

Job Path, Inc.

Financial Statements

June 30, 2020 and 2019

Independent Auditors' Report

Board of Directors Job Path, Inc.

We have audited the accompanying financial statements of Job Path, Inc. ("Job Path") which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows 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. 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 Job Path as of June 30, 2020 and 2019, 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.

PKF O'Connor Davies, LLP

December 17, 2020

Job Path, Inc.
Statements of Financial Position

	June 30,	
	2020	2019
ASSETS		
Cash	\$ 2,491,689	\$ 874,052
Cash and cash equivalents, board designated	480,724	480,433
Accounts receivable	2,434,852	1,881,983
Prepaid and other assets	351,834	351,309
Property and equipment, net	112,909	143,938
	\$ 5,872,008	\$ 3,731,715
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,131,450	\$ 1,040,006
Loan payable	1,358,955	-
Deferred rent	316,832	283,717
Total Liabilities	2,807,237	1,323,723
Net Assets		
Without Donor Restrictions		
Undesignated	2,176,480	1,875,230
Board designated	480,724	480,433
Total Without Donor Restrictions	2,657,204	2,355,663
With donor restrictions	407,567	52,329
Total Net Assets	3,064,771	2,407,992
	\$ 5,872,008	\$ 3,731,715

See notes to financial statements

Job Path, Inc.

Statements of Activities

	Year Ended June 30, 2020			Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Retrictions	Total	Without Donor Restrictions	With Donor Retrictions	Total
REVENUE AND SUPPORT						
Program service revenue	\$ 9,083,300	\$ -	\$ 9,083,300	\$ 9,107,424	\$ -	\$ 9,107,424
Grants and contributions	211,565	758,974	970,539	192,938	180,142	373,080
Special events	476,565	-	476,565	636,424	-	636,424
Interest income	336	-	336	336	-	336
Miscellaneous	86,177	-	86,177	59,131	-	59,131
Net assets released from restrictions	<u>403,736</u>	<u>(403,736)</u>	<u>-</u>	<u>342,349</u>	<u>(342,349)</u>	<u>-</u>
Total Revenue and Support	<u>10,261,679</u>	<u>355,238</u>	<u>10,616,917</u>	<u>10,338,602</u>	<u>(162,207)</u>	<u>10,176,395</u>
EXPENSES						
Program services	8,509,370	-	8,509,370	8,416,310	-	8,416,310
Management and general	1,309,926	-	1,309,926	1,086,383	-	1,086,383
Fundraising	<u>140,842</u>	<u>-</u>	<u>140,842</u>	<u>196,914</u>	<u>-</u>	<u>196,914</u>
Total Expenses	<u>9,960,138</u>	<u>-</u>	<u>9,960,138</u>	<u>9,699,607</u>	<u>-</u>	<u>9,699,607</u>
Change in Net Assets	301,541	355,238	656,779	638,995	(162,207)	476,788
NET ASSETS						
Beginning of year	<u>2,355,663</u>	<u>52,329</u>	<u>2,407,992</u>	<u>1,716,668</u>	<u>214,536</u>	<u>1,931,204</u>
End of year	<u>\$ 2,657,204</u>	<u>\$ 407,567</u>	<u>\$ 3,064,771</u>	<u>\$ 2,355,663</u>	<u>\$ 52,329</u>	<u>\$ 2,407,992</u>

