

PATH Foundation, Inc.

Financial Statements
And
Independent Auditors' Report

March 31, 2018 and 2017

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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, 2018, 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Atlanta, Georgia
May 31, 2018

PATH FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
 March 31, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 2,532,720	\$ 2,183,865
Investments	1,788,607	1,705,488
Grants receivable	1,796,074	3,376,749
Pledges receivable	3,727,544	7,698,666
Prepaid expenses	16,486	16,037
Property and equipment, net	78,905	96,750
TOTAL ASSETS	\$ 9,940,336	\$ 15,077,555
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 83,319	\$ 315,696
Accrued liabilities	999	9,667
Total Liabilities	84,318	325,363
Net Assets		
Unrestricted	4,000,056	4,378,135
Temporarily restricted	5,855,962	10,374,057
Total Net Assets	9,856,018	14,752,192
TOTAL LIABILITIES AND NET ASSETS	\$ 9,940,336	\$ 15,077,555

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 Years Ended March 31, 2018 and 2017

	Unrestricted	Temporarily Restricted	2018 Total	2017 Total
Revenues				
Grant and contribution revenue	\$ 627,067	\$ 6,514,707	\$ 7,141,774	\$ 17,090,501
Special events	19,305	-	19,305	26,485
Interest income	47,443	-	47,443	34,751
Miscellaneous revenue	3,868	-	3,868	43,576
Endowment income	99,885	-	99,885	66,491
Sale of asset	9,000	-	9,000	10,001
Investment return, net	56,848	-	56,848	53,527
Net assets released from restriction	11,032,802	(11,032,802)	-	-
Total Revenues	11,896,218	(4,518,095)	7,378,123	17,325,332
Expenses				
Program services	11,774,104	-	11,774,104	18,437,996
Supporting services				
General and administrative	382,785	-	382,785	341,788
Fundraising	117,408	-	117,408	306,641
Total Expenses	12,274,297	-	12,274,297	19,086,425
Change in Net Assets	(378,079)	(4,518,095)	(4,896,174)	(1,761,093)
Net Assets – beginning of year	4,378,135	10,374,057	14,752,192	16,513,285
Net Assets – End of Year	\$ 4,000,056	\$ 5,855,962	\$ 9,856,018	\$ 14,752,192

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 Years Ended March 31, 2018 and 2017

	Program Services	General and Administrative	Fundraising Expenses	2018 Total	2017 Total
Trail construction costs	\$10,728,463	\$ -	\$ -	\$10,728,463	\$17,460,229
Salaries and wages	663,212	224,370	-	887,582	857,671
Payroll taxes	34,663	10,792	-	45,455	42,404
Advertising and promotion	-	6,561	-	6,561	12,550
Consulting	722	627	107,202	108,551	129,456
Depreciation	-	19,823	-	19,823	13,100
Financial services	-	13,380	-	13,380	13,266
Insurance	62,920	40,367	-	103,287	104,775
Miscellaneous	-	-	-	-	15,981
Office supplies	-	3,396	-	3,396	3,735
Printing and postage	-	17,977	-	17,977	17,480
Professional fees	-	19,990	-	19,990	19,763
Repairs	-	3,005	-	3,005	2,196
Special events	-	826	10,206	11,032	178,891
Storage rental	-	3,320	-	3,320	3,445
Technology	-	12,636	-	12,636	9,153
Telephone	-	3,360	-	3,360	3,217
Trail maintenance	222,690	-	-	222,690	179,681
Travel and auto	13,594	2,355	-	15,949	19,432
Uncollectible grant	47,840	-	-	47,840	-
Total Expenses	\$11,774,104	\$382,785	\$117,408	\$12,274,297	\$19,086,425

