

FINANCIAL PATHWAYS OF THE PIEDMONT, INC.

Financial Statements

June 30, 2022 and 2021

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To the Board of Directors
Financial Pathways of the Piedmont, Inc.
Winston-Salem, North Carolina

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying financial statements of Financial Pathways of the Piedmont, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presented fairly, in all material respects, the financial position of Financial Pathways of the Piedmont, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Financial Pathways of the Piedmont, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Financial Pathways of the Piedmont, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, 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, 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 Financial Pathways of the Piedmont, 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Financial Pathways of the Piedmont, Inc.'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.

Butler & Burke LLP

Winston-Salem, North Carolina
January 17, 2023

FINANCIAL PATHWAYS OF THE PIEDMONT, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 527,004	\$ 686,407
Funds held in trust	809,494	922,048
Accounts receivable, net	9,766	6,548
Grants receivable	215,601	69,409
Other receivable	30,000	7,500
Prepaid expenses	11,530	28,318
Other asset	8,696	8,696
Property and equipment, net	<u>30,660</u>	<u>31,329</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,642,751</u>	<u>\$ 1,760,255</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 51,725	\$ 57,397
Funds held in trust	809,494	922,048
Grant advances	212,835	225,050
Loan payable	<u>-</u>	<u>167,500</u>
<u>Total Liabilities</u>	<u>1,074,054</u>	<u>1,371,995</u>
Net Assets		
Without donor restrictions		
Undesignated	(70,144)	(63,761)
Designated	416,385	393,975
Net investment in property and equipment	<u>30,660</u>	<u>31,329</u>
	376,901	361,543
With donor restrictions	<u>191,796</u>	<u>26,717</u>
<u>Total Net Assets</u>	<u>568,697</u>	<u>388,260</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,642,751</u>	<u>\$ 1,760,255</u>

FINANCIAL PATHWAYS OF THE PIEDMONT, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
United Way	\$ 324,816	\$ -	\$ 324,816
Grants and contributions	770,611	260,250	1,030,861
Special events	30,352	-	30,352
In-kind contributions	7,072	-	7,072
Contract counseling revenue	39,940	-	39,940
Program service fees	4,625	-	4,625
Client fees	249,580	-	249,580
Debt management fees	4,802	-	4,802
Gain on debt extinguishment	167,500	-	167,500
Other revenue	4,975	-	4,975
	<u>1,604,273</u>	<u>260,250</u>	<u>1,864,523</u>
Net assets released from restrictions	<u>95,171</u>	<u>(95,171)</u>	<u>-</u>
<u>Total Support and Revenue</u>	<u>1,699,444</u>	<u>165,079</u>	<u>1,864,523</u>
EXPENSES			
Program services	1,326,256	-	1,326,256
Management and general	170,530	-	170,530
Fundraising	187,300	-	187,300
	<u>1,684,086</u>	<u>-</u>	<u>1,684,086</u>
<u>Total Expenses</u>	<u>1,684,086</u>	<u>-</u>	<u>1,684,086</u>
CHANGE IN NET ASSETS	15,358	165,079	180,437
Net Assets, Beginning of Year	<u>361,543</u>	<u>26,717</u>	<u>388,260</u>
Net Assets, End of Year	<u>\$ 376,901</u>	<u>\$ 191,796</u>	<u>\$ 568,697</u>

FINANCIAL PATHWAYS OF THE PIEDMONT, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
United Way	\$ 313,331	\$ -	\$ 313,331
Grants and contributions	610,431	97,000	707,431
Special events	3,155	-	3,155
In-kind contributions	3,700	-	3,700
Contract counseling revenue	231,961	-	231,961
Program service fees	4,375	-	4,375
Client fees	224,510	-	224,510
Debt management fees	4,655	-	4,655
Asset building coalition fees	820	-	820
Gain on debt extinguishment	180,200	-	180,200
Other revenue	5,437	-	5,437
	<u>1,582,575</u>	<u>97,000</u>	<u>1,679,575</u>
Net assets released from restrictions	<u>99,799</u>	<u>(99,799)</u>	<u>-</u>
<u>Total Support and Revenue</u>	<u>1,682,374</u>	<u>(2,799)</u>	<u>1,679,575</u>
EXPENSES			
Program services	1,183,851	-	1,183,851
Management and general	214,879	-	214,879
Fundraising	192,299	-	192,299
<u>Total Expenses</u>	<u>1,591,029</u>	<u>-</u>	<u>1,591,029</u>
CHANGE IN NET ASSETS	91,345	(2,799)	88,546
Net Assets, Beginning of Year	<u>270,198</u>	<u>29,516</u>	<u>299,714</u>
Net Assets, End of Year	<u>\$ 361,543</u>	<u>\$ 26,717</u>	<u>\$ 388,260</u>