See notes to financial statements

Job Path, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services				Supporting Services		2020 Total	2019 Total
	Employment Services	Day Services Support	Supported Living/Community Habilitation Services	Total	Management and General	Fundraising		
Salaries	\$ 1,917,848	\$ 1,681,375	\$ 1,588,257	\$ 5,187,480	\$ 571,925	\$ 82,603	\$ 5,842,008	\$ 5,694,437
Payroll taxes	177,680	165,393	152,797	495,870	44,824	6,323	547,017	559,006
Other fringe benefits	352,005	273,885	279,732	905,622	86,058	15,565	1,007,245	1,077,033
Total Salaries and Related Expenses	2,447,533	2,120,653	2,020,786	6,588,972	702,807	104,491	7,396,270	7,330,476
Contracted services	2,199	12,428	68,137	82,764	319,142	2,200	404,106	172,242
Professional fees	-	-	27,790	27,790	64,452	-	92,242	89,227
Rent	120,214	129,609	101,571	351,394	70,781	3,956	426,131	416,021
Rent - participants	-	-	641,214	641,214	-	-	641,214	607,367
Utilities and telephone	53,790	33,531	52,147	139,468	7,136	453	147,057	151,676
Repairs and maintenance	38,925	23,458	42,703	105,086	15,979	2,675	123,740	142,059
Equipment purchase/rental	1,502	972	2,884	5,358	4,349	108	9,815	20,870
Publication and printing	112	73	69	254	800	431	1,485	1,429
Training, conferences and dues	12,780	10,531	12,146	35,457	8,587	702	44,746	59,244
Office expenses	10,730	7,066	12,452	30,248	15,071	850	46,169	35,746
Website development	-	-	-	-	4,263	-	4,263	5,480
Travel - staff	8,526	12,168	8,764	29,458	5,619	117	35,194	41,819
Travel - participant	701	2,403	27,747	30,851	-	-	30,851	34,655
Placement ads/recruitment	1,055	1,239	890	3,184	383	22	3,589	8,530
Payroll and other service charges	372	325	329	1,026	37,847	16	38,889	35,565
Bank fees	-	-	296	296	7,874	481	8,651	14,583
Insurance	10,747	6,955	6,638	24,340	4,738	315	29,393	17,587
Participant incidentals	828	4,380	246,416	251,624	6,255	158	258,037	251,882
Special events	-	-	853	853	-	23,536	24,389	27,929
Miscellaneous	3,605	1,989	1,721	7,315	20,083	1	27,399	39,301
Total Expenses before Non-Cash Items	2,713,619	2,367,780	3,275,553	8,356,952	1,296,166	140,512	9,793,630	9,503,688
Straight-lining of rent	9,954	11,210	7,362	28,526	4,259	330	33,115	45,004
Provision for uncollectible receivables	20,021	-	1,000	21,021	2,938	-	23,959	39,564
Medicaid disallowance reserve	18,195	33,989	26,221	78,405	-	-	78,405	75,728
Depreciation and amortization	22,719	-	1,747	24,466	6,563	-	31,029	35,623
Total Expenses	\$ 2,784,508	\$ 2,412,979	\$ 3,311,883	\$ 8,509,370	\$ 1,309,926	\$ 140,842	\$ 9,960,138	\$ 9,699,607

