PathForward, Inc. and Affiliate

Consolidated Financial Statements
Including Uniform Guidance Reports
and Independent Auditor's Report

June 30, 2025 and 2024

PathForward, Inc. and Affiliate

Consolidated Financial Statements
June 30, 2025 and 2024

Contents

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
PathForward, Inc. and Affiliate

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of PathForward, Inc. and Affiliate (collectively, "the Organization"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024; the related consolidated statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025 and 2024, 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 (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 Auditor's Responsibilities for the Audit of the Consolidated 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 opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of Management for the Consolidated Financial Statements (continued)

In preparing the consolidated 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 within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS 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 consolidated 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 consolidated 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, 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.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 and Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedule of financial position, consolidating schedule of activities, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the consolidated 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 7, 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, 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 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.

Rogers + Company PLLC

Vienna, Virginia
January 7, 2026

PathForward, Inc. and Affiliate

Consolidated Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 1,290,390	$ 1,446,014
Investments	1,537,526	1,384,412
Contracts receivable	199,246	67,681
Contributions and grants receivable	29,586	68,909
Prepaid expenses and other assets	45,896	126,246
Property and equipment, net	1,655,819	1,605,410
Right-of-use assets – operating lease	5,917	11,754
Total assets	$ 4,764,380	$ 4,710,426
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 365,682	$ 370,970
Refundable advances	378,084	178,230
Notes payable	1,039,437	953,575
Deposits	14,488	23,446
Lease liabilities – operating lease	5,917	11,754
Total liabilities	1,803,608	1,537,975
Net Assets		
Without donor restrictions:		
Undesignated	2,225,746	2,457,830
Board-designated	640,927	569,253
Total without donor restrictions	2,866,673	3,027,083
With donor restrictions	94,099	145,368
Total net assets	2,960,772	3,172,451
Total liabilities and net assets	$ 4,764,380	$ 4,710,426

PathForward, Inc. and Affiliate

Consolidated Statement of Activities
For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	$ 1,461,272	$ 42,969	$ 1,504,241
Federal grants	2,515,167	-	2,515,167
Contract services	2,855,196	-	2,855,196
In-kind contributions	355,230	-	355,230
Rental income	107,429	-	107,429
Investment return, net	165,059	-	165,059
Other income	23,931	-	23,931
Released from restrictions	94,238	(94,238)	-
Total revenue and support	7,577,522	(51,269)	7,526,253
Expenses			
Program services:			
Permanent Supportive Housing	2,151,396	-	2,151,396
Homeless Services Center	3,031,179	-	3,031,179
Other housing	220,190	-	220,190
Medical	104,275	-	104,275
Special Notice of Funding Opportunity	492,977	-	492,977
Sibert House	274,038	-	274,038
Total program services	6,274,055	-	6,274,055
Supporting services:			
Management and general	778,824	-	778,824
Fundraising	685,053	-	685,053
Total supporting services	1,463,877	-	1,463,877
Total expenses	7,737,932	-	7,737,932
Change in Net Assets	(160,410)	(51,269)	(211,679)
Net Assets, beginning of year	3,027,083	145,368	3,172,451
Net Assets, end of year	$ 2,866,673	$ 94,099	$ 2,960,772

See accompanying notes.

PathForward, Inc. and Affiliate

Consolidated Statement of Activities
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	$ 1,381,452	$ 132,478	$ 1,513,930
Federal grants	1,867,334	-	1,867,334
Contract services	2,534,443	-	2,534,443
In-kind contributions	309,234	-	309,234
Rental income	130,285	-	130,285
Investment return, net	148,401	-	148,401
Other income	18,457	-	18,457
Released from restrictions	77,995	(77,995)	-
Total revenue and support	6,467,601	54,483	6,522,084
Expenses			
Program services:			
Permanent Supportive Housing	2,034,050	-	2,034,050
Homeless Services Center	2,482,955	-	2,482,955
Other housing	355,176	-	355,176
Medical	83,294	-	83,294
Sibert House	244,906	-	244,906
Total program services	5,200,381	-	5,200,381
Supporting services:			
Management and general	576,544	-	576,544
Fundraising	742,330	-	742,330
Total supporting services	1,318,874	-	1,318,874
Total expenses	6,519,255	-	6,519,255
Change in Net Assets	(51,654)	54,483	2,829
Net Assets, beginning of year	3,078,737	90,885	3,169,622
Net Assets, end of year	$ 3,027,083	$ 145,368	$ 3,172,451

See accompanying notes.

