

# **Pathways to Housing DC**

Financial Statements

Years Ended June 30, 2019 and 2018



# Pathways to Housing DC

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Years Ended June 30, 2019 and 2018

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## Independent Auditors' Report

To the Board of Directors  
Pathways to Housing DC  
Washington, DC

### Report on the Financial Statements

We have audited the accompanying financial statements of Pathways to Housing DC, which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities and change in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

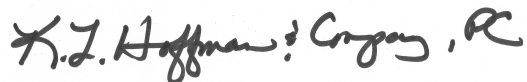
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pathways to Housing DC as of June 30, 2019 and 2018, 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.

## Other Reporting Required by "Government Auditing Standards"

In accordance with "Government Auditing Standards", we have also issued our report on July 1, 2020, on our consideration of Pathways to Housing DC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pathways to Housing DC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering Pathways to Housing DC's internal control over financial reporting and compliance.

Handwritten signature in cursive script: "K. J. Hoffman & Company, PC".

CERTIFIED PUBLIC ACCOUNTANTS

July 1, 2020

## Pathways to Housing DC

Statements of Financial Position

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash	\$ 135,696	\$ 631,622
Accounts receivable, net of allowance for doubtful accounts of \$80,042 in 2019 and 2018	330,385	143,741
Grants receivable	1,171,812	1,042,424
Contributions receivable, net of allowance for doubtful accounts of \$11,102 in 2019 and \$5,296 in 2018	378,912	378,610
Investments at fair value	34,984	34,759
Restricted cash - client funds	542,216	524,100
Deposits	66,395	12,231
Furniture, equipment and improvements - net	232,621	31,664
Total assets	<u>2,893,021</u>	<u>2,799,151</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	388,924	250,868
Accrued payroll	522,191	441,023
Client funds	542,216	524,100
Grant advances	360,020	413,660
Line of credit	372,025	-
Notes payable	42,347	86,954
Total liabilities	<u>2,227,723</u>	<u>1,716,605</u>
Net assets:		
Undesignated -		
Available for general activities	277,687	755,296
Donor designated	387,611	327,250
Total net assets	<u>665,298</u>	<u>1,082,546</u>
Total liabilities and net assets	<u>\$ 2,893,021</u>	<u>\$ 2,799,151</u>

See the independent auditors' report and accompanying notes.

## Pathways to Housing DC

Statements of Activities and Change in Net Assets  
Years Ended June 30, 2019 and 2018

	2019			2018		
	Undesignated	Donor Designated	Total	Undesignated	Donor Designated	Total
Revenues, gains, and other support:						
Public support -						
Contributions	\$ 657,047	\$ 215,396	\$ 872,443	\$ 672,259	\$ 158,964	\$ 831,223
Grants and contracts	4,850,304	-	4,850,304	3,976,789	-	3,976,789
Fee for service - Medicaid/local	3,678,340	-	3,678,340	3,949,013	-	3,949,013
Rent subsidies:						
LRSP	2,105,125	-	2,105,125	1,844,488	-	1,844,488
HUD	2,024,504	-	2,024,504	1,607,157	-	1,607,157
	4,129,629	-	4,129,629	3,451,645	-	3,451,645
Unrealized (loss) gain on investments	(3,804)	-	(3,804)	4,592	-	4,592
Other	27,716	-	27,716	7,629	-	7,629
Loss on disposal	(75,000)	-	(75,000)	-	-	-
	13,264,232	215,396	13,479,628	12,061,927	158,964	12,220,891
Net assets released from designations by satisfaction of designations	155,035	(155,035)	-	125,410	(125,410)	-
Total revenues, gains, and other support	13,419,267	60,361	13,479,628	12,187,337	33,554	12,220,891
Expenses:						
Program services	11,793,692	-	11,793,692	10,203,925	-	10,203,925
Supporting services -						
Management and general	1,762,467	-	1,762,467	1,464,282	-	1,464,282
Fund raising	340,717	-	340,717	237,230	-	237,230
Total expenses	13,896,876	-	13,896,876	11,905,437	-	11,905,437
Change in net assets	(477,609)	60,361	(417,248)	281,900	33,554	315,454
Net assets - beginning of year	755,296	327,250	1,082,546	473,396	293,696	767,092
Net assets - end of year	\$ 277,687	\$ 387,611	\$ 665,298	\$ 755,296	\$ 327,250	\$ 1,082,546

See the independent auditors' report and accompanying notes.

