Sassetti

Pathlights Human Services d/b/a Pathlights

Single Audit

Years Ended September 30, 2023 and 2022

PATHLIGHTS HUMAN SERVICES D/B/A PATHLIGHTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2023

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Board of Directors
Pathlights Human Services d/b/a 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 Human Services d/b/a Pathlights (the "Organization"), which comprise the statement of financial position as of September 30, 2023 and 2022, 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, 2023 and 2022, 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 April 19, 2024, 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
April 19, 2024

PATHLIGHTS HUMAN SERVICES D/B/A PATHLIGHTS

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 1,511,411	$ 2,224,230
Certificate of deposits	746,840	750,141
Investments	763,838	-
Accrued interest receivable	16,058	-
Accounts receivable	698,435	539,870
Prepaid expenses	55,461	19,522
Property and equipment, net	92,448	122,756
Total Assets	$ 3,884,491	$ 3,656,519
LIABILITIES		
Accounts payable	$ 74,555	$ 55,144
Accrued expenses	186,343	205,242
Refundable advances	75,185	79,094
Total Liabilities	336,083	339,480
NET ASSETS		
Without donor restrictions	3,513,918	3,288,652
With donor restrictions	34,490	28,387
Total Net Assets	3,548,408	3,317,039
Total Liabilities and Net Assets	$ 3,884,491	$ 3,656,519

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

PATHLIGHTS

STATEMENTS OF ACTIVITIES

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023			2022		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND OTHER SUPPORT						
Government Agencies:						
Title III - B	$ 563,702	$ -	$ 563,702	$ 447,437	$ -	$ 447,437
Title III - C(2)	525,139	-	525,139	369,635	-	369,635
Title III - E	334,335	-	334,335	279,371	-	279,371
Comprehensive Case Coordination	2,324,417	-	2,324,417	2,191,814	-	2,191,814
Cook County Community Development Block Grant	40,861	-	40,861	26,998	-	26,998
Oak Lawn Community Development Block Grant	-	-	-	10,000	-	10,000
Adult Protective Services	389,210	-	389,210	393,969	-	393,969
Victim's Assistance Program	61,076	-	61,076	18,750	-	18,750
Other agency grants	596,976	-	596,976	933,779	-	933,779
Total Government Agencies	4,835,716	-	4,835,716	4,671,753	-	4,671,753
Contributions	6,694	65,000	71,694	115,482	34,000	149,482
United Way	215,969	-	215,969	61,123	-	61,123
Project income	82,400	-	82,400	58,811	-	58,811
Special events	1,334		1,334			
Donated services	25,413	-	25,413	29,000	-	29,000
Other income	3,659	-	3,659	237	-	237
Investment return, net	117,403	-	117,403	16,043	-	16,043
Net assets released from restrictions	58,897	(58,897)	-	5,613	(5,613)	-
Total Revenue and Other Support	5,347,485	6,103	5,353,588	4,958,062	28,387	4,986,449
EXPENSES						
Program	4,611,515	-	4,611,515	4,340,799	-	4,340,799
Management and general	329,828	-	329,828	349,893	-	349,893
Fundraising	180,876	-	180,876	111,490	-	111,490
Total Expenditures	5,122,219	-	5,122,219	4,802,182	-	4,802,182
CHANGE IN NET ASSETS	225,266	6,103	231,369	155,880	28,387	184,267
NET ASSETS -						
Beginning of year	3,288,652	28,387	3,317,039	3,132,772	-	3,132,772
End of year	$ 3,513,918	$ 34,490	3,548,408	$ 3,288,652	$ 28,387	$ 3,317,039

