



**PATH FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2011**

**TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**



**PATH FOUNDATION, INC.**

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**MARTIN, HARPS, SYPHOE & Co.**  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
PATH Foundation, Inc.:

We have audited the accompanying statement of financial position of PATH Foundation, Inc. (the "Organization") as of March 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2011, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**INDEPENDENT AUDITOR'S REPORT**

(Continued)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of PATH Foundation, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the combined financial statements. Also, the accompanying supplementary information, which includes the schedule of state awards expended, as listed in the accompanying table of contents of this report, is presented for purposes of additional analysis as required by the State of Georgia Department of Audits and Accounts, 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Martin, Hays & Spitzer Co.*

Atlanta, Georgia  
July 28, 2011

**PATH FOUNDATION, INC.**

**STATEMENT OF FINANCIAL POSITION**

**MARCH 31, 2011**

**ASSETS**

Cash	\$	802,287
Investments (Note 4)		1,456,044
Grants receivable		1,348,401
Pledges receivable (Note 3)		754,062
Prepaid expenses		6,532
Construction-in-progress (Note 5)		5,772,368
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>10,139,694</b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$	478,374
Accrued liabilities		10,373
<b>TOTAL LIABILITIES</b>		<b>488,747</b>

**NET ASSETS**

Unrestricted		5,593,627
Temporarily restricted (Note 8)		4,057,320
<b>TOTAL NET ASSETS</b>		<b>9,650,947</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>10,139,694</b>

The accompanying notes are an integral part of these financial statements.

**PATH FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED MARCH 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Federal, state and local awards	\$ -	\$ 1,562,053	\$ 1,562,053
Contribution revenue	400,223	1,317,716	1,717,939
Membership dues	20,475	-	20,475
Interest and dividend income	43,228	-	43,228
Miscellaneous revenue (Note 11)	4,646	-	4,646
Net unrealized gain on investments	68,727	-	68,727
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u>537,299</u>	<u>2,879,769</u>	<u>3,417,068</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Restrictions satisfied by payments (Note 8)	<u>2,818,941</u>	<u>(2,818,941)</u>	<u>.</u>
<b>EXPENSES</b>			
Program services	611,415	-	611,415
Supporting services - general and administrative	400,498	-	400,498
Supporting services - fundraising	40,398	-	40,398
<b>TOTAL EXPENSES</b>	<u>1,052,311</u>	<u>.</u>	<u>1,052,311</u>
<b>CHANGE IN NET ASSETS</b>	2,303,929	60,828	2,364,757
<b>NET ASSETS, BEGINNING OF YEAR</b>	7,380,193	3,996,492	11,376,685
<b>OTHER CHANGES IN NET ASSETS</b>			
Completed trails (Note 9)	(4,090,495)	-	(4,090,495)
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 5,593,627</u>	<u>\$ 4,057,320</u>	<u>\$ 9,650,947</u>

The accompanying notes are an integral part of these financial statements.

**PATH FOUNDATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED MARCH 31, 2011**

<b>Program expenses - construction management and trail planning</b>	
<b>Trail maintenance expense</b>	<b>\$ 295,676</b>
<b>Salaries</b>	<b>270,746</b>
<b>Payroll taxes</b>	<b>15,409</b>
<b>Consulting</b>	<b>29,584</b>
<b>Total program expenses</b>	<b><u>611,415</u></b>
<b>Supporting services - general and administrative</b>	
<b>Salaries</b>	<b>93,256</b>
<b>Payroll taxes</b>	<b>4,316</b>
<b>Maps &amp; t-shirts</b>	<b>2,261</b>
<b>Postage/courier</b>	<b>8,598</b>
<b>Professional fees</b>	<b>10,683</b>
<b>Printing</b>	<b>13,059</b>
<b>Insurances</b>	<b>45,997</b>
<b>Travel/auto</b>	<b>11,972</b>
<b>Duplication/photocopy</b>	<b>11,795</b>
<b>Office supplies</b>	<b>4,862</b>
<b>Telephone</b>	<b>8,446</b>
<b>Technology</b>	<b>1,938</b>
<b>Storage rental</b>	<b>2,603</b>
<b>Bank charges</b>	<b>13,476</b>
<b>Equipment maintenance &amp; repairs</b>	<b>1,017</b>
<b>Special events - trail openings</b>	<b>453</b>
<b>Miscellaneous</b>	<b>2,312</b>
<b>Bad debt expense</b>	<b>153,632</b>
<b>Net realized loss on investments</b>	<b>9,822</b>
<b>Total supporting services - general and administrative</b>	<b><u>400,498</u></b>
<b>Supporting services - fundraising</b>	
<b>Promotional expenses</b>	<b>26,751</b>
<b>Special events - PATH Rocks and TriPATHlon</b>	<b>12,117</b>
<b>Miscellaneous</b>	<b>1,530</b>
<b>Total supporting services - fundraising</b>	<b><u>40,398</u></b>
<b>Total Functional Expenses</b>	<b><u>\$ 1,052,311</u></b>