## Pathways to Housing DC

### Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (417,248)	\$ 315,454
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	19,814	15,376
Unrealized loss (gain) on investments	3,804	(4,592)
Bad debt expense	114,439	54,757
Donated stock	(1,542)	(4,320)
(Increase) decrease in:		
Accounts receivable	(186,644)	182,409
Grants receivable	(129,388)	(548,901)
Contributions receivable	(114,741)	(124,931)
Restricted cash - client funds	(18,116)	(39,868)
Deposits	(54,164)	-
Increase (decrease) in:		
Accounts payable	138,056	149,824
Accrued payroll	81,168	12,809
Client funds	18,116	39,868
Grant advances	(53,640)	144,231
Net cash (used in) provided by operating activities	<u>(600,086)</u>	<u>192,116</u>
Cash flows from investing activities:		
Reinvestment of dividends	(2,487)	-
Capital expenditures	(220,771)	-
Net cash used in investing activities	<u>(223,258)</u>	<u>-</u>
Cash flows from financing activities:		
Payments on notes payable	(44,607)	(41,738)
Net proceeds from line of credit	372,025	-
Net cash provided by (used in) financing activities	<u>327,418</u>	<u>(41,738)</u>
Net (decrease) increase in cash	(495,926)	150,378
Cash - beginning of year	631,622	481,244
Cash - end of year	<u>\$ 135,696</u>	<u>\$ 631,622</u>

See the independent auditors' report and accompanying notes.

## Pathways to Housing DC

Statements of Functional Expenses  
Years Ended June 30, 2019 and 2018

	2019				2018			
	Program Services	Supporting Services Management and General	Fund Raising	Total	Program Services	Supporting Services Management and General	Fund Raising	Total
Payroll and payroll related	\$ 6,749,759	\$ 1,318,115	\$ 244,020	\$ 8,311,894	\$ 6,054,785	\$ 1,104,834	\$ 147,621	\$ 7,307,240
Specific assistance to individuals	4,026,087	-	-	4,026,087	3,228,089	-	-	3,228,089
Professional fees	207,005	99,409	10,122	316,536	158,783	95,828	2,650	257,261
Office expense and other	239,568	147,750	64,320	451,638	227,227	130,117	66,716	424,060
Occupancy	437,187	62,817	18,448	518,452	421,422	60,683	17,813	499,918
Local transportation	117,918	16,876	3,222	138,016	100,863	15,754	2,119	118,736
Bad debt	-	114,439	-	114,439	-	54,757	-	54,757
Depreciation	16,168	3,061	585	19,814	12,756	2,309	311	15,376
	<u>\$ 11,793,692</u>	<u>\$ 1,762,467</u>	<u>\$ 340,717</u>	<u>\$ 13,896,876</u>	<u>\$ 10,203,925</u>	<u>\$ 1,464,282</u>	<u>\$ 237,230</u>	<u>\$ 11,905,437</u>

See the independent auditors' report and accompanying notes.



# Pathways to Housing DC

Notes to Financial Statements

June 30, 2019 and 2018

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## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Nature of Organization**

Pathways to Housing DC (Pathways DC), a non-profit organization formed in 2004, offers permanent housing and support services to more than 2,500 individuals who are experiencing homelessness or are at risk for homelessness in Washington, DC and Montgomery County, Maryland. Pathways DC's research and over a decade's worth of experience demonstrates that their Housing First model, removed from judgment and pre-conditions, is the most effective approach in ending chronic homelessness for individuals with serious mental illnesses, co-occurring substance abuse disorders, and/or other complex health challenges. All of Pathways DC's programs and services are designed with the belief that housing is a basic human right for all people and that people should choose the type and sequence of services to be delivered. Pathways DC employs a staff of nurses, doctors, psychiatrists, social workers, peers, and addiction specialists to support and empower people on their recovery journeys.

### **Contributions and Revenue**

Contributions received are recorded as donor undesignated or donor designated support, depending on the existence and/or nature of any donor designation.