PathForward, Inc. and Affiliate

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2025

	Program Services							Supporting Services			
	Permanent Supportive Housing	Homeless Services Center	Other Housing	Medical	Special Notice of Funding Opportunity	Sibert House	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related expenses	$ 715,585	$ 2,200,835	$ 121,284	$ 97,167	$ 144,236	$ 66,622	$ 3,345,729	$ 152,963	$ 516,479	$ 669,442	$ 4,015,171
Supplies and food	-	166,228	-	-	-	74	166,302	387	-	387	166,689
Professional fees	19,163	43,888	833	667	991	46,102	111,644	476,528	84,103	560,631	672,275
Supportive services	1,392,730	243,123	94,337	3,448	342,612	9,228	2,085,478	1,354	-	1,354	2,086,832
Depreciation	2,032	6,251	344	276	410	39,480	48,793	1,244	1,467	2,711	51,504
Insurance	14,548	44,804	2,466	1,975	2,932	4,373	71,098	8,900	10,500	19,400	90,498
Telephone	-	-	-	-	-	5,432	5,432	2,846	-	2,846	8,278
Printing	-	31	-	-	-	-	31	11,105	752	11,857	11,888
Marketing	-	-	-	-	-	-	-	50,993	41,224	92,217	92,217
Repairs and maintenance	-	20,632	-	-	-	36,800	57,432	-	-	-	57,432
Postage	73	12	-	-	-	-	85	836	882	1,718	1,803
Dues and subscriptions	-	-	-	-	-	-	-	5,246	730	5,976	5,976
Taxes and licenses	-	902	-	-	-	15,234	16,136	2,397	-	2,397	18,533
Interest	-	-	-	-	-	47,143	47,143	4,825	-	4,825	51,968
Office expense	7,265	30,591	926	742	1,796	3,550	44,870	57,311	28,916	86,227	131,097
Bad debt expense	-	-	-	-	-	-	-	1,889	-	1,889	1,889
In-kind rent	-	106,656	-	-	-	-	106,656	-	-	-	106,656
In-kind goods	-	167,226	-	-	-	-	167,226	-	-	-	167,226
Total Expenses	$ 2,151,396	$ 3,031,179	$ 220,190	$ 104,275	$ 492,977	$ 274,038	$ 6,274,055	$ 778,824	$ 685,053	$ 1,463,877	$ 7,737,932

See accompanying notes.

PathForward, Inc. and Affiliate

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services						Supporting Services			
	Permanent Supportive Housing	Homeless Services Center	Other Housing	Medical	Sibert House	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related expenses	$ 639,584	$ 1,841,047	$ 171,348	$ 69,954	$ 37,768	$ 2,759,701	$ 116,962	$ 451,829	$ 568,791	$ 3,328,492
Supplies and food	4,123	116,007	-	155	2,377	122,662	421	-	421	123,083
Professional fees	22,804	19,497	1,824	738	29,992	74,855	313,387	146,691	460,078	534,933
Supportive services	1,351,479	183,397	177,679	9,355	8,784	1,730,694	2,876	28	2,904	1,733,598
Depreciation	-	-	-	-	34,584	34,584	6,224	-	6,224	40,808
Insurance	10,915	31,555	2,952	1,195	2,954	49,571	1,868	7,715	9,583	59,154
Telephone	-	-	-	-	2,989	2,989	5,588	-	5,588	8,577
Printing	-	-	-	-	-	-	10,127	-	10,127	10,127
Marketing	-	-	-	-	-	-	1,322	87,049	88,371	88,371
Repairs and maintenance	-	13,287	-	-	60,791	74,078	284	-	284	74,362
Postage	68	-	-	-	-	68	140	1,083	1,223	1,291
Dues and subscriptions	-	-	-	180	-	180	1,869	1,297	3,166	3,346
Taxes and licenses	-	-	-	-	14,456	14,456	3,771	-	3,771	18,227
Interest	-	-	-	-	47,244	47,244	11	-	11	47,255
Office expense	5,077	15,831	1,373	1,717	2,967	26,965	64,794	46,638	111,432	138,397
In-kind rent	-	106,656	-	-	-	106,656	-	-	-	106,656
In-kind services	-	-	-	-	-	-	46,900	-	46,900	46,900
In-kind goods	-	155,678	-	-	-	155,678	-	-	-	155,678
Total Expenses	$ 2,034,050	$ 2,482,955	$ 355,176	$ 83,294	$ 244,906	$ 5,200,381	$ 576,544	$ 742,330	$ 1,318,874	$ 6,519,255

