

**The New Path, Inc.**

**Audited Financial Statements**

**For the Years Ended December 31, 2017 and 2016**

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

**The New Path, Inc.**  
**Audited Financial Statements**  
**Years Ended December 31, 2017 and 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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 'S. Brown', with a stylized flourish at the end.

Sam Brown, CPA, Inc.  
Troy, Ohio  
June 14, 2018

**The New Path, Inc.**  
**Statements of Financial Position**  
**For the Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 96,607	\$ 118,472
Accounts Receivable	26,297	6,734
Inventories	368,968	322,446
Prepaid Expenses	32,166	111,733
Total Current Assets	<u>524,038</u>	<u>559,385</u>
<b>Property and Equipment</b>		
Property and Equipment	198,781	187,552
Total Property and Equipment	<u>198,781</u>	<u>187,552</u>
<b>Other Assets</b>		
Deposits	1,250	1,250
Total Other Assets	<u>1,250</u>	<u>1,250</u>
Total Assets	<u>\$ 724,069</u>	<u>\$ 748,187</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 34,056	\$ 23,759
Accrued Expenses	40,786	87,794
Total Current Liabilities	<u>74,842</u>	<u>111,553</u>
Total Liabilities	<u>74,842</u>	<u>111,553</u>
<b>Net Assets</b>		
<b>Net Assets</b>		
Unrestricted Net Assets	606,384	589,107
Temporarily Restricted Net Assets	42,843	47,527
Total Net Assets	<u>649,227</u>	<u>636,634</u>
Total Liabilities and Net Assets	<u>\$ 724,069</u>	<u>\$ 748,187</u>

See accompanying notes to the financial statement.



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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues</b>			
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
	<u>2,468,497</u>	<u>90,967</u>	<u>2,559,464</u>
Other Income			
Interest Income	146	0	146
	<u>146</u>	<u>0</u>	<u>146</u>
Net Assets Released from Restrictions	95,651	(95,651)	0
	<u>2,564,294</u>	<u>(4,684)</u>	<u>2,559,610</u>
<b>Expenses</b>			
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>
<b>Supporting Services</b>			
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>
<b>Total Change In Unrestricted Net Assets</b>	17,277	(4,684)	12,593
<b>Net Assets at Beginning of Year</b>	<u>589,107</u>	<u>47,527</u>	<u>636,634</u>
<b>Net Assets at End of Year</b>	<u>\$ 606,384</u>	<u>\$ 42,843</u>	<u>\$ 649,227</u>

See accompanying notes to the financial statement.

**The New Path, Inc.**  
**Statements of Activities**  
**For the Year Ended December 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues</b>			
Support			
Contributions	\$ 1,519,557	\$ 92,906	\$ 1,612,463
Sale of Donated Items	252,069	0	252,069
Fundraising	39,952	0	39,952
Total Support Revenue	<u>1,811,578</u>	<u>92,906</u>	<u>1,904,484</u>
Other Income			
Interest Income	121	0	121
Total Other Income	<u>121</u>	<u>0</u>	<u>121</u>
Net Assets Released from Restrictions	<u>72,090</u>	<u>(72,090)</u>	<u>0</u>
Total Revenues	<u>1,883,789</u>	<u>20,816</u>	<u>1,904,605</u>
<b>Expenses</b>			
Program Services			
Program Services	1,871,549	0	1,871,549
Total Program Services	<u>1,871,549</u>	<u>0</u>	<u>1,871,549</u>
<b>Supporting Services</b>			
Management and General	63,366	0	63,366
Fundraising	31,531	0	31,531
Total Supporting Services	<u>94,897</u>	<u>0</u>	<u>94,897</u>
Total Expenses	<u>1,966,446</u>	<u>0</u>	<u>1,966,446</u>
<b>Total Change In Unrestricted Net Assets</b>	(82,657)	20,816	(61,841)
<b>Net Assets at Beginning of Year</b>	<u>671,764</u>	<u>26,711</u>	<u>698,475</u>
<b>Net Assets at End of Year</b>	<u>\$ 589,107</u>	<u>\$ 47,527</u>	<u>\$ 636,634</u>

See accompanying notes to the financial statement.

**The New Path, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 12,593	\$ (61,841)
Adjustments to reconcile net assets to net cash provided (used) by operating activities		
Depreciation	12,142	9,315
(Increase) decrease in accounts receivable	(19,563)	650
(Increase) decrease in prepaid assets	79,567	(7,969)
(Increase) decrease in inventories	(46,522)	73,340
Increase (decrease) in accounts payable	10,297	13,688
Increase (decrease) in other accrued liabilities	(47,008)	(3,768)
	<u>(11,087)</u>	<u>85,256</u>
Net Cash Provided (Used) by Operating Activities	1,506	23,415
<b>Cash Flows From Investing Activities</b>		
Purchases of fixed assets	(23,371)	(19,733)
Net Cash Provided (Used) by Investing Activities	(23,371)	(19,733)
<b>Cash Flows From Financing Activities</b>		
Repayment of long-term debt	0	(2,001)
Net Cash Provided (Used) by Financing Activities	0	(2,001)
Net Increase (Decrease) in Cash	(21,865)	1,681
Cash at Beginning of Year	<u>118,472</u>	<u>116,791</u>
Cash at End of Year	<u>\$ 96,607</u>	<u>\$ 118,472</u>

See accompanying notes to the financial statement.