Support that is designated by the donor is reported as an increase in undesignated net assets if the designation expires in the reporting period in which the support is recognized. All other donor designated support is reported as an increase in donor designated net assets. When a designation expires (that is, when a stipulated time designation ends or purpose designation is accomplished), donor designated net assets are reclassified to donor undesignated net assets and reported in the statements of activities and change in net assets as net assets released from designations. Governmental grant awards are classified as refundable advances until expended for the purpose of the grants since they are conditional promises to give.

### **Contributed Services and Materials**

Pathways DC recognizes contributed services that create or enhance non-financial assets or that require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts are reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included as expenses or additions to property and equipment.

### **Cash and Cash Equivalents**

For the purpose of the statement of cash flows, Pathways DC considers all highly liquid debt instruments purchased with a maturity of three (3) months or less to be cash equivalents.

## **Pathways to Housing DC**

Notes to Financial Statements

June 30, 2019 and 2018

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Promises to Give/Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. When material, the discount on those amounts are computed using rates applicable to the facts and circumstances applicable to each of the promises to give. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable.

#### **Client Trust Accounts**

Pathways DC acts as the approved Representative Payee (Rep Payee) for Social Security benefits for many program participants. The purpose of offering this service is to assist individuals with histories of serious mental illnesses and/or addictions, manage their money. This service is completely voluntary. If a client chooses to participate in the Rep Payee program, they must sign a Rep Payee form, which is maintained in the medical chart. Staff submit the Rep Payee form to the Social Security Administration (SSA) for approval. Once approved, Pathways DC then receives monthly benefits for clients on a schedule determined by the SSA.

All funds are used for the care of clients as outlined by the SSA Rep Payee policy. Upon termination from the program, all funds are returned to the client. If the client is deceased, incarcerated, or is hospitalized long-term, funds are returned directly to the Social Security Administration.

#### **Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction to accounts receivable.

#### **Cost Allocation**

The financial statements report certain categories of expenses that are attributable to program or supporting services. Management's estimate of the allocations of expenses to program service, management and general, and fund raising is based on appropriate allocation factors such as estimated time spent in those areas or square footage used.

## **Pathways to Housing DC**

Notes to Financial Statements

June 30, 2019 and 2018

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Property and Equipment**

Pathways DC capitalizes expenditures exceeding \$5,000 for property, equipment, and software having a useful life of three (3) or more years. Expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful lives of three (3) to five (5) years using the straight-line method. Pathways DC uses the direct expensing method to account for planned major maintenance activities.

### **NOTE 2 - CONCENTRATIONS**

Pathways DC received approximately 27% and 32% of its income in the form of DC Medicaid payments, 16% and 15% from DC LRSP and 15% and 13% of its income in the form of HUD payments for the years ended June 30, 2019 and 2018, respectively. DC Medicaid, HUD, and the Department of Human Services also accounted for approximately 19%, 31% and 35% of the accounts receivable as of June 30, 2019 and 14%, 33% and 21% of the accounts receivable as of June 30, 2018, respectively.

### **NOTE 3 - INCOME TAXES**

Pathways DC is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable local law, and contributions to it are tax deductible within the limitations prescribed by the Code. Pathways DC has been classified as a publicly-supported organization which is not a private foundation under Section 509(a) of the Code.

The Internal Revenue Service has not examined (audited) any income tax returns of Pathways DC thus the previous three (3) years are subject to examination. Pathways DC has not taken any questionable tax positions with respect to unrelated business income tax or anything that would jeopardize its 501 (c)(3) status.

### **NOTE 4 - USE OF ESTIMATES IN FINANCIAL STATEMENTS**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## Pathways to Housing DC

Notes to Financial Statements

June 30, 2019 and 2018

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### NOTE 5 - CREDIT RISK

Pathways to Housing DC has cash balances in one (1) bank in excess of \$250,000 as of June 30, 2019 and 2018. Cash balances in excess of \$250,000 with one (1) bank are not insured by the FDIC.

### NOTE 6 - COMMITMENTS

Pathways DC leases its office facilities and two field offices under the terms of operating leases expiring at various dates through June of 2023. The leases provide for monthly rentals of approximately \$25,000. Rent expense was approximately \$324,100 and \$311,800 for the years ended June 30, 2019 and 2018, respectively. While the lease on the office facilities extends to May 2020, the current landlord has requested Pathways DC to relocate in order for the building to be renovated. Pathways DC leased new office facilities effective May 1, 2019 under the terms of an operating lease expiring in June 2023. The lease provides for monthly rentals, including real estate tax and insurance of approximately \$21,100. Pathways DC is considering the purchase of land and construction of a building in the area. To date no contract has been signed, a feasibility study failed to produce a positive result and the cost of the study was written off for the year ended June 30, 2019.

