Pathlights

Single Audit

September 30, 2021

Sassetti

CERTIFIED PUBLIC ACCOUNTANTS

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Board of Directors
Pathlights
Palos Heights, Illinois

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Pathlights (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pathlights as of September 30, 2021 and 2020, 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.

Sassetti

CERTIFIED PUBLIC ACCOUNTANTS

Other Matters

Other information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended September 30, 2021, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2022, on our consideration of Pathlights' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pathlights' internal control over financial reporting and compliance.

Sassetti LLC

Oak Brook, Illinois
May 26, 2022

PATHLIGHTS

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 2,536,639	$ 2,633,389
Accounts receivable	663,699	464,987
Prepaid expenses	56,996	54,875
Property and equipment, net	137,956	169,496
Total Assets	$ 3,395,290	$ 3,322,747
LIABILITIES		
Accounts payable	$ 68,288	$ 76,788
Accrued expenses	194,230	147,159
Refundable advances	-	19,978
Paycheck Protection Program loan	-	514,700
Total Liabilities	262,518	758,625
NET ASSETS		
Without donor restrictions	3,132,772	2,564,122
Total Net Assets	3,132,772	2,564,122
Total Liabilities and Net Assets	$ 3,395,290	$ 3,322,747

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

PATHLIGHTS

STATEMENTS OF ACTIVITIES

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
REVENUES AND OTHER SUPPORT		
Government Agencies:		
Title III - B	$ 412,928	$ 414,245
Title III - C(2)	339,314	415,432
Title III - E	182,488	160,222
Comprehensive Case Coordination	1,934,154	2,037,387
Cook County Community Development Block Grant	27,000	23,601
Oak Lawn Community Development Block Grant	100,000	10,000
Adult Protective Services	367,577	397,783
Victim's Assistance Program	18,000	14,080
Paycheck Protection Program loan forgivness	514,700	-
Other agency grants	614,294	145,943
Total Government Agencies	4,510,455	3,618,693
Contributions	106,934	81,818
United Way	106,721	134,718
Project income	63,667	76,743
Donated services	29,863	14,834
Other income	270	17
Interest	1,344	28,457
Total Revenue and Other Support	4,819,254	3,955,280
EXPENSES		
Program	3,807,759	3,402,542
Management and general	374,572	505,159
Fundraising	68,273	56
Total Expenditures	4,250,604	3,907,757
CHANGE IN NET ASSETS	568,650	47,523
NET ASSETS -		
Beginning of year	2,564,122	2,516,599
End of year	$ 3,132,772	$ 2,564,122

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

PATHLIGHTS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries	$ 2,201,132	$ 91,145	$ 45,249	$ 2,337,526
Payroll taxes and fees	160,135	25,337	3,250	188,722
Group insurance	426,560	1,663	41	428,264
Retirement plan	148,288	3,953	2,974	155,215
Workman's compensation insurance	11,271	(65)	233	11,439
Rent, taxes and utilities	156,377	19,777	152	176,306
Postage	228	5,089	-	5,317
Telephone	5,227	597	5	5,829
Professional fees	-	119,757	-	119,757
Agency insurance	10,879	1,351	10	12,240
Emergency intervention direct services	98,262	-	-	98,262
Board and staff development	1,343	18,459	1,096	20,898
Travel	40,945	6,493	-	47,438
Supplies and office expense	105,036	16,355	1,162	122,553
Meal cost	264,607	-	-	264,607
Miscellaneous	-	5,218	677	5,895
Depreciation	32,253	2,022	111	34,386
Direct gap filling services	113,413	-	-	113,413
Donated services	29,863	-	-	29,863
Advertising and outreach	1,940	57,421	13,313	72,674
Total Expenditures	$ 3,807,759	$ 374,572	$ 68,273	$ 4,250,604

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

PATHLIGHTS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2020

	Program Services	Management and General	Fundraising	Total
Salaries	$ 1,908,519	$ 245,945	$ -	$ 2,154,464
Payroll taxes	140,314	19,258	-	159,572
Group insurance	362,389	36,701	-	399,090
Retirement plan	115,889	14,934	-	130,823
Workman's compensation insurance	38,956	5,020	-	43,976
Rent, taxes and utilities	155,744	20,070	-	175,814
Postage	7,600	1,329	-	8,929
Telephone	16,411	918	-	17,329
Professional fees	-	65,150	-	65,150
Agency insurance	11,484	1,480	-	12,964
Emergency intervention direct services	76,624	-	-	76,624
Flexible senior services			-	-
Board and staff development	17,881	6,546	-	24,427
Contributed services			-	-
Travel	55,103	3,375	-	58,478
Supplies and office expense	148,255	40,317	-	188,572
Meal cost	256,809	-	-	256,809
Miscellaneous	-	22,390	-	22,390
Depreciation	26,620	3,430	-	30,050
Direct gap filling services	45,572	-	-	45,572
Donated services	14,834	-	-	14,834
Advertising and outreach	538	18,296	56	18,890
Total Expenditures	$ 3,399,542	$ 505,159	$ 56	$ 3,904,757

