

The New Path, Inc.

Audited Financial Statements

For the Years Ended December 31, 2018 and 2017

**Sam Brown, CPA, Inc.
Certified Public Accountant
Troy, Ohio**

The New Path, Inc.
Audited Financial Statements
Years Ended December 31, 2018 and 2017

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Independent Auditor's Report

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

I 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, 2018 and 2017, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

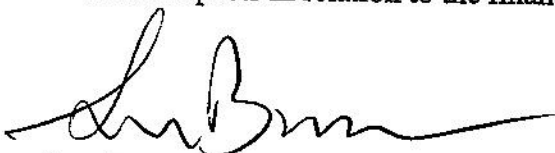
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my 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, 2018 and 2017, 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.

Report on Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 13 - 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink, appearing to read 'Sam Brown', with a long horizontal flourish extending to the right.

Sam Brown, CPA, Inc.
Troy, Ohio
July 25, 2019

New Path, Inc.
Statements of Financial Position
For the Years Ended December 31, 2018 and 2017

Assets	2018	2017
Current Assets		
Cash	\$ 115,550	\$ 96,607
Accounts Receivable	900	26,297
Inventories	310,202	368,968
Prepaid Expenses	65,612	32,166
Total Current Assets	<u>492,264</u>	<u>524,038</u>
Property and Equipment		
Property and Equipment	198,131	198,781
Total Property and Equipment	<u>198,131</u>	<u>198,781</u>
Other Assets		
Deposits	0	1,250
Total Other Assets	<u>0</u>	<u>1,250</u>
Total Assets	<u>\$ 690,395</u>	<u>\$ 724,069</u>
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 9,920	\$ 34,056
Accrued Expenses	69,164	40,786
Total Current Liabilities	<u>79,084</u>	<u>74,842</u>
Total Liabilities	<u>79,084</u>	<u>74,842</u>
Net Assets		
Net Assets		
Net Assets Without Donor Restrictions	529,558	606,384
Net Assets With Donor Restrictions	81,753	42,843
Total Net Assets	<u>611,311</u>	<u>649,227</u>
Total Liabilities and Net Assets	<u>\$ 690,395</u>	<u>\$ 724,069</u>

See accompanying notes to the financial statement.

New Path, Inc.
Statements of Activities
For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Support			
Contributions	\$ 1,924,090	\$ 99,393	\$ 2,023,483
Sale of Donated Items	174,243	0	174,243
Fundraising	22,455	0	22,455
	<u>2,120,788</u>	<u>99,393</u>	<u>2,220,181</u>
Total Support Revenue			
	<u>2,120,788</u>	<u>99,393</u>	<u>2,220,181</u>
Other Income			
Interest Income	109	0	109
	<u>109</u>	<u>0</u>	<u>109</u>
Total Other Income			
	<u>109</u>	<u>0</u>	<u>109</u>
Net Assets Released from Restrictions	60,483	(60,483)	0
	<u>60,483</u>	<u>(60,483)</u>	<u>0</u>
Total Revenues	<u>2,181,380</u>	<u>38,910</u>	<u>2,220,290</u>
Expenses			
Program Services			
Program Services	2,181,853	0	2,181,853
Total Program Services	<u>2,181,853</u>	<u>0</u>	<u>2,181,853</u>
Supporting Services			
Management and General	46,708	0	46,708
Fundraising	29,645	0	29,645
Total Supporting Services	<u>76,353</u>	<u>0</u>	<u>76,353</u>
Total Expenses	<u>2,258,206</u>	<u>0</u>	<u>2,258,206</u>
Total Change In Net Assets	(76,826)	38,910	(37,916)
Net Assets at Beginning of Year	<u>606,384</u>	<u>42,843</u>	<u>649,227</u>
Net Assets at End of Year	<u>\$ 529,558</u>	<u>\$ 81,753</u>	<u>\$ 611,311</u>

See accompanying notes to the financial statement.