**The accompanying notes are an integral part of these financial statements.**

**PATH FOUNDATION, INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED MARCH 31, 2011**

**CASH FLOWS FROM OPERATING ACTIVITIES**

<b>Change in net assets</b>	<b>\$ 2,364,757</b>
<b>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</b>	
<b>Net unrealized gain on investments</b>	<b>(68,727)</b>
<b>Net realized loss on investments</b>	<b>9,822</b>
<b>(Increase) decrease in assets:</b>	
<b>Grants receivable</b>	<b>508,884</b>
<b>Pledges receivable</b>	<b>199,632</b>
<b>Other receivables</b>	<b>50,407</b>
<b>Prepaid expenses</b>	<b>(77)</b>
<b>Increase (decrease) in liabilities:</b>	
<b>Accounts payable</b>	<b>(32,181)</b>
<b>Accrued expenses</b>	<b>(5,159)</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>3,027,358</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

<b>Investment purchases and proceeds, net</b>	<b>(26,793)</b>
<b>Construction-in-progress costs</b>	<b>(3,574,837)</b>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b><u>(3,601,630)</u></b>

**NET DECREASE IN CASH** **(574,272)**

<b>CASH, BEGINNING OF YEAR</b>	<b><u>1,376,559</u></b>
<b>CASH, END OF YEAR</b>	<b><u><u>\$ 802,287</u></u></b>

**The accompanying notes are an integral part of these financial statements.**



**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS**

**A. Organization**

PATH Foundation, Inc. (the "Organization") was formed in August 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 developed trail master plans for the City of Atlanta and DeKalb County, which are being used as guides for trail development in town. These plans involve construction of multi-use trails on public-owned right-of-way, connecting parks, neighborhoods, schools and other destinations. The Organization has a public-private "partnership" agreement with local governments whereby the Organization oversees trail development on land owned by the jurisdiction. In some cases, the Organization subsequently contracts with private landscape management firms to oversee trail maintenance. The Organization pays for this maintenance in perpetuity from a maintenance endowment fund. The Organization also developed the Silver Comet Trail from Smyrna to the Alabama Stateline and assisted many communities throughout Georgia with their effort to develop trails. The Organization also works with the City of Atlanta, the Atlanta BeltLine Partnership, Inc. and the Trust for Public Land to develop the Atlanta BeltLine.

**B. Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred. Funds received prior to incurring related expenditures are recorded as temporarily restricted net assets.

**C. Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets that are available for use, but expendable only for those purposes specified by the grantor.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)**

**D. Cash and Cash Equivalents**

The Organization considers all highly liquid investments with an initial maturity of three months or less to be "cash equivalents."

**E. Pledges Receivable**

Unconditional pledges receivable are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional pledges receivable are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**F. 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.

**G. Property and Equipment**

Property and equipment are stated at historical cost. Depreciation is computed over the estimated useful lives of the applicable assets category using the straight-line method.

**H. Donated Services**

No amounts have been reflected in the financial statements for donated services. However, individuals volunteer their time to assist the Organization with its fundraising campaign, trail planning and organizational activities.