Job Path, Inc.
Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services Supported					Supporting Services			2018 Total
	Employment Services	Day Services Support	Living/Community Habilitation Services	Other	Total	Management and General	Fundraising	Total	
Salaries	\$ 1,710,948	\$ 1,519,536	\$ 1,395,746	\$ 395,129	\$ 5,021,359	\$ 603,413	\$ 69,665	\$ 5,694,437	\$ 5,456,607
Payroll taxes	169,655	172,247	141,680	35,805	519,387	34,851	4,768	559,006	590,724
Other fringe benefits	338,593	281,850	243,693	75,158	939,294	123,110	14,629	1,077,033	1,041,075
Total Salaries and Related Expenses	2,219,196	1,973,633	1,781,119	506,092	6,480,040	761,374	89,062	7,330,476	7,088,406
Contracted services	9,213	9,315	55,557	-	74,085	67,957	30,200	172,242	113,375
Professional fees	-	-	32,344	-	32,344	56,883	-	89,227	104,770
Rent	102,761	126,563	120,856	16,570	366,750	45,553	3,718	416,021	396,779
Rent - participants	-	-	607,367	-	607,367	-	-	607,367	655,135
Utilities and telephone	37,804	24,039	63,548	19,532	144,923	6,369	384	151,676	132,245
Repairs and maintenance	35,241	21,588	52,474	12,302	121,605	17,289	3,165	142,059	197,003
Equipment purchase/rental	3,266	2,406	10,223	672	16,567	4,207	96	20,870	30,466
Publication and printing	560	129	125	41	855	315	259	1,429	1,289
Training, conferences and dues	12,951	12,888	12,243	4,419	42,501	16,515	228	59,244	53,601
Office expenses	10,568	6,325	7,496	3,161	27,550	6,713	1,483	35,746	32,868
Website development	16	9	2	1,091	1,118	3,022	1,340	5,480	4,045
Travel - staff	14,515	11,656	6,680	3,421	36,272	5,492	55	41,819	46,703
Travel - participant	1,609	3,910	28,536	473	34,528	105	22	34,655	35,603
Placement ads/recruitment	2,614	2,231	1,887	671	7,403	1,060	67	8,530	7,512
Payroll and other service charges	2,186	2,002	1,846	963	6,997	28,479	89	35,565	32,884
Bank fees	-	-	120	-	120	13,888	575	14,583	8,087
Insurance	5,979	3,869	3,694	1,231	14,773	2,638	176	17,587	36,964
Participant incidentals	2,112	1,743	246,983	267	251,105	765	12	251,882	203,266
Special events	1,161	-	821	-	1,982	-	25,947	27,929	18,643
Miscellaneous	1,800	2,121	1,774	622	6,317	32,962	22	39,301	35,342
Total Expenses before Non-Cash Items	2,463,552	2,204,427	3,035,695	571,528	8,275,202	1,071,586	156,900	9,503,688	9,234,986
Straight-lining of rent	12,381	15,221	9,653	2,115	39,370	5,184	450	45,004	50,276
Provision for uncollectible receivables	-	-	-	-	-	-	39,564	39,564	90
Medicaid disallowance reserve	19,679	29,465	21,787	4,797	75,728	-	-	75,728	69,528
Depreciation and amortization	-	-	3,291	22,719	26,010	9,613	-	35,623	39,900
Total Expenses	\$ 2,495,612	\$ 2,249,113	\$ 3,070,426	\$ 601,159	\$ 8,416,310	\$ 1,086,383	\$ 196,914	\$ 9,699,607	\$ 9,394,780

See notes to financial statements

Job Path, Inc.

Statements of Cash Flows

	Year Ended June 30,	
	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 656,779	\$ 476,788
Adjustments to reconcile change in net assets to net cash from operating activities		
Deferred rent	33,115	45,004
Bad debt expense	23,959	39,564
Medicaid disallowance reserve	78,405	75,728
Depreciation and amortization	31,029	35,623
Changes in operating assets and liabilities		
Accounts receivable	(576,828)	65,812
Contributions receivable	-	39,564
Prepaid and other assets	(525)	(20,962)
Accounts payable and accrued expenses	<u>13,039</u>	<u>(50,365)</u>
Net Cash from Operating Activities	<u>258,973</u>	<u>706,756</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in line of credit borrowings	-	(100,000)
Proceeds from loan	<u>1,358,955</u>	<u>-</u>
Net Cash from Financing Activities	<u>1,358,955</u>	<u>(100,000)</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	1,617,928	606,756
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of year	<u>1,354,485</u>	<u>747,729</u>
End of year	<u>\$ 2,972,413</u>	<u>\$ 1,354,485</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ -	\$ 175

See notes to financial statements

Job Path, Inc.

Notes to Financial Statements June 30, 2020 and 2019

1. Organization

Job Path, Inc. (“Job Path”) was established in 1978 by the Vera Institute of Justice to find ways to help people with developmental disabilities move into the mainstream workforce. On October 29, 1998, Job Path was incorporated as an independent not-for-profit corporation under New York State law. Job Path’s mission is to support people with developmental disabilities in their efforts to make choices about their lives. Job Path operates programs that enable people to find stable jobs, establish their own homes and participate in civic and recreational activities in their communities. In contrast to segregated programs that have traditionally served this population, Job Path’s work is distinguished by its emphasis on increased independence and meaningful community participation.

Job Path is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which 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. Accordingly, actual results could differ from those estimates.

