

The New Path, Inc.

Audited Financial Statements

For the Years Ended December 31, 2014 and 2013

**Lightner and Stickel, CPA's, Inc.
Troy, Ohio**

The New Path, Inc.
Audited Financial Statements
Years Ended December 31, 2014 and 2013

Contents

Report of Independent Auditors	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Cash Flows	6
Notes to Financial Statements.....	7-12
Statements of Functional Expenses.....	13-14

Independent Auditor's Report

To the Board of Trustees of
The New Path, Inc.

We have audited the accompanying financial statements of The New Path, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

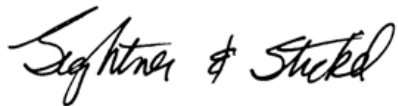
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The New Path, Inc. as of December 31, 2014 and 2013,

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

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 13 - 14 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 as a whole.

A handwritten signature in cursive script that reads "Lightner & Stickel".

Lightner & Stickel, CPA's, Inc.
Troy, Ohio
June 8, 2015

The New Path, Inc.
Statements of Financial Position
For the Years Ended December 31, 2014 and 2013

	2014	2013
Assets		
Current Assets		
Cash	\$ 116,201	\$ 167,622
Accounts Receivable	7,725	4,580
Inventories	318,963	337,971
Prepaid Expenses	38,757	28,903
Total Current Assets	481,646	539,076
Property and Equipment		
Property and Equipment	185,118	186,820
Total Property and Equipment	185,118	186,820
Other Assets		
Deposits	1,350	1,350
Total Other Assets	1,350	1,350
Total Assets	\$ 668,114	\$ 727,246
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 8,867	\$ 14,048
Accrued Expenses	7,147	6,085
Current Portion of Note Payable	8,004	8,004
Total Current Liabilities	24,018	28,137
Long Term Liabilities		
Notes Payable	2,001	10,005
Total Long-Term Liabilities	2,001	10,005
Total Liabilities	26,019	38,142
Net Assets		
Net Assets		
Unrestricted Net Assets	619,007	631,159
Temporarily Restricted Net Assets	23,088	57,945
Total Net Assets	642,095	689,104
Total Liabilities and Net Assets	\$ 668,114	\$ 727,246

See accompanying notes to the financial statement.

The New Path, Inc.
Statements of Activities
For the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Support			
Contributions	\$ 1,496,149	\$ 90,372	\$ 1,586,521
Sale of Donated Items	254,123	0	254,123
Fundraising	90,249	0	90,249
Total Support Revenue	<u>1,840,521</u>	<u>90,372</u>	<u>1,930,893</u>
Other Income			
Interest Income	429	0	429
Total Other Income	<u>429</u>	<u>0</u>	<u>429</u>
Net Assets Released from Restrictions	<u>125,229</u>	<u>(125,229)</u>	<u>0</u>
Total Revenues	<u>1,966,179</u>	<u>(34,857)</u>	<u>1,931,322</u>
Expenses			
Program Services			
Program Services	1,897,903	0	1,897,903
Total Program Services	<u>1,897,903</u>	<u>0</u>	<u>1,897,903</u>
Supporting Services			
Management and General	63,474	0	63,474
Fundraising	16,954	0	16,954
Total Supporting Services	<u>80,428</u>	<u>0</u>	<u>80,428</u>
Total Expenses	<u>1,978,331</u>	<u>0</u>	<u>1,978,331</u>
Total Change In Unrestricted Net Assets	(12,152)	(34,857)	(47,009)
Net Assets at Beginning of Year	<u>631,159</u>	<u>57,945</u>	<u>689,104</u>
Net Assets at End of Year	<u>\$ 619,007</u>	<u>\$ 23,088</u>	<u>\$ 642,095</u>

See accompanying notes to the financial statement.