**I. Donated Assets and Facilities**

Facilities and other assets were donated to the Organization by a local business. The value of the donated assets or the facility has not been reflected in the financial statements for the year ended March 31, 2011.

**J. Management Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**L. Expense Allocations**

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 capitalized as costs incurred in connection with the construction of the paths and thus are included in the Statement of Financial Position as Construction-In-Progress.

**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS (Continued)**

**M. 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, Organization events, and other trail related information through the quarterly newsletter.

**N. Income Tax Status**

The Organization has qualified as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code. Under this section, the Organization is not subject to federal or state income taxes, and accordingly, no provision or accrual for income taxes has been reflected in the accompanying financial statements.

**O. 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.

**P. Related Party Transactions**

The Organization receives materials and/or services on a pro-bono or reduced fee basis 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. Certain services were provided pro-bono.

**2. CONCENTRATIONS OF CREDIT RISK**

- a) The Organization maintains interest bearing accounts with a local bank. Certain bank accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. The amount in excess of FDIC insured limits at March 31, 2011 approximated \$566,000.
- b) 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.

**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2011**

**3. PLEDGES RECEIVABLE**

Unconditional pledges receivable at March 31, 2011, are as follows:

Less than one year	\$	265,000
More than one year		<u>509,975</u>
Subtotal		774,975
Less: unamortized discount		<u>(20,913)</u>
Total pledges receivable	\$	<u>754,062</u>

Contributions to be received after one year are recorded at the present value of estimated future cash flows using discount rates ranging between 0.80% and 1.29%. Amortization of the discount is recorded as additional contribution revenue.

**4. INVESTMENTS**

The Organization maintains a long-term maintenance investment account, which is managed by SunTrust Bank. Investments are reported at fair market value. Cost, market value and unrealized appreciation (depreciation) at March 31, 2011 are summarized as follows:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash and cash equivalents	\$ 35,029	\$ 35,029	\$ -
Money market funds	28,426	28,426	-
Equity securities	759,461	901,562	142,101
Mutual funds	<u>487,144</u>	<u>491,027</u>	<u>3,883</u>
	<u>\$ 1,310,060</u>	<u>\$ 1,456,044</u>	<u>\$ 145,985</u>

Investment return for the year ended March 31, 2011 is summarized as follows:

Dividend income	\$	37,092
Net unrealized gain (loss)	\$	68,727
Net realized gain (loss)	\$	(9,822)

**Investment Expenses**

Administrative expenses relating to investment revenues amounted to \$10,300.

**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2011**

**5. CONSTRUCTION-IN-PROGRESS**

The following is a detail listing of construction-in-progress at March 31, 2011:

Stone Mountain Trail I-285	\$ 1,980
Stone Mountain Trail Phase 8	58,514
Tanyard Creek Trestle	228,991
Bobby Jones Alternate	259,757
Chattahoochee Phase I	141,696
Chattahoochee Phase II	56,459
Southtowne Trail Phase C3	250
Southtowne Trail Phase B2	4,572
Shoal Creek Trail	5,528
Beltline	268,757
Beltline – West End Trail	1,861,831
Beltline – SW Connector	285,617
Conyers Trail	21,915
Olde Town Conyers Trail	367,084
Conyers Trail C	58,045
South Peachtree Creek Phase 2	104,860
South Peachtree Creek Phase 3	45,275
South River Trail Phase 1	306,426
South River Trail Phase 2	71,197
South River Trail Phase 3	214,548
South River Trail Phase 4	200
South River Trail Phase 5	18,673
Centennial Park Trail Phase 2	131,861
Chamblee Trail	85,112
Rockdale River Trail B	32,956
Rockdale River Trail C	882,310
Rockdale River Trail D	5,071
Rockdale River Trail E	59,165
Rockdale River Trail F	4,146
Camden Coastal Rail Trail	189,572
	<u>\$ 5,772,368</u>

In the year of completion, trails are removed from the books of the Organization and are presented in the financial statements as a reduction in net assets. Completed trails or sidewalks are presented in Note 9 to the financial statements.

