



# Pathlights

Single Audit  
September 30, 2022

**Sassetti**



CERTIFIED PUBLIC ACCOUNTANTS

PATHLIGHTS  
SINGLE AUDIT  
YEAR ENDED SEPTEMBER 30, 2022

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Board of Directors  
Pathlights  
Palos Heights, Illinois

## INDEPENDENT AUDITORS' REPORT

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Pathlights (the "Organization"), which comprise the statement of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2022 and 2021, 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.

#### ***Basis for Opinion***

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. 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Organization'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 and *Government 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 the 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 and *Government 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 Organization'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 Organization'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.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 schedule of expenditures of federal awards 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 June 13, 2023, on our consideration of Organization's 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 solely 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 the effectiveness of Organization's 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 Organization's internal control over financial reporting and compliance.

*Sassetti LLC*

Oak Brook, Illinois  
June 13, 2023

PATHLIGHTS  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2022 AND 2021

	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	2,224,230	\$ 2,536,639
Certificate of deposits	750,141	-
Accounts receivable	539,870	663,699
Prepaid expenses	19,522	56,996
Property and equipment, net	122,756	137,956
Total Assets	3,656,519	\$ 3,395,290
<b>LIABILITIES</b>		
Accounts payable	55,144	\$ 68,288
Accrued expenses	205,242	194,230
Refundable advances	79,094	-
Total Liabilities	339,480	262,518
<b>NET ASSETS</b>		
Without donor restrictions	3,288,652	3,132,772
With donor restrictions	28,387	-
Total Net Assets	3,317,039	3,132,772
Total Liabilities and Net Assets	\$ 3,656,519	\$ 3,395,290

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

PATHLIGHTS

STATEMENTS OF ACTIVITIES

YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022			2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Government Agencies:						
Title III - B	\$ 447,437	\$ -	\$ 447,437	\$ 412,928	\$ -	\$ 412,928
Title III - C(2)	369,635	-	369,635	339,314	-	339,314
Title III - E	279,371	-	279,371	182,488	-	182,488
Comprehensive Case Coordination	2,191,814	-	2,191,814	1,934,154	-	1,934,154
Cook County Community Development Block Grant	26,998	-	26,998	27,000	-	27,000
Oak Lawn Community Development Block Grant	10,000	-	10,000	100,000	-	100,000
Adult Protective Services	393,969	-	393,969	367,577	-	367,577
Victim's Assistance Program	18,750	-	18,750	18,000	-	18,000
Paycheck Protection Program loan forgiveness	-	-	-	514,700	-	514,700
Other agency grants	933,779	-	933,779	614,294	-	614,294
Total Government Agencies	4,671,753	-	4,671,753	4,510,455	-	4,510,455
Contributions	115,482	34,000	149,482	106,934	-	106,934
United Way	61,123	-	61,123	106,721	-	106,721
Project income	58,811	-	58,811	63,667	-	63,667
Donated services	29,000	-	29,000	29,863	-	29,863
Other income	237	-	237	270	-	270
Interest	19,444	-	19,444	1,344	-	1,344
Net assets released from restrictions	5,613	(5,613)	-	-	-	-
Total Revenue and Other Support	4,961,463	28,387	4,989,850	4,819,254	-	4,819,254
<b>EXPENSES</b>						
Program Management and general Fundraising	4,340,799	-	4,340,799	3,807,759	-	3,807,759
	353,294	-	353,294	374,572	-	374,572
	111,490	-	111,490	68,273	-	68,273
Total Expenditures	4,805,583	-	4,805,583	4,250,604	-	4,250,604
<b>CHANGE IN NET ASSETS</b>						
	155,880	28,387	184,267	568,650	-	568,650
<b>NET ASSETS -</b>						
Beginning of year	3,132,772	-	3,132,772	2,564,122	-	2,564,122
End of year	\$ 3,288,652	\$ 28,387	\$ 3,317,039	\$ 3,132,772	\$ -	\$ 3,132,772

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

PATHLIGHTS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 2,477,315	\$ 93,480	\$ 75,049	\$ 2,645,844
Payroll taxes and fees	187,793	16,127	5,741	209,661
Group insurance	464,145	4,564	141	468,850
Retirement plan	147,287	4,644	5,254	157,185
Workman's compensation insurance	31,807	633	1,016	33,456
Rent, taxes and utilities	166,620	6,209	5,462	178,291
Postage	322	10,135	-	10,457
Telephone	11,124	212	351	11,687
Professional fees	-	135,493	-	135,493
Agency insurance	12,177	742	389	13,308
Emergency intervention direct services	108,834	-	-	108,834
Board and staff development	12,204	17,750	3,955	33,909
Travel	61,681	453	385	62,519
Supplies and office expense	120,372	15,556	3,442	139,370
Meal cost	299,770	-	-	299,770
Miscellaneous	-	4,050	612	4,662
Depreciation	1,565	28,461	-	30,026
Direct gap filling services	152,032	-	-	152,032
Donated services	29,000	-	-	29,000
Advertising and outreach	56,751	14,785	9,693	81,229
Total Expenditures	<u>\$ 4,340,799</u>	<u>\$ 353,294</u>	<u>\$ 111,490</u>	<u>\$ 4,805,583</u>

