



PATHS OF INDEPENDENCE, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2024

PATHS TO INDEPENDENCE
BOARD OF DIRECTORS AND OFFICERS

JEAN JENSEN
GLENN BONNER
MARK KANE
KYLE PPOOL
ANNIE SALTSMAN
CARMEN CASNER
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PRESIDENT
TREASURER
BOARD MEMBER
BOARD MEMBER
BOARD MEMBER
BOARD MEMBER
BOARD MEMBER
EXECUTIVE DIRECTOR

PATHS TO INDEPENDENCE
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INDEPENDENT AUDITOR'S REPORT

Senior Management and Board of Directors
Paths to Independence
Bartlesville, OK 740063

OPINION

We have audited the accompanying financial statements of the Paths to Independence, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, statement of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Paths to Independence as of June 30, 2024, 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.

BASIS FOR OPINION

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Paths to Independence, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about of the Paths to Independence, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Paths to Independence's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Path of Independence, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



OBER & LITTLEFIELD, CPAS, PLLC
MIAMI, OKLAHOMA

JANUARY 20, 2025

PATHS TO INDEPENDENCE
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024

Assets

Current assets

Cash and cash equivalents	\$ 1,463,694
Investments	9,681
Trade Receivable	67,610
Campaign pledge receivables, net of allowance	<u>416,168</u>
Total current assets	<u>1,957,153</u>

Property and equipment

Building and improvements	1,642,784
Land	16,500
Furniture	347,354
Vehicles	<u>119,354</u>
Total property and equipment	2,125,992
Accumulated depreciation	<u>(274,756)</u>
Net property and equipment	<u>1,851,236</u>

Other assets

Cash restricted	<u>1,024,984</u>
Total assets	<u><u>\$ 4,833,373</u></u>

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 2,315
Accrued payroll expenses	<u>765</u>
Total current liabilities	<u>3,079</u>

Net assets

Net assets without donor restrictions:

Undesignated	3,389,142
Net assets with donor restrictions	<u>1,441,152</u>
Total net assets	<u>4,830,293</u>
Total liabilities and net assets	<u><u>\$ 4,833,373</u></u>

The accompanying notes are an integral part of these financial statements.

PATHS TO INDEPENDENCE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Support:			
Grants	\$ 59,871	\$ -	\$ 59,871
Tuition	1,421,285	-	1,421,285
Contributions - capital campaign	41,300	-	41,300
Contributions	216,582	31,433	248,015
Fundraising	130,845	-	130,845
Other income	15,215	-	15,215
Total support	1,885,098	31,433	1,916,531
Net assets released from restrictions	821,105	(821,105)	-
Total support	2,706,203	(789,672)	1,916,531
Revenues and gains/(losses):			
Investment gains/(losses) and interest income:			
Realized gains/(losses) and dividends, net of fees	153	-	153
Unrealized gains/(losses)	440	-	440
Interest income	122,578	-	122,578
Total revenue and gains/(losses)	123,172	-	123,172
Total revenues, gains/(losses), and other support	2,829,375	(789,672)	2,039,702
Expenses			
Program	1,213,913	-	1,213,913
Supportive Services: Fundraising	39,008	-	39,008
Supportive Services: G&A	454,571	-	454,571
Total expenses	1,707,491	-	1,707,491
Increase (decrease) in net assets	1,121,884	(789,672)	332,211
Net assets, beginning of year	2,267,258	2,230,824	4,498,082
Net assets, end of year	\$ 3,389,142	\$ 1,441,152	\$ 4,830,293

The accompanying notes are an integral part of these financial statements.

PATHS TO INDEPENDENCE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services	Supportive Services		
	Education	Fundraising	General & Admin	Total
Bank fees and charges	\$ -	\$ -	\$ 10,725	\$ 10,725
Building supplies and maintenance	84,168	-	-	84,168
Contract labor	403	-	-	403
Depreciation expense	51,311	-	20,958	72,269
Employee benefits	35,110	-	14,341	49,451
Fundraising	-	39,008	-	39,008
Insurance	13,915	-	5,684	19,599
Miscellaneous	-	-	518	518
Payroll tax expense	65,443	-	26,730	92,174
Professional fees	0	-	22,005	22,005
Program expenses	32,696	-	-	32,696
Rent	6,500	-	-	6,500
Salaries	797,983	-	325,937	1,123,920
Staff development	-	-	17,747	17,747
Supplies - custodial	5,772	-	-	5,772
Supplies - educational	28,949	-	-	28,949
Supplies - nutrition	27,164	-	-	27,164
Supplies - office and postage	-	-	9,925	9,925
Transportation	14,536	-	-	14,536
Utilities	49,963	-	-	49,963
Total expenses	<u>\$ 1,213,913</u>	<u>\$ 39,008</u>	<u>\$ 454,571</u>	<u>\$ 1,707,491</u>

