

**PATH FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2015**

**TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

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

**PATH FOUNDATION, INC.**

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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, 2015, 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, 2015, 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 accompanying schedule of state awards expended, as required by the state of Georgia, 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 September 24, 2015, 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  
September 24, 2015

**PATH FOUNDATION, INC.**

**STATEMENT OF FINANCIAL POSITION**

**MARCH 31, 2015**

**ASSETS**

Cash and cash equivalents	\$ 5,033,942
Investments (Note 4)	1,661,368
Grants receivable	966,520
Pledges receivable, net (Note 3)	2,594,060
Prepaid expenses	6,627
Construction-in-progress (Note 5)	8,474,430
Property and equipment, net (Note 6)	25,608
<b>TOTAL ASSETS</b>	<b>\$ 18,762,555</b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ 600,805
Accrued liabilities	697
<b>TOTAL LIABILITIES</b>	<b>601,502</b>

**NET ASSETS**

Unrestricted	17,659,666
Temporarily restricted (Note 8)	501,387
<b>TOTAL NET ASSETS</b>	<b>18,161,053</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 18,762,555</b>

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

**PATH FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED MARCH 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Federal, state and local awards	\$ -	\$ 1,797,711	\$ 1,797,711
Contribution revenue	8,363,326	2,299,467	10,662,793
Special events, net	19,724	-	19,724
Membership dues	27,430	-	27,430
Interest income	6,462	-	6,462
Miscellaneous revenue (Note 11)	1,259	-	1,259
Investment return, net (Note 4)	73,453	-	73,453
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<u>8,491,654</u>	<u>4,097,178</u>	<u>12,588,832</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Restrictions satisfied by payments (Note 8)	<u>4,771,207</u>	<u>(4,771,207)</u>	<u>-</u>
<b>EXPENSES</b>			
Program services	898,954	-	898,954
Supporting services - general and administrative	333,553	-	333,553
Supporting services - fundraising	33,282	-	33,282
<b>TOTAL EXPENSES</b>	<u>1,265,789</u>	<u>-</u>	<u>1,265,789</u>
<b>CHANGE IN NET ASSETS</b>	11,997,072	(674,029)	11,323,043
<b>NET ASSETS, BEGINNING OF YEAR</b>	14,599,942	1,175,416	15,775,358
<b>OTHER CHANGES IN NET ASSETS</b>			
Completed trails (Note 9)	(8,937,348)	-	(8,937,348)
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 17,659,666</u>	<u>\$ 501,387</u>	<u>\$ 18,161,053</u>

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

**PATH FOUNDATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED MARCH 31, 2015**

<b>Program expenses - construction management and trail planning</b>	
<b>Trail maintenance expense</b>	<b>\$ 256,249</b>
<b>Salaries</b>	<b>528,015</b>
<b>Payroll taxes</b>	<b>33,402</b>
<b>Insurances</b>	<b>51,915</b>
<b>Consulting</b>	<b>29,373</b>
<b>Total program expenses</b>	<b><u>898,954</u></b>
<b>Supporting services - general and administrative</b>	
<b>Salaries</b>	<b>165,188</b>
<b>Payroll taxes</b>	<b>6,309</b>
<b>Postage/courier</b>	<b>7,798</b>
<b>Professional fees</b>	<b>11,452</b>
<b>Printing</b>	<b>9,159</b>
<b>Insurances</b>	<b>26,260</b>
<b>Travel, auto and entertainment</b>	<b>20,490</b>
<b>Duplication/photocopy</b>	<b>10,616</b>
<b>Office supplies</b>	<b>3,385</b>
<b>Telephone</b>	<b>6,241</b>
<b>Technology</b>	<b>8,370</b>
<b>Storage rental</b>	<b>3,180</b>
<b>Investment fees</b>	<b>10,000</b>
<b>Bank charges</b>	<b>1,646</b>
<b>Equipment maintenance &amp; repairs</b>	<b>2,515</b>
<b>Miscellaneous</b>	<b>3,138</b>
<b>Bad debt</b>	<b>25,000</b>
<b>Depreciation</b>	<b>12,806</b>
<b>Total supporting services - general and administrative</b>	<b><u>333,553</u></b>
<b>Supporting services - fundraising</b>	
<b>Promotional expenses</b>	<b>16,887</b>
<b>Special events - TriPATHlon</b>	<b>16,395</b>
<b>Total supporting services - fundraising</b>	<b><u>33,282</u></b>
<b>Total functional expenses</b>	<b><u>\$ 1,265,789</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, 2015**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	<b>\$ 11,323,043</b>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Net realized gain on investments	<b>(40,523)</b>
Net unrealized loss on investments	<b>2,818</b>
Depreciation	<b>12,806</b>
(Increase)/decrease in assets:	
Grants receivable	<b>831,722</b>
Pledges receivable	<b>270,982</b>
Prepaid expenses	<b>(354)</b>
Increase/(decrease) in liabilities:	
Accounts payable	<b>(575,303)</b>
Accrued liabilities	<b>(842)</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>11,824,349</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment activity, net	<b>(25,747)</b>
Construction-in-progress costs	<b>(10,840,747)</b>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b><u>(10,866,494)</u></b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>957,855</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>4,076,087</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 5,033,942</u></b>