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

PATHLIGHTS

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 568,650	$ 47,523
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	34,386	30,050
Paycheck Protection Program loan forgivness	(514,700)	-
Decrease (increase) in assets		
Accounts receivable	(198,712)	(117,704)
Prepaid expenses	(2,121)	(40,283)
(Decrease) increase in liabilities		
Accounts payable	(8,500)	73,063
Accrued expenses	47,071	1,971
Refundable advance	(19,978)	19,978
Net Cash (Used in) Provided by Operating Activities	(93,904)	14,598
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(2,846)	(76,269)
Net Cash Used In Investing Activities	(2,846)	(76,269)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from receipt of Paycheck Protection Program Loan	-	514,700
Net Cash Provided By Investing Activities	-	514,700
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(96,750)	453,029
CASH AND CASH EQUIVALENTS -		
Beginning of year	2,633,389	2,180,360
End of year	$ 2,536,639	2,633,389

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - The Pathlights (the "Organization") was founded in 1975 to improve the quality of life of persons 60 years of age and older, by providing the highest level of service to those who are physically, psychologically, and/or financially in need and treating those persons and families with dignity, compassion and respect. The Organization provides services in the townships of Palos, Lemont, Orland, and Worth. The Organization receives support from federal and state funders, and other sources, such as municipalities, foundations and private donors. The Organization was formerly known as PLOWS Council on Aging.

Basis of Accounting – The accounting records and the accompanying financial statements have been maintained and prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation - The Organization follows generally accepted accounting principles for not-for-profits. These principles require the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. At September 30, 2021 and 2020, the Organization had no net assets with donor restrictions, respectively.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes - The Organization is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Management believes that it did not engage in any unrelated business activities; thus, no provision for income tax has been provided for in the financial statements. The Organization's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

Statement of Cash Flows - For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization paid no cash for interest and income taxes for the years ended September 30, 2021 and 2020, respectively.

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect for contracted services and fees. Accounts receivable are considered past due after thirty days. Management reviews receivables and determines the need for an allowance for doubtful accounts based on management's experience and information. The Organization believes that its accounts receivable are fully collectible and that no allowance for doubtful accounts is deemed necessary as of

September 30, 2021 and 2020, respectively. Unconditional promises/pledges to give are recognized as revenue in the period pledged at their present value.

Property and Equipment - The Organization capitalizes asset additions greater than $1,000. Property and equipment are being depreciated over their estimated useful lives, from their date of acquisition, using the straight-line method. Useful lives are estimated to be 20 years for leasehold improvements, 5 years for computer equipment and 7 years for furniture and equipment. Depreciation expense totaled $34,386 and $30,050 for the years ended September 30, 2021 and 2020, respectively.

Classification of Net Assets - Under generally accepted accounting principles, the Agency is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. The net assets of the Agency are reported in the two self-balancing groups as follows:

> Net Assets without Donor Restriction: Net assets without donor restriction are for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. The Board may designate a portion of these net assets for specific purposes which make them unavailable for use at management's discretion.
>
> Net Assets with Donor Restriction: Net assets with donor restriction consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Agency reports gifts of cash and other assets as revenue with donor restriction if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions for which the restriction is satisfied in the same year as the contribution is received are accounted for as unrestricted support. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law. As of September 30, 2021 and 2020, there were no donor restricted net assets.

Recently Adopted Accounting Pronouncements - During fiscal year-end September 30, 2021, The Agency adopted Financial Accounting Standards Board's Accounting Standard Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). Topic 606 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and requires the reporting entity to recognize revenues when control of promised goods or services is transferred to customers and at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

This standard was adopted by the Agency effective October 1, 2020 using the modified retrospective method and elected to apply the standard only to contracts that were not completed as of that date.

There were no material changes in the timing of recognition of revenue and therefore there was no adjustment to the opening balance of net assets without donor restrictions.

