

The New Path, Inc.

Audited Financial Statements

For the Years Ended December 31, 2013 and 2012

**Lightner and Stickel, CPA's, Inc.
Troy, Ohio**

The New Path, Inc.
Audited Financial Statements
Years Ended December 31, 2013 and 2012

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Independent Auditor's Report

To the Board of Trustees of
The New Path, Inc.

We have audited the accompanying financial statements of The New Path, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

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.

Auditor's Responsibility

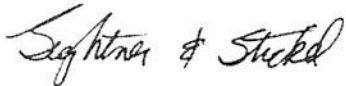
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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 The New Path, Inc. as of December 31, 2013 and 2012, 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.



Lightner & Stickel, CPA's, Inc.
Troy, Ohio
May 20, 2014

The New Path, Inc.
Statements of Financial Position
For the Years Ended December 31, 2013 and 2012

Assets	<u>2013</u>	<u>2012</u>
Current Assets		
Cash	\$ 167,622	\$ 246,120
Accounts Receivable	4,580	12,053
Inventories	337,971	363,320
Prepaid Expenses	28,903	57,559
Total Current Assets	<u>539,076</u>	<u>679,052</u>
Property and Equipment		
Property and Equipment	186,820	146,039
Total Property and Equipment	<u>186,820</u>	<u>146,039</u>
Other Assets		
Deposits	1,350	1,350
Total Other Assets	<u>1,350</u>	<u>1,350</u>
Total Assets	<u><u>\$ 727,246</u></u>	<u><u>\$ 826,441</u></u>
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 14,048	\$ 38,671
Accrued Expenses	6,085	5,149
Current Portion of Note Payable	8,004	0
Total Current Liabilities	<u>28,137</u>	<u>43,820</u>
Long Term Liabilities		
Notes Payable	10,005	0
Total Long-Term Liabilities	<u>10,005</u>	<u>0</u>
Total Liabilities	<u>38,142</u>	<u>43,820</u>
Net Assets		
Net Assets		
Unrestricted Net Assets	631,159	708,980
Temporarily Restricted Net Assets	57,945	73,641
Total Net Assets	<u>689,104</u>	<u>782,621</u>
Total Liabilities and Net Assets	<u><u>\$ 727,246</u></u>	<u><u>\$ 826,441</u></u>

See accompanying notes to the financial statement.

The New Path, Inc.
Statements of Activities
For the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Support			
Contributions	\$ 1,623,792	\$ 84,581	\$ 1,708,373
Sale of Donated Items	201,319	0	201,319
Fundraising	92,805	0	92,805
Total Support Revenue	<u>1,917,916</u>	<u>84,581</u>	<u>2,002,497</u>
Other Income			
Interest Income	731	0	731
Total Other Income	<u>731</u>	<u>0</u>	<u>731</u>
Net Assets Released from Restrictions	<u>100,277</u>	<u>(100,277)</u>	<u>0</u>
Total Revenues	<u>2,018,924</u>	<u>(15,696)</u>	<u>2,003,228</u>
Expenses			
Program Services			
Program Services	2,019,021	0	2,019,021
Total Program Services	<u>2,019,021</u>	<u>0</u>	<u>2,019,021</u>
Supporting Services			
Management and General	58,550	0	58,550
Fundraising	19,174	0	19,174
Total Supporting Services	<u>77,724</u>	<u>0</u>	<u>77,724</u>
Total Expenses	<u>2,096,745</u>	<u>0</u>	<u>2,096,745</u>
Total Change In Unrestricted Net Assets	(77,821)	(15,696)	(93,517)
Net Assets at Beginning of Year	<u>708,980</u>	<u>73,641</u>	<u>782,621</u>
Net Assets at End of Year	<u>\$ 631,159</u>	<u>\$ 57,945</u>	<u>\$ 689,104</u>

See accompanying notes to the financial statement.