**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2011**

**6. FIXED ASSETS**

Major classes of fixed assets consist of the following at March 31, 2011:

Vehicles	\$ 46,880
Office furniture and equipment	<u>36,988</u>
Subtotal	83,868
Less: accumulated depreciation	<u>(83,868)</u>
Net fixed assets	<u>\$ -</u>

**7. LINE OF CREDIT**

The Organization had 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 expires on January 31, 2012. As of March 31, 2011, there were no borrowings outstanding against the line of credit.

**8. TEMPORARILY RESTRICTED NET ASSETS AND RELEASES**

Temporarily restricted net assets were released from restrictions by incurring expenses satisfying the restricted purposes specified by donors or guarantors, as follows:

Construction of trails	<u>\$ 2,818,941</u>
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At March 31, 2011, temporarily restricted net assets were available for the following purposes:

Construction of trails	<u>\$ 4,057,320</u>
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**9. COMPLETED TRAILS OR SIDEWALKS**

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

Rockmart-Cedartown	\$ 16,058
Cedartown to Alabama	16,485
South Peachtree Creek II	20,028
Gen'l Improvements on Trail	26,712
Hipp Street	3,201
Freedom Park Repaving	60,190
Centennial Park Trail	49,017
Morningside Cable Bridge	291,911
Southtowne Phase B	648,749
NW Atlanta Greenway	18,055
Peachtree Battle-Atl Memorial	1,628,742
Southtowne Phase A	960
Hermi's Bridge	55,227
Chastain Park 7	423,330
Southtowne Phase C2	<u>831,830</u>
	<u>\$ 4,090,495</u>

The total cost of trails completed through March 31, 2011 is \$49,917,365.

**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2011**

**10. THE PATH FOUNDATION ENDOWMENT FUND**

The Organization entered into a restricted fund agreement with Community Foundation, Inc. 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 Community Foundation, Inc. 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, Inc. has the ultimate authority and control over distribution from the Fund. The Fund is the property of Community Foundation and therefore is not included in the accompanying financial statements.

The activity of the Fund during the year ended March 31, 2011 is summarized as follows:

Beginning balance, April 1, 2010	\$ 266,103
Grants approved	(14,071)
Investment returns	31,731
Investment fees	<u>(2,406)</u>
Ending balance, March 31, 2011	<u>\$ 281,357</u>

The Community Foundation investment fund is the long-term equity/fixed income investment vehicle of Community Foundation.

**11. MISCELLANEOUS REVENUE**

Merchandise sales	<u>\$ 4,646</u>
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**12. OPERATING LEASES**

The Organization leases a copier under an operating lease. Future minimum lease payments under the operating lease as of March 31, 2011 are as follows:

<u>Year ending March 31,</u>	
2012	\$ 7,809
2013	<u>7,059</u>
	<u>\$ 14,868</u>

**13. 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 THE FINANCIAL STATEMENTS**

**MARCH 31, 2011**

**14. FAIR VALUE OF FINANCIAL INSTRUMENTS**

In accordance with Accounting Standards Codification (ASC) 820, *Fair Value Measurement and Disclosures*, ASC 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 valued at the closing price on the last business day of the fiscal year; securities traded on the over-the-counter market are 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.

**15. SUBSEQUENT EVENTS**

Management evaluated activity of the Organization through July 28, 2011 (issue date of the Financial Statements) and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.



**PATH FOUNDATION, INC.**

**OMB CIRCULAR A-133 REPORTS**

**PATH FOUNDATION, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED MARCH 31, 2011**

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency Pass-through Number	Disbursements/ Expenditures
<b><u>U. S. Department of Transportation</u></b>			
<b>Passed through the State of Georgia's Department of Transportation and the City of Atlanta's:</b>			
Department of Public Works State Transportation Improvement Program Southtown Trail	20.Unknown	GDOT Project Number: STP 0000-00 (194) GDOT PI Number: 0000194 COA PO# 2005210958	\$ 440,000
Department of Public Works State Transportation Improvement Program West End Trail	20.Unknown	GDOT Project Number: STP 00BK (73)  STP 000E (220) GDOT PI Number: 762562/771252 COA PO# 2005210956/2005210957	33,445
<b>Passed through the State of Georgia's Department of Transportation and Rockdale County:</b>			
Transportation Enhancement Activities Program Rockdale River Trail	20.Unknown	GDOT Project Number: CSTE 0008-00 (197) GDOT PI Number: 0008197	543,996
<b>Total federal expenditures</b>			<b>\$ 1,017,441</b>

See accompanying notes to the schedule of expenditures of federal awards.