The New Path, Inc.
Statements of Activities
For the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Support			
Contributions	\$ 1,623,792	\$ 84,581	\$ 1,708,373
Sale of Donated Items	201,319	0	201,319
Fundraising	92,805	0	92,805
Total Support Revenue	<u>1,917,916</u>	<u>84,581</u>	<u>2,002,497</u>
Other Income			
Interest Income	731	0	731
Total Other Income	<u>731</u>	<u>0</u>	<u>731</u>
Net Assets Released from Restrictions	100,277	(100,277)	0
Total Revenues	<u>2,018,924</u>	<u>(15,696)</u>	<u>2,003,228</u>
Expenses			
Program Services			
Program Services	2,019,087	0	2,019,087
Total Program Services	<u>2,019,087</u>	<u>0</u>	<u>2,019,087</u>
Supporting Services			
Management and General	58,550	0	58,550
Fundraising	19,108	0	19,108
Total Supporting Services	<u>77,658</u>	<u>0</u>	<u>77,658</u>
Total Expenses	<u>2,096,745</u>	<u>0</u>	<u>2,096,745</u>
Total Change In Unrestricted Net Assets	(77,821)	(15,696)	(93,517)
Net Assets at Beginning of Year	<u>708,980</u>	<u>73,641</u>	<u>782,621</u>
Net Assets at End of Year	<u>\$ 631,159</u>	<u>\$ 57,945</u>	<u>\$ 689,104</u>

See accompanying notes to the financial statement.

The New Path, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities		
Change in Net Assets	\$ (47,009)	\$ (93,517)
Adjustments to reconcile net assets to net cash provided (used) by operating activities		
Depreciation	8,998	8,196
(Increase) decrease in accounts receivable	(3,145)	7,473
(Increase) decrease in prepaid assets	(9,854)	28,656
(Increase) decrease in inventories	19,008	25,349
Increase (decrease) in accounts payable	(5,181)	(24,623)
Increase (decrease) in other accrued liabilities	1,063	936
	10,889	45,987
Net Cash Provided (Used) by Operating Activities	(36,120)	(47,530)
Cash Flows From Investing Activities		
Purchases of fixed assets	(7,296)	(48,977)
Net Cash Provided (Used) by Investing Activities	(7,296)	(48,977)
Cash Flows From Financing Activities		
Proceeds from long-term debt	0	24,000
Repayment of long-term debt	(8,004)	(5,991)
Net Cash Provided (Used) by Financing Activities	(8,004)	18,009
Net Increase (Decrease) in Cash	(51,420)	(78,498)
Cash at Beginning of Year	167,621	246,120
Cash at End of Year	\$ 116,201	\$ 167,622

See accompanying notes to the financial statement.

The New Path, Inc.
Notes to Financial Statements
December 31, 2014 and 2013

1. Summary of Significant Accounting Principles

Operations

The New Path, Inc. was incorporated on May 18, 2000, and is a not-for-profit Ohio corporation supported primarily through contributions and grants and serves individuals in Miami County, Ohio and surrounding areas. The Organization provides assistance for individuals and/or families in various areas that may include: clothing, food, utilities, furniture, vehicles, and transitional housing, along with training, consultation services, medical supplies, and technical assistance, all from a Christian ministry perspective.

Date of Management's Review

Management has evaluated subsequent events through the date of the Independent Auditor's Report, the date on which the financial statements were available.

Method of Accounting

The accrual method of accounting is used for both financial and tax reporting purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509 (a) and qualifies for deductible contributions as provided in Section 170 (b)(1)(A)(vi).

The income tax returns filed are not subject to examination by the U.S. federal tax authority for tax years ended before December 31, 2010.

Cash and Cash Equivalents

At various times during the fiscal year, the Organization's cash balances in financial institutions may exceed federal depository insurance limits.

Property and Equipment

All fixed assets are recorded at historical cost if purchased and fair value if donated. It is the Organization's policy to capitalize individual items costing more than \$500. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the respective assets.

The New Path, Inc.
Notes to Financial Statements (continued)
December 31, 2014 and 2013

1. Summary of Significant Accounting Policies (continued)

Functional Expenses

Expenses are charged directly to program or management in general categories based on specific identification.

