



**Brigid's Path, Inc.**

Financial Statements

December 31, 2018 and 2017

with Independent Auditors' Report

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Brigid's Path, Inc.  
3601 S. Dixie Dr.  
Kettering, Ohio 45439

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Brigid's Path, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. 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 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 Brigid's Path, Inc. as of December 31, 2018 and 2017, 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.

*Clark, Schaefer, Hackett & Co.*

Dayton, Ohio  
March 14, 2019

Brigid's Path  
Statements of Financial Position  
December 31, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 861,453	654,005
Receivables:		
Contributions receivable	9,068	44,464
Grants receivable	8,333	142,842
Inventory	138,850	94,143
Prepaid expenses	23,353	20,320
	1,041,057	955,774
Other assets:		
Property and equipment, net	2,191,306	2,244,357
	2,191,306	2,244,357
	\$ 3,232,363	3,200,131
Liabilities and net assets		
Current liabilities:		
Current portion of notes payable	\$ 36,254	34,596
Accounts payable	151,087	12,952
Accrued expenses	29,893	98,146
Accrued payroll and taxes	52,582	1,548
	269,816	147,242
Other liabilities:		
Notes payable, net of current portion	329,085	366,294
Net assets:		
Without donor restrictions	2,624,394	2,636,458
With donor restrictions	9,068	50,137
	2,633,462	2,686,595
	\$ 3,232,363	3,200,131

See accompanying notes to the financial statements.

Brigid's Path  
Statement of Activities  
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in net assets:			
Public support:			
Contributions	\$ 518,982	9,068	528,050
Special fundraising events, net of direct expenses of \$26,086	90,906	-	90,906
Grants	1,368,341	-	1,368,341
Donated services and materials	189,188	-	189,188
Net assets released from restrictions	<u>50,137</u>	<u>(50,137)</u>	<u>-</u>
Total public support	<u>2,217,554</u>	<u>(41,069)</u>	<u>2,176,485</u>
Revenues and gains:			
Interest income	<u>213</u>	<u>-</u>	<u>213</u>
Total public support, revenues and gains	<u>2,217,767</u>	<u>(41,069)</u>	<u>2,176,698</u>
Expenses:			
Program services	1,858,072	-	1,858,072
General and administrative	231,611	-	231,611
Fundraising	<u>140,148</u>	<u>-</u>	<u>140,148</u>
Total expenses	<u>2,229,831</u>	<u>-</u>	<u>2,229,831</u>
Change in net assets	(12,064)	(41,069)	(53,133)
Net assets, beginning of year	<u>2,636,458</u>	<u>50,137</u>	<u>2,686,595</u>
Net assets, end of year	\$ <u>2,624,394</u>	<u>9,068</u>	<u>2,633,462</u>

See accompanying notes to the financial statements.

Brigid's Path  
Statement of Activities  
Year Ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in net assets:			
Public support:			
Contributions	\$ 950,774	50,137	1,000,911
Special fundraising events, net of direct expenses of \$13,587	18,789	-	18,789
Grants	175,059	-	175,059
Donated services and materials	102,333	-	102,333
Net assets released from restrictions	<u>37,000</u>	<u>(37,000)</u>	<u>-</u>
Total public support	<u>1,283,955</u>	<u>13,137</u>	<u>1,297,092</u>
Revenues and gains:			
Other income	<u>50</u>	<u>-</u>	<u>50</u>
Total public support, revenues and gains	<u>1,284,005</u>	<u>13,137</u>	<u>1,297,142</u>
Expenses:			
Program services	519,008	-	519,008
General and administrative	55,589	-	55,589
Fundraising	<u>97,632</u>	<u>-</u>	<u>97,632</u>
Total expenses	<u>672,229</u>	<u>-</u>	<u>672,229</u>
Change in net assets	611,776	13,137	624,913
Net assets, beginning of year	<u>2,024,682</u>	<u>37,000</u>	<u>2,061,682</u>
Net assets, end of year	<u>\$ 2,636,458</u>	<u>50,137</u>	<u>2,686,595</u>

See accompanying notes to the financial statements.