FINANCIAL PATHWAYS OF THE PIEDMONT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 640,513	\$ 78,206	\$ 102,650	\$ 821,369
Employee benefits	108,278	13,759	18,496	140,533
Payroll taxes	45,146	6,043	7,926	59,115
Professional fees	87,625	17,358	13,032	118,015
Supplies and postage	22,791	11,634	4,343	38,768
Telephone	12,357	1,583	2,107	16,047
Occupancy	84,672	11,376	13,947	109,995
Equipment rental and maintenance	2,872	189	236	3,297
Conferences, conventions, and travel	1,627	2,250	47	3,924
Printing and publications	4,272	2,009	2,548	8,829
Advertising	2,746	129	11,972	14,847
Payments to affiliated organizations	21,356	-	-	21,356
Insurance	11,017	1,473	1,909	14,399
Client assistance	270,400	-	-	270,400
Depreciation	-	11,476	-	11,476
Other	10,584	13,045	8,087	31,716
	<u>\$ 1,326,256</u>	<u>\$ 170,530</u>	<u>\$ 187,300</u>	<u>\$ 1,684,086</u>

FINANCIAL PATHWAYS OF THE PIEDMONT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 596,019	\$ 120,340	\$ 123,953	\$ 840,312
Employee benefits	95,371	18,572	18,101	132,044
Payroll taxes	42,402	9,052	9,355	60,809
Professional fees	93,860	14,333	15,134	123,327
Supplies and postage	24,240	11,750	4,585	40,575
Telephone	14,718	4,601	2,298	21,617
Occupancy	77,923	15,674	14,063	107,660
Equipment rental and maintenance	1,817	419	260	2,496
Conferences, conventions, and travel	434	727	137	1,298
Printing and publications	2,481	3,702	117	6,300
Advertising	261	535	1,435	2,231
Payments to affiliated organizations	22,083	-	-	22,083
Insurance	11,482	1,700	1,684	14,866
Client assistance	174,578	-	-	174,578
Depreciation	-	11,430	-	11,430
Other	26,182	2,044	1,177	29,403
	<u>\$ 1,183,851</u>	<u>\$ 214,879</u>	<u>\$ 192,299</u>	<u>\$ 1,591,029</u>

FINANCIAL PATHWAYS OF THE PIEDMONT, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 180,437	\$ 88,546
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Noncash adjustments:		
Depreciation	11,476	11,430
Gain on debt extinguishment	(167,500)	(180,200)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(3,218)	12,634
Other receivable	(22,500)	(7,500)
Grants receivable	(146,192)	(24,672)
Prepaid expenses	16,788	(4,246)
Increase (decrease) in:		
Accounts payable and accrued expenses	(5,672)	(11,624)
Grant advances	(12,215)	225,050
<u>Net Cash Provided by (Used in) Operating Activities</u>	<u>(148,596)</u>	<u>109,418</u>
INVESTING ACTIVITIES		
Capital expenditures	<u>(10,807)</u>	<u>(1,077)</u>
<u>Net Cash Used in Investing Activities</u>	<u>(10,807)</u>	<u>(1,077)</u>
FINANCING ACTIVITIES		
Proceeds from loan payable	<u>-</u>	<u>167,500</u>
<u>Net Cash Provided by Financing Activities</u>	<u>-</u>	<u>167,500</u>
Change in Cash and Cash Equivalents	(159,403)	275,841
Cash and Cash Equivalents, Beginning of Year	<u>686,407</u>	<u>410,566</u>
Cash and Cash Equivalents, End of Year	<u>\$ 527,004</u>	<u>\$ 686,407</u>

FINANCIAL PATHWAYS OF THE PIEDMONT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A: ORGANIZATION AND NATURE OF ACTIVITIES

Financial Pathways of the Piedmont, Inc. ("FPP") is a not-for-profit corporation organized under the laws of the state of North Carolina. FPP's purpose is to deliver professional education and counseling services in the areas of personal money management, debt reduction, and comprehensive housing counseling to all segments of the community in and around Forsyth County, North Carolina.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of FPP have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP). FPP reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - net assets that are not restricted by donors or for which donor-imposed restrictions have expired. If the board specifies a purpose where none has been stated, such funds are classified as board designated net assets without donor restrictions.

Net assets with donor restrictions - net assets 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.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e. donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. FPP has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent donor restrictions were met in the year the contribution was received.