PathForward, Inc. and Affiliate

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	$ (211,679)	$ 2,829
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net unrealized and realized gain on investments	(121,727)	(105,515)
Donated stocks	(57,803)	-
Change in allowance for doubtful receivables	-	(1,000)
Depreciation	51,504	40,808
Amortization of right-of-use assets – operating lease	5,837	5,757
Amortization of deferred financing costs	2,520	2,520
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contracts receivable	(131,565)	1,000
Contributions and grants receivable	39,323	555,212
Prepaid expenses and other assets	80,350	(24,427)
(Decrease) increase in:		
Accounts payable and accrued expenses	(5,288)	109,094
Refundable advances	199,854	(187,307)
Deferred revenue	-	(8,544)
Deposits	(8,958)	686
Lease liabilities – operating lease	(5,837)	(5,757)
Net cash (used in) provided by operating activities	(163,469)	385,356
Cash Flows from Investing Activities		
Purchases of investments	(343,418)	(83,857)
Proceeds from sale of investments	369,834	58,675
Purchases of property and equipment	(101,913)	(30,083)
Net cash used in investing activities	(75,497)	(55,265)
Cash Flows from Financing Activities		
Principal payments on notes payable	(11,729)	(462)
Proceeds from notes payable	95,071	-
Net cash provided by (used in) financing activities	83,342	(462)
Net (Decrease) Increase in Cash and Cash Equivalents	(155,624)	329,629
Cash and Cash Equivalents, beginning of year	1,446,014	1,116,385
Cash and Cash Equivalents, end of year	$ 1,290,390	$ 1,446,014
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest	$ 51,968	$ 47,255

1. Nature of Operations

PathForward, Inc.'s ("PathForward") (formerly known as Arlington Street People's Assistance Network-ASPAN) mission is to transform lives by delivering housing solutions and pathways to stability. To accomplish this goal, PathForward offers wrap-around services to homeless individuals who are working toward gaining stability, whatever that may mean for them. During 2015, PathForward transitioned to a year-round Homeless Services Center (HSC). This innovative and unique center allows PathForward to offer the majority of its services under one roof, effectively shortening the length of time it takes a client to get into a more stable situation, and to possibly move them into housing.

In addition to housing services, PathForward continues to provide a range of emergency services to help clients work toward housing. These services are offered through the HSC Day Program and Shelter Program, and include laundry, clothing, showers, food, case management, and nursing services. The year-round center further enhances PathForward's programs by ensuring the close contact that the case managers need with clients to assist them with such things as getting identification, applying for social security benefits, and getting access to expanded services.

Finally, PathForward will continue to maintain contact with homeless clients living on the streets outside of the new center. PathForward's Outreach Team workers seek out people living on the streets, in the woods, or other locations unfit for human habitation, and distribute items such as clothing, blankets, bottled water, personal hygiene items, and medical kits. The provision of these items helps staff build relationships with clients over time, and then helps them access higher-level services.