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
<b>Total Expenditures</b>	<b>\$ 3,807,759</b>	<b>\$ 374,572</b>	<b>\$ 68,273</b>	<b>\$ 4,250,604</b>

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



PATHLIGHTS  
STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 184,267	\$ 568,650
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	30,026	34,386
Paycheck Protection Program loan forgiveness	-	(514,700)
Decrease (increase) in assets		
Accounts receivable	123,829	(198,712)
Prepaid expenses	37,474	(2,121)
(Decrease) increase in liabilities		
Accounts payable	(13,144)	(8,500)
Accrued expenses	11,012	47,071
Refundable advance	79,094	(19,978)
Net Cash Provided by (Used in) Operating Activities	<u>452,558</u>	<u>(93,904)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(14,826)	(2,846)
Purchases of Certificate of Deposits	<u>(750,141)</u>	<u>-</u>
Net Cash Used In Investing Activities	<u>(764,967)</u>	<u>(2,846)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(312,409)	(96,750)
CASH AND CASH EQUIVALENTS -		
Beginning of year	<u>2,536,639</u>	<u>2,633,389</u>
End of year	<u>\$ 2,224,230</u>	<u>2,536,639</u>

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

## PATHLIGHTS

### NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

#### 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.

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, 2022 and 2021, respectively.

Recently Adopted Accounting Pronouncements - During the year ended September 30, 2022, the Organization adopted Financial Accounting Standards Board's Accounting Standard Update ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* (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

## PATHLIGHTS

### NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

disclose contributed nonfinancial assets recognized within the statement of activities, disaggregated by category that depicts the type of nonfinancial assets. Based on the above, contributed nonfinancial assets have been presented separately on the statement of activities for both fiscal years ended 2022 and 2021 and related disclosures have been updated. The guidance did not materially impact the Organization's results of operations.

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, 2022 and 2021, 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 \$30,026 and \$34,386 for the years ended September 30, 2022 and 2021, respectively.

Classification of Net Assets - Under generally accepted accounting principles, the Organization 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 Organization 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 Organization 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.

## PATHLIGHTS

### NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

#### 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 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.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

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:

	<u>2022</u>	<u>2021</u>
Exchange revenue recognized over time		
Comprehensive Case Coordination	\$ 2,191,814	\$ 1,934,154
Adult Protective Services	393,969	367,577
	<u>\$ 2,585,783</u>	<u>\$ 2,301,731</u>

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.

Donated Services The Organization records contributions of donated services that create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills and that would typically need to be purchased if not provided by donation. A total of \$29,000 and \$29,863 of in-kind donated services have been reflected in the financial statements during the years ended September 30, 2022 and 2021, respectively. These services generally included skilled construction, legal services for clients and donated space. These services were provided as part of program activities and were contributed for the program benefited.

The valuation of donated professional services is based on current published rates for similar services in the marketplace.

The Organization receives voluntary assistance for the Home Delivered Meal Program and other program and office activities. Approximately \$200,000 and \$276,000 worth of time was contributed during the year ended September 30, 2022 and 2021, respectively. These amounts have not been recognized in the statement of activities and changes in net assets because the criteria for recognition of those services has not been satisfied as the services do not require specialized skills.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

Subsequent Events - Management of the Organization have evaluated subsequent events through June 13, 2023, 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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 27,053	\$ 27,053
Computer equipment	154,814	144,384
Furniture and equipment	<u>204,425</u>	<u>200,030</u>
Total Assets	386,292	371,467
Accumulated depreciation	<u>(263,536)</u>	<u>(233,511)</u>
Property and equipment, net	<u>\$ 122,756</u>	<u>\$ 137,956</u>

3. LEASE OBLIGATIONS

The Organization leases office space under a lease agreement which expires annually on September 30<sup>th</sup> and may be extended for additional one-year terms. The Organization can elect not to extend the lease with 90 days notice. The Organization has renewed the lease through September 30, 2023 and future minimum payments required under the lease for fiscal year 2023 are \$158,316. Total lease expense, including real estate taxes for the years ended September 30, 2022 and 2021 was \$157,860 each year.

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. The plan covers all employees, full and part-time and the contribution percentage is discretionary and determined by management.. For the calendar year ending December 31, 2022 and 2021, the contribution was 7% and is subject to change with board approval. Total contributions for the fiscal year ended September 30, 2022 and 2021 were \$168,303 and \$155,215, 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.

