



**PATH (PEOPLE ASSISTING THE HOMELESS)**  
(A Non-Profit Corporation)

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION REQUIRED BY  
THE UNIFORM GUIDANCE**

**For the Year Ended June 30, 2025**  
**(With Summarized Comparative Totals for June 30, 2024)**  
*with*

**INDEPENDENT AUDITORS' REPORT THEREON**

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**CERTIFIED PUBLIC ACCOUNTANTS**

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
**(A Non-Profit Corporation)**

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## Independent Auditors' Report

To the Board of Directors  
PATH (People Assisting The Homeless)

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

#### ***Opinion***

We have audited the financial statements of PATH (People Assisting The Homeless) (the “Organization,” a non-profit corporation), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”) 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 Auditors’ 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditors' 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 auditors' 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement 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 the audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting principles 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

### **Report of Summarized Comparative Information**

We have previously audited the Organization’s June 30, 2024 financial statements, and we expressed an unmodified audit opinion on these audited financial statements in our report dated January 31, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”), 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 statement or 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 January 29, 2026 on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the Organization’s internal control over financial reporting and compliance.

PDM, LLP

Torrance, California  
January 29, 2026

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
(A Non-Profit Corporation)

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2025**

(WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2024)

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 10,473,639	\$ 10,621,639
Government contracts and other receivables, net	41,447,937	36,767,640
Other receivables, related parties	321,021	935,606
Prepaid expenses and other assets	2,068,130	1,830,593
	54,310,727	50,155,478
<b>LONG-TERM ASSETS</b>		
Pledge receivable	-	418,750
Note receivable, related party	666,891	865,056
Property and equipment, net	10,098,139	11,166,375
Operating lease right-of-use assets	1,247,867	2,387,120
Beneficial interest in perpetual trust	52,453	48,036
	12,065,350	14,885,337
<b>TOTAL ASSETS</b>	<b>\$ 66,376,077</b>	<b>\$ 65,040,815</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 8,526,083	\$ 7,772,245
Accrued payroll and related liabilities	5,781,248	5,747,589
Contract advances, current portion	6,190,568	6,002,120
Line of credit	4,400,000	7,500,000
Notes payable, current portion	3,156,911	75,124
Finance lease liabilities, current portion	382,096	383,041
Operating lease liabilities, current portion	401,637	1,124,790
Interest payable, current portion	625,183	-
Deferred income, current portion	7,351	7,351
	29,471,077	28,612,260
<b>LONG-TERM LIABILITIES</b>		
Deferred income, net of current portion	161,195	168,546
Contract advances, net of current portion	8,171,442	8,233,658
Finance lease liabilities, net of current portion	338,638	654,574
Notes payable, net of current portion	4,863,114	8,117,511
Operating lease liabilities, net of current portion	887,872	1,265,045
Interest payable, net of current portion	349,500	921,960
	14,771,761	19,361,294
<b>TOTAL LIABILITIES</b>	44,242,838	47,973,554
<b>NET ASSETS</b>		
Without donor restrictions	18,133,239	11,903,900
With donor restrictions	4,000,000	5,163,361
	22,133,239	17,067,261
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 66,376,077</b>	<b>\$ 65,040,815</b>

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

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
(A Non-Profit Corporation)

**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2025**

**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)**

	2025		2024	
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
<b>REVENUE AND SUPPORT</b>				
Government contract income	\$ 157,424,509	\$ -	\$ 157,424,509	\$ 160,889,805
Fee for service contract income	3,070,732	-	3,070,732	1,993,059
Direct public support	11,311,661	-	11,311,661	13,628,937
Special events, net	1,750,754	-	1,750,754	1,404,406
In-kind revenue	583,178	-	583,178	1,797,940
Loan forgiveness support	97,274	-	97,274	493,185
Other contracted revenue	468,000	-	468,000	567,374
Other income	484,885	-	484,885	417,569
Net assets released from restrictions	1,163,361	(1,163,361)	-	-
 Total revenue and support	176,354,354	(1,163,361)	175,190,993	181,192,275
<b>FUNCTIONAL EXPENSES</b>				
Program services	153,398,244	-	153,398,244	169,526,640
Supporting services	14,027,192	-	14,027,192	13,648,063
Fundraising	1,873,553	-	1,873,553	1,783,205
Total expenses before depreciation and amortization	169,298,989	-	169,298,989	184,957,908
<b>CHANGE IN NET ASSETS,</b> before depreciation and amortization	7,055,365	(1,163,361)	5,892,004	(3,765,633)
Depreciation and amortization:				
Program services	153,872	-	153,872	142,643
Supporting services	672,154	-	672,154	637,853
Total depreciation and amortization	826,026	-	826,026	780,496
<b>CHANGE IN NET ASSETS</b>	6,229,339	(1,163,361)	5,065,978	(4,546,129)
<b>NET ASSETS, beginning of year</b>	11,903,900	5,163,361	17,067,261	21,613,390
<b>NET ASSETS, end of year</b>	\$ 18,133,239	\$ 4,000,000	\$ 22,133,239	\$ 17,067,261

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

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
(A Non-Profit Corporation)