Financial Statement Presentation

The Organization adopted FASB Accounting Standards Codification (ASC) No. 958-205, Financial Statements of Not-for-Profit Organizations. Under ASC No. 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Contributions

The Organization also adopted ASC No. 958, Accounting for Contributions Received and Contributions Made. In accordance with ASC No. 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restriction. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

Accounts Receivable

Accounts receivables are stated at the amount management expect to collect from outstanding balances. Management provides for probable uncollected amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants and others. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. In management's opinion, there are no material uncollectible receivable at December 31, 2014 and 2013 respectively. Therefore, allowances have not been established.

Statements of Cash Flows

For purposes of the statements of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Compensated Absences

It is impracticable 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 actually paid to employees.

The New Path, Inc.
Notes to Financial Statements (continued)
December 31, 2014 and 2013

1. Summary of Significant Accounting Policies (continued)

Inventories

Inventories consist of donated cars, food, clothing, furniture and medical supplies and are stated at fair market value on a first in, first out basis.

Contributed Property and Equipment

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the asset must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

2. Property and Equipment

	<u>2014</u>	<u>2013</u>
Building	\$ 179,807	\$ 172,510
Land	29,057	29,057
Furniture and Equipment	47,424	47,424
Automobiles	36,901	36,901
	<u>293,189</u>	<u>285,892</u>
Accumulated Depreciation	(108,071)	(99,072)
Total Property and Equipment	<u>\$ 185,118</u>	<u>\$ 186,820</u>

The organization considers the need to recognize a loss contingency from the impairment of long-lived assets whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable based on a comparison of carrying value against future cash flows. If impairment is identified, the assets' carrying amounts are adjusted to fair value. There were no such adjustments for impairment charges made during the year ended December 31, 2014.

The New Path, Inc.
Notes to Financial Statements (continued)
December 31, 2014 and 2013

3. Related Party Transactions

The Organization is an affiliate of Ginghamburg United Methodist Church (the Church). During the year the Church provided the following support:

	<u>2014</u>	<u>2013</u>
Support	<u>\$ 59,015</u>	<u>\$ 56,126</u>

The Organization occupies part of the facilities and land of Ginghamburg United Methodist Church under no formal agreement. No rent is paid by the Organization. The landlord has estimated the approximate fair value of the rent and it is included in contributions and expenses in the statement of activities. The estimate fair value of the rent are as follows:

	<u>2014</u>	<u>2013</u>
Fair Value of Rent	<u>\$ 10,000</u>	<u>\$ 10,000</u>

4. Donated Services, Materials, and Facilities

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in achieving its goals. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under ASC No. 958 have not been satisfied.

The Organization occupies part of the Discipleship Center and land located at 7695 S. County Rd. 25A under a verbal agreement with Ginghamburg United Methodist Church. No rent is paid by the Organizations. The landlord has estimated the approximate fair value of the annual rental to be \$10,000 and it is included in contributions and expenses in the statements of activities.

Car, food, clothing, and furniture at were donated to the Organization and have been recorded as contributions and expenses in the statements of activities. The value of the donated materials is as follows:

	<u>2014</u>	<u>2013</u>
Donated Materials	<u>\$ 819,930</u>	<u>\$ 879,929</u>

The New Path, Inc.
Notes to Financial Statements (continued)
December 31, 2014 and 2013

5. Inventories

Inventories consist of the following:

	<u>2014</u>	<u>2013</u>
Cars	\$ 52,711	\$ 67,353
Clothing	194,960	168,185
Food	27,734	19,039
Furniture	5,393	7,180
G.I.V.E. Medical Supplies	34,880	62,462
Gleaning Place	3,285	13,752
	<u>\$ 318,963</u>	<u>\$ 337,971</u>

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2014</u>	<u>2013</u>
G.I.V.E.	\$ 13,800	\$ 13,800
Miscellaneous	9,288	44,145
	<u>\$ 23,088</u>	<u>\$ 57,945</u>

7. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors. The net assets released from restrictions during the year are as follows:

	<u>2014</u>	<u>2013</u>
Food Pantry	\$ 19,595	\$ 25,741
Anna's Closet	3,356	75
Car Ministry	2,366	3,565
Miscellaneous	99,912	70,896
	<u>\$ 125,229</u>	<u>\$ 100,277</u>

The New Path, Inc.
Notes to Financial Statements (continued)
December 31, 2014 and 2013

9. Fair Value Measurements

The Organization's financial statement consist primarily of cash, accounts receivable, and accounts payable. The carrying values of financial instruments are representative of their fair values due to their short term maturities.