**The New Path, Inc.**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**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, 2013.

**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, 2017 and 2016**

**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, 2017 and 2016 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, 2017 and 2016**

**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**

	<b>2017</b>	<b>2016</b>
Building & Building Improvements	\$ 191,396	\$ 191,396
Land	29,057	29,057
Furniture and Equipment	42,688	43,818
Automobiles	54,951	34,951
	<u>318,092</u>	<u>299,222</u>
Accumulated Depreciation	(119,311)	(111,670)
Total Property and Equipment	<u>\$ 198,781</u>	<u>\$ 187,552</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, 2017 and 2016.



**The New Path, Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2017 and 2016**

**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>2017</u>	<u>2016</u>
Support	<u>\$ 45,608</u>	<u>\$ 47,518</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>2017</u>	<u>2016</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>2017</u>	<u>2016</u>
Donated Materials	<u>\$ 911,070</u>	<u>\$ 921,599</u>

**The New Path, Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2017 and 2016**

**5. Inventories**

Inventories consist of the following:

	<u><b>2017</b></u>	<u><b>2016</b></u>
Cars	\$ 124,922	\$ 105,640
Clothing	109,068	99,611
Food	46,595	48,181
Furniture	4,308	6,975
G.I.V.E. Medical Supplies	74,901	54,082
Gleaning Place	9,174	7,957
	<u><u>\$ 368,968</u></u>	<u><u>\$ 322,446</u></u>

**6. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

	<u><b>2017</b></u>	<u><b>2016</b></u>
Food Pantry	\$ 0	\$ 6,750
G.I.V.E.	13,800	13,800
Miscellaneous	29,043	26,977
	<u><u>\$ 42,843</u></u>	<u><u>\$ 47,527</u></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><b>2017</b></u>	<u><b>2016</b></u>
Food Pantry	\$ 13,082	\$ 14,289
Car Ministry	1,994	2,896
Miscellaneous	80,575	54,905
	<u><u>\$ 95,651</u></u>	<u><u>\$ 72,090</u></u>



**The New Path, Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2017 and 2016**

**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**

**The 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>
<b>Salaries and Related Expenses</b>				
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
	<hr/>	<hr/>	<hr/>	<hr/>
Total Salaries and Related Expenses	253,317	38,746	31,685	323,748
<b>Other Expenses</b>				
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
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Functional Expenses - Support</b>	<b>\$ 2,444,593</b>	<b>\$ 62,102</b>	<b>\$ 40,322</b>	<b>\$ 2,547,017</b>

See accountant's report.

**The New Path, Inc.**  
**Schedules of Functional Expenses**  
**For the Year Ended December 31, 2016**

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
<b>Salaries and Related Expenses</b>				
Other Salaries and Wages	\$ 194,186	\$ 31,596	\$ 20,873	\$ 246,655
Payroll Taxes and Employee Benefits	31,009	5,973	5,792	42,774
Payroll Processing	<u>1,988</u>	<u>327</u>	<u>216</u>	<u>2,531</u>
Total Salaries and Related Expenses	227,183	37,896	26,881	291,960
<b>Other Expenses</b>				
Financial Help	15,723	0	0	15,723
Food Pantry	652,439	0	0	652,439
Car Ministry	43,995	0	0	43,995
Furniture Warehouse	39,024	0	0	39,024
Anna's Closet	294,074	0	0	294,074
Gleaning Place	105,180	0	0	105,180
G.I.V.E.	398,910	0	0	398,910
Paws4Hope	734	0	0	734
Fort McKinley	43,982	0	0	43,982
Transitional Housing	4,459	0	0	4,459
OBB	621	0	0	621
Local Missions	24,007	0	0	24,007
Professional Fees	0	8,500	0	8,500
Supplies	2,078	3,727	4,256	10,061
Telephone & Internet	506	0	0	506
Occupancy	9,278	328	394	10,000
Travel	41	0	0	41
Conferences	0	4,808	0	4,808
Depreciation	9,315	0	0	9,315
Contract Labor	0	7,044	0	7,044
Miscellaneous	<u>0</u>	<u>1,063</u>	<u>0</u>	<u>1,063</u>
<b>Total Functional Expenses - Support</b>	<u>\$ 1,871,549</u>	<u>\$ 63,366</u>	<u>\$ 31,531</u>	<u>\$ 1,966,446</u>

See accountant's report.

