2025.

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets include donated professional services, meals, rental space and other materials. Contributions of nonfinancial assets are recognized as revenue and expenses on the accompanying statements of activities at their estimated fair value at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Unless noted, contributed nonfinancial assets did not have donor-imposed restrictions. See Note 8 for additional information on contributions of nonfinancial assets.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis on the accompanying statement of activities. The statement of functional expenses presents expenses by function and natural classification. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited. Salaries and related expenses are allocated based on the distribution of time and effort. All other allocable expenses are allocated based on estimates which are determined by management. Expenses allocated include salaries and related expenses, consultants and other professional services, IT support and website, conferences and meeting, office expense, dues and subscription and insurance.

BRITEPATHS, INC.

Notes to Financial Statements

June 30, 2025

2. Summary of Significant Accounting Policies (continued)Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. ConcentrationsCash and Cash Equivalents

Financial instruments that potentially subject the Organization to significant concentration of credit risk consist of cash and cash equivalents. The Organization maintains cash deposits with various financial institutions that may, from time to time, exceed insurable limits. Amounts in excess of the limits are subject to potential loss. The Organization has not experienced any losses on its cash and cash equivalents and management believes that the risk of any loss is minimal.

Major Contributors

Revenue from one government entity and one non-government entity accounted for approximately 44% of the Organization's revenue and support for the year ended June 30, 2025. In addition, amounts due from two government entities and one non-government entity accounted for 87% of the Organization's receivables at June 30, 2025.

4. Operating Leases

The Organization leases its main office under an agreement with a term that began October 1, 2018. Effective March 2023, the Organization exercised its option to extend the lease term through October 31, 2028. The Organization pays base rent of \$5,760 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, the Organization receives reimbursement for actual lease costs incurred.

The tables below present the ROU operating lease asset as adjusted for amortization during the year and the maturity analysis of the operating lease liabilities which are presented on the statement of financial position as of June 30, 2025:

ROU operating lease asset – building	\$ 399,241
Amortization of ROU operating lease asset – building	<u>(180,214)</u>
Net ROU operating lease asset	<u>\$ 219,027</u>

BRITEPATHS, INC.

Notes to Financial Statements

June 30, 2025

4. Operating Leases (continued)

Years ended June 30:	
2026	\$ 70,386
2027	72,322
2028	74,311
2029	<u>24,993</u>
Total future minimum lease payments	242,012
Less: present value discount	<u>(14,908)</u>
Present value of future minimum lease payments	<u>\$ 227,104</u>

At June 30, 2025, the Organization calculates the present value of the lease liability using a discount rate of 2.9%. The remaining lease term is approximately four years.

Lease expense for the year ended June 30, 2025 totaled \$70,485 which is included in occupancy expense in the accompanying Statement of Functional Expenses.

5. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at June 30, 2025:

Subject of expenditures for specific purposes:	
Financial Empowerment	\$ 39,250
Food	10,000
Workforce Development	<u>1,670</u>
Total net assets with donor restrictions	<u>\$ 50,920</u>

During the year ended June 30, 2025, releases from net assets with donor restrictions were for the following:

Satisfaction of purpose restrictions:	
Youth	\$ 71,417
Financial Empowerment	56,750
Food	27,300
Workforce Development	24,830
Financial Assistance	<u>20,877</u>
Total net assets released from donor restrictions	<u>\$ 201,174</u>

BRITEPATHS, INC.

Notes to Financial Statements

June 30, 2025

6. Availability and Liquidity

The following schedule reflects the Organization's financial assets as of June 30, 2025, reduced by amounts not available for general use within one year. All financial assets listed below are considered to be convertible to cash within one year.

Financial asset:	
Cash and cash equivalents	\$ 876,019
Government accounts receivable	28,542
Government contributions receivable	98,752
Non-government accounts receivable	42,750
Non-government contributions receivable	<u>27,692</u>
Total financial assets	1,073,755
Less those unavailable for general expenditures within one year due to:	
Donor-imposed restrictions	<u>(50,920)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,022,835</u>

The Organization's policy is to structure its financial assets to become available as general expenditures, liabilities, and other obligations become due, operating within a prudent range of financial soundness and stability while maintaining and monitoring reserves to provide reasonable assurance that long-term program goals with donor restrictions will continue to be met. Additionally, the Organization has a line of credit in the amount of \$100,000 upon which it may draw, should the need arise.

7. Line of Credit

The Organization has a revolving line of credit with a financial institution that provides for borrowings up to \$100,000. Borrowings under the line are secured by a Uniform Commercial Code blanket lien on all corporate assets. The line carries an interest rate equal to the Wall Street Journal prime rate plus 1.5%, which was 9.0% as of June 30, 2025, and matures on February 28, 2026.

BRITEPATHS, INC.

Notes to Financial Statements

June 30, 2025

8. Contributions of Nonfinancial Assets

The following table summarizes the Organization's contributed nonfinancial assets received by major category during the year ended June 30, 2024:

	Revenue	
	Recognized	Fair Value Techniques and Inputs
Services	\$ 168,145	Current rates of firm providing services
Facilities use	20,188	Fair market value of similar facilities
Goods and other		Current price on a publicly available
	20,047	website for similar items
Meals	9,576	Fair market value of similar meals
Total contributed nonfinancial assets	<u>\$217,956</u>	

Services are provided by professionals who perform financial coaching and conduct workshops in a variety of topics including budgeting and personal finance and are used in programs. Facilities use revenue is used in the programs offered through the Financial Empowerment Center in the South County Community and for administrative purposes. Goods and meals are used in programs. There were no donor-imposed restrictions associated with any of the contributed nonfinancial assets and no items were monetized.

In addition, during the year ended June 30, 2025, the Organization received approximately 4,070 hours of donated services from unpaid volunteers who assisted the Organization in a variety of tasks. The value of these services is estimated at approximately \$132,000 for the year ended June 30, 2025. 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.

9. Revenue from Contracts with Customers

The Organization 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*

The Organization earns revenue from contracts awarded by one non-government customer. For each contract, the Organization provides the same or similar services.

Performance Obligations

The Organization 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.

9. Revenue from Contracts with Customers (continued)*Significant Judgments Related to the Above Contracts*

- 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 June 30, 2025. Accounts receivable from contracts with non-government customers at June 30, 2025, is \$42,750.

Revenue Earned

Revenue is recognized, depending on the contract terms, either (i) evenly over the period of the contract, based on time elapsed, or (ii) to the extent of expense incurred.

Contracts to Provide Direct Client Financial Assistance (Government Contract Revenue)*Contract Type*

The Organization earns revenue from contracts awarded by the County of Fairfax government and City of Fairfax government derived from federal government funding.

Performance Obligations

The Organization provides financial assistance for food, rent, and other basic needs to clients.

Significant Judgments Related to the Above Contracts

- 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 at June 30, 2025. Accounts receivable from contracts with government customers at June 30, 2025 is \$28,542.

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. Retirement Plan

The Organization 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. The Organization 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. The Organization contributed \$3,869 to the plan for the year ended June 30, 2025.

11. Income Taxes

Under Section 501(c)(3) of the IRC the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. The Organization did not have any material unrelated business income tax liability for the year ended June 30, 2025. No provision for federal or state income taxes is required for the year ended June 30, 2025, as the Organization had no material taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

The Organization performed an evaluation of uncertain tax positions for the year ended June 30, 2025 and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. The statute of limitations generally remains open for three tax years with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns.

12. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 24, 2025, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.