New Path, Inc.
Statements of Activities
For the Year Ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Support			
Contributions	\$ 2,146,342	\$ 90,967	\$ 2,237,309
Sale of Donated Items	273,191	0	273,191
Fundraising	48,964	0	48,964
Total Support Revenue	<u>2,468,497</u>	<u>90,967</u>	<u>2,559,464</u>
Other Income			
Interest Income	146	0	146
Total Other Income	<u>146</u>	<u>0</u>	<u>146</u>
Net Assets Released from Restrictions	<u>95,651</u>	<u>(95,651)</u>	<u>0</u>
Total Revenues	<u>2,564,294</u>	<u>(4,684)</u>	<u>2,559,610</u>
Expenses			
Program Services			
Program Services	2,444,593	0	2,444,593
Total Program Services	<u>2,444,593</u>	<u>0</u>	<u>2,444,593</u>
Supporting Services			
Management and General	62,102	0	62,102
Fundraising	40,322	0	40,322
Total Supporting Services	<u>102,424</u>	<u>0</u>	<u>102,424</u>
Total Expenses	<u>2,547,017</u>	<u>0</u>	<u>2,547,017</u>
Total Change In Net Assets	17,277	(4,684)	12,593
Net Assets at Beginning of Year	<u>589,107</u>	<u>47,527</u>	<u>636,634</u>
Net Assets at End of Year	<u>\$ 606,384</u>	<u>\$ 42,843</u>	<u>\$ 649,227</u>

See accompanying notes to the financial statement.

New Path, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ (37,916)	\$ 12,593
Adjustments to reconcile net assets to net cash provided (used) by operating activities		
Depreciation	13,267	12,142
(Increase) decrease in accounts receivable	25,397	(19,563)
(Increase) decrease in prepaid assets	(33,446)	79,567
(Increase) decrease in inventories	58,766	(46,522)
(Increase) decrease in deposits	1,250	0
Increase (decrease) in accounts payable	(24,136)	10,297
Increase (decrease) in other accrued liabilities	28,378	(47,008)
Total adjustments	<u>69,476</u>	<u>(11,087)</u>
Net Cash Provided (Used) by Operating Activities	31,560	1,506
Cash Flows From Investing Activities		
Purchases of fixed assets	<u>(12,617)</u>	<u>(23,371)</u>
Net Cash Provided (Used) by Investing Activities	<u>(12,617)</u>	<u>(23,371)</u>
Net Increase (Decrease) in Cash	18,943	(21,865)
Cash at Beginning of Year	<u>96,607</u>	<u>118,472</u>
Cash at End of Year	<u>\$ 115,550</u>	<u>\$ 96,607</u>

See accompanying notes to the financial statement.

The New Path, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

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, 2014.

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, 2018 and 2017

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 two classes of net assets: without donor restrictions and with donor restrictions.

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 with donor restrictions or without donor restrictions 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, 2018 and 2017 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, 2018 and 2017

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

	<u>2018</u>	<u>2017</u>
Building & Building Improvements	\$ 191,396	\$ 191,396
Land	29,057	29,057
Furniture and Equipment	52,489	42,688
Automobiles	<u>56,767</u>	<u>54,951</u>
	329,709	318,092
Accumulated Depreciation	<u>(131,578)</u>	<u>(119,311)</u>
Total Property and Equipment	<u>\$ 198,131</u>	<u>\$ 198,781</u>

The organization considers the need to recognize a loss contingency from the impairment of long-lived assets whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable based on a comparison of carrying value against future cash flows. If impairment is identified, the assets' carrying amounts are adjusted to fair value. There were no such adjustments for impairment charges made during the years ended December 31, 2018 and 2017.

The New Path, Inc.
Notes to Financial Statements (continued)
December 31, 2018 and 2017

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:

	<u>2018</u>	<u>2017</u>
Support	<u>\$ 62,332</u>	<u>\$ 45,608</u>

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 rents are as follows:

	<u>2018</u>	<u>2017</u>
Fair Value of Rent	<u>\$ 10,000</u>	<u>\$ 10,000</u>

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>2018</u>	<u>2017</u>
Donated Materials	<u>\$ 875,078</u>	<u>\$ 911,070</u>

The New Path, Inc.
Notes to Financial Statements (continued)
December 31, 2018 and 2017

5. Inventories

Inventories consist of the following:

	<u>2018</u>	<u>2017</u>
Cars	\$ 110,091	\$ 124,922
Clothing	94,693	109,068
Food	33,467	46,595
Furniture	3,000	4,308
G.I.V.E. Medical Supplies	62,045	74,901
Gleaning Place	6,906	9,174
	<u>\$ 310,202</u>	<u>\$ 368,968</u>

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Food Pantry	\$ 9,117	\$ 0
G.I.V.E.	13,800	13,800
Miscellaneous	58,836	29,043
	<u>\$ 81,753</u>	<u>\$ 42,843</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:

	<u>2018</u>	<u>2017</u>
Food Pantry	\$ 40,216	\$ 13,082
Car Ministry	740	1,994
Miscellaneous	19,527	80,575
	<u>\$ 60,483</u>	<u>\$ 95,651</u>

The New Path, Inc.
Notes to Financial Statements (continued)
December 31, 2018 and 2017

9. Fair Value Measurements

The Organization's financial statement consist primarily of cash, accounts receivable, and accounts payable. The carrying values of financial instruments are representative of their fair values due to their short-term maturities.

**Supplemental
Information**

New Path, Inc.
Schedules of Functional Expenses
For the Year Ended December 31, 2018

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and Related Expenses				
Other Salaries and Wages	\$ 179,903	\$ 26,700	\$ 18,912	\$ 225,515
Payroll Taxes and Employee Benefits	29,769	5,426	5,446	40,641
Payroll Processing	<u>2,185</u>	<u>324</u>	<u>230</u>	<u>2,739</u>
Total Salaries and Related Expenses	211,857	32,450	24,588	268,895
Other Expenses				
Financial Help	12,418	0	0	12,418
Food Pantry	1,744,594	0	0	1,744,594
Car Ministry	8,759	0	0	8,759
Furniture Warehouse	23,276	0	0	23,276
Gleaning Place	48,134	0	0	48,134
G.I.V.E.	46,636	0	0	46,636
Fort McKinley	10,130	0	0	10,130
Transitional Housing	3,600	0	0	3,600
Local Missions	46,346	0	0	46,346
Professional Fees	0	5,850	0	5,850
Supplies	0	840	4,663	5,503
Occupancy	9,278	328	394	10,000
Conferences	0	6,640	0	6,640
Depreciation	13,267	0	0	13,267
Contract Labor	0	600	0	600
Bad Debts	<u>3,558</u>	<u>0</u>	<u>0</u>	<u>3,558</u>
Total Functional Expenses - Support	<u>\$ 2,181,853</u>	<u>\$ 46,708</u>	<u>\$ 29,645</u>	<u>\$ 2,258,206</u>

See accountant's report.

New Path, Inc.
Schedules of Functional Expenses
For the Year Ended December 31, 2017

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and Related Expenses				
Other Salaries and Wages	\$ 215,390	\$ 32,398	\$ 25,298	\$ 273,086
Payroll Taxes and Employee Benefits	35,970	6,051	6,155	48,176
Payroll Processing	1,957	297	232	2,486
Total Salaries and Related Expenses	253,317	38,746	31,685	323,748
Other Expenses				
Financial Help	11,818	0	0	11,818
Food Pantry	612,477	0	0	612,477
Car Ministry	38,838	0	0	38,838
Furniture Warehouse	39,841	0	0	39,841
Anna's Closet	306,116	0	0	306,116
Gleaning Place	111,807	0	0	111,807
G.I.V.E.	950,115	0	0	950,115
Paws4Hope	124	0	0	124
Fort McKinley	58,819	0	0	58,819
Transitional Housing	4,993	0	0	4,993
OBB	49	0	0	49
More Than Carpenters	378	0	0	378
Local Missions	25,009	0	0	25,009
Professional Fees	0	10,640	0	10,640
Supplies	6,441	3,963	8,243	18,647
Telephone & Internet	229	0	0	229
Occupancy	9,278	328	394	10,000
Travel	46	0	0	46
Conferences	0	4,502	0	4,502
Depreciation	12,142	0	0	12,142
Contract Labor	0	3,923	0	3,923
Bad Debts	2,756	0	0	2,756
Total Functional Expenses - Support	\$ 2,444,593	\$ 62,102	\$ 40,322	\$ 2,547,017

See accountant's report.