**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2025**

**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)**

	2025				2024
	Program Services	Supporting		Total	Summarized Total
		Services	Fundraising		
<b>PERSONNEL EXPENSES</b>					
Salaries	\$ 63,004,771	\$ 6,810,024	\$ 1,181,789	\$ 70,996,584	\$ 70,394,039
Payroll taxes	4,667,648	477,732	84,327	5,229,707	5,205,334
Employee benefits	8,018,040	808,570	119,820	8,946,430	8,513,392
<b>TOTAL PERSONNEL EXPENSES</b>	<u>75,690,459</u>	<u>8,096,326</u>	<u>1,385,936</u>	<u>85,172,721</u>	<u>84,112,765</u>
<b>OTHER EXPENSES</b>					
Building maintenance	3,822,862	317,419	11,146	4,151,427	5,568,095
Community engagement	11,910	93,036	45,839	150,785	243,457
Direct client assistance	31,591,339	-	-	31,591,339	32,542,895
Equipment	1,692,661	753,865	11,059	2,457,585	3,045,279
Fundraising	-	-	394,603	394,603	320,707
Finance related fees	16,602	292,363	-	308,965	256,566
In-kind expenses	583,178	-	-	583,178	1,797,940
Insurance	2,553,423	573,625	4,259	3,131,307	3,041,143
Interest	305,928	558,631	-	864,559	945,464
Office expenses	591,791	132,984	15,456	740,231	1,179,236
Other expenses	504,431	379,814	-	884,245	574,420
Professional services	4,813,112	1,638,053	-	6,451,165	11,974,925
Program supplies, services, and transportation	10,313,697	-	-	10,313,697	13,435,851
Lease expense	1,596,734	9,778	-	1,606,512	5,891,309
Security	9,812,279	115,636	-	9,927,915	10,682,564
Staff training and recruitment	283,248	104,539	-	387,787	623,851
Sub-recipient grants	5,893,006	-	-	5,893,006	5,334,328
Telephone	1,047,031	76,673	2,703	1,126,407	1,262,353
Travel	757,279	42,093	2,552	801,924	701,337
Utilities	1,517,274	43,357	-	1,560,631	1,412,662
Legal settlement	-	423,500	-	423,500	-
Reserve provision	-	375,000	-	375,000	-
Contributions	-	500	-	500	10,761
<b>TOTAL OTHER EXPENSES</b>	<u>77,707,785</u>	<u>5,930,866</u>	<u>487,617</u>	<u>84,126,268</u>	<u>100,845,143</u>
<b>TOTAL EXPENSES</b>					
<b>BEFORE DEPRECIATION</b>					
<b>AND AMORTIZATION</b>	153,398,244	14,027,192	1,873,553	169,298,989	184,957,908
Depreciation and amortization	<u>153,872</u>	<u>672,154</u>	<u>-</u>	<u>826,026</u>	<u>780,496</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 153,552,116</u>	<u>\$ 14,699,346</u>	<u>\$ 1,873,553</u>	<u>\$ 170,125,015</u>	<u>\$ 185,738,404</u>

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

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
(A Non-Profit Corporation)

**STATEMENT OF CASH FLOWS, CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)**

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 5,065,978	\$ (4,546,129)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	1,197,452	1,094,964
Gain on beneficial interest in perpetual trust	(4,417)	(2,829)
Gain on loan forgiveness	(97,274)	(493,185)
Note receivable written off, related party	198,165	-
Uncollectible receivable	176,835	-
Reserve provision	375,000	-
Changes in operating assets and liabilities:		
Government contracts and other receivable	(4,680,297)	(5,273,327)
Other receivables, related parties	614,585	163,352
Pledges receivable	418,750	850,000
Prepaid expenses and other assets	(237,537)	(58,814)
Accounts payable and accrued expenses	(221,497)	2,018,947
Accrued payroll and related liabilities	33,659	936,221
Contract advances	126,232	(1,360,214)
Accrued litigation liability	423,500	-
Deferred income	(7,351)	(7,872)
Operating lease right-of-use assets and liabilities, net	38,927	(89,840)
Interest payable	52,723	52,723
Net cash flows from operating activities	<u>3,473,433</u>	<u>(6,716,003)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments received on notes receivable, related party	-	1,057,683
Purchases of property and equipment	(31,056)	(119,126)
Net cash flows from investing activities	<u>(31,056)</u>	<u>938,557</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net borrowings (payments) on line of credit	(3,100,000)	4,500,000
Payments on finance lease obligations	(415,041)	(153,487)
Principal payments on notes payable	(75,336)	(190,453)
Net cash flows from financing activities	<u>(3,590,377)</u>	<u>4,156,060</u>
Net change in cash and cash equivalents	(148,000)	(1,621,386)
Cash and cash equivalents, beginning of year	<u>10,621,639</u>	<u>12,243,025</u>
Cash and cash equivalents, end of year	<u>\$ 10,473,639</u>	<u>\$ 10,621,639</u>

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

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
**(A Non-Profit Corporation)**

**STATEMENT OF CASH FLOWS, CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)**

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	<u>2025</u>	<u>2024</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for:		
Interest	\$ <u>811,836</u>	\$ <u>892,740</u>
Noncash investing and financing activities:		
Assets acquired under capital leases	\$ <u>415,041</u>	\$ <u>143,268</u>

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

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
**(A Non-Profit Corporation)**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

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**NOTE 1 - ORGANIZATION**

PATH (People Assisting the Homeless) (the “Organization”) is a publicly-supported non-profit corporation established in California on October 19, 1984 for the specific purpose of meeting the needs of homeless and at-risk individuals in the Los Angeles area.