The New Path, Inc.
Statements of Activities
For the Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Support			
Contributions	\$ 1,045,228	\$ 154,106	\$ 1,199,334
Sale of Donated Items	163,171	0	163,171
Fundraising	90,998	0	90,998
	<u>1,299,397</u>	<u>154,106</u>	<u>1,453,503</u>
Total Support Revenue			
Other Income			
Interest Income	988	0	988
	<u>988</u>	<u>0</u>	<u>988</u>
Total Other Income			
Net Assets Released from Restrictions	101,980	(101,980)	0
	<u>1,402,365</u>	<u>52,126</u>	<u>1,454,491</u>
Total Revenues			
Expenses			
Program Services			
Program Services	1,120,643	0	1,120,643
Total Program Services	<u>1,120,643</u>	<u>0</u>	<u>1,120,643</u>
Supporting Services			
Management and General	61,204	0	61,204
Fundraising	16,939	0	16,939
Total Supporting Services	<u>78,143</u>	<u>0</u>	<u>78,143</u>
Total Expenses	<u>1,198,786</u>	<u>0</u>	<u>1,198,786</u>
Total Change In Unrestricted Net Assets	203,579	52,126	255,705
Net Assets at Beginning of Year	<u>505,401</u>	<u>21,515</u>	<u>526,916</u>
Net Assets at End of Year	<u>\$ 708,980</u>	<u>\$ 73,641</u>	<u>\$ 782,621</u>

See accompanying notes to the financial statement.

The New Path, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ (93,517)	\$ 255,705
Adjustments to reconcile net assets to net cash provided (used) by operating activities		
Depreciation	8,196	7,895
(Increase) decrease in accounts receivable	7,473	7,654
(Increase) decrease in prepaid assets	28,656	(51,744)
(Increase) decrease in inventories	25,349	(180,464)
(Increase) decrease in deposits	0	(100)
Increase (decrease) in accounts payable	(24,623)	(25,189)
Increase (decrease) in other accrued liabilities	936	3,621
	<u>45,987</u>	<u>(238,327)</u>
Net Cash Provided (Used) by Operating Activities	(47,530)	17,378
Cash Flows From Investing Activities		
Purchases of fixed assets	<u>(48,977)</u>	<u>(10,018)</u>
Net Cash Provided (Used) by Investing Activities	<u>(48,977)</u>	<u>(10,018)</u>
Cash Flows From Financing Activities		
Proceeds from long-term debt	24,000	0
Repayment of long-term debt	<u>(5,991)</u>	<u>0</u>
Net Cash Provided (Used) by Financing Activities	18,009	0
Net Increase (Decrease) in Cash	(78,498)	7,360
Cash at Beginning of Year	<u>246,120</u>	<u>238,760</u>
Cash at End of Year	<u><u>\$ 167,622</u></u>	<u><u>\$ 246,120</u></u>

See accompanying notes to the financial statement.

The New Path, Inc.
Notes to Financial Statements
December 31, 2013 and 2012

1. Summary of Significant Accounting Principles

Operations

The New Path, Inc. was incorporated on May 18, 2000, and is a not-for-profit Ohio corporation supported primarily through contributions and grants and serves individuals in Miami County, Ohio and surrounding areas. The Organization provides assistance for individuals and/or families in various areas that may include: clothing, food, utilities, furniture, vehicles, and transitional housing, along with training, consultation services, medical supplies, and technical assistance, all from a Christian ministry perspective.

Date of Management's Review

Management has evaluated subsequent events through the date of the Independent Auditor's Report, the date on which the financial statements were available.

Method of Accounting

The accrual method of accounting is used for both financial and tax reporting purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170 (b)(1)(A)(vi).

The income tax returns filed are not subject to examination by the U.S. federal tax authority for tax years ended before December 31, 2009.

Cash and Cash Equivalents

At various times during the fiscal year, the Organization's cash balances in financial institutions may exceed federal depository insurance limits.

Property and Equipment

All fixed assets are recorded at historical cost if purchased and fair value if donated. It is the Organization's policy to capitalize individual items costing more than \$500. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the respective assets.

The New Path, Inc.
Notes to Financial Statements (continued)
December 31, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)

Functional Expenses

Expenses are charged directly to program or management in general categories based on specific identification.