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

PATH FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2018 and 2017

	2018	2017
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Cash Flows From Operating Activities		
Net (loss) in assets	\$(4,896,174)	\$(1,761,093)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Net (gain) on investments	(56,847)	(46,871)
Depreciation	19,823	13,100
(Gain) on sale of property	(9,000)	(10,000)
(Increase) decrease in assets:		
Grants receivable	1,580,675	2,164,107
Pledges receivable	3,971,122	(2,755,666)
Prepaid expenses	(449)	3,314
Increase (decrease) in liabilities:		
Accounts payable	(232,377)	106,739
Accrued liabilities	(8,668)	6,276
<hr/>		
Net Cash Provided (Used) by Operating Activities	368,105	(2,280,094)
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Cash Flows From Investing Activities		
Purchases of property and equipment	(1,978)	(99,116)
Proceeds from sale of property	9,000	10,000
Reinvestments of interest and dividends, net	(26,272)	(23,653)
<hr/>		
Net Cash (Used) by Investing Activities	(19,250)	(112,769)
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Net Increase (Decrease) in Cash and Cash Equivalents	348,855	(2,392,863)
Cash and cash equivalents – beginning of year	2,183,865	4,576,728
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Cash and Cash Equivalents – End of Year	\$ 2,532,720	\$ 2,183,865
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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.
NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and 2017

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-seven years, the Organization has developed over 150 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 280 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, 2018 and 2017.

PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and 2017

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.

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

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.

(Continued)

PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2018 and 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 years ended March 31, 2018 and 2017. The Organization receives services from a small 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, 2018 and 2017

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, 2018.

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 March 31, 2015.

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 projects, 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, 2018 and 2017

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, 2018 and 2017, were approximately \$2,971,900 and \$1,933,865, respectively.

The Organization depends heavily on contributions and grants for its support and revenue. The ability of certain 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 is recorded at net realizable value and consist of the following as of March 31, 2018 and 2017:

	2018	2017
Due within one year	\$2,234,210	\$ 3,528,333
Due within two to five years	1,493,334	4,170,333
Total Pledges Receivable	\$3,727,544	\$ 7,698,666

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.

(Continued)

PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2018 and 2017

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 is reviewed for continuation every five years. The next review is scheduled for 2019.

As of March 31, 2018, and 2017, 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, 2018, are summarized as follows:

	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Cash and cash equivalents	\$ 59,207	\$ 59,207	\$ -
Equity securities	886,143	1,129,092	242,949
Mutual funds	612,535	600,308	(12,227)
	\$ 1,557,885	\$ 1,788,607	\$ 230,722

Investment return for the year ended March 31, 2018 and 2017, is summarized as follows:

	2018	2017
Short-term and long-term capital gains distribution	\$ 4,492	\$ 2,948
Net realized gain	16,924	178,245
Net unrealized gain (loss)	35,432	(127,666)
Total Investment Income Gain	\$ 56,848	\$ 53,527

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, 2018 and 2017

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, 2018.

- *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.

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PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2018 and 2017

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	2018	2017
Equity funds	\$1,129,092	\$ -	\$ -	\$1,129,092	\$1,016,830
Mutual funds	600,308	-	-	600,308	628,865
Money market funds	59,207	-	-	59,207	59,793
Total Fair Value	\$1,788,607	\$ -	\$ -	\$1,788,607	\$1,705,488

NOTE 7 – PROPERTY AND EQUIPMENT

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

	2018	2017
Vehicles	\$129,316	\$129,316
Office furniture and equipment	43,037	41,059
Subtotal	172,353	170,375
Less: accumulated depreciation	(93,448)	(73,625)
Total Property and Equipment	\$ 78,905	\$ 96,750

Depreciation expense for the year ended March 31, 2018 and 2017, was \$19,283 and \$13,100, respectively.

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 a possibility, the Board of Directors deems the contingency unlikely, since upon accepting the grants, the Organization has agreed to comply with the provisions thereof.

NOTE 9 – 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.

PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2018 and 2017

NOTE 10 – TRAIL PATHS IN PROGRESS

The following is a detail listing of trails that were in progress at March 31, 2018:

Proctor Creek Phase 1	\$ 2,975,051
PATH400 Miami Circle to Sidney Marcus	1,017,425
Northside Drive (Ivan Allen Boulevard)	1,013,123
South Peachtree Creek to Emory	729,574
Bobby Jones Golf Trail (Northwest BeltLine Connector)	327,653
South Peachtree Creek Phase 3	286,202
Peachtree Creek Greenway	277,261
Westside Trail	211,194
South River 5	192,022
Panola-Henry Co. Spur	167,309
Newnan LINC	165,859
Columbus Buena Vista-River	165,279
Battle of Atlanta Trail	141,679
Commerce Drive Cycle Track	126,510
Mt. Paran to Chattahoochee River	102,950
PATH400 Gordon Bynum to Miami Circle	101,305
LaGrange Thread Phase 2	73,703
Chastain Park to Wieuca	63,780
LaGrange Thread Phase 3	62,248
Clayton Connects - Lake Spivey Golf Course	59,326
Columbus 10th Street Plaza	40,255
Clayton Connects - Jonesboro	39,723
Columbus River Road	39,601
Columbus 9th Street to River	36,300
Freedom Parkway Bridge	34,407
Columbus Dragonfly Trail Pro Services	34,229
Ivan Allen Bridge Enhancements	30,600
Villa Rica Master Plan	14,241
Spanish Moss Phase 7 Downtown Beaufort	13,614
Ivan Allen/Northside/Boone	11,026
Pullman Yard PATH	10,334
Various other trails under \$10,000	47,729
Total	\$ 8,611,512

PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2018 and 2017

NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at March 31, 2018, consisted of the following:

	2018	2017
Construction of trails	\$ 2,128,418	\$ 2,675,391
Time-restricted contributions	3,727,544	7,698,666
Total Temporarily Restricted Net Assets	\$ 5,855,962	\$ 10,374,057

The following net assets were released from restriction during the year ended March 31, 2018 and 2017:

	2018	2017
Construction of trails	\$ 7,955,097	\$ 9,249,401
Time-restricted contributions	3,077,705	896,577
Total released from restriction	\$ 11,032,802	\$ 10,145,978

NOTE 12 – 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 asset at March 31, 2018 and 2017, consisted of the following:

	2018	2017
Unrestricted net assets	\$ 2,211,449	\$ 2,672,647
Board designated net assets		
Long-term maintenance fund	1,788,607	1,705,488
Total unrestricted net assets	\$ 4,850,056	\$ 4,378,135

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.

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PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2018 and 2017

NOTE 12 – BOARD DESIGNATED ENDOWMENT FUND (Continued)

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. For the years ended March 31, 2018 and 2017, the Organization received \$99,885 and \$66,491, respectively, for trail maintenance expenses. Composition of endowment net assets by type of fund as of March 31, 2018, was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Long-term maintenance fund	\$ 1,788,607	\$ -	\$ -	\$1,788,607

Changes in endowment net assets for the year ended March 31, 2018, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$1,705,487	\$ -	\$ -	\$ 1,705,487
Dividends and interest	36,272	-	-	36,272
Realized/Unrealized gain (loss)	56,848	-	-	56,848
Investment fees	(10,000)	-	-	(10,000)
Endowment net assets, end of year	\$1,788,607	\$ -	\$ -	\$ 1,788,607

NOTE 13 – 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.

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PATH FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2018 and 2017

NOTE 13 – THE PATH FOUNDATION ENDOWMENT FUND (Continued)

The activity of the Fund during the year ended March 31, 2018, is summarized as follows:

Beginning balance, April 1, 2017	\$ 316,630
Grants approved	(24,412)
Investment returns	31,624
Investment fees	(3,947)
Ending balance, March 31, 2018	\$ 315,895

NOTE 14 – COMPLETED TRAILS

During the fiscal year, the following trails were completed:

BeltLine-Lena to Lee Street	\$ 5,000,000
Georgia Tech Connectivity	4,213,940
PATH400 - Wieuca to Old Ivy	2,849,705
Spanish Moss Phase 7	2,195,760
Olde Town Conyers Phase E	1,833,266
East Decatur Greenway	646,133
Tallahatchie Wellness 2	292,716
Stone Mountain Mell/Northern to Norman	218,702
Columbus Fall Line Trace to Riverwalk	161,309
Refurbish Stone Mountain Trail	137,838
Island-Wide Trail Assessment	88,034
Newnan Master Plan	50,046
Trolley Trail BeltLine to Kirkwood	49,860
Granger Park Greenway	45,148
Peachtree Battle Northside	32,930
Newton Trail (Covington)	24,137
BeltLine Miscellaneous	18,130
Various other trails under \$10,000	9,134
Total	\$17,886,787

The total cost of trails completed through March 31, 2018, is \$118,087,643. Various trails include partially designed trails that will not be constructed.

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