Revenue Recognition

Grants and Support - The Organization receives revenue and other support from various funding sources in order to support their programs. Grants may be recognized as revenue either when received or based on a cost-reimbursement methodology as stated in the grant agreement, depending on whether it is determined to be conditional or unconditional. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions/barriers on which they depend are substantially met.

Unconditional promises to give are recognized as revenues in the period received. All contributions are available for unrestricted use unless explicit donor stipulations specify how or when the contributions may be used. Contributions of assets other than cash are recorded at their estimated fair value.

Exchange Transactions – The Organization's contracts with customers include services provided in its comprehensive case coordination and adult protective services programs. Timing of revenue recognition may differ from the timing of invoicing to for services. In instances where the timing of revenue recognition differs from the timing of invoicing, the Organization has determined that these contracts generally do not include a significant financing component.

The key economic factors that affect the recognition of revenue are the availability of funding from contracting agencies, case load, geography, and type of program service.

Comprehensive Case Coordination – The Organization's case coordination program offers frail older adults and their families assistance as they assess the need for care and coordinate an overall plan of service to maximize the older person's independence in the home. Multiple domains of the older person's life are evaluated including need for assistance with personal care, housekeeping, meal preparation, transportation, overall environment, and emotional well-being. The primary goal of the assessment is to link the older adult with the services and benefits available to them that help maintain their independence and dignity. The rate for each assessment is set by contracting with the State of Illinois. Assessments are billed monthly. Revenue is recognized over time as the assessment is completed and documented, which results in a simultaneous consumption of the services as they are provided. The Organization uses the time elapsed method to measure progress. Balance also includes any fee for service transactions related to services provided under agreement with the Illinois Department of Rehabilitation Services for homemaker and other approved assistance to older adults.

Rates for services are determined by the State of Illinois and are billed as services are provided over time.

Adult Protective Services – The Organization's adult protective services offers trained and caring professionals to help determine the services most needed to stop neglect and abuse; protect the person who has suffered abuse and/or neglect; and assist the individual in the healing process. Intervention for the abuser is also provided. Rates for investigations, casework, and follow up visits are set by contracting with the State of Illinois. The Organization bills the State of Illinois monthly, based upon the completed tasks per eligible senior. Revenue is recognized over time as the investigations, casework, and follow up visits are completed and documented then approved by the supervisor. The Organization uses the time elapsed method to measure progress.

The following table shows the Organization's revenue disaggregated according to the timing of the transfer of services for the years ended September 30:

	2021	2020
Exchange revenue recogonized over time		
Comprehensive Case Coordination	$ 1,934,154	$ 2,037,387
Adult Protective Services	367,577	397,783
	$ 2,301,731	$ 2,435,170

Allocation of Functional Expenses – In the statements of functional expenses, the costs which are directly associated with a particular program or supportive service are allocated directly to that functional category. Additionally, certain costs have been allocated among programs and supporting services benefited based on staff time devoted to the functional areas. Allocated expenses include occupancy, board and staff development, supplies and office expense.

Non-cash Contributions – The Organization receives voluntary assistance from participants in the Home Delivered Meal Program and other program and office activities. A total of $29,863 and $14,834 was recognized for the years ending September 30, 2021 and September 30, 2020, respectively. Amounts generally relate to legal or other skilled marketing, technology or construction services. The Organizations estimates approximately $123,000 and $118,000 in in-kind services have been donated for the years ended September 30, 2021 and 2020, respectively. Unrecognized services do not meet the criteria for recognition under generally accepted accounting principles as they do not require specialized skills.

Reclassifications – Certain amounts in the financial statements as of and for the year ended September 30, 2020 have been reclassified to conform to the current year presentation.

Subsequent Events - Management of the Agency have evaluated subsequent events through May 26, 2022, which is the date the financial statements were available to be issued.

2. PROPERTY AND EQUIPMENT

Balances of major classes of depreciable assets as of September 30, 2021 and 2020 are as follows (at cost):

	2021	2020
Leasehold improvements	$ 27,053	$ 27,053
Computer equipment	144,384	141,537
Furniture and equipment	200,030	200,030
Total Assets	371,467	368,620
Accumulated depreciation	(233,511)	(199,124)
Property and equipment, net	$ 137,956	$ 169,496

3. LEASE OBLIGATIONS

The Organization leases office space under a lease agreement which expired September 30, 2021 and was extended through September 30, 2022. The lease which requires minimum rental payments. Total lease expense, including real estate taxes for the years ended September 30, 2021 and 2020, was $157,860, respectively.