The Organization receives funding from government grant contracts as well as corporate and foundation grants and donations from individuals.

The Organization receives approximately 92% of its operating funds from government agencies. This funding is recognized as contract income when grant-purpose services are performed by the Organization. Government funding is provided by various ongoing contracts with the United States, County and City of Los Angeles, as well as other municipalities.

The Organization receives contributions in the form of donations with or without restrictions. The Organization received approximately 7% of its funding for operations from contributions made by private organizations and individuals, as well as special events.

**Liquidity and Availability of Resources** - The Organization’s financial assets available for unrestricted purposes are as follows:

Cash and cash equivalents	\$ 10,473,639
Government contracts, notes, and other receivables, current	<u>41,768,958</u>
Gross funds available within one year	52,242,597
Less: financial assets subject to donor restrictions	<u>(4,000,000)</u>
Financial assets available within one year	<u>\$ 48,242,597</u>

This allows for \$48,129,236 available assets for unrestricted purposes. This covers approximate three months of normal operating expenses which, on average, totals approximately \$14,100,000 per month given full programmatic expenditures.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

*Net assets with donor restrictions* - Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as gifts to an Endowment, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when restrictions expire, that is, when the stipulation of time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

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

**Support Accounted for in Accordance with Contribution Accounting** - Contributions, including pledges, are recognized at fair value when the donor makes an unconditional promise to give to the Organization. Conditional promises to give (with a barrier and right of return) are not recognized until the conditions on which they depend have been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets, or that require specialized skills that are provided by the individual possessing those skills and would typically need to be purchased, if not provided by donation, are recorded at the fair values in the period received. Unless otherwise noted, contributed non-cash assets did not have donor-imposed restrictions. For the year ended June 30, 2025, the Organization recognized donated in-kind food valued at \$583,178.

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Government contract income represents conditional grant support. This government contract income is recognized as contribution when the Organization has satisfied the grant conditions stipulated in the contract. Contract advances represent monies received on contract agreements in advance of services being performed from government agencies. Government contract income is recognized as the Organization meets the contract conditions or contract obligations. This occurs as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the contract agreements.

Contributions receivable consists of amounts awarded from local government agencies, foundations, and other non-profit organizations under contractual agreements. The Organization uses the allowance method to determine uncollectible contributions receivable. Based on prior year experience, management's analysis of the grants, and forecasts, the Organization believes that all grants will be fully invoiced and collected within the contracted grant period. Any unexpended funds are reverted to the grantor at the close of the grant period.

Pledges receivable are recognized at fair value when the donor makes an unconditional promise to give to the Organization. Discounts for long-term pledges are recorded as reductions to contributions revenue and pledges receivable. Discounts increase contribution revenue when the pledge is received. There were no pledges receivable as of June 30, 2025.

Deferred income represents advances from government agency grants before the Organization satisfies the foundation's government grant contract guidelines. Also included in deferred income are fundraising events' funds that are received prior to the event taking place and are recognized when the event takes place subsequent to year end.

**Revenue recognition** - Revenue is recognized when the Organization satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The majority of the Organization's contract revenue arrangements consists of recognizing revenue to depict the services to clients in an amount that reflects considerations to which the Organization expects to be entitled in exchange for those goods or services. This income is recognized as contract income when services are performed by the Organization and performance obligations are met. Revenue is recognized either at a point in time or at a point in time that contractual obligations are met.

The Organization's government contracts receivable primarily consists of reimbursements due from contracted government grant reimbursement requests and service contract revenue receivables. On a periodic basis, the Organization evaluates outstanding contracts receivable and establishes an allowance based upon a history of past write-offs and collections as well as current credit conditions, and reasonable and supportable forecasts. As of June 30, 2025, there were no material allowances on the Organizations government contracts and other receivables.

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
**(A Non-Profit Corporation)**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Cash and Cash Equivalents** - For the purpose of reporting cash flows, cash and cash equivalents include operating cash held in banks, money market funds, and investments with an original maturity of ninety-days or less. The Organization maintains its cash balances in a financial institution, the balances of which may, at times, exceed federally insured limits.

**Notes Receivable** - Notes receivables are recorded as receivables and reported at their estimated realizable values.

**Property and Equipment** - Property and equipment are recorded at cost with the exception of donated assets which are recorded at their fair market value when received. Property and equipment are depreciated using the straight-line method over the estimated useful lives ranging from five to thirty-nine years. Normal repairs and maintenance are expensed as incurred. Expenditures that materially adapt, improve, or alter the nature of the underlying assets are capitalized. When property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is credited or charged to income.

**Long-lived Assets** - The management of the Organization assesses, using a qualitative then a quantitative approach, the recoverability of long-lived assets, including property and equipment, whenever triggering events, or changes in circumstances, indicate that the historical-cost carrying value of an asset may no longer be appropriate.

The evaluation is performed by determining whether the depreciation and amortization of such assets over their remaining lives can be recovered through projected undiscounted cash flows. The amount of impairment, if any, is measured based on fair value and is charged to operations in the period in which such impairment is determined by members. To date, the management of the Organization has not identified any impairment of long-lived assets. As of and for the year ended June 30, 2025, no triggering events were deemed present and therefore no impairment charges related to long-lived assets were recognized.

