

PATH Foundation, Inc.

Financial Statements
And
Independent Auditors' Report

March 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
PATH Foundation, Inc.

We have audited the accompanying financial statements of PATH Foundation, Inc. ("the Organization"), which comprise the Statement of Financial Position as of March 31, 2016, and the related Statements of Activities and Changes in Net Assets, Functional Expenses, and Cash Flows for the year then ended and the related Notes to 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.

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 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 Organization'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 Organization'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 PATH Foundation, Inc., as of March 31, 2016 and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Atlanta, Georgia
October 26, 2016

Marshall, Jones & Co.

PATH FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
March 31, 2016

ASSETS	
Cash and cash equivalents	\$ 4,576,728
Investments	1,634,963
Grants receivable	5,540,856
Pledges receivable	4,943,000
Prepaid expenses	19,352
Property and equipment, net	10,734
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TOTAL ASSETS	\$ 16,725,633
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LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable	\$ 208,957
Accrued liabilities	3,391
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Total Liabilities	212,348
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Net Assets	
Unrestricted	3,217,394
Temporarily restricted	13,295,891
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Total Net Assets	16,513,285
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TOTAL LIABILITIES AND NET ASSETS	\$ 16,725,633
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These financial statements should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

PATH FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended March 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues			
Grant and contribution revenue	\$ 668,498	\$ 18,108,474	\$ 18,776,972
Special events	42,001	-	42,001
Interest income	41,294	-	41,294
Miscellaneous revenue	9,047	-	9,047
Investment return, net	(51,575)	-	(51,575)
Net assets released from restriction	9,846,904	(9,846,904)	-
Total Revenues	10,556,169	8,261,570	18,817,739
Expenses			
Program services	11,517,501	-	11,517,501
Supporting services			
General and administrative	422,244	-	422,244
Fundraising	51,332	-	51,332
Total Expenses	11,991,077	-	11,991,077
Change in Net Assets	(1,434,908)	8,261,570	6,826,662
Net Assets – beginning of year	17,659,666	501,387	18,161,053
Adjustment to previously stated balance	(13,007,364)	4,532,934	(8,474,430)
Net Assets – End of Year	\$ 3,217,394	\$ 13,295,891	\$ 16,513,285

These financial statements should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

PATH FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended March 31, 2016

	Program Services	General and Administrative	Fundraising Expenses	Total
Trail construction costs	\$ 10,627,992	\$ -	\$ -	\$ 10,627,992
Salaries and wages	559,083	178,062	-	737,145
Payroll taxes	33,941	7,601	-	41,542
Advertising and promotion	-	-	15,745	15,745
Consulting	-	118,987	-	118,987
Depreciation	14,873	-	-	14,873
Financial services	-	13,254	-	13,254
Insurance	52,055	41,795	-	93,850
Miscellaneous	-	2,745	-	2,745
Office supplies	-	3,544	-	3,544
Printing and postage	-	31,322	-	31,322
Professional fees	-	14,209	-	14,209
Repairs	-	2,738	-	2,738
Special events	-	-	35,587	35,587
Storage rental	-	2,915	-	2,915
Technology	12,915	4,114	-	17,029
Telephone	3,007	958	-	3,965
Trail maintenance	189,991	-	-	189,991
Travel and auto	23,644	-	-	23,644
Total Expenses	\$ 11,517,501	\$ 422,244	\$51,332	\$ 11,991,077

These financial statements should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

PATH FOUNDATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2016

Cash Flows From Operating Activities	
Change in net assets	\$ 6,826,662
Adjustments to reconcile change in net assets to net cash (used) by operating activities:	
Net loss on investments	51,575
Depreciation	14,873
(Increase) decrease in assets:	
Grants receivable	(4,574,336)
Pledges receivable	(2,348,940)
Prepaid expenses	(12,725)
Increase (decrease) in liabilities:	
Accounts payable	(391,848)
Accrued liabilities	2,695
Net Cash (Used) by Operating Activities	(432,044)
Cash Flows From Investing Activities	
Reinvestments of interest and dividends, net	(25,170)
Net Cash (Used) by Investing Activities	(25,170)
Net (Decrease) in Cash and Cash Equivalents	(457,214)
Cash and cash equivalents – beginning of year	5,033,942
Cash and Cash Equivalents – End of Year	\$ 4,576,728

These financial statements should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

PATH Foundation, Inc. (“the Organization”) was formed in September 1991 for the purpose of developing a regional greenway trail system for use by all citizens, providing them with transportation and recreational opportunities as well as increasing the quality and enjoyment of their daily lives.

