

**PATH FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

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**MARTIN, HARPS, SYPHOE & CO**  
CERTIFIED PUBLIC ACCOUNTANTS

**PATH FOUNDATION, INC.**

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**MARCH 31, 2013**

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of PATH Foundation, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of March 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the 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 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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT**  
(Continued)

**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, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

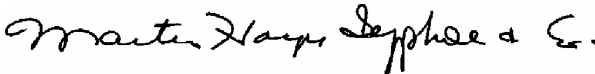
**Other Matters**

*Other information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of state awards expended, as required by the state of Georgia, on page 17 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 our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013, 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* in considering the Organization's internal control over financial reporting and compliance.



Atlanta, Georgia  
October 31, 2013

**PATH FOUNDATION, INC.**

**STATEMENT OF FINANCIAL POSITION**

**MARCH 31, 2013**

**ASSETS**

Cash and cash equivalents	\$ 4,530,517
Investments (Note 4)	1,504,900
Grants receivable	749,898
Other receivables	41,031
Pledges receivable, net (Note 3)	4,912,781
Prepaid expenses	4,959
Construction-in-progress (Note 5)	6,604,055
Property and equipment, net (Note 6)	47,630
<b>TOTAL ASSETS</b>	<b><u>\$ 18,395,771</u></b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ 605,145
Accrued liabilities	2,831
<b>TOTAL LIABILITIES</b>	<b><u>607,976</u></b>

**NET ASSETS**

Unrestricted	16,515,441
Temporarily restricted (Note 8)	1,272,354
<b>TOTAL NET ASSETS</b>	<b><u>17,787,795</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 18,395,771</u></b>

See independent auditor's report and notes to financial statements.

**PATH FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED MARCH 31, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
State and local awards	\$ -	\$ 2,071,284	\$ 2,071,284
Contribution revenue	6,526,690	2,381,928	8,908,618
Special events	50,773	-	50,773
Membership dues	21,292	-	21,292
Interest income	4,916	-	4,916
Miscellaneous revenue (Note 11)	3,053	-	3,053
Net investment income (Note 4)	65,686	-	65,686
Gain on sale of assets	6,000	-	6,000
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u>6,678,410</u>	<u>4,453,212</u>	<u>11,131,622</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Restrictions satisfied by payments (Note 8)	<u>7,163,916</u>	<u>(7,163,916)</u>	<u>-</u>
<b>EXPENSES</b>			
Program services	811,825	-	811,825
Supporting services - general and administrative	291,102	-	291,102
Supporting services - fundraising	53,487	-	53,487
<b>TOTAL EXPENSES</b>	<u>1,156,414</u>	<u>-</u>	<u>1,156,414</u>
<b>CHANGE IN NET ASSETS</b>	12,685,912	(2,710,704)	9,975,208
<b>NET ASSETS, BEGINNING OF YEAR</b>	9,211,927	3,983,058	13,194,985
<b>OTHER CHANGES IN NET ASSETS</b>			
Completed trails (Note 9)	(5,382,398)	-	(5,382,398)
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 16,515,441</u>	<u>\$ 1,272,354</u>	<u>\$ 17,787,795</u>

See independent auditor's report and notes to financial statements.

**PATH FOUNDATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED MARCH 31, 2013**

<b>Program expenses - construction management and trail planning</b>	
<b>Trail maintenance expense</b>	<b>\$ 221,854</b>
<b>Salaries</b>	<b>448,211</b>
<b>Payroll taxes</b>	<b>29,063</b>
<b>Consulting</b>	<b>112,697</b>
<b>Total program expenses</b>	<b><u>811,825</u></b>
<b>Supporting services - general and administrative</b>	
<b>Salaries</b>	<b>117,870</b>
<b>Payroll taxes</b>	<b>5,646</b>
<b>Postage/courier</b>	<b>8,508</b>
<b>Professional fees</b>	<b>11,000</b>
<b>Printing</b>	<b>14,750</b>
<b>Insurances</b>	<b>59,197</b>
<b>Travel, auto and entertainment</b>	<b>13,881</b>
<b>Duplication/photocopy</b>	<b>10,561</b>
<b>Office supplies</b>	<b>3,993</b>
<b>Telephone</b>	<b>9,565</b>
<b>Technology</b>	<b>2,223</b>
<b>Storage rental</b>	<b>2,709</b>
<b>Investment fees</b>	<b>10,000</b>
<b>Bank charges</b>	<b>2,629</b>
<b>Equipment maintenance &amp; repairs</b>	<b>2,146</b>
<b>Special events - trail openings</b>	<b>328</b>
<b>Miscellaneous</b>	<b>3,940</b>
<b>Depreciation</b>	<b>12,156</b>
<b>Total supporting services - general and administrative</b>	<b><u>291,102</u></b>
<b>Supporting services - fundraising</b>	
<b>Promotional expenses</b>	<b>12,201</b>
<b>Special events - TriPATHlon</b>	<b>41,286</b>
<b>Total supporting services - fundraising</b>	<b><u>53,487</u></b>
<b>Total functional expenses</b>	<b><u>\$ 1,156,414</u></b>

See independent auditor's report and notes to financial statements.