However, there can be no assurance that market conditions will not change, which could result in impairment of long-lived assets in the future.

**Leases** - The Organization determines if an arrangement is a lease at inception. Leases with a term of more than twelve months are recorded on the statement of financial position. Leases with an initial term of twelve months or less are not recorded on the statement of financial position and the Organization records the lease expense for these leases on a straight-line basis over the lease term.

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Right-of-use (“ROU”) assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. When the implicit rate is not readily determinable, as most of the Organization’s leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating leases is recognized on a straight-line basis over the lease term and the operating lease ROU assets are adjusted for lease incentives.

The Organization has lease agreements with lease and non-lease components which are accounted for separately. The Organization’s lease agreements typically do not contain any material variable lease payments, residual value guarantees or restrictive covenants.

**Fair Value Measurements** - The Organization defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization measures fair value under a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

An asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial assets and liabilities valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities valued using level 3 inputs were primarily valued using managements’ assumptions about the assumptions market participants would utilize in pricing the assets or liability. Valuation techniques utilized to determine fair value are consistently applied.

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Beneficial Interest in Perpetual Trust** - The Organization is a beneficiary of the PATH Endowment Fund (the “Fund”), which was established in 2008. The Organization is entitled to a distribution of the income on an annual basis as determined by the Board of Directors of the California Community Foundation, the Funds’ administrators. During the fiscal year, the Fund’s fair value is measured using level 2 inputs under the fair value hierarchy and had a gain of \$4,417, which is included in other income.

**Sub-recipient Grants** - The Organization receives pass-through grants. The revenue from these grants is reflected in the accompanying statement of activities as government contract income while the grant award to sub-recipients is reflected as sub-recipient grants expense in the accompanying statement of functional expenses. The grants are listed in the accompanying schedule of expenditures of federal awards and corresponding notes to the schedule of expenditures of federal awards.

**Expense Allocation** - The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. During the year, costs are categorized into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support activities by the method that best measures the relative degree of benefit.

*Program services* - Expenses include costs that primarily relate to client services and outreach programs.

*Supporting services* - Expenses include costs that primarily relate to management and general administration

*Fundraising* - Expenses include costs that primarily relate to fundraising activities to obtain grants and generate revenue through contributions.

**Income Taxes** - The Organization is a qualified non-profit organization under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and is not classified as a private foundation. Non-profit organizations are not generally liable for taxes on income; therefore, no provision is made for such taxes for the Organization in the financial statements. During the year ended June 30, 2025, the Organization had no unrelated business income.

In accordance with accounting principles generally accepted in the United States of America, the Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not of being sustained in an audit, based on the technical merits of the position. To date, the Organization has not recorded any uncertain tax positions.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

During the year ended June 30, 2025, the Organization did not recognize any amount in potential interest and penalties associated with uncertain tax positions. As of June 30, 2025, all federal tax returns since the 2021 tax year and state tax returns since the 2020 tax year are still subject to adjustment upon audit. No tax returns are currently being examined by taxing authorities.

**Risks and Uncertainties** - Certain services of the Organization are governed by grant agreements with governmental agencies. All such grant agreements to which the Organization currently is a party of are for fixed terms and expire on an annual basis. There can be no assurance that the Organization will be able to obtain future grant agreements as deemed necessary by management. The loss of some of the current grants or the inability to obtain future grants could have an adverse effect on the Organization's financial position and results of operations.

**Reclassifications and comparative totals** - Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between reporting periods presented. The financial statements include certain prior year summarized comparative information in total, but not by net asset class. In addition, the notes to the financial statements do not contain the financial information on a comparative basis. Such summarized information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

**Subsequent Events** - Subsequent events have been evaluated by the Organization through January 29, 2026, which is the date these financial statements were issued, and no subsequent events have arisen, other than those described in these financial statements, that would require disclosure.

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
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NOTES TO FINANCIAL STATEMENTS  
**JUNE 30, 2025**

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**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment as of June 30, 2025 consists of:

Building and improvements	\$ 16,969,402
Furniture and equipment	3,822,695
Transportation equipment	<u>396,108</u>
	21,188,205
Less: accumulated depreciation and amortization	(13,578,027)
Land	<u>2,487,961</u>
	<u>\$ 10,098,139</u>

For the year ended June 30, 2025, depreciation and amortization expense on property and equipment was \$826,026, and amortization of right-of-use (ROU) assets under finance leases was \$371,426.

**NOTE 4 - NOTES PAYABLE**

Notes payable at June 30, 2025 are summarized as follows:

Note payable to a non-profit financial institution, secured by deed of trust on real property at 816 Cacique St., #A, Santa Barbara, California, net of a \$150,000 deposit reserve for repairs and maintenance. The note has an interest rate of SOFR plus 4.5% due monthly with principal due at maturity in February 2026. The Organization is currently in the process of selling the associated Santa Barbara property and pay off this note payable (See Note 12). \$ 2,768,828

Note payable to Housing Authority of the County of Los Angeles (“HACOLA”), secured by a deed of trust on the Madison Property, bearing interest at 3% per annum, due September 2031. Principal and interest payments are due annually out of the affordable housing project grant. Unpaid interest on this note at June 30, 2025 is \$652,466, which is included in interest payable. This note is subordinate to the Primary Madison Note. 909,450