Financial Statement Presentation

The Organization adopted FASB Accounting Standards Codification (ASC) No. 958-205, Financial Statements of Not-for-Profit Organizations. Under ASC No. 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

The Organization also adopted ASC No. 958, Accounting for Contributions Received and Contributions Made. In accordance with ASC No. 958, contributions received as recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restriction. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

Accounts Receivable

Accounts receivables are stated at the amount management expect to collect from outstanding balances. Management provides for probable uncollected 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 receivables from grants and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. In management's opinion, there are no material uncollectible receivable at December 31, 2013 and 2012 respectively. Therefore, allowances have not been established.

Statements of Cash Flows

For purposes of the statements of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Compensated Absences

It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

The New Path, Inc.
Notes to Financial Statements (continued)
December 31, 2013 and 2012

1. Summary of Significant Accounting Policies (continued)

Inventories

Inventories consist of donated cars, food, clothing, furniture and medical supplies and are stated at fair market value on a first in, first out basis.

Contributed Property and Equipment

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the asset must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

2. Property and Equipment

	2013	2012
Building	\$ 172,510	\$ 139,424
Land	29,057	13,800
Furniture and Equipment	47,424	47,424
Automobiles	36,901	35,066
	<u>285,892</u>	<u>235,714</u>
Accumulated Depreciation	(99,072)	(89,675)
Total Property and Equipment	<u>\$ 186,820</u>	<u>\$ 146,039</u>

3. Related Party Transactions

The Organization is an affiliate of Ginghamburg United Methodist Church (the Church). During the year the Church provided the following support:

	2013	2012
Support	\$ 56,126	\$ 45,397

The Organization occupies part of the facilities and land of Ginghamburg United Methodist Church under no formal agreement. No rent is paid by the Organization. The landlord has estimated the approximate fair value of the rent and it is included in contributions and expenses in the statement of activities. The estimate fair value of the rent are as follows:

	2013	2012
Fair Value of Rent	\$ 10,000	\$ 10,000

The New Path, Inc.
Notes to Financial Statements (continued)
December 31, 2013 and 2012

4. Donated Services, Materials, and Facilities

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in achieving its goals. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under ASC No. 958 have not been satisfied.

The Organization occupies part of the Discipleship Center and land located at 7695 S. County Rd. 25A under a verbal agreement with Ginghamburg United Methodist Church. No rent is paid by the Organizations. The landlord has estimated the approximate fair value of the annual rental to be \$10,000 and it is included in contributions and expenses in the statements of activities.

Car, food, clothing, and furniture at were donated to the Organization and have been recorded as contributions and expenses in the statements of activities. The value of the donated materials is as follows:

	<u>2013</u>	<u>2012</u>
Donated Materials	<u>\$ 879,929</u>	<u>\$ 689,937</u>

5. Inventories

Inventories consist of the following:

	<u>2013</u>	<u>2012</u>
Cars	\$ 67,353	\$ 52,502
Clothing	168,185	217,052
Food	19,039	27,607
Furniture	7,180	4,403
G.I.V.E. Medical Supplies	62,462	50,744
Gleaning Place	13,752	11,012
	<u>\$ 337,971</u>	<u>\$ 363,320</u>

The New Path, Inc.
Notes to Financial Statements (continued)
December 31, 2013 and 2012

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2013	2012
Food Pantry	\$ 0	\$ 923
G.I.V.E.	13,800	13,800
Miscellaneous	44,145	58,918
	<u>\$ 57,945</u>	<u>\$ 73,641</u>

7. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors. The net assets released from restrictions during the year are as follows:

	2013	2012
Food Pantry	\$ 25,741	\$ 27,420
Anna's Closet	75	35
Car Ministry	3,565	550
Miscellaneous	70,896	73,975
	<u>\$ 100,277</u>	<u>\$ 101,980</u>

8. Reclassifications

Certain reclassifications have been made to the December 31, 2012, financial statements to conform with the December 31, 2013, financial statement presentation. Such reclassification had no effect on net income previously reported.

The New Path, Inc.
Notes to Financial Statements (continued)
December 31, 2013 and 2012

9. Fair Value Measurements

FASB ASC 820, Fair Value Measurements and Disclosures, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When applicable, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or 3 inputs were used by the Organization.