The accompanying notes are an integral part of these financial statements.

PATHS TO INDEPENDENCE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

Cash flows from operating activities

Change in net assets	\$	332,211
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense		72,269
Unrealized gain on investments		(440)
Realized gain on investments, net of fees		(153)
(Increase)/decrease in operating assets:		
Promises to give - capital campaign		95,250
Trade receivables		(20,882)
Increase/(decrease) in operating liabilities:		
Accounts payable and accrued expenses		(6,615)
Net cash provided/(used) by operating activities		<u>471,641</u>

Cash flows from investing activities

Purchase of property and equipment		(1,219,823)
Purchase of investments		(876)
Net cash provided/(used) by investing activities		<u>(1,220,699)</u>

Net increase/(decrease) in cash		(749,058)
Cash and cash equivalents, beginning of year		<u>3,237,736</u>
Cash and cash equivalents, end of year	\$	<u><u>2,488,678</u></u>

Reconciliation to statement of financial position:

Cash and cash equivalents	\$	1,463,694
Restricted cash - capital campaign		<u>1,024,984</u>
	\$	<u><u>2,488,678</u></u>

The accompanying notes are an integral part of these financial statements.

Note 1 - Nature of Organization

The Paths to Independence (“the Organization”) is an Oklahoma nonprofit corporation, incorporated in 2011. The mission of the Organization is to provide educational and support services to children and adults with autism spectrum disorders and their families.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting – The financial statements are prepared using the accrual basis of accounting. Accordingly, revenue is recorded when earned, and expenses are recorded when incurred. The financial statements are presented in accordance with authoritative accounting standards for not-for-profit organizations. As such, the standards require contributions to be recognized as revenue when they are received, or unconditionally pledged, and net assets to be classified as net assets with donor restrictions or net assets without donor restrictions, depending on the limitations placed on the contributions when received.

Income Taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, no provision has been made for federal or state income taxes. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation, within the meaning of Section 509(a) of the Internal Revenue Code.

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.

Cash and Cash Equivalents – Cash and cash equivalents represent demand deposits with original maturity of less than three months.

Investments – Investments are reported at fair value, based on quoted market prices. Investments classified as short-term are available for operations in the next fiscal year.

Property and Equipment – Property and equipment are recorded at acquisition cost. The Organization capitalizes assets with a cost greater than \$2,500. Betterments and renewals are capitalized. Maintenance and repairs are charged to operations when incurred. Depreciation is computed using the straight-line method, over the following estimated useful lives:

Furniture and fixtures	7 years
Equipment	7 years
Vehicles	5 years
Building Improvements	20 years
Buildings	39 years

Contributions – All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as donor restricted support that increases that net asset class. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Note 2 - Summary of Significant Accounting Policies (continued)

Classification of Net Assets - Net assets of the Organization shall be classified based upon the existence, or absence, of donor-imposed restrictions, as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may, or will be, satisfied through the actions of the Organization, and/or the passage of time.

Net assets accumulated by the Organization that are not subject to donor-imposed restrictions, but which the Board of Directors of the Organization has earmarked for specific uses, shall be segregated in the accounting records as "board-designated" funds, within the category of net assets without donor restrictions.

Note 3 – Concentration of Credit Risk

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Organization's deposits may not be returned to it. The Organization's cash deposits are maintained in financial institutions. The Organization does not have a deposit policy for custodial credit risk.

	<i>Credit Risk</i>			Bank Balance	Carrying Amount
	1	2	3		
Bank accounts	\$310,240	-	\$2,215,187	\$2,525,427	\$2,488,678
Reconciliation to the statement of financial position					
				Cash and cash equivalents	\$ 1,463,694
				Restricted cash	1,024,984
				Total cash and cash equivalents	<u>\$ 2,488,678</u>

Category 1 – Investments that are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the Organization, or its agent, in the Organization's name.