During 2016, PathForward organized a single-member limited liability company, Sibert House, LLC ("Sibert House") (formerly known as Opportunity Housing, LLC) under the laws of the Commonwealth of Virginia. The purpose of Sibert House is to assist PathForward with seeking and acquiring permanent housing investment properties in the future, should opportunities arise. PathForward is the sole member of Sibert House. During 2019, Sibert House purchased real estate property in Arlington, Virginia, which has the capacity to house eight individuals who do not otherwise qualify for government subsidies.

2. Summary of Significant Accounting Policies

Principles of Consolidation

Consolidated financial statements are presented due to PathForward's controlling financial interest in Sibert House. All intercompany balances and significant transactions have been eliminated in consolidation. Except when referred to separately, all entities are collectively referred to as "the Organization" throughout the accompanying consolidated financial statements and related notes.

Basis of Accounting and Presentation

The Organization's consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets are reported based on the presence or absence of donor-imposed restrictions, 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 without donor restrictions also include the Board-designated fund.

- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. The Organization reports contributions and grants restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions and grants 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 and reported in the consolidated statements of activities as net assets released from restrictions.

Cash Equivalents

The Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase. Excluded from this definition of cash equivalents are amounts held for investment.

2. Summary of Significant Accounting Policies (continued)

Investments

Investments are recorded at fair value based on quoted market prices. Realized and unrealized gains and losses, net of investment fees, are reported in net investment return in the accompanying consolidated statements of activities. Money market and short-term investment funds, held as a portion of the Organization's investment portfolio, are not considered to be cash equivalents for purposes of cash flows.

Contracts Receivable

The Organization's contracts receivable are all due in less than one year and are recorded at net realizable value. Contracts receivable are presented net of an allowance for credit losses resulting from the inability of payors to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific contract receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. The Organization historically has insignificant write-offs due to bad debts, and current conditions indicate all receivables are fully collectible. Therefore, no allowance for credit losses has been recognized at June 30, 2025 and 2024.

Contributions and Grants Receivable

Contributions receivable represent unconditional amounts committed to the Organization. Grants receivable consist of amounts due to be reimbursed to the Organization for expenses incurred under grant agreements with federal and local government agencies. Contributions and grants receivable are reflected at either net realizable value, or at net present value based on projected cash flows. The entire amount is expected to be collected within one year, and is recorded at net realizable value. No allowance for doubtful accounts is recorded at June 30, 2025 and 2024, as management believes that all contributions and grants receivables are fully collectible.

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment acquisitions with a cost in excess of $1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to 30 years. Upon disposal of depreciable assets, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited or charged to income. Expenditures for repairs and maintenance are expensed as incurred.

Operating Lease

The Organization determines if an arrangement is a lease at inception. Operating lease is included in right-of-use (ROU) assets, which represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating ROU lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Organization's leases do not provide an implicit rate, the Organization used a risk-free rate based on the information available at the commencement date in determining the present value of lease payments.

The ROU assets also include any lease payments made and exclude lease incentives. The Organization's 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 lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to separately account for lease and non-lease components and did not elect the practical expedient to combine them. The Organization made an accounting policy election under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases,* not to recognize ROU assets and lease liabilities for short-term leases with a term of 12 months or less.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

The Organization recognizes contributions and grants when cash, securities, or other assets, or an unconditional promise to give, is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Costs incurred in excess of cash received are reflected as grants receivable in the accompanying consolidated statements of financial position. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the accompanying consolidated statements of financial position. Refundable advances totaled $378,084 and $178,230 at June 30, 2025 and 2024, respectively, and is included in the accompanying consolidated statements of financial position. Refundable advances include a beginning balance of $365,537 as of July 1, 2023, related to amounts received in advance of satisfying applicable conditions, as described in the Organization's contribution revenue policies above.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when the Organization satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Organization expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Organization combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the consolidated statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for as Contracts with Customers (continued)

Economic factors are driven by customer confidence, employment, inflation, and other world events that impact timing and level of cash received and revenue recognized by the Organization. Periods of economic downturn resulting from any of the above factors may result in declines in future cash flows and recognized revenue of the Organization. The Organization did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with customers.