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

**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2015**

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

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

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

**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, 2015.

**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2015**

**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, 2015.

**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, 2015**

**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, 2015 approximated \$4,773,674.
- 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, 2015**

**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, 2015, are as follows:

Due within one year	\$ 2,560,500
Due in two to five years	35,000
Subtotal	<u>2,595,500</u>
Less: unamortized discount	(1,440)
Total pledges receivable	<u>\$ 2,594,060</u>

Contributions to be received after one year are recorded at the present value of estimated future cash flows using discount rates ranging between .22% and .40%. 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. Investments are reported at fair market value. Cost, market value and unrealized appreciation/(depreciation) at March 31, 2015 are summarized as follows:

	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Cash and cash equivalents	\$ 52,226	\$ 52,226	\$ -
Equity securities	794,297	1,033,144	238,847
Mutual funds	566,103	575,998	9,895
	<u>\$ 1,412,626</u>	<u>\$ 1,661,368</u>	<u>\$ 248,742</u>

Investment return for the year ended March 31, 2015 is summarized as follows:

Interest/dividend income	\$ 35,748
Net realized gain	40,523
Net unrealized loss	(2,818)
Total investment income	<u>\$ 73,453</u>

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

**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2015**

**5. CONSTRUCTION-IN-PROGRESS**

The following is a detail listing of construction-in-progress at March 31, 2015:

Stone Mountain Main Street	\$ 26,864
Stone Mountain - Phase 8	95,807
Tanyard Creek Bitsy Grant Spur	609,292
Peachtree Battle (Northside)	24,322
Peachtree Battle (Bridge Sagamore)	19,722
Battle of Atlanta Trail	113,427
Chattahoochee Phase I	141,696
Chattahoochee Phase II	58,174
Westside Trail Phase 2	136,426
SWBC to Westview at RDA	35,915
Southtowne Trail Phase B2	14,247
Southtowne A to Southtowne B3	621,435
Shoal Creek Trail Phase I	13,898
GA Tech Campus Trail	37,807
SW Beltline Connector 4(3)	24,363
GA 400 Trail	23,538
Old Ivy Road to Peachtree Street	2,381,911
Clayton County - International Park Demo Trail	81,316
Clayton County - Spivey Golf Course Trail	40,622
Tenth Street Cycle Track	67,655
Cox Headquarters Trail	9,300
Clayton County Trail System	51,867
South Peachtree Creek Phase 3	67,227
South River Trail E9	66,246
John Portman-Centennial Park Phase 2	1,143,752
East Decatur Greenway	15,515
Spanish Moss Trail Beaufort Trail	991,657
Ga Tech Connectivity Trails	104,288
Carrollton Greenbelt Trail	364,023
Carrollton Greenbelt-Cedar St. to Old Newnan	569,740
West Wieuca to Old Ivy Road	54,282
South River E8	166,164
South River - Panola Mt (Henry Co Spur)	150,398
Tallahatchie Wellness Center	28,496
Sea Island Demere to Frederica	93,789
Silver Comet Connector	13,625
Various trails	15,625
Total	<u>\$ 8,474,430</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, 2015**

**6. PROPERTY AND EQUIPMENT**

Major classes of fixed assets consist of the following at March 31, 2015:

Vehicles	\$ 60,800
Office furniture and equipment	41,060
Subtotal	<u>101,860</u>
Less: accumulated depreciation	(76,252)
Property and equipment	<u>\$ 25,608</u>

Depreciation expense for the year ended March 31, 2015 was \$12,806.