Category 2 – Collateralized with securities held by the pledging financial institution's trust department, or agent, in the Organization's name.

Category 3 – Uninsured or unregistered investments for which securities are held by the pledging financial institution's trust department, or agent, but not in the Organization's name.

Note 4 – Fair Value Measurements

The Organization reports fair value measures of its assets and liabilities, using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles (GAAP), requires that entities maximize the use of observable inputs, and minimize the use of unobservable inputs, when measuring fair value. The assets or liabilities' measurement, within the fair value hierarchy, is based on the lowest level of input that is significant to the measurement. The three levels of input used to measure fair value are as follows:

Level 1. Quoted prices are for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

Level 2. Inputs other than quoted prices included in level 1, that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets in markets that are not active.
- Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- Inputs derived principally from, or corroborated by, observable market data by correlation, or by other means.

Level 3. Unobservable inputs for the assets or liabilities. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, the Organization measures fair value using level 1 inputs, because they generally provide the most reliable evidence of fair value.

The primary uses of fair value measurements in the Organization's financial statements are the initial measurement of noncash gifts, gifts of investment assets, if any, including unconditional promises to give, and recurring measurement of short-term and long-term investments (see Note 5).

Note 5 – Investments

The investments of the Organization are held at Bartlesville Community Foundation and managed by a professional investment adviser. As of June 30, 2024, the balances are insured by the Securities Investor Protection Corporation (SIPC), up to \$500,000. Cash coverage is limited at \$250,000. The Organization's deposits have not exceeded insured amounts. However, if they did, Management believes the funds are not exposed to any significant risk due to the diversity of high-grade financial instruments held by the fund, and management's routine assessment of the portfolio. The value of the investments at June 30, 2024, is \$9,681.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Note 6 – Restricted Cash

As of June 30, 2024, the Organization had restricted cash in the amount of \$1,024,984 restricted as follows:

Capital Campaign - Building Renovations	\$	783,649
Capital Campaign - Scholarships		4,050
Capital Campaign - Café-Kitchen		10,000
ARPA		195,852
Phillips 66		31,433
Total	\$	<u>1,024,984</u>

Note 7 – Capital Campaign Pledge Receivable

The Organization is conducting a capital fundraising campaign for the building acquisition and site development of the former Will Rogers Elementary School, building renovations, cafeteria and kitchen additions, equipment and furnishings, and scholarship funds.

Note 8 – Net Assets with Donor Restrictions

Net assets are restricted for the following purposes:

Pledges receivables - restricted for time	\$	398,718
Capital Campaign - Building Renovations		783,649
Capital Campaign - Scholarships		21,500
Capital Campaign - Café-Kitchen		10,000
ARPA		195,852
Phillips 66		31,433
Total	\$	<u>1,441,152</u>

Note 9 – Functional Allocation of Expenses

The costs of providing the various programs, and supporting services, have been summarized on a functional basis, in the statement of functional expenses. Costs that are not directly associated with providing specific services have been allocated based on the relative time spent by the employees providing these services.

Note 10 – Donated Services

The Organization receives a significant amount of donated services from unpaid volunteers who participate during the campaign and with special projects. No amounts have been recognized in the statement of activities because the criteria for the recognition under authoritative accounting standards have not been satisfied.

Note 11 – Liquidity and Availability

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Total current assets	\$ 1,957,153
Less campaign pledge receivables, net of allowance	416,168
Plus restricted cash	<u>1,024,984</u>
Financial assets, at year-end	2,565,969
Less those unavailable for general expenditures within on year, due to:	
Contractual or donor-imposed restrictions	
Restricted by donor for purpose - Campaign - Building Renovations	783,649
Restricted by donor for purpose - Campaign - Scholarships	21,500
Restricted by donor for purpose - Campaign - Café-Kitchen	10,000
Restricted by donor for purpose - ARPA	195,852
Restricted by donor for purpose - Phillips 66	<u>31,433</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,523,535</u></u>

Note 12 - Subsequent Events

Subsequent events to the balance sheet date of June 30, 2024, through the issuance date of January 20, 2025, have been evaluated.