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

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**NOTE 4 - NOTES PAYABLE, continued**

Note payable to the Community Redevelopment Agency (“CRA”), secured by a deed of trust on real property at 2346 Cotner Avenue, Los Angeles, California, bearing interest at 3% per annum. The Organization and CRA are currently working on an extension. Principal and interest payments are due annually out of residual receipts of the affordable housing project. Unpaid interest on this note at June 30, 2025 is \$322,217, which is included in interest payable. 848,017

Note payable to a bank, secured by a deed of trust on real property at 340 N. Madison Avenue, Los Angeles, California, due in monthly installments of principal and interest of \$10,795 through May 1, 2030, interest payable at 2.86%. 1,825,444

Note payable to a governmental agency, secured by an automobile, with 0% interest that is due upon demand. As of June 30, 2025, the note has not been called and management believes is unlikely to be called in fiscal year 2026. 63,277

Note payable to the City of Los Angeles Housing and Community Investment Department, secured by a deed of trust on real property at 340 N. Madison Ave., Los Angeles, California bearing interest at 0% due March 2037. The note was made available for building improvement borrowings. Upon completion of construction, forgiveness accrues at 1/40th of the outstanding balance every six months, contingent on continued compliance with loan covenants. Construction was completed in fiscal year 2024, and the Organization remained in compliance with all covenants through June 30, 2025. During the year ended June 30, 2025, \$97,274 was forgiven on the note payable by the City of Los Angeles.

	<u>1,605,009</u>
Total notes payable as of June 30, 2025	8,020,025
Less: current portion	<u>(3,156,911)</u>
	<u>\$ 4,863,114</u>

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

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**NOTE 4 - NOTES PAYABLE, continued**

Future minimum required annual gross principal payments on notes payable for the years ending June 30<sup>th</sup>, are:

2026	\$ 3,156,911
2027	176,987
2028	179,270
2029	181,618
2030	184,034
Thereafter	<u>4,141,205</u>
	<u>\$ 8,020,025</u>

The loans from CRA, \$848,017 at June 30, 2025, and HACOLA, \$909,450 at June 30, 2025, have principal and interest payments that are due annually and payable only through the residual receipts of the related affordable housing project. If the residual receipts are insufficient, no annual payments will be due as long as the Organization is in compliance with the conditions and covenants of the agreements with the respective agencies and maintains the properties as emergency shelters or transitional housing. Since the Organization has historically had no residual receipts and anticipates remaining in compliance with the related agreements, all amounts due under these notes are reflected in the respective year the related note matures in the above table. There was no recognition of loan and interest forgiveness for the year ended June 30, 2025.

**NOTE 5 - LINE OF CREDIT**

The Organization had a line of credit agreement with a bank that was established on July 12, 2021 and was scheduled to mature on June 30, 2025. The agreement provides for borrowings up to \$6,000,000 (based on a borrowing base defined in the agreement), and is collateralized by certain assets of the Organization. Interest, based on the Prime Rate, on the outstanding borrowings is charged monthly at 7.0%. As of June 30, 2025, the Organization had an outstanding balance of \$4,400,000 under the agreement. The entire balance was repaid in full in September 2025.

The agreement requires that the Organization satisfy certain covenants, including financial covenants. The Organization was in compliance with these covenants as of and for the year ended June 30, 2025.

In July 2025, the Organization entered into a line of credit agreement for borrowings up to \$6,000,000 with a bank. The line of credit matures on July 2026 and the interest rate is the prime rate plus 0.5% with a floor of 7.5%. As of January 29, 2026 no amounts were due on the new line of credit agreement.

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 6 - DEFERRED INCOME**

The Organization received a lump-sum amount of \$220,524 paid in advance for certain facilities at the Madison Property. Income is being recognized on a straight-line basis over the life of the agreement at \$7,351 per year. The unamortized balance of \$168,546 as of June 30, 2025 is included in deferred income.

**NOTE 7 - SPECIAL EVENTS**

The Organization held several special events during the year ended June 30, 2025. Revenues and expenses from the events were as follows:

	<b>Revenues</b>	<b>Expenses</b>	<b>Net</b>
Imaginary Feast	\$ 1,156,284	\$ 79,239	\$ 1,077,045
Making it Home	511,147	52,603	458,544
Anniversary events	435,395	220,230	215,165
	\$ 2,102,826	\$ 352,072	\$ 1,750,754

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS**

As a result of the Beyond Shelter acquisition in fiscal year 2016, the Organization has donor restricted net assets of \$250,000. This amount originated from a 2001 grant awarded by the U.S. Department of Housing and Urban Development (“HUD”) for the rehabilitation of the Courtyard property. The grant restricted the use of the Courtyard for 20 years, through December 2021. Although the Courtyard property was sold via auction on July 19, 2012, the use restriction administered by Los Angeles Homeless Services Authority (“LAHSA”) was not released at the time of sale. The Organization is communicating regarding the potential release on this restriction act with LAHSA, the agency authorized by HUD to enter into contract with the Organization.