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## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

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. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2022 are purpose restricted for the following programs:

Financial stability outreach	\$	22,940
Gifts of Hope		5,447
	\$	<u>28,387</u>

### 7. 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.

### 8. 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, 2022 and 2021, approximately 94% of all revenues came from various government agencies, respectively. As of September 30, 2022 and 2021, approximately 43% and 55% of receivables, respectively, were due from the State of Illinois.

### 9. 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, 2022, the Organization has conditional grants of approximately \$450,000 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 2023 on qualifying expenses.

### 10. 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



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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

structure its financial assets to be available as general expenditures, liabilities and other obligations come due. Amounts included as donor restricted

The Organization's financial assets available for general expenditure within one year of the statement of financial position date of September 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,224,230	\$ 2,633,389
Accounts receivable	<u>539,870</u>	<u>464,987</u>
Total financial assets available within one year	2,764,100	3,098,376
Less: Amounts unavailable for general expenditure within one year, due to:		
Donor restriction	<u>28,387</u>	<u>-</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,735,713</u>	<u>\$ 3,098,376</u>

11. NEW ACCOUNTING PRONOUNCEMENTS

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.

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



PATHLIGHTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Award Listing Number</u>	<u>Pass Through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services:</b>				
Passed through Age Options:				
Special Programs for the Aging, Title III, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.051	402-05-2084	\$ -	\$ 4,411
Aging Cluster:				
Passed through Age Options:				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	* 93.044	B-21-1441	-	250,114
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	* 93.044	N/A	-	49,479
			<u>-</u>	<u>299,593</u>
Special Programs for the Aging, Title III, Part C, Nutrition Services	* 93.045	C2-19-1134	-	150,563
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	* 93.045	N/A	-	17,500
			<u>-</u>	<u>168,063</u>
<b>Total Aging Cluster</b>			<u>-</u>	<u>467,656</u>
Passed through Age Options:				
National Family Caregiver Support, Title III, Part E	93.052	E-21-1446	-	197,723
Passed through Cook County Health Department of Public Health:				
Immunization Cooperative Agreements	93.268	N/A	-	43,684
Passed through Illinois Department of Aging:				
Immunization Cooperative Agreements	93.268	N/A	-	11,341
			<u>-</u>	<u>55,025</u>
Passed through Community and Economic Development Association of Cook County				
Low-Income Home Energy Assistance	93.568	19-701-053	-	11,146
Passed through Age Options:				
Elder Abuse Prevention Interventions Program	93.747	402-05-2550	-	45,039
<b>Total U.S. Department of Health and Human Services</b>			<u>-</u>	<u>781,000</u>
<b>U.S. Department of Housing and Urban Development:</b>				
Passed through Village of Oak Lawn:				
Community Development Block Grant	14.218	B-21-MC-17-0016	-	10,000
Passed through Cook County:				
Community Development Block Grant	14.218	2104-064	-	26,998
<b>Total U.S. Department of Housing and Urban Development</b>			<u>-</u>	<u>36,998</u>

<Continued>

See Notes to Schedule of Expenditures of Federal Awards

PATHLIGHTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Award Listing Number</u>	<u>Pass Through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Treasury</b>				
Passed through Age Options:				
Coronavirus State and Local Recovery Funds	21.027	402-03-2567	-	12,926
Coronavirus State and Local Recovery Funds	21.027	N/A	-	10,000
			<u>-</u>	<u>10,000</u>
<b>Total U.S. Department of Treasury</b>			<u>-</u>	<u>22,926</u>
<b>U.S. Department of Homeland Security:</b>				
Emergency Food and Shelter National Board Program	97.024	2374-00-082	-	19,755
			<u>-</u>	<u>19,755</u>
<b>Total U.S. Department of Homeland Security</b>			<u>-</u>	<u>19,755</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ -</u>	<u>\$ 860,679</u>

\* 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, 2022

#### **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, 2022. 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, 2022.

#### **Non - Cash Assistance**

Pathlights neither received nor disbursed Federal awards in the form of non-monetary assistance during the year ended September 30, 2022.

#### **Insurance, Loans, and Loan Guarantees**

During the year ended September 30, 2022, 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 (the "Organization"), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 13, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's 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 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sassetti LLC*

June 13, 2023  
Oak Brook, Illinois



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**

***Opinion on Each Major Federal Program***

We have audited Pathlights (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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, 2022.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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*

June 13, 2023  
Oak Brook, Illinois



PATHLIGHTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2022

**PART I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statement Section**

Type of auditors' report issued:		Unmodified	
<hr/>			
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	
<hr/>			
Auditee qualified as low-risk auditee?	_____ Yes	_____ X _____	No
Type of auditor's report on compliance for major programs:		Unmodified	
<hr/>			
Internal control over major programs:			
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, 2022

**PART II - FINANCIAL STATEMENT AUDIT FINDINGS**

NONE

**PART III - FEDERAL PROGRAM AUDIT FINDINGS**

NONE

**PART IV - SUMMARY OF PRIOR AUDIT FINDINGS**

NOT APPLICABLE