Contract services revenues are generated from federal and local government agencies and are generally cost reimbursement arrangements where revenue is recognized at the time costs are incurred, which is when the sole performance obligation is satisfied. Contracts receivable totaled $199,246 and $67,681 at June 30, 2025 and 2024, respectively, and is included in the accompanying consolidated statements of financial position. Contracts receivables include a beginning balance of $631,302 as of July 1, 2023, related to amounts recognized under the Organization's revenue recognition policies described above for performance obligations satisfied prior to the beginning of the fiscal year.

Rental Income

The Organization evaluated leases in which it is the lessor, which are composed of residential leases and determined that they continue to be considered operating leases. For lease agreements that provide rent concessions and/or scheduled fixed and determinable rent increases, rental income is recognized on a straight-line basis over the noncancellable term of the lease. The impact of recognizing rental income on a straight-line basis is immaterial to the consolidated financial statements. The Organization's residential lease term is generally one year. Rental payments received in advance are deferred until earned.

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions

The value of contributions that enhance a nonfinancial asset, which are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying consolidated statements of activities as in-kind contributions. In-kind contributions are recognized as revenue and expense in the accompanying consolidated statements of activities at their estimated fair value, as provided by the donor, at the date of receipt, or calculated fair value of use of property in the period the property is used.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of consolidated 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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 7, 2026, the date the consolidated financial statements were available to be issued.

3. Liquidity and Availability

The Organization has a goal to maintain financial assets on hand to meet 60 days of normal operating expenses. As part of this liquidity management, the Organization invests cash and cash equivalents in excess of daily requirements in various investments including money market funds, stocks, and ETFs. As described in Note 9 to the consolidated financial statements, the Organization also has a committed line of credit available in the amount of $150,000, which it could draw upon in the event of an unanticipated liquidity need. There was no outstanding balance on this line of credit at both June 30, 2025 and 2024.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following at June 30:

	2025	2024
Cash and cash equivalents	$ 1,290,390	$ 1,446,014
Investments	1,537,526	1,384,412
Contracts receivable	199,246	67,681
Contributions and grants receivable	29,586	68,909
Total financial assets	3,056,748	2,967,016
Less: Board-designated fund	(640,927)	(569,253)
Less: restricted by donors	(94,099)	(145,368)
Total available for general expenditures	$ 2,321,722	$ 2,252,395

The Board-designated funds are not subject to an annual spending rate. However, those amounts could be made available through Board approval if necessary.

4. Concentrations of Risks

Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and cash equivalents, and investments. The Organization maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Organization has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue Risk

During the years ended June 30, 2025 and 2024, 72% and 67%, respectively, of the Organization's revenue and support was provided by the government of Arlington County, Commonwealth of Virginia, and the U.S. Department of Housing and Urban Development. Government grants that are cost reimbursable in nature are recognized as revenue as the related expenditures are incurred.

Reduction in these grants will also reduce the corresponding expenses. Any significant reduction in revenue and support may adversely impact the Organization's financial position and operations. It is expected that support received from these agencies will continue since such funding sources have been historically stable for many years.

5. Investments and Fair Value Measurements

The Organization follows FASB ASC 820, *Fair Value Measurements and Disclosures,* for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

5. Investments and Fair Value Measurements (continued)

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the Organization uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

The following table presents the Organization's fair value hierarchy for those investments measured on a recurring basis at June 30:

	Level 1	Level 2	Level 3	Total
2025:				
Stocks and ETFs	$ 1,487,245	$ -	$ -	$ 1,487,245
Money market funds	50,281	-	-	50,281
Total investments	$ 1,537,526	$ -	$ -	$ 1,537,526
2024:				
Stocks and ETFs	$ 1,332,386	$ -	$ -	$ 1,332,386
Money market funds	52,026	-	-	52,026
Total investments	$ 1,384,412	$ -	$ -	$ 1,384,412