Brigid's Path  
Statement of Functional Expenses  
Year Ended December 31, 2018

	Infant Care	Family Advocacy	Total Program	General and Administrative	Fundraising	Total
Salaries	\$ 179,017	154,742	333,759	98,046	98,001	529,806
Payroll taxes	13,067	11,289	24,356	7,153	7,152	38,661
Benefits	6,387	5,518	11,905	3,496	3,496	18,897
Contract medical staff labor	948,900	-	948,900	-	-	948,900
Security	143,287	25,217	168,504	-	-	168,504
Maintenance and repairs	52,313	4,564	56,877	5,612	2,425	64,914
Medical supplies and equipment	19,904	-	19,904	-	-	19,904
Program supplies	89,209	14,282	103,491	-	-	103,491
Insurance	206	19	225	23,589	10	23,824
Telephone	3,860	348	4,208	448	185	4,841
Utilities	10,841	977	11,818	1,187	519	13,524
Office supplies	15	210	225	16,599	1,612	18,436
Meetings and training	2,037	476	2,513	4,154	65	6,732
Bank charges	-	-	-	2,004	2,829	4,833
Professional fees	61,948	18,201	80,149	58,334	11,864	150,347
Advertising and promotion	-	-	-	279	8,105	8,384
Taxes and licenses	-	-	-	420	-	420
Interest expense	16,098	1,409	17,507	1,811	805	20,123
Miscellaneous	1,783	8,333	10,116	1,249	285	11,650
	<u>1,548,872</u>	<u>245,585</u>	<u>1,794,457</u>	<u>224,381</u>	<u>137,353</u>	<u>2,156,191</u>
Total functional expenses before depreciation						
Depreciation	<u>58,357</u>	<u>5,258</u>	<u>63,615</u>	<u>7,230</u>	<u>2,795</u>	<u>73,640</u>
Total functional expense: \$	<u>1,607,229</u>	<u>250,843</u>	<u>1,858,072</u>	<u>231,611</u>	<u>140,148</u>	<u>2,229,831</u>

See accompanying notes to the financial statements.



Brigid's Path  
Statement of Functional Expenses  
Year Ended December 31, 2017

	Infant Care & Family Advocacy	General and Administrative	Fundraising	Total
Salaries	\$ 132,456	-	75,000	207,456
Payroll taxes	14,148	-	4,716	18,864
Benefits	4,681	-	1,560	6,241
Contract medical staff labor	72,531	-	-	72,531
Security	10,972	-	-	10,972
Maintenance and repairs	59,553	6,161	2,738	68,452
Medical supplies and equipment	12,193	100	-	12,293
Program supplies	46,150	-	-	46,150
Insurance	5,983	2,983	2,178	11,144
Telephone	794	-	-	794
Utilities	11,228	1,161	516	12,905
Office supplies	1,831	-	610	2,441
Meetings and training	2,912	-	970	3,882
Payroll and bank processing charges	1,329	43	3,737	5,109
Professional fees	76,450	37,144	-	113,594
Advertising and promotion	-	-	882	882
Taxes, tax refunds and licenses	(10,427)	450	-	(9,977)
Interest expense	16,459	1,703	757	18,919
Miscellaneous	4,244	100	1,415	5,759
	<u>463,487</u>	<u>49,845</u>	<u>95,079</u>	<u>608,411</u>
Total functional expenses before depreciation				
Depreciation	<u>55,521</u>	<u>5,744</u>	<u>2,553</u>	<u>63,818</u>
Total functional expenses	<u>\$ 519,008</u>	<u>55,589</u>	<u>97,632</u>	<u>672,229</u>

See accompanying notes to the financial statements.

Brigid's Path  
Statements of Cash Flows  
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (53,133)	624,913
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	73,640	63,818
Net change in donated inventory	(44,707)	(69,674)
Effects of change in operating assets and liabilities:		
Contributions receivable	35,396	(44,464)
Grants receivable	134,509	(142,448)
Prepaid expenses	(3,033)	(20,320)
Accounts payable	138,135	12,952
Accrued expenses	(68,253)	98,146
Accrued payroll and taxes	<u>51,034</u>	<u>1,293</u>
Net cash provided by operating activities	<u>263,588</u>	<u>524,216</u>
 Cash flows from investing activities:		
Purchase of property and equipment	<u>(20,589)</u>	<u>(169,125)</u>
 Cash flows from financing activities:		
Payments on notes payable	<u>(35,551)</u>	<u>(239,110)</u>
 Change in cash and cash equivalents	207,448	115,981
 Cash and cash equivalents, beginning of year	<u>654,005</u>	<u>538,024</u>
 Cash and cash equivalents, end of year	\$ <u>861,453</u>	<u>654,005</u>
 Supplemental disclosure of cash flow information:		
Interest paid	\$ <u>20,123</u>	<u>18,919</u>

See accompanying notes to the financial statements.