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

PATHLIGHTS HUMAN SERVICES D/B/A PATHLIGHTS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries	$ 2,419,100	$ 37,396	$ 125,809	$ 2,582,305
Payroll taxes and fees	172,190	24,359	9,558	206,107
Group insurance	452,088	23,296	6,031	481,415
Retirement plan	156,551	6,695	8,672	171,918
Workman's compensation insurance	36,104	3,621	1,642	41,367
Rent, taxes and utilities	167,468	5,829	7,824	181,121
Postage	96	9,821	-	9,917
Telephone	21,180	2,275	958	24,413
Professional fees	-	137,506	-	137,506
Agency insurance	11,038	1,477	520	13,035
Emergency intervention direct services	225,875	3,643	-	229,518
Board and staff development	18,385	13,364	2,446	34,195
Travel	79,860	1,314	1,371	82,545
Supplies and office expense	110,492	26,316	3,199	140,007
Meal cost	398,309	-	-	398,309
Miscellaneous	575	1,246	214	2,035
Depreciation	-	30,308	-	30,308
Outsourced gap filling staffing	252,318	-	-	252,318
Donated services	25,413	-	-	25,413
Advertising and outreach	64,473	1,362	12,632	78,467
Total Expenditures	$ 4,611,515	$ 329,828	$ 180,876	$ 5,122,219

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

PATHLIGHTS HUMAN SERVICES D/B/A 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	-	649	612	1,261
Depreciation	1,565	28,461	-	30,026
Outsourced gap filling staffing	152,032	-	-	152,032
Donated services	29,000	-	-	29,000
Advertising and outreach	56,751	14,785	9,693	81,229
Total Expenditures	$ 4,340,799	$ 349,893	$ 111,490	$ 4,802,182

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

PATHLIGHTS HUMAN SERVICES D/B/A PATHLIGHTS

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 231,369	$ 184,267
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities		
Unrealized (gains) losses on investments	(335)	-
Depreciation	30,308	30,026
Decrease (increase) in assets		
Accrued interest receivable	(16,058)	-
Accounts receivable	(158,565)	123,829
Prepaid expenses	(35,939)	37,474
(Decrease) increase in liabilities		
Accounts payable	19,411	(13,144)
Accrued expenses	(18,899)	11,012
Refundable advance	(3,909)	79,094
Net Cash (Used in) Provided by Operating Activities	47,383	452,558
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	-	(14,826)
Sales of investments	511,000	-
Puchases of investments	(1,271,202)	-
Maturities of certifcate of deposits	750,000	-
Puchases of certifcate of deposits	(750,000)	(750,141)
Net Cash Used in Investing Activities	(760,202)	(764,967)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(712,819)	(312,409)
CASH AND CASH EQUIVALENTS -		
Beginning of year	2,224,230	2,536,639
End of year	$ 1,511,411	$ 2,224,230
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - The Pathlights Human Services d/b/a 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 southwest suburbs of Cook County. 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, 2023 and 2022, respectively.

Leases – The Organization determines if an arrangement is, or contains, a lease at inception. When applicable, leases of 12 months or more are included in right-of-use (ROU) assets and lease liabilities in the Statement of Financial Position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term at the commencement date. As allowed under the standard, the Organization has elected not to apply the standard to short-term leases of 12 months or less. Short-term leases are expensed straight-line over the lease term.

Recently Adopted Accounting Pronouncements - On February 25, 2016, the FASB issued ASU No. 2016-02, Leases (ASC 842), requiring lessees to recognize a right-of use asset and a lease liability on the statement of financial position for all leases with the exception of short-term leases. For lessees, leases will continue to be classified as either operating or finance leases in the statement of activities. Lessor accounting is similar to the current model but updated to align with certain changes to the lessee model. Lessors will continue to classify leases as operating, direct financing or sales-type leases. The standard was adopted during 2023 and resulted in no material modification to the financial statements.

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, 2023 and 2022, respectively. Unconditional promises/pledges to give are recognized as revenue in the period pledged at their present value.

Investments - Investments in marketable securities are valued at fair value. Gains and losses, both realized and unrealized, on investments are reported as increases or decreases in net assets without donor restrictions unless the use is designated, or donor restricted by explicit stipulations.