The Organization has development trail master plans for the City of Atlanta and many adjacent jurisdictions which guide development of greenway trail development in the metro area. The Organization has entered into public-private partnerships with the state of Georgia and most metro governments to advance trail planning, design, and construction. During the past twenty-three years, the Organization has developed over 100 miles of greenway trails in metro Atlanta.

Beginning in 1998, the Organization expanded outside of metro Atlanta and partnered with the state of Georgia to build the Silver Comet Trail in West Georgia. In addition, the Organization has built greenway trails using the public-private partnership model in Beaufort, South Carolina, the City of Carrollton, Georgia, and along the coast in Glynn and Camden Counties. Including these trails, the Organization has built over 200 miles of greenway trails.

The Organization continues to extend the Stone Mountain Trail, the South River Trail, the Olde Town Conyers Trail and the Southtowne Trail in metro Atlanta. Beginning in 2010, the Organization began constructing components of the Atlanta Beltline.

Basis of Presentation

Financial statement presentation follows the recommendations of accounting principles generally accepted in the United States of America (“GAAP”). Under GAAP, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Organization does not have any permanently restricted net assets.

Unrestricted - represents net assets that are not restricted by donor-imposed stipulations and are available for support of operations and other expenditures approved in the annual budget.

Temporarily restricted - represents net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted - represents net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. There were no permanently restricted net assets at March 31, 2016.

PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Change of Accounting Policy

As described in Note 12, the Organization revised its accounting policies in relation to the accounting for the construction of trails and consideration of criteria related to donor restricted contributions and grants. This change resulted in an adjustment to the prior period net assets.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make significant estimates and assumptions that may affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with original maturities of ninety days or less to be cash equivalents.

Pledges Receivable

Pledges receivable are amounts due based on unconditional promises to give made by individuals and entities and are unsecured. Pledges receivable are reported at fair value in the period the promise is made and subsequently carried at their estimated collectible amounts. Pledges receivable are evaluated for collectability based on past collection history with donors. Provisions for losses on pledges receivable are determined on the basis of loss experience, known and inherent risk in the pledge balances, and current economic conditions.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the assets' estimated useful lives as follows:

<u>Classification</u>	<u>Estimated Lives</u>
Furniture and equipment	3 years
Automobile	5 years

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PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Additions and major improvements to existing assets greater than \$1,000 are capitalized, while minor improvements, maintenance, and repairs are charged to expense as incurred. The fair value of donated property and equipment is also capitalized. Upon retirement or disposal of property and equipment, the costs and related accumulated depreciation amounts are eliminated, and any gain or loss is included in the Statement of Activities.

Investments

Marketable equity and debt securities are carried at fair market value. When marketable securities are bought or sold, the transaction is recorded as of the trade date of the transaction.

Donated Goods and Services

Donated goods, such as materials, equipment or other assets, are reported as contributions at their estimated fair values at the date of donation. Donated services that create or enhance nonfinancial assets or that require specialized skills, that are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation, are recorded as contributions at their estimated fair values in the period the services are performed.

No amounts have been reflected in the financial statements for donated services for the year ended March 31, 2016. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs and fundraising organizations but do not meet the criteria for financial statement recognition.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs were allocated among the programs and supporting services benefited. Construction management, trail planning and trail maintenance expenses are included in program expenses. The external costs of trail construction have been expensed as costs incurred in connection with the construction of the paths and thus are included in the Statement of Functional Expenses as trail construction costs.

Income Taxes

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

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PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Organization only recognizes the tax benefit from an uncertain tax position taken or expected to be taken in a tax return if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Management has analyzed tax positions taken for filings with the Internal Revenue Service and all state jurisdictions where the Organization operates. Management believes that income tax filing positions would be sustained upon examination and does not anticipate that any adjustments would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at March 31, 2016.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for years prior to 2013.