**1. NATURE OF THE ORGANIZATION:**

Brigid's Path, Inc. (the "Organization") is a not-for-profit organization that is supported primarily through donor contributions and grants. The Organization is a children's crisis care facility licensed by the Ohio Department of Job and Family Services and is the first of its kind in the State of Ohio and second in the nation. We are a non-judgmental, family-centered, secured facility providing services in a home-like setting. The facility is open 24 hours a day, 7 days a week with around the clock staff meeting the needs of babies and families.

Brigid's Path, Inc. is dedicated to two goals:

Providing withdrawal services to infants with Neonatal Abstinence Syndrome (NAS) in an intimate home-like setting surrounded by medical staff and specially trained volunteers.

Engaging these infant's families in an easy-to-access, non-judgmental setting where they can begin the journey of bonding with their child and accessing a wide range of community services with the assistance of family advocates using a strengths-based approach.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The following accounting principles and practices of the Organization are set forth to facilitate the understanding of data presented in the financial statements:

**Use of estimates**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Certain estimates relate to assumptions about the ongoing operations and may impact future periods. Accordingly, actual results may differ from estimated amounts.

**Adoption of new accounting standards**

The Organization adopted and applied retrospectively, Accounting Standard Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about investment return and functional expenses, including allocation methodologies and presentation of a statement of functional expenses as part of the basic financial statements. The Organization has adjusted the presentation of these financial statements accordingly.

The Organization also adopted and applied retrospectively, ASU 2018-08 *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The standard assists entities in determining whether transactions should be recognized as a contribution (nonreciprocal transaction) or as an exchange (reciprocal transaction). The standard also provides expanded guidance on determining whether or not a contribution is conditional.

### **Basis of presentation**

The financial statements of the Organization have been prepared in accordance with GAAP, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will likely be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of December 31, 2018, and 2017, the Organization has not received any funds that are required to be maintained in perpetuity.

### **Revenue and support**

Contributions, including unconditional promises to give, are recorded as made. All contributions are reported as increase in net assets without donor restrictions unless specifically restricted by a donor. Amounts that are received that are designated for specific purposes are reported as increases in net assets with donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a donor restriction expires, the net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor restriction which are released in the same year they were received are classified as net assets without donor restrictions.

Management individually reviews all contributions receivable and estimates the portion, if any, of the balance that will not be collected based on current knowledge, past experience and recent economic conditions. Amounts considered uncollectible are written off when the facts are determined; therefore, no allowance for doubtful accounts is provided in the valuation of contributions receivable. Contributions receivable are expected to be collected within one year and therefore, no allowance for the net present value of the expected cashflows is recorded.

### **Donated assets, property and equipment, and services**

Donated marketable securities, property and equipment, inventory and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as net assets with donor restrictions.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A number of volunteers have donated time in support of the Organization and its programs. Since these services do not meet the requirements for recognition, the value thereof is not reflected in the accompanying financial statements.

**Cash and cash equivalents**

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains its cash in deposit accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

At December 31, 2018 and 2017, the Organization held \$0- and \$5,673, respectively, in cash and cash equivalents with donor restrictions.

**Contributions and grants receivable**

At December 31, 2018 and 2017, the Organization had contributions receivable totaling \$9,068 and \$44,464, respectively, which represent unconditional promises to contribute cash over specified time-periods. No pledges were due beyond one year at December 31, 2018 and 2017.