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 $30,308 and $30,026 for the years ended September 30, 2023 and 2022, 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.

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 beginning and ending contract balances were as follows:

	October 1, 2022	September 30, 2023
Accounts receivable	$ 261,564	$ 329,025
	October 1, 2021	**September 30, 2022**
Accounts receivable	$ 335,423	$ 261,564

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

	2023	2022
Exchange revenue recognized over time		
Comprehensive Case Coordination	$ 2,324,417	$ 2,191,814
Adult Protective Services	389,210	393,969
	$ 2,713,627	$ 2,585,783

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 are 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 $25,413 and $29,000 of in-kind donated services have been reflected in the financial statements during the years ended September 30, 2023 and 2022, 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 $25,000 worth of time was contributed during the year ended September 30, 2023 and 2022, 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.

Reclassification – Certain amounts in the prior year financial statements have been reclassified to conform to current year presentation.

Subsequent Events - Management of the Organization have evaluated subsequent events through April 19, 2024, 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, 2023 and 2022 are as follows:

	2023	2022
Leasehold improvements	$ 27,053	$ 27,053
Computer equipment	154,814	154,814
Furniture and equipment	204,425	204,425
Total Assets	386,292	386,292
Accumulated depreciation	(293,844)	(263,536)
Property and equipment, net	$ 92,448	$ 122,756

3. CERTIFICATES OF DEPOSIT

The Organization invests in various certificates of deposit with maturities typically ranging from 12 to 18 months. All certificates of deposits are valued at fair value plus accrued interest. Fair values are determined by a third-party source based on estimated transactions assuming normal market conditions for similar asset types. Actual value could differ from this amount.

4. INVESTMENTS AND FAIR VALUE

The Organization follows generally accepted accounting principles related to fair value measurement. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Organization considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

These principles establish a fair value hierarchy that requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

There are three levels of inputs that may be used to measure fair value:

> Level 1 - quoted prices in active markets for identical assets or liabilities;
>
> Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
>
> Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization's Level 1 investments include U.S Treasury Notes which are valued using closing prices for identical instruments that are traded on active exchanges, plus any accrued interest.

Investment securities are exposed to various risks including interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

The following summarizes the classification of investments by classification and method of valuation as of September 30, 2023:

	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	$ 769,456	$ -	$ -	$769,456

Total investment return, including interest on certificates of deposit consist of the following for the years ended September 30:

	2023	2022
Interest	$ 120,293	$ 16,043
Unrealized gain	335	-
Investment fees	(3,225)	(3,401)
	$ 117,403	$ 12,642

5. LEASE OBLIGATIONS

The Organization leases office space under lease agreements with the same landlord which expire annually on September 30th and may be extended. The Organization can elect not to extend the lease with 90 days notice. Total lease expense for the years ended September 30, 2023 and 2022 was $158,316 and $157,860, respectively, and is included in rent, taxes and utilities on the Statement of Functional Expenses. In August 2023, revised leases were signed which included two-year terms from October 1, 2023 through September 30, 2025. Expected total future minimum payments on these leases are approximately $320,000.

6. EMPLOYEES RETIREMENT PLAN

The Organization has 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, 2023 and 2022, the contribution was 7% and is subject to change with board approval. Total contributions for the fiscal year ended September 30, 2023 and 2022 were $171,918 and $157,185, respectively.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2023 and 2022 are purpose restricted for the following programs:

	2023	2022
Financial stability program	$ 34,076	$ 22,940
Gifts of Hope	414	5,447
	$ 34,490	$ 28,387

8. 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.

9. CONCENTRATIONS

The Organization maintains its cash balances one financial institution with multiple bank charters. 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, 2023 and 2022, approximately 90% of all revenues came from various government agencies, respectively. As of September 30, 2023 and 2022, approximately and 64% of receivables, respectively, were due from the State of Illinois.

10. 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, 2023, the Organization has conditional grants of approximately $400,000 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 2024 on qualifying expenses.