Future minimum rentals are as follows for the years ended June 30,:

2020	\$	301,800
2021		295,900
2022		289,800
2023	\$	245,751

Pathways DC leases its office equipment under the terms of several operating leases expiring at various times through June 2020. The leases provide for monthly rentals of approximately \$3,000. Rent expense was approximately \$34,100 and \$23,500 for the years ended June 30, 2019 and 2018, respectively.

Future minimum rentals are as follows for the years ended June 30,:

2020	\$	30,800
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## Pathways to Housing DC

Notes to Financial Statements

June 30, 2019 and 2018

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### **NOTE 7 - SUPPLEMENTAL CASH FLOW INFORMATION**

Cash paid for interest was approximately \$4,700 and \$3,000 for the years ended June 30, 2019 and 2018, respectively.

Non-cash investing and financing activity -

Pathways DC purchased an automobile with a note payable in the amount of \$17,775 during June 30, 2018.

### **NOTE 8 - CONTINGENCIES**

Pathways DC is subject to an audit by its funding sources. Accordingly, all costs charged to Federal and State programs are subject to verification.

### **NOTE 9 - FURNITURE, EQUIPMENT AND IMPROVEMENTS**

Furniture, equipment and improvements consisted of the following at June 30,:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 33,184	\$ 33,184
Automobiles	114,566	114,566
Leasehold improvements	220,771	65,031
Software	90,101	90,101
	<u>458,622</u>	<u>302,882</u>
Less accumulated depreciation	<u>226,001</u>	<u>271,218</u>
	<u>\$ 232,621</u>	<u>\$ 31,664</u>

### **NOTE 10 - RETIREMENT PLAN**

Pathways DC offers a 403(b) plan to all employees. Employees are able to withhold the maximum limited by current income tax law. Effective August 1, 2018, Pathways DC amended their 403(b) plan to include an employer matching provision of 3%. Contributions were approximately \$69,800 and \$0 for the years ended June 30, 2019 and 2018, respectively.

### **NOTE 11 - RECLASSIFICATION**

Certain amounts pertaining to fiscal year 2018 have been reclassified to conform to current year presentation.

## Pathways to Housing DC

Notes to Financial Statements

June 30, 2019 and 2018

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### NOTE 12 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of unconditional promises to give of approximately \$378,900 and \$378,600 at June 30, 2019 and 2018, respectively and are due as follows:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 204,369	\$ 202,465
One to five years	185,645	181,441
Less allowance for doubtful accounts	<u>(11,102)</u>	<u>(5,296)</u>
Total unconditional promises to give	<u>\$ 378,912</u>	<u>\$ 378,610</u>

An immaterial amount of discount is included in contributions receivable (collectible in 1 - 5 years).

Prior to July 1, 2017, a 3.5% reserve was applied to all new contributions. However, during the year ended June 30, 2018, it was determined a 5% reserve more accurately reflected collections and applied this reserve retroactively to the contributions promised.

### NOTE 13 - NOTES PAYABLE

	<u>2019</u>	<u>2018</u>
Note payable - bank, interest rate of 6.8%, payments of \$302 are due through November 2023. Secured by automobile.	\$ 13,882	\$ 16,460
Note payable - bank, interest rate of 3%, payments of \$3,606 are due through February 2020. Secured by Organization assets.	<u>28,465</u>	<u>70,494</u>
	<u>\$ 42,347</u>	<u>\$ 86,954</u>

Future principal payments are as follows for the years ended June 30,:

2020	\$ 31,233
2021	2,962
2022	3,170
2023	3,392
2024	\$ 1,590

See the independent auditors' report.

## Pathways to Housing DC

Notes to Financial Statements

June 30, 2019 and 2018

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### NOTE 14 - LINE OF CREDIT

Pathways DC has a due on demand line of credit available in the amount of \$500,000 with a variable interest rate of the Wall Street Journal Prime Rate (5.5% and 5% at June 30, 2019 and 2018, respectively) and is secured by a first priority blanket lien on all assets. The balance of the line of credit was \$372,025 and \$0 for the years ended June 30, 2019 and 2018, respectively.

