

Brigid's Path Inc.

Financial Statements

December 31, 2020 and 2019

With Independent Auditors' Report

TABLE OF CONTENTS

Independent Auditors' Report 1-2

Financial Statements:

Statements of Financial Position 3

Statements of Activities..... 4-5

Statements of Functional Expenses..... 6-7

Statements of Cash Flows..... 8

Notes to the Financial Statements 9-15

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, 2020 and 2019, 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, 2020 and 2019, 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 11, 2021

Brigid's Path, Inc.
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 870,352	544,994
Receivables:		
Current portion of contributions receivable	85,996	33,355
Grants receivable	63,750	24,999
Inventory	41,015	72,220
Prepaid expenses	31,047	40,693
	1,092,160	716,261
Other assets:		
Contributions receivable, net of current portion	63,462	-
Property and equipment, net	2,358,688	2,118,701
	2,422,150	2,118,701
	\$ 3,514,310	2,834,962
Liabilities and net assets		
Current liabilities:		
Current portion of note payable	\$ 38,376	36,222
Accounts payable	33,609	33,885
Accrued expenses	10,579	55,557
Accrued payroll and taxes	107,786	100,485
Deferred revenue	45,000	-
	235,350	226,149
Other liabilities:		
Note payable, net of current portion	256,128	294,533
Net assets:		
Without donor restrictions	2,753,461	2,160,049
With donor restrictions	269,371	154,231
	3,022,832	2,314,280
	\$ 3,514,310	2,834,962

See accompanying notes to the financial statements.

Brigid's Path, Inc.
Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets:			
Public support:			
Contributions	\$ 665,936	262,774	928,710
Special fundraising events, net of direct expenses of \$19,813	(16,280)	-	(16,280)
Grants	1,847,326	-	1,847,326
Paycheck Protection Program grant	286,500	-	286,500
Donated services and materials	376,409	-	376,409
Net assets released from restrictions	147,634	(147,634)	-
Total public support	3,307,525	115,140	3,422,665
Revenues and gains:			
Program service fees	3,015	-	3,015
Total public support, revenues and gains	3,310,540	115,140	3,425,680
Expenses:			
Program services	2,249,583	-	2,249,583
General and administrative	272,457	-	272,457
Fundraising	195,088	-	195,088
Total expenses	2,717,128	-	2,717,128
Change in net assets	593,412	115,140	708,552
Net assets, beginning of year	2,160,049	154,231	2,314,280
Net assets, end of year	\$ 2,753,461	269,371	3,022,832

See accompanying notes to the financial statements.

Brigid's Path, Inc.
Statement of Activities
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets:			
Public support:			
Contributions	\$ 901,056	154,231	1,055,287
Special fundraising events, net of direct expenses of \$30,796	84,421	-	84,421
Grants	963,227	-	963,227
Donated services and materials	137,743	-	137,743
Net assets released from restrictions	9,068	(9,068)	-
Total public support	2,095,515	145,163	2,240,678
Revenues and gains:			
Program service fees	21,000	-	21,000
Total public support, revenues and gains	2,116,515	145,163	2,261,678
Expenses:			
Program services	2,119,941	-	2,119,941
General and administrative	216,228	-	216,228
Fundraising	244,691	-	244,691
Total expenses	2,580,860	-	2,580,860
Change in net assets	(464,345)	145,163	(319,182)
Net assets, beginning of year	2,624,394	9,068	2,633,462
Net assets, end of year	\$ 2,160,049	154,231	2,314,280

See accompanying notes to the financial statements.

Brigid's Path, Inc.
Statement of Functional Expenses
Year Ended December 31, 2020

	Infant Care	Family Advocacy	Total Program	General and Administrative	Fundraising	Total
Salaries	\$ 1,114,633	155,864	1,270,497	126,164	105,992	1,502,653
Payroll taxes	44,881	10,481	55,362	9,354	7,685	72,401
Benefits	84,277	19,945	104,222	10,081	7,747	122,050
Contract medical staff labor	162,744	-	162,744	-	-	162,744
Security	117,371	18,419	135,790	-	-	135,790
Maintenance and repairs	8,942	1,669	10,611	1,979	503	13,093
Medical supplies and equipment	17,038	3,194	20,232	264	-	20,496
Program supplies	66,304	11,195	77,499	-	-	77,499
Insurance	9,717	1,613	11,330	25,358	2	36,690
Telephone	3,709	646	4,355	556	244	5,155
Utilities	39,438	7,853	47,291	4,442	2,624	54,357
Office supplies	379	496	875	6,770	4,316	11,961
Meetings and training	2,113	3,227	5,340	1,867	315	7,522
Payroll and merchant fees	2,926	409	3,335	472	3,794	7,601
Professional fees	66,611	29,855	96,466	49,997	45,201	191,664
Advertising and promotion	5,380	3,339	8,719	14,250	10,910	33,879
Taxes and licenses	44,539	872	45,411	2,133	323	47,867
Interest expense	10,750	2,422	13,172	1,211	757	15,140
Miscellaneous	32,931	18,595	51,526	17,008	41	68,575
Total functional expenses before depreciation	1,834,683	290,094	2,124,777	271,906	190,454	2,587,137
Depreciation	112,044	12,762	124,806	551	4,634	129,991
Total functional expenses	\$ 1,946,727	302,856	2,249,583	272,457	195,088	2,717,128

See accompanying notes to the financial statements.