Management reviews contributions and grants receivable balances and estimates the portion, if any, of the balance that will not be collected based on information known about donors, past experience and recent economic conditions. Amounts considered uncollectible are written off when the facts are determined; therefore, no allowance for doubtful accounts is provided in the valuation of contributions receivable. The allowance for doubtful accounts is considered a significant estimate as it is subject to material change in the near future.

**Inventory**

Inventory consists mainly of donated items received for infant care. Donated items of larger value, such as diapers, wipes, clothing, bottles, cribs and car seats are maintained in inventory and physically counted on a regular basis. Such items are valued based on prices listed on nationally recognized shopping websites for identical or similar items. The Organization recognizes an in-kind contribution upon receipt of donated inventory and recognizes the related expense when used. Donations of items of smaller value used for infant care are not inventoried and are recognized as in-kind revenue and expense upon receipt.

**Property and equipment**

The Organization capitalizes all items which have a cost greater than \$1,000. Property and equipment are stated at cost (fair value at the date of donation for donated assets) and are depreciated over the estimated useful lives of the respective assets using the straight-line method.

**Functional allocation of expenses**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting service of the Organization. Expenses that are directly related to a specific function are charged directly to that function. Salaries, payroll taxes and benefits of employees that have responsibilities in multiple areas are allocated based on time studies and estimates of where efforts are made. Facility related costs, including depreciation and interest are allocated based on square feet.

**Income taxes**

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

**Advertising costs**

Advertising costs are expensed as incurred.

**Use of estimates**

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

**Subsequent events**

The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through the report date, the date on which the financial statements were available to be issued.

**3. GRANTS RECEIVABLE:**

The following is a summary of grants receivable at December 31:

	<u>2018</u>	<u>2017</u>
Ohio Department of Medicaid	\$ -	127,985
ADAMHS	8,333	13,740
Other	<u>-</u>	<u>1,117</u>
	<u>\$ 8,333</u>	<u>142,842</u>

**4. PROPERTY AND EQUIPMENT:**

The following is a summary of property and equipment at December 31:

	<u>2018</u>	<u>2017</u>
Land and land improvements	\$ 105,000	105,000
Building and improvements	2,161,245	2,161,245
Furniture and equipment	<u>87,561</u>	<u>66,972</u>
Equipment	2,353,806	2,333,217
Less accumulated depreciation	<u>162,500</u>	<u>88,860</u>
	<u>\$ 2,191,306</u>	<u>2,244,357</u>

**5. NOTE PAYABLE:**

The Organization has a term loan with Minster Bank secured by the Organization's facility. The note requires monthly principal and interest payments of \$4,405, including interest at 4.75%. The interest rate on the loan is fixed at 4.75% through April 2022, at which time the lender will recalculate the interest based on the Federal Home Loan Bank of Cincinnati rate for fixed rate advances for five years plus 3.0%. The note matures in May 2027.

At December 31, 2018, the maturity of the note payable during the next five years and thereafter is as follows:

2019	\$	36,254
2020		38,014
2021		39,859
2022		41,794
2023		43,823
2024 - 2027		<u>165,595</u>
	\$	<u><u>365,339</u></u>

**6. LIQUIDITY DISCLOSURES:**

The Organization is substantially supported by contributions, including contributions with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial asset may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31:

	<u>2018</u>	<u>2017</u>
Financial assets:		
Cash and cash equivalents	\$ 861,453	654,005
Contributions receivable	9,068	44,464
Grants receivable	<u>8,333</u>	<u>142,842</u>
Financial assets available to meet cash needs for general expenditure within one year	\$ <u><u>878,854</u></u>	<u><u>841,311</u></u>

All amounts are considered available for general expenditure within one year as all contributions and grants receivable are considered collectible in the near term and there are no donor restrictions on the collected funds.

**7. NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose:		
Technology equipment	\$ -	5,673
Subject to passage of time:		
For periods subsequent to end of year	<u>9,068</u>	<u>44,464</u>
	<u>\$ 9,068</u>	<u>50,137</u>

**8. RECENT PRONOUNCEMENTS:**

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. Since the issuance of this standard, there have been several additional standards issued relative to this topic. The core principle of these standards is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the Organization's year ending December 31, 2019.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Organization's year ending December 31, 2020.

The Organization is currently in the process of evaluating the impact of adoption of these standards on the financial statements.