Cash and Cash Equivalents

FPP considers all demand deposits at financial institutions and all highly liquid investments with an original maturity of three months or less to be cash equivalents. FPP maintains its cash in bank accounts which, at times, may exceed federally insured limits. FPP has not experienced any losses on these accounts.

FINANCIAL PATHWAYS OF THE PIEDMONT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Held in Trust

These funds primarily consist of custodial accounts, maintained by FPP, for persons who participate in the representative payee program. This program benefits people with severe mental illness who receive Social Security Disability and/or Supplementary Security Income or other entitlements, and cannot manage their own funds. FPP becomes the client's payee by setting up a budget for each client and managing his or her funds to pay rent, utilities, medications, food and other basic necessities. Cash in the custodial bank account is restricted for this purpose and, accordingly, has been excluded from cash in the statements of cash flows. FPP is required to hold these funds in an account separate from its primary operating account.

Accounts Receivable

Accounts receivable are recorded at net realizable value consisting of the carrying amount less the allowance for uncollectible accounts, as needed. FPP uses the allowance method to account for uncollectible receivable balances. Under the allowance method, if needed, an estimate of uncollectible balances is made based upon specific account balances that are considered uncollectible. The allowance for uncollectible receivables was \$500 as of June 30, 2022 and 2021, respectively.

Promises to Give

Contributions and non-government grants (promises to give) are recognized as revenues in the period the commitment is made. FPP records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions and grants revenue in the statements of activities. FPP determines an allowance for uncollectible promises to give based on historical experience, an assessment of the economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. An allowance for uncollectible promises to give was not considered necessary at June 30, 2022 or 2021. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions upon which they depend are substantially met.

Grants Receivable

Grants receivable are stated at net realizable value. All grants receivable are expected to be collected within one year.

FINANCIAL PATHWAYS OF THE PIEDMONT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Depreciation

Property and equipment additions greater than \$1,000 are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, generally from five to seven years. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

In-Kind Contributions

Contributions of assets other than cash are recorded at their estimated fair value. FPP reports revenues for the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. A substantial number of volunteers donate significant amounts of time to FPP; however, no amounts have been reflected in the financial statements for these services since the donated services do not meet the above conditions for recognition under GAAP.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated between the programs and supporting services benefited. Directly identifiable expenses are charged to the appropriate programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of estimates of time and effort made by management. The primary expenses that are allocated include salaries and related expenses, which are allocated on the basis of estimates of time and effort, and occupancy, which is allocated on a square footage basis.

Advertising Expenses

FPP expenses advertising costs as incurred. For the years ended June 30, 2022 and 2021, advertising costs were \$14,847 and \$2,231, respectively.

FINANCIAL PATHWAYS OF THE PIEDMONT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

FPP is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to their exempt purpose.

FPP's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. It is the opinion of management that FPP has no uncertain tax positions that would be subject to change upon examination.

FPP is required to file a federal exempt organization tax return (Form 990) annually to retain its exempt status. FPP is also required to file an exempt organization business income tax return (Form 990-T) for any year unrelated business income exceeds \$1,000. FPP's Form 990 filings are generally subject to examination by the Internal Revenue Service for three years after they are filed.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

Subsequent Events

FPP has evaluated its subsequent events (events occurring after June 30, 2022) through the date of this report, which represents the date the financial statements were available to be issued and determined that all significant events and disclosures are included in the financial statements.

Accounting Pronouncement Adopted in the Current Year

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021 and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as in-kind contributions, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The adoption of ASU 2020-07 resulted in no material changes to the recognition of contributed nonfinancial assets.

FINANCIAL PATHWAYS OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements Not Yet Effective

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This guidance will require the rights and obligations of new and existing lease arrangements to be recognized as assets and liabilities on the statement of financial condition. The guidance will also require disclosures to better inform financial statement users of the amount, timing and uncertainty of cash flows arising from leases. The primary impact of this guidance, which will be effective for periods beginning after December 15, 2021, will be to record right-of-use assets and obligations for current operating leases.

NOTE C: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the balance sheet date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 527,004	\$ 686,407
Funds held in trust	809,494	922,048
Receivables	<u>255,367</u>	<u>83,457</u>
Total financial assets	1,591,865	1,691,912
Less those unavailable for general expenditure within one year due to:		
Funds held in trust	(809,494)	(922,048)
Board designated for reserves	(416,385)	(393,975)
Purpose restrictions	(169,582)	(22,836)
Perpetual restrictions	<u>(3,881)</u>	<u>(3,881)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 192,523</u>	<u>\$ 349,172</u>

FPP has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, FPP has a \$100,000 line of credit available to draw upon, if needed.