10. Notes Payable

	2013	2012
Notes payable-Linda J. Hedden. Due in monthly installments of \$667, without interest. This note is unsecured.	\$ 10,005	\$ 18,009
Less: Current Portion	(8,004)	(8,004)
	\$ 2,001	\$ 10,005
Five year maturities of long term debt:		
2015	\$ 8,004	
2016	2,001	
	\$ 10,005	

**Supplemental
Information**

The New Path, Inc.
Schedules of Functional Expenses
For the Year Ended December 31, 2014

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and Related Expenses				
Other Salaries and Wages	\$ 190,461	\$ 42,772	\$ 14,230	\$ 247,463
Payroll Taxes and Employee Benefits	27,175	6,208	2,335	35,718
Payroll Processing	1,666	378	126	2,170
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Total Salaries and Related Expenses	219,302	49,358	16,691	285,351
Other Expenses				
Financial Help	25,239	0	0	25,239
Food Pantry	595,385	0	0	595,385
Car Ministry	52,585	0	0	52,585
Furniture Warehouse	55,759	0	0	55,759
Christmas/Thanksgiving	4,907	0	0	4,907
Anna's Closet	191,611	0	0	191,611
Gleaning Place	92,049	0	0	92,049
Isaiah's Threads	41,618	0	0	41,618
G.I.V.E.	519,066	0	0	519,066
Jobs for Life	7,112	0	0	7,112
TOPS Program	167	0	0	167
Paws4Hope	1,435	0	0	1,435
Fort McKinley	45,424	0	0	45,424
Transitional Housing	4,592	0	0	4,592
UTS Work Study	2,683	0	0	2,683
OBB	1,097	0	0	1,097
Local Missions	9,928	0	0	9,928
Professional Fees	0	5,850	0	5,850
Supplies	8,573	6,247	0	14,820
Telephone & Internet	455	0	0	455
Occupancy	9,133	604	263	10,000
Travel	911	86	0	997
Conferences	0	1,203	0	1,203
Depreciation	8,872	126	0	8,998
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Total Functional Expenses - Support	\$ 1,897,903	\$ 63,474	\$ 16,954	\$ 1,978,331

See accountant's report.

The New Path, Inc.
Schedules of Functional Expenses
For the Year Ended December 31, 2013

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and Related Expenses				
Other Salaries and Wages	\$ 178,759	\$ 41,079	\$ 13,463	\$ 233,301
Payroll Taxes and Employee Benefits	25,487	5,846	2,200	33,533
Payroll Processing	1,643	377	124	2,144
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Total Salaries and Related Expenses	205,889	47,302	15,787	268,978
Other Expenses				
Financial Help	27,726	0	0	27,726
Food Pantry	617,636	0	0	617,636
Car Ministry	52,736	0	0	52,736
Furniture Warehouse	46,272	0	0	46,272
Christmas/Thanksgiving	4,831	0	0	4,831
Anna's Closet	298,587	0	0	298,587
Gleaning Place	98,224	0	0	98,224
Isaiah's Threads	56,607	0	0	56,607
G.I.V.E.	496,723	0	0	496,723
Jobs for Life	5,183	0	0	5,183
TOPS Program	795	0	0	795
Dental Clinic	423	0	0	423
Paws4Hope	970	0	0	970
Fort McKinley	55,549	0	0	55,549
Transitional Housing	4,177	0	0	4,177
UTS Work Study	6,856	0	0	6,856
OBB	702	0	0	702
Local Missions	11,465	0	0	11,465
Professional Fees	0	5,850	0	5,850
Supplies	6,285	3,044	3,026	12,355
Occupancy	9,199	604	197	10,000
Travel	1,472	72	98	1,642
Conferences	0	1,484	0	1,484
Depreciation	9,205	194	0	9,399
Bad Debts	1,575	0	0	1,575
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Total Functional Expenses - Support	\$ 2,019,087	\$ 58,550	\$ 19,108	\$ 2,096,745

See accountant's report.