**PATH FOUNDATION, INC.**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED MARCH 31, 2011**

**1. GENERAL**

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial awards programs received by the Organization. All federal awards received directly from federal agencies, and federal awards passed through other government agencies, are included on the schedule.

**2. BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in Note 1B to the financial statements.

**3. SINGLE AUDIT PERIOD**

The accompanying schedule of expenditures of federal awards presents disbursements of the Organization's programs for the year ended March 31, 2011.

**PATH FOUNDATION, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED MARCH 31, 2011**

**SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements:***

Type of auditor's report issued: unqualified

Internal control over financial reporting:

    Material weakness(es) identified:      yes   X   no

    Significant deficiencies identified:      yes   X   none reported

Noncompliance material to financial statements noted?      yes   X   no

***Federal Awards:***

Internal control over major programs:

    Material weakness(es) identified:      yes   X   no

    Significant deficiencies identified:      yes   X   none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?      yes   X   no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.Unknown	State Transportation Improvement Program – Southtown Trail
20.Unknown	Transportation Enhancement Activities Program – Rockdale River Trail

Dollar threshold used to distinguishing between Type A and Type B programs: \$300,000

Auditee qualified as a low-risk?   X   yes      no

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**MARTIN, HARPS, SYPHOE & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
PATH Foundation, Inc.:

We have audited the financial statements of PATH Foundation, Inc. (the "Organization") as of and for the year ended March 31, 2011, and have issued our report thereon dated July 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Martini, Hays Sappone & C.*

Atlanta, Georgia  
July 28, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of  
PATH Foundation, Inc.:

**Compliance**

We have audited PATH Foundation, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended March 31, 2011. The Organization's major federal programs identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2011.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

(Continued)

**Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, the Board of Directors, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Maeter, Hayes & Seppoe + Co.*

Atlanta, Georgia  
July 28, 2011



**PATH FOUNDATION, INC.**

**SUPPLEMENTARY INFORMATION**

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**PATH FOUNDATION, INC.**

**SCHEDULE OF STATE AWARDS EXPENDED**

**FOR THE YEAR ENDED MARCH 31, 2011**

<u>Project Name</u>	<u>Contract Number</u>	<u>Grant Amount</u>	<u>3.31.2010 Grant Receivables</u>	<u>3.31.2011 Grant Receipts</u>	<u>3.31.2011 Grant Revenues</u>	<u>3.31.2011 Grant Expenditures</u>	<u>3.31.2011 Grant Receivables</u>
<b>Passed through the State of Georgia's Department of Transportation and the City of Atlanta's:</b>							
Department of Public Works							
State Transportation Improvement Program							
Southtown Trail							
	GOOT Project Number: STP 0000-00 (194) GOOT PI Number: 0000194 COA POF 2005210958	\$ 440,000	\$ -	\$ 382,359	\$ 440,000	\$ 440,000	\$ 57,641
Department of Public Works							
State Transportation Improvement Program							
West End Trail							
	OT Project Number: STP 008K (73)STP 000E (220) GOOT PI Number: 782562771252 COA POF 2005210956/2065210957	1,115,085	645,123	420,653	33,445	33,445	257,915
<b>Passed through the State of Georgia's Department of Transportation and Rockdale County:</b>							
Transportation Enhancement Activities Program							
Rockdale River Trail							
	GOOT Project Number: CSTE 0008-00 (197) GOOT PI Number: 0008197	1,047,234	-	-	543,996	543,996	543,996
		\$ 2,602,319	\$ 645,123	\$ 803,012	\$ 1,017,441	\$ 1,017,441	\$ 859,552