Brigid's Path, Inc.
Statement of Functional Expenses
Year Ended December 31, 2019

	Infant Care	Family Advocacy	Total Program	General and Administrative	Fundraising	Total
Salaries	\$ 1,048,773	149,634	1,198,407	98,589	80,049	1,377,045
Payroll taxes	92,968	13,264	106,232	8,739	7,096	122,067
Benefits	79,447	11,335	90,782	7,468	6,064	104,314
Contract medical staff labor	163,330	-	163,330	-	-	163,330
Security	142,759	26,925	169,684	-	-	169,684
Maintenance and repairs	6,806	625	7,431	684	4,908	13,023
Medical supplies and equipment	7,953	767	8,720	-	-	8,720
Program supplies	56,134	17,873	74,007	-	-	74,007
Insurance	1,593	243	1,836	25,245	21	27,102
Telephone	3,845	341	4,186	403	214	4,803
Utilities	12,486	1,634	14,120	1,443	632	16,195
Office supplies	907	1,008	1,915	8,407	2,495	12,817
Meetings and training	1,275	3,254	4,529	4	122	4,655
Payroll and merchant fees	-	-	-	3,278	3,607	6,885
Professional fees	79,468	29,398	108,866	49,379	133,692	291,937
Advertising and promotion	1,514	3,108	4,622	489	1,545	6,656
Taxes and licenses	791	32	823	288	17	1,128
Interest expense	14,006	1,226	15,232	1,576	700	17,508
Miscellaneous	80,175	1,600	81,775	3,862	742	86,379
Total functional expenses before depreciation	1,794,230	262,267	2,056,497	209,854	241,904	2,508,255
Depreciation	58,200	5,244	63,444	6,374	2,787	72,605
Total functional expenses	\$ 1,852,430	267,511	2,119,941	216,228	244,691	2,580,860

See accompanying notes to the financial statements.

Brigid's Path, Inc.
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 708,552	(319,182)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	129,991	72,605
Net change in donated inventory	31,205	66,630
Capitalization of donated equipment	(229,707)	-
Change in discounts on contributions receivable	2,538	-
Effects of change in operating assets and liabilities:		
Contributions receivable	(118,641)	(24,287)
Grants receivable	(38,751)	(16,666)
Prepaid expenses	9,646	(17,340)
Accounts payable	(276)	(117,202)
Accrued expenses	(44,978)	25,664
Accrued payroll and taxes	7,301	47,903
Deferred revenue	45,000	-
	<u>501,880</u>	<u>(281,875)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(140,271)	-
Cash flows from financing activities:		
Payments on note payable	(36,251)	(34,584)
Change in cash and cash equivalents	325,358	(316,459)
Cash and cash equivalents, beginning of year	544,994	861,453
Cash and cash equivalents, end of year	\$ 870,352	544,994
Supplemental disclosure of cash flow information:		
Interest paid	\$ 15,140	17,508

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:

Basis of accounting

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification

Basis of presentation

The Organization reports 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, 2020 and 2019, the Organization has not received any funds that are required to be maintained in perpetuity.

Revenue and support

Funding received for which the resource providers do not receive commensurate value are accounted for as contributions. Unconditional contributions are recognized when made. Conditional contributions are recognized as revenue when the conditions underlying the contribution have been met. The Organization receives conditional funding from various sources, including the Ohio Department of Medicaid. This funding is recognized as the Organization meets the donor-imposed conditions, which generally represent incurring allowable costs related to the Organization's mission. The excess of grant revenue over cash received is recognized as grants receivable and the excess of cash received over grant revenue is recognized as deferred revenue.

Contributions are reported as an increase in net assets without donor restrictions unless specifically restricted by the resource provider. 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.

The Organization derives its revenues from contracts with customers primarily through program service fees for Early Head Start services under a contract with a local nonprofit organization. The children receiving these services have been previously approved for such services by the resource provider. Revenues are recognized as Early Head Start services are provided in an amount that reflects the amount the Organization expects to be entitled in exchange for those services. There are no significant financing components as payment is received monthly after the provision of services. There is no variable consideration related to contracts with customers. All revenues of the Organization are recognized upon satisfaction of performance obligations at a point in time when such services have been delivered. Therefore, no disaggregation of revenues is presented. In early 2020, the Organization elected to discontinue providing Early Head Start services.

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.