Donor restricted net assets as of June 30, 2025 are available for the following purposes:

	<b>June 30, 2024</b>	<b>Additions</b>	<b>Releases</b>	<b>June 30, 2025</b>
Restriction as noted above from				
Beyond Shelter net asset acquisition	\$ 250,000	\$ -	\$ -	\$ 250,000
Santa Barbara grant	550,000	-	(550,000)	-
Santa Barbara renovations	113,361	-	(113,361)	-
Family homelessness and social services	4,250,000	-	(500,000)	3,750,000
	\$ 5,163,361	\$ -	\$ (1,163,361)	\$ 4,000,000

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

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**NOTE 9 - RETIREMENT PLAN**

The Organization maintains a deferred annuity plan under IRC Section 403(b) which covers all full-time employees who have been employed by the Organization for at least two years. Employee contributions are voluntary. Employer contributions are five percent of qualified wages. The Organization's contribution for the year ended June 30, 2025 was \$1,684,933.

**NOTE 10 - RELATED PARTY TRANSACTIONS**

**Note Receivable from Former Affiliate** - As of June 30, 2025, amounts due from Deep Green Housing and Community Development ("Deep Green"), formerly related by certain common board members of a non-profit acquired in 2016, totaling \$198,165, net of an allowance for uncollectible amounts of \$200,000. These balances represented advances made by the acquired entity to Deep Green in prior years, with repayment scheduled in monthly installments of \$1,692 of principal and interest at 3% through December 10, 2025.

During fiscal 2025, management determined that collection of the receivable was no longer probable. Accordingly, the remaining balance of \$198,165 was written off and reflected as part of other expense during the year ended June 30, 2025. No amounts remain due from Deep Green as of June 30, 2025.

**Transactions with Affiliates** - PATH Ventures, Path Partners, and Path Partners Associates, non-profit corporations, are related to the Organization through common board membership. The Organization may provide short-term advances to Path Ventures, Path Partners and Path Partners Associates for reimbursable expenses.

The Organization also provides administrative services to PATH Ventures and PATH Partners under service contracts that renew annually, along with certain administrative offices at the 340 Madison site. For the year ended June 30, 2025, the Organization earned \$468,000 of intercompany service fee and short-term office rental revenues from related parties.

Accounts receivable from entities affiliated to PATH of \$270,382 are included in other receivables, related parties. The Organization also has a \$666,891 note receivable bearing interest at 2.09% per year and maturing in December 2074, due from a partnership, Montclair LA, LP in which PATH Ventures is a partner.

**Site Fees** - The Organization provides client-related services to entities in which PATH Ventures has certain ownership interests. During the fiscal year ended June 30, 2025, the Organization recognized \$3,070,732 of other contracted revenue from site fees, of which \$935,747 was earned from entities in which PATH Ventures had ownership interests.

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
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NOTES TO FINANCIAL STATEMENTS  
**JUNE 30, 2025**

**NOTE 10 - RELATED PARTY TRANSACTIONS, continued**

Notes receivable and other receivable balances due from related parties consist of the following as of June 30, 2025:

	<b>Other receivables, related parties</b>	<b>Notes receivable</b>	<b>Total</b>
Other affiliated entities	\$ 270,382	\$ -	\$ 270,382
Path Partners	3,584	-	3,584
Path Ventures	47,055	-	47,055
Montclair LA, LP	-	666,891	666,891
	\$ 321,021	\$ 666,891	\$ 987,912

**NOTE 11 - LEASES**

The Organization has operating leases for vehicles and real estate, and has finance leases for vehicles and copier equipment. The leases expire on various dates through 2054. Some of the lease terms may include options to extend the lease for up to 5 years. At June 30, 2025, finance lease ROU assets included within property and equipment had an aggregate cost of \$1,715,099 and the related accumulated amortization amounted to \$1,020,410.

The components of lease expense recorded within the accompanying statement of income for the year ended June 30, 2025 were as follows:

Operating lease expense	\$ 1,187,043
Finance lease expense:	
Amortization of ROU assets	389,347
Interest on lease liabilities	30,122
Total lease expense	\$ 1,606,512

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
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NOTES TO FINANCIAL STATEMENTS  
**JUNE 30, 2025**

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**NOTE 11 - LEASES, continued**

Other information related to leases for the year ended June 30, 2025 was as follows:

Supplemental cash flow information:

Cash paid for amounts included in the measurement  
of lease liabilities:

Operating cash flows from operating leases	<u>\$ 1,148,116</u>
Operating cash flows from finance leases	<u>\$ 389,418</u>
Financing cash flows from finance leases	<u>\$ 30,051</u>

New right-of-use assets obtained in exchange for lease  
obligations:

Operating leases	<u>\$ -</u>
Finance leases	<u>\$ 98,160</u>

Weighted average remaining lease term:

Operating leases	<u>3.4 Years</u>
Finance leases	<u>2.1 Years</u>

Weighted average discount rate:

Operating leases	<u>3.32%</u>
Finance leases	<u>2.85%</u>

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
(A Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 11 - LEASES, continued**

Future minimum lease payments under non-cancelable leases as of June 30, 2025 were as follows:

	Operating Leases	Finance Leases
For the years ending June 30,		
2026	\$ 445,406	\$ 400,057
2027	334,012	345,948
2028	350,707	-
2029	250,900	-
2030	100	-
Thereafter	2,400	-
Total future minimum lease payments	1,383,525	746,005
Less: amount representing interest	(94,016)	(25,271)
Total lease liabilities	1,289,509	720,734
Less: current portion	(401,637)	(382,096)
Long-term portion	\$ 887,872	\$ 338,638

**Related Party** - The Organization leases a real estate office space from Metro Villas Phase 2 Los Angeles, L.P, a related party, under one lease agreement. As of June 30, 2025, the operating lease ROU assets and operating lease liabilities related to these agreements were \$1,951 and \$1,951 respectively. The weighted average remaining lease term of these agreements is 29 years. The total rent expense under these agreements was \$100 for fiscal 2025.