Change in Accounting Principles

In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. ASU 2016-18 requires significant changes regarding how restricted cash is classified and presented on the statement of cash flows. On July 1, 2019, Job Path adopted the new guidance regarding the presentation and classification of restricted cash. The guidance requires Job Path to 1) include restricted cash and restricted cash equivalents in the cash and cash equivalent balances on the statement of cash flows, 2) provide a reconciliation between the statement of financial position and the statement of cash flows when more than one line item for cash, cash equivalents, restricted cash, and restricted cash equivalents is presented on the statement of financial position, 3) eliminate the presentation of transfers between restricted cash and cash, and 4) include disclosures about the nature of the restrictions for material balances. Adoption of the ASU resulted in a change in the accounting for restricted cash on the cash flow statement.

Job Path, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Change in Accounting Principles (continued)

Effective July 1, 2019, Job Path adopted ASU 2014-09, Revenue from Contracts with Customers. ASU 2014-09 provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes the most current revenue recognition guidance. The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires new or expanded disclosures related to judgements made by entities when following this framework. Job Path adopted ASU 2014-09 on a prospective basis and has determined there to be no material impact on its financial statements.

Effective July 1, 2019, Job Path adopted new U.S. GAAP guidance ASU 2018-08 Contributions Received and Contributions Made. The ASU provides a framework for evaluating whether grants or contributions should be accounted for as exchange transactions or as non-exchange transactions. Adoption of the ASU resulted in no significant changes in the way Job Path recognizes revenue, and therefore no changes to prior audited financial statements were required on a modified retrospective basis.

Classification of Net Assets

Net assets of Job Path are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of Job Path. Certain restrictions may require the assets to be maintained in perpetuity.

Earnings related to net assets with donor restrictions are included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

Job Path, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

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

Allowance for Doubtful Accounts

Accounts receivable are stated at the amount that management expects to collect from outstanding balances. Management provides an allowance for doubtful accounts based on prior experience and its assessment of the collectability of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance account and a reduction to accounts receivable. Management believes that an allowance at June 30, 2020 and 2019 is not necessary.

Cash, Cash Equivalents, and Restricted Cash

For purposes of the statements of cash flows, Job Path considers all highly liquid debt instruments with maturities of three months or less at time of purchase to be cash equivalents, except for those designated by the board for long term purposes. Restricted cash consists principally of a board-restricted endowment.

Property and Equipment

Furniture and fixtures, equipment, computers and peripherals, and leasehold improvements are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	5 years
Equipment	3 – 5 years
Computers and peripherals	3 years

Leasehold improvements are amortized over the lesser of the life of the asset or the term of the lease.

Board Designated Net Assets

Job Path's board designated net assets are to be invested as described in their investment policy and no distribution shall be made from the fund until the amount in the fund reaches \$500,000. The finance committee of Job Path oversees the investment of the assets.

Grants and Contributions

Contributions are recorded when an unconditional promise to give is received or when substantially all conditions are met. All contributions are considered available for general use unless specifically restricted by the donor. 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. The discounts on those amounts are computed using credit adjusted risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Job Path, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

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

Revenue Recognition

Job Path receives its revenue primarily for services provided from the Office for People with Developmental Disabilities (“OPWDD”). These revenues are based on predetermined rates and contracted amounts which are subject to audit and retroactive adjustment. Management believes that all costs are reimbursable, potential disallowances and recoupments, if any, would be immaterial.

Functional Allocation of Expenses

The costs of providing Job Path’s various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not chargeable, and support costs (management and general) are allocated to a program based on personnel time allocations. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Operating Leases

Operating leases are classified in accordance with the terms of the underlying agreements. Operating lease payments are charged to rental expense. Rent expense is recorded on a straight-line basis. Deferred rent is recorded when there are material differences between the lease payments and the straight-line rent expense.

Income Taxes

Job Path recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that Job Path had no uncertain tax positions that would require financial statement recognition or disclosure. Job Path is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to June 30, 2017.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 17, 2020.

Job Path, Inc.