**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 June 10, 2018. As of March 31, 2015, 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>\$ 4,771,207</u>
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At March 31, 2015, temporarily restricted net assets were available for the following purposes:

Construction of trails	<u>\$ 501,387</u>
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**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2015**

**9. COMPLETED TRAILS OR SIDEWALKS**

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

Arabia Mountain - Vaughter's Trail	\$ 75,623
Arabia Mountain - Lithonia Trail II	25,468
South River Trail - Rockdale Trail Phase F	928,117
South River - Rockdale Trail Phase E	2,206,589
South River - Rockdale Trail 3 (D)	867,074
Olde Town Conyers - Parker Road to Flat Shoals	116,595
Carrollton Greenbelt - Bankhead to Cedar Street	190,265
Carrollton Greenbelt Phase 17C	498,596
Carrollton Greenbelt - Bypass to Hays Mill Phase 12	1,153,737
Carrollton Greenbelt - West GA University	1,492,213
Carrollton Greenbelt - Maple to Glen Eagle	1,020,524
Carrollton Greenbelt - Maple Street to Forrest Drive	355,571
Various trails	6,976
Total	<u>\$ 8,937,348</u>

The total cost of trails completed through March 31, 2015 is \$78,246,711. 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 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.

**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2015**

**10. THE PATH FOUNDATION ENDOWMENT FUND (Continued)**

The activity of the Fund during the year ended March 31, 2015 is summarized as follows:

Beginning balance, April 1, 2014	\$303,314
Grants approved	(13,493)
Investment returns	22,740
Investment fees	(2,914)
Ending balance, March 31, 2015	<u>\$309,647</u>

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

**11. MISCELLANEOUS REVENUE**

Merchandise sales	<u>\$ 1,259</u>
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**12. OPERATING LEASES**

The Organization leases office equipment under operating leases. Future minimum lease payments under the operating leases as of March 31, 2015 are as follows:

<u>Year ended</u> <u>March 31,</u>	<u>Amount</u>
2016	6,332
2017	6,332
2018	2,111
Total	<u>\$ 14,775</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.

**PATH FOUNDATION, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2015**

**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 September 24, 2015 (issue date of the Financial Statements) and concluded that no subsequent events 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, 2015, 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 September 24, 2015.

**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 Syphax & Co.*

Atlanta, Georgia  
September 24, 2015

**PATH FOUNDATION, INC.**

**SUPPLEMENTARY INFORMATION**

**PATH FOUNDATION, INC.**

**SCHEDULE OF STATE AWARDS EXPENDED**

**FOR THE YEAR ENDED MARCH 31, 2015**

<b>Project Name</b>	<b>Contract Number</b>	<b>Contract Amount</b>	<b>Expenditures</b>	<b>Due from (to) State</b>
<b><u>U. S. Department of Transportation</u></b>				
<b>Transportation Enhancement Activities Program -</b>				
<b>Passed through the State of Georgia's Department of</b>				
<b>Transportation and Rockdale County:</b>				
<b>Rockdale River Trail Phase E</b>	<b>C-2006-21</b>	<b>\$ 1,580,000</b>	<b>\$ 445,768</b>	<b>\$ -</b>
<b><u>State of Georgia</u></b>				
<b>Georgia Transportation Infrastructure Bank (State Road and Tollway Authority)</b>				
<b>Passed through the Buckhead Community Improvement District</b>				
<b>GA400 Multiuse Trail/PATH 400 Trail Phase I</b>	<b>na</b>	<b>\$ 750,000</b>	<b>\$ 750,000</b>	<b>\$ -</b>