11. 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. Amounts included as donor restricted are excluded from balances available to management for general expenditures.

The Organization's financial assets available for general expenditure within one year of the statement of financial position date of September 30, 2023 and 2022, are as follows:

	2023	2022
Cash and cash equivalents	$ 1,511,411	$ 2,224,230
Certificate of deposits	746,840	750,141
Investments	779,896	-
Accounts receivable	698,435	539,870
Total financial assets available within one year	3,736,582	3,514,241
Less: Amounts unavailable for general expenditure within one year, due to:		
Donor restriction	34,490	28,387
Total financial assets available to management for general expenditure within one year	$ 3,702,092	$ 3,485,854

12. NEW ACCOUNTING PRONOUNCEMENTS

Measurement of Credit Losses on Financial Instruments (ASC 326) – This standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The ASU is effective for annual periods beginning after December 15, 2022. The Organization is in the process of evaluating any impact to the financial statements.

PATHLIGHTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2023

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 Age Options:					
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	*	93.044	B-22-1581	-	341,040
Special Programs for the Aging, Title III, Part C, Nutrition Services	*	93.045	C2-22-1547	-	132,874
Total Aging Cluster				-	473,914
Passed through Age Options:					
National Family Caregiver Support, Title III, Part E		93.052	E-22-1578	-	212,635
Passed through Illinois Public Health Association					
Immunization Cooperative Agreements		93.268	23-0076	-	76,424
Special Programs for the Aging, Title III, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation		93.041	N/A	-	4,411
				-	289,059
Passed through Community and Economic Development Association of Cook County					
Low-Income Home Energy Assistance		93.568	19-701-053	-	17,131
Passed through Age Options:					
Elder Abuse Prevention Interventions Program		93.747	N/A	-	43,672
Passed through National Council on Aging					
Community Action Grant		93.048	90ADCI0008-01-05	-	8,905
Total U.S. Department of Health and Human Services				-	837,092
U.S. Department of Housing and Urban Development:					
CDBG - Entitlement Grants Cluster					
Passed through Cook County					
Community Development Block Grant		14.218	2204-044	-	26,998
Total CDBG Entitlement Grants Cluster				-	26,998
Total U.S. Department of Housing and Urban Development				-	26,998
U.S. Department of Homeland Security:					
Emergency Food and Shelter National Board Program		97.024	2374-00-082	-	172,577
Total U.S. Department of Homeland Security				-	172,577
Total Expenditures of Federal Awards				$ -	$ 1,036,667

* Audited as a major program

See Notes to Schedule of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Pathlights Human Services d/b/a Pathlights under programs of the federal government for the year ended September 30, 2023. 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 Human Services d/b/a Pathlights it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Pathlights Human Services d/b/a 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 Human Services d/b/a Pathlights provided no Federal awards to sub-recipients during the year ended September 30, 2023.

Non - Cash Assistance

Pathlights Human Services d/b/a Pathlights neither received nor disbursed Federal awards in the form of non-monetary assistance during the year ended September 30, 2023.

Insurance, Loans, and Loan Guarantees

During the year ended September 30, 2023, Pathlights Human Services d/b/a 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 Human Services d/b/a 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 Human Services d/b/a Pathlights (the "Organization"), which comprise the statement of financial position as of September 30, 2023, 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 April 19, 2024.

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

April 19, 2024
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 Human Services d/b/a Pathlights
Palos Heights, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pathlights Human Services d/b/a 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, 2023. 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, 2023.

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

April 19, 2024
Oak Brook, Illinois

PATHLIGHTS HUMAN SERVICES D/B/A PATHLIGHTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2023

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:		
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 HUMAN SERVICES D/B/A PATHLIGHTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2023

PART II - FINANCIAL STATEMENT AUDIT FINDINGS

NONE

PART III - FEDERAL PROGRAM AUDIT FINDINGS

NONE

PART IV - SUMMARY OF PRIOR AUDIT FINDINGS

NOT APPLICABLE