FINANCIAL PATHWAYS OF THE PIEDMONT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE D: PROPERTY AND EQUIPMENT

A summary of property and equipment as of June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Office furniture and equipment	\$ 114,357	\$ 103,551
Leasehold improvements	<u>11,045</u>	<u>11,045</u>
	125,402	114,596
Less accumulated depreciation	<u>(94,742)</u>	<u>(83,267)</u>
	<u>\$ 30,660</u>	<u>\$ 31,329</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$11,476 and \$11,430, respectively.

NOTE E: LOANS PAYABLE

On May 12, 2020, FPP received loan proceeds in the amount of \$180,200 under round one of the Paycheck Protection Program ("PPP"). On March 29, 2021, FPP received \$167,500 under round two of the PPP. Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The forgiveness amount may be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. FPP believes it used PPP loan proceeds for purposes consistent with the PPP and obtained full forgiveness in February 2021 from the Small Business Administration for the round one PPP loan, and obtained full forgiveness from the Small Business Administration for the round two loan in February 2022.

FPP initially accounted for each loan in accordance with ASC 470, *Debt*, and subsequently derecognized the debts when each debt was forgiven in accordance with ASC 405-20, *Liabilities: Extinguishments of Liabilities*. The amount forgiven under round one of the PPP is presented in the statement of activities for the year ended June 30, 2021, as a gain on debt extinguishment. The amount forgiven for round two is presented in the statement of activities for the year ended June 30, 2022, as a gain on debt extinguishment.

FINANCIAL PATHWAYS OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE F: LINE OF CREDIT

FPP has available a \$100,000 line of credit with a local financial institution secured by FPP’s assets. Terms include interest at the U.S. Prime Rate, with a floor of 3.25% and a maturity date of November 15, 2023. FPP did not have a balance owed on the line of credit as of June 30, 2022 or 2021.

NOTE G: LEASES

FPP leases its office facilities and various office equipment under operating leases expiring at different times through fiscal year 2027. Future minimum payments under noncancellable leases with initial or remaining terms of one year or more are as follows:

<u>Year ended June 30,</u>		
2023	\$	113,832
2024		113,832
2025		113,832
2026		113,832
2027		<u>85,374</u>
	<u>\$</u>	<u>540,702</u>

Rent expense under all operating leases for the years ended June 30, 2022 and 2021 was \$110,015 and \$106,842, respectively.

NOTE H: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purposes and/or passage of time:		
Student loan coordinator	\$ 157,083	\$ -
Resource development director	5,833	8,333
BIPOC Grant	12,499	-
Rebranding and relocation	-	14,503
Timing restricted for operations	<u>12,500</u>	<u>-</u>
	187,915	22,836
Not subject to spending policy or appropriation:		
Perpetual restrictions	<u>3,881</u>	<u>3,881</u>
	<u>\$ 191,796</u>	<u>\$ 26,717</u>

FINANCIAL PATHWAYS OF THE PIEDMONT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE I: RETIREMENT PLAN

FPP offers employees the opportunity to participate in a 403(b) contributory retirement plan. FPP matched employee contributions through June 30, 2017. The match was suspended effective July 1, 2018. Additionally, FPP may make discretionary contributions to all employees with more than one year of service. FPP made a 2% discretionary contribution totaling \$14,265 for the year ended June 30, 2022.

NOTE J: IN-KIND CONTRIBUTIONS

FPP received the following in-kind contributions for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Professional service discounts	\$ 5,572	\$ 3,700
WSTA bus passes	<u>1,500</u>	<u>-</u>
	<u>\$ 7,072</u>	<u>\$ 3,700</u>

FPP was provided discounts on professional services. Based on current market rates for the full value of these services, FPP would have paid \$5,572 and \$3,700 for the years ended June 30, 2022 and 2021, respectively.

In 2022, FPP was also provided discount bus passes for clients to have transportation for counseling at no cost. Based on current market rates for these passes FPP would have paid \$1,500 for the year ended June 30, 2022.

All in-kind contributions received by FPP for the years ended June 30, 2022 and 2021 were considered without donor restrictions and able to be used by FPP as determined by the board of directors and management.

NOTE K: CONDITIONAL PROMISE TO GIVE

FPP is a United Way sponsored organization and receives annual funding from the United Way. This funding is contingent on the success of United Way's annual campaign and collection efforts and, therefore, is not recognized as revenue until funds are received. In a letter dated June 23, 2022, FPP was allocated \$202,460 of United Way funding for the year ended June 30, 2023.