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

**Agreement** - The Organization acquired an agreement with the City of Santa Barbara and County of Santa Barbara, which stipulate various restrictions regarding the use of the Santa Barbara shelter through 2059.

According to the agreement, related to the \$1,112,035 grant, the Organization is required to operate the shelter in compliance with provisions of the agreement, such that no fees may be charged for any shelter or services provided unless the amount and purpose of the fee is first approved in writing by City of Santa Barbara and County of Santa Barbara.

Although this is a possibility, management deems the contingencies unlikely and intends to meet the conditions as set forth in the provisions of the agreement.

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
**(A Non-Profit Corporation)**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

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**NOTE 12 - COMMITMENTS AND CONTINGENCIES, continued**

The agreement was terminated when the property was sold in January 2026.

**Subsequent event** - In fiscal year 2025, PATH announced its intention to cease operations in Santa Barbara effective December 31, 2025. Subsequent to year-end, the Organization entered into an agreement to sell the Santa Barbara shelter property with a net book value of \$4,345,334 as of June 30, 2025 to the City of Santa Barbara. The sale is intended to ensure continuity of homeless services at the site under a new provider identified by the City. The sale closed on January 8, 2026, for a total consideration of \$3,750,000.

**Guarantees** - The Organization has provided a co-guarantee with PATH Ventures on the development of a low-income housing project, for which PATH Ventures is a managing general partner. Under this co-guarantee the Organization and PATH Ventures provide assurance of project completion and provide repayment guarantees for certain project loans. The guarantees terminate when construction is complete and permanent financing repays the construction loans and expired through the terms of the underlying agreements.

**Litigation** - The Organization may, from time-to-time, be involved in claims, lawsuits, and disputes with third parties, including matters alleging discrimination or breach of contract, which are incidental to the normal course of operations.

The Organization reached a settlement over a compensation dispute with a group of former employees, and has accrued total costs of \$423,500. This amount is included in the accounts payable and accrued expenses as of June 30, 2025. The agreement provides for funding through nine quarterly installments, originally scheduled to commence on August 31, 2025.

Because court approval has not yet been finalized, the installment schedule has not begun. Under the settlement terms, installments continue to accrue, and the Organization will make a back-payment of all accrued installments immediately upon final court approval. Thereafter, any remaining installments will be paid prospectively until the \$423,500 obligation is fully satisfied.



**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***

To the Board of Directors  
PATH (People Assisting The Homeless)

We have audited, 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, the financial statements of PATH (People Assisting The Homeless) (the "Organization") which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2026.

**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 Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## 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.

PDM, LLP

Torrance, California  
January 29, 2026



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors  
PATH (People Assisting The Homeless)

**Report on Compliance for Each Major Federal Program**

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

We have audited PATH (People Assisting The Homeless)’s (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 June 30, 2025. The Organization’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditors’ 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.

### ***Auditors' 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 GAAS, *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 GAAS, *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 Auditors' 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.

PDM, LLP

Torrance, California  
January 29, 2026

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
**(A Non-Profit Corporation)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Contract Grant Number	Federal Awards Expenditures	Sub-recipients
<b>U.S. Department of Housing and Urban Development</b>				
Direct programs:				
Continuum of Care Program	14.267	CA0603L9D032316	\$ 1,256,039	-
Continuum of Care Program	14.267	CA1115L9D012312	<u>777,919</u>	-
			2,033,958	-
Pass-through programs from:				
Los Angeles Homeless Services Authority				
Continuum of Care Program	14.267	AD-2099-2200-004-04	142,212	-
Continuum of Care Program	14.267	AD-2102-2200-003-01	110,536	-
Continuum of Care Program	14.267	AD-1195-2209-009-01	99,760	-
Continuum of Care Program	14.267	AD-2102-2200-004-01	84,477	-
City of Long Beach				
Continuum of Care Program	14.267	CA0632U9D062114	830,024	-
County of Santa Clara				
Continuum of Care Program	14.267	4300021399	183,302	-
Continuum of Care Program	14.267	4300021314	498,283	-
San Diego Housing Commission				
Continuum of Care Program	14.267	HHI-23-35.1	442,125	-
Continuum of Care Program	14.267	SIHI-25-17	<u>608,707</u>	-
Total Continuum of Care Programs			<u>5,033,384</u>	-
San Diego Housing Commission				
Moving Work Demonstration Program	14.881	PATH (SBS3)	<u>557,457</u>	-
San Diego Housing Commission				
Emergency Solutions Grant Program	14.231	HHI-23-02.2	183,068	-
Emergency Solutions Grant Program	14.231	563181 Modification 6	235,123	-
Los Angeles Homeless Services Authority				
Emergency Solutions Grant Program	14.231	AD-TLS-N-021-02	<u>183,620</u>	-
Total Emergency Solutions Grant Programs			<u>601,811</u>	-
City of Santa Barbara				
Community Development Block Grant	14.219	28509	<u>35,619</u>	-
Total U.S. Department of Housing and Urban Development			<u>6,228,271</u>	-
<b>U.S. Department of Labor</b>				
Direct programs:				
Homeless Veterans Reintegration Project	17.805	24560HV000099-01-00	487,409	- *
Homeless Veterans Reintegration Project	17.805	24560HV000101-01-01	<u>390,805</u>	- *
Total Homeless Veterans Reintegration Project			878,214	-
Reentry Employment Opportunities	17.270	23A60PE000013-01-01	<u>349,978</u>	-
Total U.S. Department of Labor			<u>1,228,192</u>	-