Accounts receivable

At December 31, 2020 and 2019, the Organization had contributions receivable totaling \$149,458 and \$33,355, respectively, which represent unconditional promises to contribute cash over specified time-periods. Contributions receivable are expected to be collected over specified time-periods, some longer than a year, and therefore are stated net of a discount for present value of pledges due beyond one year.

Management individually reviews all accounts receivable for contributions and revenues earned, 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 accounts 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

Property and equipment are stated at cost, or if donated, at the fair value at the date of donation. Expenditures in excess of \$5,000 to acquire property and equipment or to substantially increase the useful lives of assets are capitalized. Maintenance, repairs and expenditures to acquire assets where the cost of individual items does not meet capitalization criteria are expensed as incurred. Depreciated is calculated using the straight-line method over the estimated useful lives of the assets.

Concentrations

The Organization received approximately 49% and 35% of its non-in-kind revenue and support from a grant provided through the Ohio Department of Medicaid for the years ended December 31, 2020 and 2019, respectively.

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 time and effort. Dividends received from the Ohio Bureau of Workers' Compensation are recorded as a reduction of payroll taxes and are allocated in a manner consistent with payroll tax expense. 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 March 11, 2021, the date on which the financial statements were available to be issued.

3. CONTRIBUTIONS RECEIVABLE:

Contributions receivable consisted of the following at December 31:

	2020	2019
Due in:		
Less than one year:		
Pledges	85,996	33,355
One to five years:		
Pledges	66,000	-
Less: discount to net present value	(2,538)	-
	\$ 149,458	33,355

4. PROPERTY AND EQUIPMENT:

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

	2020	2019
Land and land improvements	\$ 105,000	105,000
Building and improvements	2,294,517	2,161,245
Furniture and equipment	324,267	87,561
	2,723,784	2,353,806
Less accumulated depreciation	365,096	235,105
	\$ 2,358,688	2,118,701

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 \$4,283, 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 2027.

At December 31, 2020, the maturity of the note payable during the next five years and thereafter is as follows:

2021	\$	38,376
2022		40,213
2023		42,138
2024		44,155
2025		46,269
2026-2027		<u>83,353</u>
	\$	<u>294,504</u>

6. LINE OF CREDIT:

The Organization has a \$350,000 revolving line of credit with interest at an annual rate equal to the Wall Street Journal prime rate for fixed rate advances plus 1.5%. The line of credit expired on February 15, 2021. The line was secured by a commercial mortgage on the Organization's facility. No amounts were outstanding on the line of credit at December 31, 2020 and 2019. Management believes the Organization will be able to renew its line of credit under similar terms and is currently in process of renewal with its existing bank.

7. PAYCHECK PROTECTION PROGRAM:

On April 7, 2020, the Organization received a loan processed in the amount of \$286,500 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provides loans to qualifying businesses in amounts up to 2.5 times the Organization's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a covered period as long as the Organization maintains payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities.

The Organization classified the PPP funding as a conditional government grant. During the year ended December 31, 2020, the Organization incurred sufficient qualifying expenses to meet the forgiveness criteria, applied for forgiveness, and on November 2, 2020, received notice of forgiveness for the full loan amount from the Small Business Administration. As the Organization met all conditions of the grant, the full amount of the PPP funding is recognized as public support revenue on the statement of activities.

8. NET ASSETS WITH DONOR RESTRICTIONS:

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

	2020	2019
Subject to expenditure for specified purpose:		
Technology and office equipment	\$ 14,347	13,376
Building improvements	54,793	107,500
Program expenditures	12,500	-
Grantwriter salaries	38,273	-
Subject to passage of time:		
For periods subsequent to end of year	149,458	33,355
	\$ 269,371	154,231

9. LIQUIDITY DISCLOSURES:

The Organization is substantially supported by contributions and governmental grants accounted for as contributions. Some contributions have donor-imposed restrictions. Because donor restrictions require 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 assets 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:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 870,352	544,994
Current portion of contributions receivable	85,996	33,355
Grants receivable	63,750	24,999
Financial assets available at year end	1,020,098	603,348
Less: those unavailable for general expenditures within one year due to:		
Restricted by donor with purpose restriction	119,913	120,876
Financial assets available to meet cash needs for general expenditure within one year	\$ 900,185	482,472

10. NEW ACCOUNTING STANDARD:

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, 2022.

The Organization is currently in the process of evaluating the impact of adoption of this standard on the financial statements.

11. UNCERTAINTIES:

During March 2020, a novel strain of coronavirus (COVID-19) was declared a pandemic by the World Health Organization. The impact of this pandemic has disrupted the global economy and the extent of the future impact of COVID-19 on the Organization's operations and financial performance will depend on certain developments, including the duration and spread of the outbreak. The continued impact on the Organization's operations and funding sources moving forward cannot be predicted, and the extent to which COVID-19 may continue to impact the Organization's results of operations in the upcoming year is uncertain at this time.