Memberships

Membership fees are recognized over the term of membership, which is one year. Individual, family, and corporate memberships are available. Members receive information about trail project, construction updates, the Organization's events, and other trail related information through the quarterly newsletter.

Compensated Absences

Employees of the Organization are entitled to paid vacations, sick days and other time off depending on job classification, length of service and other factors. The information is not available 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 paid to employees.

Fair Value of Financial Instruments

In accordance with Financial Accounting Standards Codification (FASC) 820, *Fair Value Measurement and Disclosures*, FASC 820-10 defines fair value, establishes a framework for the measurement of fair value, and enhances disclosures about fair value measurements. The carrying amount of the Organization's cash approximates fair value due to the short maturity of this instrument. The fair values of investments in securities traded on national securities exchanges are

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PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

valued at the last reported bid price. Pledges receivable are discounted at an interest rate, which approximates their fair value. Grants receivable are recorded at the net present value of the amounts expected to be collected. For other assets and liabilities, not otherwise carried at fair value, fair value approximates carrying value due to the current nature of such assets and liabilities.

Subsequent Events

The Organization has evaluated subsequent events through the filing date of this report. No subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash deposits in a bank deposit account which at times may exceed FDIC limits. The amount in excess of FDIC insured limits at March 31, 2016 was approximately \$4,326,728.

The Organization depends heavily on contributions and grants for its support and revenue. The ability of certain of the Organization's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While the Board of Directors believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

NOTE 4 – PLEDGES RECEIVABLE

Unconditional pledges receivable are recorded at net realizable value and consist of the following as of March 31, 2016:

Due within one year	\$ 1,293,833
Due within two to five years	3,649,167
Total Pledges Receivable	\$ 4,943,000

No provision has been made for uncollectible accounts, as management considers all accounts to be currently collectible. Uncollectible accounts are expensed on an individual basis when they are deemed to no longer be collectible.

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PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2016

NOTE 5 – LINE OF CREDIT

The Organization has an unsecured guidance line of credit with a local bank that allows borrowings up to \$250,000 with interest payable at the bank’s prime rate plus 0.50% per annum. The line of credit expires on June 10, 2018. As of March 31, 2016, there were no borrowings outstanding against the line of credit.

NOTE 6 – INVESTMENTS

The Organization maintains a long-term maintenance investment account. Investments are reported at fair market value. Cost, market value and unrealized appreciation and (depreciation) at March 31, 2016, are summarized as follows:

	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Cash and cash equivalents	\$ 49,329	\$ 49,329	\$ -
Equity securities	902,625	1,102,390	199,765
Mutual funds	500,049	483,244	(16,805)
	\$ 1,452,003	\$ 1,634,963	\$ 182,960

Investment return for the year ended March 31, 2016 is summarized as follows:

Short term and long term capital gains distribution	\$ 5,402
Net realized gain	8,804
Net unrealized loss	(65,781)
Total Investment Income	\$ (51,575)

Administrative expenses relating to investment income amounted to \$10,000.

GAAP establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

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PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE 6 – INVESTMENTS (Continued)

The three levels of the fair value hierarchy under GAAP are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used on March 31, 2016.

- *Mutual Funds*: Valued at the net asset value of shares held by the Organization at year end.
- *Money Market Funds*: Valued at the net asset value of money markets held by the Organization at year end.
- *Equity Funds*: Valued at the net asset value of shares held by the Organization at year end

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2016

NOTE 6 – INVESTMENTS (Continued)

The following table sets forth, by level within the fair value hierarchy, the Organization's assets at fair value as of March 31,

	Level 1	Level 2	Level 3	2016	2015
Equity funds	\$1,102,390	\$ -	\$ -	\$1,102,390	\$1,033,144
Mutual funds	483,244	-	-	483,244	575,998
Money market funds	49,329	-	-	49,329	52,226
Total Fair Value	\$1,634,963	\$ -	\$ -	\$1,634,963	\$1,661,368

NOTE 7 – PROPERTY AND EQUIPMENT

Major classes of fixed assets consist of the following at March 31, 2016:

Vehicles	\$ 60,800
Office furniture and equipment	41,059
Subtotal	101,859
Less: accumulated depreciation	(91,125)
Total Property and Equipment	\$ 10,734

Depreciation expense for the year ended March 31, 2016 was \$14,873.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

The Organization has received grants, which require the fulfillment of certain conditions as set forth in the instrument of the grant. The failure to fulfill the conditions could result in the return of the funds to the grantors. Although the return of funds is possibility, the Board of Directors deems the contingency unlikely, since upon accepting the grants, the Organization has agreed to comply with the provisions thereof.

PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE 9 – TRAIL PATHS IN PROGRESS

The following is a detail listing of trails that were in progress at March 31, 2016:

Alabama St. to Columbia Dr.	\$ 68,164
Alabama to Lovvorn	890,591
Albany to Sasser Rail Trail	25,561
Battle of Atlanta Trail	135,826
Bike Depot Centennial Park	18,613
Carrollton Greenbelt	446,098
Chastain Park	781,578
Clayton County Trail System	51,867
Cobb CID - Braves Stadium	14,030
Columbus Trail Master Plan	28,256
Commerce Drive Cylce Track	21,702
Cox Headquarters Trail	9,300
East Decatur Greenway	62,898
Fall Line Trace to River Walk	48,710
GA Tech Connectivity Trails	300,292
International Park Demo Trail	88,644
John Portman-Centennial Pk 2	2,848,947
Lake Spivey Golf Course Trail	53,572
Lena St. to Lee St. (SWBT)	1,640,266
Lindbergh at I85 to Piedmont	153,076
Mt. Paran - Chattahoochee River	27,372
Northside Drive to COP	13,893
Olde Town to Pine Log Park (E)	45,164
Panola Mt (Henry Co Spur)	157,040
Peachtree Battle(Bridge Sag)	19,722
Proctor Creek	19,624
S. P'tree Creek PH3 (fkaO9)	67,227
Silver Comet Connector	13,625
South Peachtree Creek to Emory	56,455
South River 5	166,657
Spanish Moss Trail-Beaufort	2,850,499
Stone Mountain Trail Ph 8	118,253
Stone Mt Village-Main St	26,864
SW Beltline Conn 4(3)	31,858
SWBC to Westview at RDA	159,463
West Wieuca to Old Ivy Road	1,146,401
Westside Trail Phase 2	153,884
Various other trails	28,263
Total	\$ 12,790,255

PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at March 31, 2016, consisted of the following:

Construction of trails	\$ 8,352,891
Time-restricted contributions	4,943,000
Total Temporarily Restricted Net Assets	\$13,295,891

The following net assets were released from restriction during the year ended March 31, 2016:

Construction of trails	\$ 8,591,737
Time-restricted contributions	1,255,167
Total released from restriction	\$ 9,846,904

NOTE 11 – RELATED PARTY TRANSACTIONS

The Organization receives materials and/or services pro-bono from entities whose employees are on the Organization's Board of Directors. The Organization received legal services from a law firm and is furnished office space from WSB-Television. The values of these services were impracticable to determine.

NOTE 12 – PRIOR PERIOD ADJUSTMENT AND CHANGE IN ACCOUNTING POLICY

For the year ended March 31, 2016, management of the organization changed its policy on how it characterizes funds received for the construction of trails. Previously, construction costs were capitalized to a balance sheet account and written off directly to net assets upon completion. Going forward, construction costs will be expensed as incurred. This change in policy was retroactively applied and resulted in a prior period adjustment that wrote off certain assets associated with the construction of trails. The impact of these adjustments on the prior period balance of net assets was \$8,474,430.

Additionally, management changed its policy on classifying donor restricted contributions. Certain grants received for trail construction from significant donors and others were considered unrestricted in the prior year. Management evaluated all pledges and grants in place during the year and reclassified \$4,532,934 of net assets from unrestricted to temporarily restricted net assets.

PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2016

NOTE 13 – COMPLETED TRAILS OR SIDEWALKS

During the fiscal year, the following trails or sidewalks were completed:

10th Street Cycle Track	\$ 182,439
Carrollton Greenbelt - Cedar to Old Newnan	569,740
Carrollton Greenbelt - Columbia-Kingsbridge	993,515
Carrollton Greenbelt - Old Newnan to Church	1,263,036
Chattahoochee Phase I	141,696
Chattahoochee Phase II	58,174
Downtown Cycle Tracks	60,000
Island Trail - Sea Island	93,789
PATH 400 Trail	23,538
PATH400 Trail: - Old Ivy Peachtree	2,391,599
Peachtree Battle - GA Tech Campus Trail	37,807
Peachtree Battle - Peachtree Battle Nside	25,361
Peachtree Battle - Tanyard Ck Bitsy Spur	884,722
Shoal Creek Trail Phase 1	13,898
South River - South River Trail 1B	66,725
Southtowne Trail - Southtowne A to B (B3)	621,435
Southtowne Trail - Southtowne Trail B2	14,246
Stone Mountain - Freedom Parkway Bridge	7,929
Tallahatchie Wellness Ctr	355,471
Laurel Bay to Parris Island	949,941
Total	\$ 8,755,061

The total cost of trails completed through March 31, 2016, is \$86,051,831. Various trails include partially designed trails that will not be constructed.

NOTE 14 – OPERATING LEASES

The Organization leases office equipment under operating leases. Future minimum lease payments under the operating leases as of March 31, 2016, are as follows:

Year Ended March 31,	Amount
2017	\$ 6,332
2018	2,111
	\$ 8,443

PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2016

NOTE 15 – THE PATH FOUNDATION ENDOWMENT FUND

The Organization entered into a restricted fund agreement with The Community Foundation for Greater Atlanta, Inc. (“the Community Foundation”) on November 28, 1995. The purpose of the agreement was to create a restricted fund (“the Fund”) named The Path Foundation Endowment Fund of the Community Foundation under which persons and organizations could make contributions to the Fund to benefit the Organization. Per terms of the agreement, the net income from the Fund will be distributed to the Organization at least annually. The net income is to be used for maintenance of the trails established in metropolitan Atlanta or elsewhere in Georgia. The Community Foundation has the ultimate authority and control over distribution from the Fund. The Fund is the property of the Community Foundation and therefore is not included in the accompanying financial statements. The Community Foundation investment fund is the long-term equity/fixed income investment vehicle of the Community Foundation. The activity of the Fund during the year ended March 31, 2016, is summarized as follows:

Beginning balance, April 1, 2015	\$ 309,647
Grants approved	(13,815)
Investment returns	(10,803)
Investment fees	(4,030)
Ending balance, March 31, 2016	\$ 280,999

NOTE 16 – BOARD DESIGNATED ENDOWMENT FUND

Included in unrestricted net assets are unrestricted assets that have been designated by the Board of Directors as endowment funds to be invested for the purpose of providing adequate liquidity for the payment of each fund’s annual spending authorization, producing long-term growth and minimizing investment expenses. The principal of a board-designated endowment, which results from an internal designation, is not donor-restricted, and is classified as an unrestricted net asset.

Unrestricted net assets	\$ 1,582,431
Board designated net assets	
Long-term maintenance fund	1,634,963
Total unrestricted net assets	\$ 3,217,394

(Continued)

PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2016

NOTE 16 – BOARD DESIGNATED ENDOWMENT FUND (Continued)

Investment Policies

The board of directors is charged with the responsibility of managing the endowment assets of the Organization. The Organization has adopted investment and spending policies, approved by the board of directors, for endowment assets, that attempt to generate a long-term total rate of return, within reasonable levels of risk that provides sustainable distributions to support the intended mission. Currently the funds are invested in money market accounts and a variety of mutual funds and other equity securities in order to provide maximum diversification.

Spending Policies

The Organization has a policy of expending up to 5% of average investable assets for the preceding three year period from the endowment fund. The Organization believes that long term sustainability of the funds is possible with this level of distribution.

Composition of endowment net assets by type of fund as of March 31, 2016 was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Long-term maintenance fund	\$1,634,963	\$ -	\$ -	\$1,634,963

Changes in endowment net assets for the year ended March 31, 2016, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$1,661,369	\$ -	\$ -	\$1,661,369
Dividends and interest	35,169	-	-	35,169
Realized/Unrealized gain (loss)	(51,575)	-	-	(51,575)
Investment fees	(10,000)	-	-	(10,000)
Endowment net assets, end of year	\$1,634,963	\$ -	\$ -	\$1,634,963

These notes should only be read in connection with the accompanying
 financial statements and independent auditors' report.