Notes to Financial Statements June 30, 2020 and 2019

3. Supplemental Cash Flow Information

At June 30, cash, cash equivalents and restricted cash consisted of the following:

	<u>2020</u>	<u>2019</u>
Cash		
Operating cash	\$ 2,491,689	\$ 874,052
Restricted Cash		
Board designated fund	<u>480,724</u>	<u>480,433</u>
Total Cash and Restricted Cash	<u>\$ 2,972,413</u>	<u>\$ 1,354,485</u>

4. Concentration of Credit Risk

Financial instruments that potentially subject Job Path to concentrations of credit and market risk consist principally of cash, cash equivalents and restricted cash on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation (“FDIC”) limit. Job Path does not believe that a significant risk of loss due to the failure of a financial institution presently exists.

At June 30, 2020 and 2019, approximately \$2,775,000 and \$1,143,000 of cash, cash equivalents and restricted cash was maintained with an institution in excess of FDIC limits.

Job Path receives funding from various governmental sources including Medicaid to operate its programs. Collection of these receivables is expected in the normal course of business. At June 30, 2020 and 2019, Medicaid receivables were approximately 71% and 82% of total accounts receivable.

5. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 54,370	\$ 54,370
Equipment	124,013	124,013
Computers and peripherals	64,719	64,719
Leasehold improvements	<u>166,124</u>	<u>166,124</u>
	409,226	409,226
Accumulated depreciation and amortization	<u>(296,317)</u>	<u>(265,288)</u>
	<u>\$ 112,909</u>	<u>\$ 143,938</u>

Job Path, Inc.

Notes to Financial Statements June 30, 2020 and 2019

6. Loan Payable

On April 13, 2020, Job Path received loan proceeds in the amount of \$1,358,955 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the "Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries above a certain threshold during the Covered Period and does not qualify for certain safe harbors. Although, Job Path believes this loan will be substantially or fully forgiven, there can be no guarantee that the United States Small Business Administration ("SBA") will approve the loan forgiveness. The unforgiven portion of the PPP loan, if any, is payable within two years from the date of the PPP loan with a deferral of payments of principal or interest until the amount of loan forgiveness is determined by the SBA. If Job Path does not apply for forgiveness, payments begin approximately 10 months after the loan date. As of June 30, 2020, the PPP loan is recognize as a debt on the statement of financial position. Job Path will recognize the income from the forgiveness of the PPP loan when it receives the notification of forgiveness from SBA in accordance with Accounting Standards Codification ("ASC") 470 Debt.

7. Board Designated Fund

The primary purpose of the board designated fund (the "Fund") is to hold and administer certain funds for the purpose of generating income for Job Path's innovative projects. The activity in the Fund is as follows:

Designated net assets, July 1, 2019	\$ 480,433
<u>Activity:</u>	
Investment income	<u>291</u>
Designated net assets, June 30, 2020	<u>\$ 480,724</u>
Designated net assets, July 1, 2018	\$ 480,097
<u>Activity:</u>	
Investment income	<u>336</u>
Designated net assets, June 30, 2019	<u>\$ 480,433</u>

Job Path, Inc.

Notes to Financial Statements June 30, 2020 and 2019

8. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions consist of the following for the years ended at June 30:

Program/Purpose	2020			
	Balance June 30, 2019	Net Assets Additions	Net Assets Released	Balance June 30, 2020
Employment Consortium	\$ -	\$ 324,816	\$ (162,408)	\$ 162,408
Customized Internship	16,693	217,158	(118,242)	115,609
Job Shadowing	5,636	-	(5,636)	-
Project Next Step - Employment	30,000	35,000	(65,000)	-
Covid-19	-	182,000	(52,450)	129,550
	<u>\$ 52,329</u>	<u>\$ 758,974</u>	<u>\$ (403,736)</u>	<u>\$ 407,567</u>
Program/Purpose	2019			
	Balance June 30, 2018	Net Assets Additions	Net Assets Released	Balance June 30, 2019
Innovative Projects	\$ 39,564	\$ -	\$ (39,564)	\$ -
Employment - ACCES	-	12,500	(12,500)	-
Employment Consortium	157,472	-	(157,472)	-
Customized Internship	-	61,782	(45,089)	16,693
Job Shadowing	-	20,860	(15,224)	5,636
Project Next Step - Employment	17,500	85,000	(72,500)	30,000
	<u>\$ 214,536</u>	<u>\$ 180,142</u>	<u>\$ (342,349)</u>	<u>\$ 52,329</u>