### NOTE 15 - INVESTMENTS

Pathways DC has an investment in mutual funds with a fair market value of \$34,984 and \$34,759 as of June 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 34,759	\$ 25,847
Donated stock	1,542	4,320
Reinvested dividends	2,487	-
Unrealized gains	<u>(3,804)</u>	<u>4,592</u>
Ending balance	<u>\$ 34,984</u>	<u>\$ 34,759</u>

### NOTE 16 - DONOR DESIGNATED NET ASSETS

Donor designated net assets consists of the following at June 30,:

	<u>2019</u>	<u>2018</u>
Time	\$ 367,611	\$ 327,250
Strategic plan	<u>20,000</u>	<u>-</u>
	<u>\$ 387,611</u>	<u>\$ 327,250</u>

### NOTE 17 - DONOR DESIGNATED NET ASSETS RELEASED FROM DESIGNATIONS

Donor designated net assets released from donor designations consisted of the following for the years ended June 30,:

	<u>2019</u>	<u>2018</u>
Time	<u>\$ 155,035</u>	<u>\$ 125,410</u>

See the independent auditors' report.

## Pathways to Housing DC

Notes to Financial Statements

June 30, 2019 and 2018

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### **NOTE 18 - ACCOUNTING PRONOUNCEMENTS**

Pathways DC adopted the requirements in FASB ASU 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. The primary changes include revisions to simplify and enhance the presentation of net assets, a requirement to present functional and natural expenses in a single location, and expanded disclosures regarding liquidity and availability of resources.

### **NOTE 19 - FAIR VALUE MEASUREMENTS**

The accounting codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the assets or liabilities. The hierarchy requires the use of observable market data when available. The three levels of the hierarchy are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities and market-corroborated inputs.

If the assets or liabilities have a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the assets or liabilities.

Level 3 - Inputs to the valuation methodology are unobservable for the assets or liabilities and are significant to the fair value measurement.

The assets or liabilities' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Pathways DC recognizes transfers into and out of levels at the end of the reporting period. There were no transfers between levels in the years ended June 30, 2019 and 2018.



## Pathways to Housing DC

Notes to Financial Statements

June 30, 2019 and 2018

### **NOTE 19 - FAIR VALUE MEASUREMENTS (continued)**

Fair value of investments consisted of the following at June 30,:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets Inputs (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b><u>June 30, 2019</u></b>				
Mutual funds	\$ 34,984	\$ 34,984	\$ -	\$ -
<b><u>June 30, 2018</u></b>				
Mutual funds	\$ 34,759	\$ 34,759	\$ -	\$ -

### **NOTE 20 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects Pathways DC's financial assets as of June 30, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed designations within one year of the statement of financial position date.

	<u>2019</u>	<u>2018</u>
Financial assets at year-end	\$ 2,051,789	\$ 1,817,787
Unavailable for general expenditures within one year, due to donor designations	387,611	755,296
grant advances	360,020	413,660
	<u>747,631</u>	<u>1,168,956</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,304,158</u>	<u>\$ 648,831</u>

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in savings accounts.

## **Pathways to Housing DC**

Notes to Financial Statements

June 30, 2019 and 2018

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### **NOTE 21 - SUBSEQUENT EVENTS**

Pathways DC has evaluated subsequent events through the date the financial statements were available to be issued on July 1, 2020, and determined the following to disclose:

Pathways DC purchased three (3) vehicles for approximately \$68,000. The vehicles were financed over six (6) years with interest rates between 11.3% and 12.3%.

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to Pathways DC, COVID-19 may impact various parts of its 2020 operations and financial results including but not limited to additional costs for emergency preparedness, potential shortages of personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of the date of this report.

Subsequent to June 30, 2019 through July 1, 2020, both domestic and international equity markets have experienced significant declines. These losses are not reflected in the financial statements as of and for the year ended June 30, 2019.

Subsequent to year end, the Organization was issued a note in the amount of approximately \$1,500,000 issued under the Coronavirus Aid, Relief, and Economic Security Act's (the "CARES Act") Paycheck Protection Program. All or a portion of the loan may be forgiven in accordance with the program requirements. The balance of the loan not forgiven will convert to an amortizing term loan payable in two (2) years. The note has a one percent (1%) interest rate.