**PATH FOUNDATION, INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED MARCH 31, 2013**

**CASH FLOWS FROM OPERATING ACTIVITIES**

<b>Change in net assets</b>	<b>\$ 9,975,208</b>
<b>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</b>	
<b>Net realized gain on investments</b>	<b>(58,167)</b>
<b>Net unrealized loss on investments</b>	<b>22,443</b>
<b>Gain on sale of assets</b>	<b>(6,000)</b>
<b>Depreciation</b>	<b>12,156</b>
<b>(Increase)/decrease in assets:</b>	
<b>Grants receivable</b>	<b>624,308</b>
<b>Other receivables</b>	<b>(41,031)</b>
<b>Pledges receivable</b>	<b>597,677</b>
<b>Prepaid expenses</b>	<b>2,547</b>
<b>Increase/(decrease) in liabilities:</b>	
<b>Accounts payable</b>	<b>130,694</b>
<b>Accrued liabilities</b>	<b>1,937</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>11,261,772</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

<b>Proceeds on sale of assets</b>	<b>6,000</b>
<b>Investment purchases and proceeds, net</b>	<b>(19,963)</b>
<b>Construction-in-progress costs</b>	<b>(8,133,407)</b>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b><u>(8,147,370)</u></b>

**NET INCREASE IN CASH AND CASH EQUIVALENTS** **3,114,402**

<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>1,416,115</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 4,530,517</u></b>

See independent auditor's report and notes to financial statements.



**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

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

**A. Organization**

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 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 a portion of the maintenance from a maintenance endowment fund. The Organization also developed the Silver Comet Trail from Smyrna to the Alabama Stateline and the South River Trail system from South DeKalb to Panola Mountain State Park and beyond and trails along the Georgia and South Carolina coasts. 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. There were no permanently restricted net assets at March 31, 2013.

**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**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**

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.

**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**

It is the Organization's policy to capitalize property and equipment with an original cost or value when donated of over \$1,000. Depreciation is computed on the straight-line method for all capitalized assets over the estimated useful service life of the various classes of property and equipment. Furniture and equipment are depreciated over useful lives of three years and automobiles over five years. 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.

**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, 2013.

**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.

**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

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

**K. 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.

**L. 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.

**M. 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.

**N. 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.

**2. CONCENTRATIONS OF CREDIT RISK**

- a) 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, 2013 approximated \$4,288,000.
- 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, 2013**

**3. PLEDGES RECEIVABLE**

Unconditional pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges receivable that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their expected future cash flows. Unconditional pledges receivable at March 31, 2013, are as follows:

Due within one year	\$ 2,431,108
Due in one to five years	2,499,631
Subtotal	<u>4,930,739</u>
Less: unamortized discount	(17,958)
Total pledges receivable	<u>\$ 4,912,781</u>

Contributions to be received after one year are recorded at the present value of estimated future cash flows using discount rates ranging between .23% and .76%. Amortization of the discount is recorded as additional contribution revenue.

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.

**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, 2013 are summarized as follows:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash and cash equivalents	\$ 54,708	\$ 54,708	\$ -
Money market funds	49,249	49,249	-
Equity securities	848,325	1,000,682	152,357
Mutual funds	389,580	400,261	10,681
	<u>\$ 1,341,862</u>	<u>\$ 1,504,900</u>	<u>\$ 163,038</u>

Investment return for the year ended March 31, 2013 is summarized as follows:

Interest/dividend income	\$ 29,962
Net realized gain	58,167
Net unrealized loss	(22,443)
Total investment income	<u>\$ 65,686</u>

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

**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**5. CONSTRUCTION-IN-PROGRESS**

The following is a detail listing of construction-in-progress at March 31, 2013:

Stone Mountain Trail 1-285	\$ 1,980
Stone Mountain Main Street	20,256
Stone Mountain Trail Phase 8	59,072
Tanyard Creek Bitsy Grant Spur	3,678
Peachtree Battle (Northside)	23,418
Peachtree Battle (Bridge Sag)	1,275
NW Atlanta Greenway	12,968
Chattahoochee Phase I	141,696
Chattahoochee Phase II	58,174
Westside Trail 2	33,952
Southtowne Trail Phase C3	250
Southtowne Trail Phase B2	14,246
Shoal Creek Trail	13,898
GA Tech Campus Trail	10,207
SW Beltline Connector 4	24,302
Beltline -SW Connector	1,098,323
GA 400 Trail	10,615
Lithonia Trail II	16,160
Conyers Trail C	873,077
South Peachtree Creek Phase 3	49,512
South River Trail Phase 2	116,142
South River 5	138,344
South River 1 B	48,304
Centennial Park Trail Phase 2	184,892
Spanish Moss Trail	693,819
Panola Mountain (Henry Co Spur)	27,311
Arabia to Stonecrest Library	16,067
Arabia Mountain-Vanghters Farm	6,365
Rockdale River Trail B	1,494,887
Rockdale River Trail D	54,917
Rockdale River Trail E	219,423
Rockdale River Phase F	118,736
Princeton Lakes	2,868
Carrollton Greenbelt	172,210
Carrollton Greenbelt-Hobbs to Stewart	394,035
Carrollton Greenbelt-Carrollton 17 A	236,608
Carrollton Greenbelt-Bankhead HWY to Cedar St	46,434
Sea Island Demere to Frederica	22,027
SC Connector - Cobb County	130,969
Silver Comet Connector	12,638
	<u>\$ 6,604,055</u>

**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**5. CONSTRUCTION-IN-PROGRESS (Continued)**

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.

**6. PROPERTY AND EQUIPMENT**

Major classes of fixed assets consist of the following at March 31, 2013:

Vehicles	\$ 60,800
Office furniture and equipment	36,988
Subtotal	<u>97,788</u>
Less: accumulated depreciation	<u>(50,158)</u>
Property and equipment	<u>\$ 47,630</u>

Depreciation expense for the year ended March 31, 2013 was \$12,156.

**7. 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 expires on March 31, 2014. As of March 31, 2013, 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>\$ 7,163,916</u>
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At March 31, 2013, temporarily restricted net assets were available for the following purposes:

Construction of trails	<u>\$ 1,272,354</u>
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**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**9. COMPLETED TRAILS OR SIDEWALKS**

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

South Peachtree Creek Phase 2	\$ 108,249
South River Tunnel	539,572
Eastside Beltline	2,507,651
Beltline	268,757
Sea Island Trail	359,753
Carrollton Greenbelt Phase 2	862,682
Carrollton 1B Buffalo	339,632
Carrollton Phase 3	108,340
Chamblee Trail (Keswick)	85,112
Coastal GA - Woodbine	202,430
Various Trails	220
	<u>\$ 5,382,398</u>

The total cost of trails completed through March 31, 2013 is \$60,879,030. Various trails include partially designed trails that will not be constructed.

**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, 2013 is summarized as follows:

Beginning balance, April 1, 2012	\$ 272,056
Grants approved	(12,662)
Investment returns	26,613
Investment fees	(2,490)
Ending balance, March 31, 2013	<u>\$ 283,517</u>

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

**11. MISCELLANEOUS REVENUE**

Merchandise sales	<u>\$ 3,053</u>
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**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**12. OPERATING LEASES**

The Organization leases a copier under an operating lease. Future minimum lease payments under the operating lease as of March 31, 2013 are as follows:

Year ended March 31,	Amount
2014	\$ 7,082
2015	6,332
2016	6,332
2017	6,332
2018	2,111
Total	<u>\$ 28,189</u>

**13. 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.

**14. 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.

**15. 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 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.

**16. SUBSEQUENT EVENTS**

Management evaluated activity of the Organization through October 31, 2013 (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.**

**COMPLIANCE AND INTERNAL CONTROL REPORT**

**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, in accordance with the 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, the financial statements of PATH Foundation, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of March 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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 from 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Martin Hayes Syphre & Co.*

Atlanta, Georgia  
October 31, 2013

**PATH FOUNDATION, INC.**

**SUPPLEMENTARY INFORMATION**

**PATH FOUNDATION, INC.**

**SCHEDULE OF STATE AWARDS EXPENDED**

**FOR THE YEAR ENDED MARCH 31, 2013**

<b><u>Project Name</u></b>	<b><u>Contract Number</u></b>	<b><u>Contract Amount</u></b>	<b><u>3.31.2012 Grant Receivables</u></b>	<b><u>3.31.2013 Grant Receipts</u></b>	<b><u>3.31.2013 Grant Revenues</u></b>	<b><u>3.31.2013 Grant Expenditures</u></b>	<b><u>3.31.2013 Grant Receivables</u></b>
<b>Passed through the State of Georgia's Department of Transportation and Rockdale County: Transportation Enhancement Activities Program Rockdale River Trail B - DNR</b>	<b>C-2006-21</b>	<b>\$ 1,250,000</b>	<b>\$ -</b>	<b>\$ 519,055</b>	<b>\$ 733,136</b>	<b>\$ 733,136</b>	<b>\$ 214,081</b>
		<b><u>\$ 1,250,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 519,055</u></b>	<b><u>\$ 733,136</u></b>	<b><u>\$ 733,136</u></b>	<b><u>\$ 214,081</u></b>