Future minimum payments required under the lease for the fiscal year ending September 30, 2022 are $157,860.

4. EMPLOYEES RETIREMENT PLAN

Effective November 1, 2016, the Organization established a 403(b) Thrift Plan for its employees. Under the plan, contributions are made to a participant account for each participating employee. The employee will be fully vested in the employer contributions after 5 years of service. All employees qualify as participants in the plan. The plan covers all employees, full and part-time. The contributions made to the plan must be the same percentage for each employee based on each employee's total compensation for the calendar year. For the calendar year ending December 31, 2021 and 2020, the contribution was 7% and is subject to change with board approval. Total contributions for the fiscal year ended September 30, 2021 and 2020 were $155,215 and $130,823, respectively.

5. PAYCHECK PROTECTION PROGRAM

On April 15, 2020, the Organization entered into a loan agreement with a commercial bank for $514,700, pursuant to the Paycheck Protection Program (the “PPP”) of the CARES Act, which was enacted March 27, 2020. The application for these funds required the Organization in good faith to certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization.

The Organization applied for, and received, full loan forgiveness during fiscal year 2021 and the proceeds are included as revenue and other support during the year ended September 30, 2021.

6. COMMITMENTS AND CONTINGENT LIABILITIES

The Organization has received significant financial assistance from federal and state agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits become a liability of the Organization.

7. CONCENTRATIONS

The Organization maintains its cash balances at various financial institutions. The balances may, at times, exceed federally insured credit limits.

Major funding sources include state and federal contracts, and foundations. For the years ended September 30, 2021 and 2020, approximately 94% and 91% of all revenues came from various government agencies, respectively. As of September 30, 2021 and 2020, approximately 55% and 65% of receivables, respectively, were due from the State of Illinois.

8. CONDITIONAL GRANTS

Conditional grants are grants that include a specific condition in order to earn the revenue. Conditional grants are not recorded in revenue until the condition of the grant is met (generally, when the service is provided). As of September 30, 2021, the Organization has conditional grants of approximately $455,000 from state and local government agencies to provide various services for older adults, including specific adult protective services. These grants are available to be used during fiscal year 2022 on qualifying expenses.

9. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization typically operates on a consistent annual cycle, with known recurring expenditures that include; payroll, meal costs and other expenditures as a result of fulfilling the Organization’s mission. Due to the general predictability of its annual operations, the Organization is able to structure its financial assets to be available as general expenditures, liabilities and other obligations come due.

The Organization’s financial assets available for general expenditure within one year of the statement of financial position date of September 30, 2021 and 2020, are as follows:

	2021	2020
Cash and cash equivalents	$ 2,536,640	$ 2,633,389
Accounts receivable	663,699	464,987
Total financial assets available to management for general expenditure within one year	$ 3,200,339	$ 3,098,376

10. NEW ACCOUNTING PRONOUNCEMENTS

The FASB has issued ASU 2020-07, Not-for-Profit Entities (Topic 958), which clarified the current standard and requires a not-for-profit to present contributed nonfinancial assets (in-kind contributions) as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statement of activities, disaggregated by category that depicts the type of nonfinancial assets. The standard also requires additional disclosures. The standard is effective for the fiscal year ending September 30, 2022.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets (receivables) and lease liabilities (leasehold obligations) on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of revenue recognition in the statement of activities. The standard is effective for the Organization's September 30, 2023 financial statements. Early adoption is permitted.

The Organization is currently evaluating the impact of the adoption of the above standards on its financial statements.

11. UNCERTAINTIES AND COVID-19

On March 10, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency, invoking powers under the Stafford Act, the Legislation that directs federal emergency disaster response. The Organization cannot predict how legal and regulatory responses to concerns about COVID-19 or other major public health issues will continue to impact the Organization. The total magnitude, timing, and duration of such potential financial impacts cannot be reasonably estimated at this time.

PATHLIGHTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title		Award Listing Number	Pass Through Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services:					
Aging Cluster:					
Passed through Illinois Department on Aging:					
Passed through Age Options:					
Special Programs for the Aging, Title III, Part B,					
Grants for Supportive Services and Senior Centers	*	93.044	B-20-1354	$ -	$ 250,234
COVID-19 Grants for Supportive Services and Senior Centers	*	93.044	N/A - IDOA	-	50,000
COVID-19 Grants for Supportive Services and Senior Centers	*	93.044	N/A - IDOA	-	15,000
				-	315,234
Special Programs for the Aging, Title III, Part C,					
Nutrition Services	*	93.045	C2-19-1134	-	122,832
Total Aging Cluster				-	438,066
Passed through Illinois Department on Aging:					
Passed through Age Options:					
National Family Caregiver Support, Title III, Part E		93.052	E-20-1335	-	182,254
National Family Caregiver Support, Title III, Part E		93.052	N/A - IDOA	-	7,900
COVID-19 National Family Caregiver Support, Title III, Part E		93.052	N/A - IDOA	-	16,836
				-	206,990
Passed through Community and Economic Development Association of Cook County					
Low-Income Home Energy Assistance		93.568	19-701-053	-	7,647
Passed through Age Options:					
Elder Abuse Prevention Interventions Program		93.747	N/A - IDOA	-	3,834
Support for Demonstration Ombudsman Programs Serving Beneficiaries of State Demonstrations to Integrate Care of Medicare-Medicaid		93.634	N/A - IDOA	-	6,100
Medicare Enrollment Assistance Program		93.071	N/A - IDOA	-	3,350
State Health Insurance Assistance Program		93.324	N/A - IDOA	-	1,750
Total U.S. Department of Health and Human Services				-	667,737
U.S. Department of Housing and Urban Development:					
Passed through Village of Oak Lawn:					
Community Development Block Grant		14.218	21-06-17	-	90,000
		14.218	B-21-MC-17-0016	-	10,000
Passed through Cook County:					
Community Development Block Grant		14.218	2004-038	-	27,000
Total U.S. Department of Housing and Urban Development				-	127,000
U.S. Department of Homeland Security:					
Emergency Food and Shelter National Board Program		97.024	39-2374-00	-	47,083
Total U.S. Department of Homeland Security				-	47,083
Total Expenditures of Federal Awards				$ -	$ 841,820

* Audited as a major program

See Notes to Schedule of Expenditures of Federal Awards

PATHLIGHTS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2021

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Pathlights under programs of the federal government for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Pathlights, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Pathlights. Pass-through entity identifying numbers are presented where available.

The Organization elected not to use the option of the 10% de minimis indirect cost rate.

Basis of Accounting

The accompanying schedule of expenditures of Federal awards is presented on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Payments to Subrecipients

Pathlights provided no Federal awards to sub-recipients during the year ended September 30, 2021.

Non - Cash Assistance

Pathlights neither received nor disbursed Federal awards in the form of non-monetary assistance during the year ended September 30, 2021.

Insurance, Loans, and Loan Guarantees

During the year ended September 30, 2021, Pathlights received no insurance, loans, loan guarantees or other Federal assistance for the purpose of administering Federal programs.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Pathlights
Palos Heights, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pathlights (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 26, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pathlights' internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pathlights' internal control. Accordingly, we do not express an opinion on the effectiveness of the Pathlights' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pathlights' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

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accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pathlights' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pathlights' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sassetti LLC

May 26, 2022
Oak Brook, Illinois

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100 YEARS
1921 - 2021
A CENTURY OF EXCEPTIONAL SERVICE

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Pathlights
Palos Heights, Illinois

Report on Compliance for Each Major Federal Program

We have audited Pathlights compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Pathlights' major federal programs for the year ended September 30, 2021. Pathlights' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Pathlights' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part* 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pathlights' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Pathlights' compliance.

Opinion on Each Major Federal Program

In our opinion, Pathlights complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of Pathlights is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pathlights' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pathlights' internal control over compliance.

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sassetti LLC

May 26, 2022
Oak Brook, Illinois

PATHLIGHTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2021

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness (es) identified?	____ Yes	X No
Significant deficiency (ies) identified?	____ Yes	X No
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards Section

Dollar threshold used to determine Type A programs:	$750,000	
Auditee qualified as low-risk auditee?	____ Yes	X No
Type of auditor's report on compliance for major programs:	Unmodified	
Internal control over major programs:	MOB	
Material weakness (es) identified?	____ Yes	X No
Significant deficiency (ies) identified?	____ Yes	X No
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	____ Yes	X No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
93.044 & 93.045	Aging Cluster

PATHLIGHTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2021

PART II - FINANCIAL STATEMENT AUDIT FINDINGS

NONE

PART III - FEDERAL PROGRAM AUDIT FINDINGS

NONE

PART IV - SUMMARY OF PRIOR AUDIT FINDINGS

NOT APPLICABLE