9. Pension

Job Path has a defined contribution plan for its employees and during 2020 and 2019, made contributions of 5% of each active participant's compensation based on eligibility requirements as defined in the plan agreement. Contributions of \$154,599 and \$150,579 were made for the years ended June 30, 2020 and 2019.

10. Commitments and Contingencies

Lease Commitments

Job Path is committed under various operating leases for administrative offices, program facilities and equipment. Rent expense for the years ended June 30, 2020 and 2019 amounted to \$1,100,459 and \$1,068,392. The leases expire at varying dates through August 31, 2029.

Job Path, Inc.

Notes to Financial Statements June 30, 2020 and 2019

10. Commitments and Contingencies (*continued*)

Aggregate minimum annual rental payments at June 30, 2020 are payable as follows for the years ending June 30:

2021	\$ 583,841
2022	450,159
2023	448,137
2024	452,091
2025	462,263
Thereafter	<u>2,037,090</u>
	<u>\$ 4,433,581</u>

At June 30, 2020 and 2019, deferred rent reported in the statements of financial position totaled \$316,832 and \$283,717.

Government Contracts

Pursuant to contractual agreements, certain governmental grants may be subject to future audit by the funding sources. Disallowances, recoupments or adjustments, if any, will be reflected in the financial statements in the year of settlement.

Based on guidance from the Center for Medicaid and Medicare Supports, and the terms of a COVID related retainer payment agreement for OPWDD Group Day Hab services ("GDH"), Job Path anticipates that New York State may recoup a portion of Home and Community-Based Services ("HCBS") waiver billings attributable to this GDH program in the event that Job Path receives loan forgiveness for the SBA PPP loan. Application for loan forgiveness should be completed in fiscal year 2021 and the portion forgiven will be recorded as non-operating income that will offset the recoupment of HCBS retainer funds. While the exact formula for recoupment has not been established by New York State, Job Path estimates that the potential recoupment would be the portion of the PPP loan forgiven that is attributable to these services, which could be as much as \$425,000.

Coronavirus Risk

The coronavirus outbreak has had and will have an adverse effect on the results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to future results of operations, cash flows, or financial condition.

Job Path, Inc.

Notes to Financial Statements June 30, 2020 and 2019

11. Economic Dependency

Job Path receives a substantial portion of its revenue from contracts negotiated with various governmental agencies including Medicaid. Job Path is economically dependent on the revenue from these contracts to provide services and to continue these programs. During the years ended June 30, 2020 and 2019, Medicaid revenue from these contracts was approximately 71% and 77% of total revenue and support.

12. Liquidity and Availability

The following reflects Job Path's financial assets as of June 30, reduced by amounts not available per general use within one year of that date because of contractual, board or donor-imposed restrictions. Amounts available include donor-restricted amounts that are available for general expenditure in the following year:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 2,491,689	\$ 874,052
Accounts receivable	2,434,852	1,881,983
Cash and cash equivalents, board designated	<u>480,724</u>	<u>480,433</u>
Total financial assets	5,407,265	3,236,468
Less contractual, board or donor imposed restrictions amounts:		
Restricted by donor with time or purpose restrictions	(407,567)	(52,329)
Board designated	<u>(480,724)</u>	<u>(480,433)</u>
Financial assets available to meet general requirements over the next twelve months	<u>\$ 4,518,974</u>	<u>\$2,703,706</u>

Job Path structures its financial assets to be available to meet its general expenditures and obligations as they come due. As part of its liquidity plan, Job Path relies on reimbursements from program service revenue and contributions from donors. Additionally, the board designated amount of \$480,724 can be used if necessary.

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