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Contract Grant Number	Federal Awards Expenditures	Sub-recipients
<b>U.S. Department of Veterans Affairs</b>				
Direct programs:				
VA Homeless Providers Grant and Per Diem Program	64.024	PATH196-5971-664-CM-24	<u>153,325</u>	<u>29,742</u>
Pass-through programs from:				
Supportive Services for Veteran Families Program				
SSVF LA - Supportive Services & Admin	64.033	19-CA-014	8,400,904	- *
SSVF SD - Supportive Services & Admin	64.033	20-CA-440-22	1,946,914	10,000 *
SSVF SD - Housing Navigator	64.033	20-CA-440-22	<u>102,943</u>	<u>-</u> *
Total Supportive Services for Veteran Families Programs			<u>10,450,761</u>	<u>10,000</u>
Direct programs:				
672 VA GPD Retention - SD	64.056	CA-196-LSV-597-24	137,864	105,139
Pass-through programs from:				
City of Santee				
Legal Services for Homeless or at Risk Veterans Grants	64.056	CDBG-CB	<u>98,841</u>	<u>-</u>
Total Legal Services for Homeless or at Risk Veterans Grants			<u>236,705</u>	<u>105,139</u>
Total U.S. Department of Veterans Affairs			<u>10,840,791</u>	<u>144,881</u>
<b>U.S. Department of Homeland Security</b>				
Pass-through programs from:				
Emergency Food and Shelter National Board Program				
Catholic Charities	97.024	EFSP - San Diego - Phase 39	<u>44,320</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>44,320</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>				
Pass-through programs from:				
Los Angeles Homeless Services Authority				
Temporary Assistance for Needy Families	93.558	AD-TLS-DPSS-001-05	1,473,662	-
Temporary Assistance for Needy Families	93.558	AD-CH-CH-063-05	990,059	-
Temporary Assistance for Needy Families	93.558	AD-TLS-DPSS-001-05	1,557,984	-
Temporary Assistance for Needy Families	93.558	AD-CH-CH-063-05	1,272,772	-
Temporary Assistance for Needy Families	93.558	AD-PD-PP-052	320,832	-
Temporary Assistance for Needy Families	93.558	AD-PD-PP-052	458,661	-
Temporary Assistance for Needy Families	93.558	AD-SS-HN-059	213,220	-
Temporary Assistance for Needy Families	93.558	AD-SS-HN-059	<u>221,275</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>6,508,465</u>	<u>-</u>
<b>Total expenditures of federal awards</b>			<u>\$ 24,850,039</u>	<u>\$ 144,881</u>

\* Major programs

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2025**

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of PATH (People Assisting The Homeless) (the “Organization”) under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The Organization has elected to use the 10 percent de minimis indirect rate allowed under the Uniform Guidance only for the Homeless Veterans Reintegration Project.

**NOTE 3 - RELATIONSHIP OF SCHEDULE OF FEDERAL AWARDS TO THE FINANCIAL STATEMENTS**

The Schedule includes only federal government contract income; however, the Statement of Activities has government contract income of \$157,424,509 which includes not only federal funding but also government funding from state, county, and cities. As a result, the amount of total federal awards expended on the schedule does not agree to total government contract income on the Statement of Activities as presented in the Organization’s audited financial statements as of and for the year ended June 30, 2025.

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2025**

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**A. SUMMARY OF AUDIT RESULTS**

***Financial Statements***

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Organization.
2. No material weaknesses related to internal control over financial reporting were identified.
3. No significant deficiencies not considered to be material weaknesses related to internal control over financial reporting were reported.
4. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.

***Federal Awards***

5. The Independent Auditors' Report on Compliance for Each Major Federal Program for the Organization expresses an unmodified opinion.
6. No material weaknesses related to internal control over major program compliance were identified.
7. No significant deficiencies not considered to be material weaknesses related to internal control over major program compliance were reported.
8. There are no audit findings relative to the major federal programs for the Organization that are required to be reported in accordance with 2 CFR 200.516(a).
9. The programs tested as major programs (including pass-through programs) are:

	<b><u>Assistance Listing</u></b> <b><u>Number</u></b>
U.S. Department of Veterans Affairs/ Supportive Services for Veterans Families Program	64.033
Homeless Veterans' Reintegration Program	17.805

10. The threshold for distinguishing Type A and B programs was \$750,000.
11. The Organization was considered to be a low-risk auditee for the year ended June 30, 2025.

**PATH (PEOPLE ASSISTING THE HOMELESS)**  
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**YEAR ENDED JUNE 30, 2025**

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**B. FINANCIAL STATEMENT AUDIT FINDINGS**

None noted.

**C. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS**

None noted.

**D. SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

None noted.