Level 1 Fair Value Measurements

Quoted prices in active markets for identical assets the Organization has the ability to access at the measurement date. These types of quoted prices would include publicly traded securities. No level 1 inputs were used by the Organization.

10. Notes Payable

	<u>2013</u>	<u>2012</u>
Notes payable-Linda J. Hedden. Due in monthly installments of \$667, without interest. This note is unsecured.		
	\$ 18,009	\$ 0
Less: Current Portion	(8,004)	0
	<u>\$ 10,005</u>	<u>\$ 0</u>

Five year maturities of long term debt:

2014	\$ 8,004
2015	8,004
2016	2,001
thereafter	0
	<u>\$ 18,009</u>

**Supplemental
Information**

The New Path, Inc.
Schedules of Functional Expenses
For the Year Ended December 31, 2013

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and Related Expenses				
Other Salaries and Wages	\$ 178,759	\$ 41,079	\$ 13,463	\$ 233,301
Payroll Taxes and Employee Benefits	25,487	5,846	2,200	33,533
Payroll Processing	1,643	377	124	2,144
Total Salaries and Related Expenses	205,889	47,302	15,787	268,978
Other Expenses				
Financial Help	27,726	0	0	27,726
Food Pantry	617,636	0	0	617,636
Car Ministry	52,736	0	0	52,736
Furniture Warehouse	46,272	0	0	46,272
Christmas/Thanksgiving	4,831	0	0	4,831
Anna's Closet	298,587	0	0	298,587
Gleaning Place	98,224	0	0	98,224
Isaiah's Threads	56,607	0	0	56,607
G.I.V.E.	496,723	0	0	496,723
Jobs for Life	5,183	0	0	5,183
TOPS Program	795	0	0	795
Dental Clinic	423	0	0	423
Paws4Hope	970	0	0	970
Fort McKinley	55,549	0	0	55,549
Transitional Housing	5,380	0	0	5,380
UTS Work Study	6,856	0	0	6,856
OBB	702	0	0	702
Local Missions	11,465	0	0	11,465
Professional Fees	0	5,850	0	5,850
Supplies	6,285	3,044	3,026	12,355
Occupancy	9,133	604	263	10,000
Travel	1,472	72	98	1,642
Conferences	0	1,484	0	1,484
Depreciation	8,002	194	0	8,196
Bad Debts	1,575	0	0	1,575
Total Functional Expenses - Support	\$ 2,019,021	\$ 58,550	\$ 19,174	\$ 2,096,745

See accountant's report.

The New Path, Inc.
Schedules of Functional Expenses
For the Year Ended December 31, 2012

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and Related Expenses				
Other Salaries and Wages	\$ 158,305	\$ 39,867	\$ 10,213	\$ 208,385
Payroll Taxes and Employee Benefits	17,989	8,970	2,548	29,507
Payroll Processing	1,543	388	100	2,031
Total Salaries and Related Expenses	177,837	49,225	12,861	239,923
Other Expenses				
Financial Help	20,824	0	0	20,824
Food Pantry	487,270	0	0	487,270
Car Ministry	48,265	0	0	48,265
Furniture Warehouse	49,392	0	0	49,392
Christmas/Thanksgiving	6,061	0	0	6,061
Anna's Closet	57,383	0	0	57,383
Gleaning Place	11,395	0	0	11,395
Isaiah's Threads	5,059	0	0	5,059
G.I.V.E.	157,019	0	0	157,019
Jobs for Life	8,357	0	0	8,357
Paws4Hope	4,540	0	0	4,540
Fort McKinley	34,203	0	0	34,203
UTS Work Study	3,646	0	0	3,646
OBB	410	0	0	410
Local Missions	21,378	0	0	21,378
Professional Fees	0	5,850	0	5,850
Supplies	9,914	3,530	3,881	17,325
Occupancy	9,199	604	197	10,000
Travel	361	115	0	476
Conferences	0	1,275	0	1,275
Depreciation	7,290	605	0	7,895
Contract Labor	840	0	0	840
Total Functional Expenses - Support	\$ 1,120,643	\$ 61,204	\$ 16,939	\$ 1,198,786

See accountant's report.