5. Investments and Fair Value Measurements (continued)

Net investment return consists of the following for the years ended June 30:

	2025	2024
Interest and dividends	$ 54,072	$ 52,603
Net unrealized and realized gain	121,727	105,515
Less: investment fees	(10,740)	(9,717)
Total investment return, net	$ 165,059	$ 148,401

6. Property and Equipment

Property and equipment consists of the following at June 30:

	2025	2024
Land	$ 807,773	$ 807,773
Building and building improvements	946,270	940,270
Vehicles	184,497	127,882
Computer equipment	35,362	28,025
Office furniture and equipment	29,920	28,165
Total property and equipment	2,003,822	1,932,115
Less: accumulated depreciation	(348,003)	(326,705)
Property and equipment, net	$ 1,655,819	$ 1,605,410

7. Notes Payable

On March 8, 2019, Sibert House purchased real estate property in Arlington, Virginia at a gross sale price of $1,560,000. The acquisition of this real estate property was financed by multiple promissory notes. There were certain financial and nonfinancial covenants required under these note agreements. The Organization was in compliance with the debt covenants at both June 30, 2025 and 2024.

7. Notes Payable (continued)

The Organization had the following notes payable at June 30:

	2025	2024
The National Capital Bank of Washington – Original note of $802,708; obtained on March 24, 2023; interest only payments due in annual installments of $36,121; fixed interest rate at 4.5%; 5-year term; principal is due in full on April 24, 2028	$ 802,708	$ 802,708
Westover Place XV LLC – Original note of $160,000; obtained on March 8, 2019; interest only payments due in annual installments of $8,000; principal payments of $40,000 due in 5-year intervals starting February 28, 2034; fixed interest rate at 5%; 30-year term; matures on February 28, 2049	160,000	160,000
Car Note – Original note of $49,161; obtained on December 6, 2024; monthly payments of principal and interest of $1,224; fixed interest rate at 8.86%; 4-year term; matures on November 6, 2028	43,136	-
Car Note – Original note of $45,910; obtained on January 2, 2025; monthly payments of principal and interest of $1,141; fixed interest rate at 8.98%; 4-year term; matures on December 2, 2028	40,207	-
Deferred financing costs of $12,598; amortized over 5 years	(6,614)	(9,133)
Total notes payable	$ 1,039,437	$ 953,575

The related interest expense for the years ended June 30, 2025 and 2024 was $51,968 and $47,255, respectively.

7. Notes Payable (continued)

Future principal payments under these notes are as follows at June 30:

2026	$ 28,377
2027	28,377
2028	829,296
2029	-
2030	-
Thereafter	160,000
Total notes payable	1,046,050
Less: unamortized debt issuance costs	(6,613)
Total future principal payments	$ 1,039,437

8. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at June 30:

	2025	2024
Program restricted:		
Mobile Medical Unit	$ 51,599	$ 125,368
Homeless Services Center	25,000	20,000
Training	17,500	-
Total net assets with donor restrictions	$ 94,099	$ 145,368

9. Line of Credit

The Organization maintains a $150,000 revolving line of credit to finance short-term working capital needs. Borrowings under this facility are payable on demand, and are secured by a security interest in the Organization's assets. The line of credit requires payments of interest on a monthly basis equal to the prime rate listed in the *Wall Street Journal,* plus 1.00%, but not less than 4.50%, which totaled 7.25% and 8.00% at June 30, 2025 and 2024, respectively. There was no outstanding balance as of June 30, 2025 and 2024.

10. Commitment and Contingencies

Operating Lease

The Organization maintains a lease agreement for a copier, which commenced on June 30, 2021, and is set to expire on June 30, 2026.

Supplemental qualitative information related to the copier lease is as follows as of, and for the years ended June 30:

	2025	2024
Operating lease costs	$ 5,961	$ 5,961
Cash paid for amounts included in the measurement of lease liabilities – operating cash flows	$ 5,837	$ 5,757
Remaining lease term (in years)	1.0	2.0
Discount rate	1.37%	1.37%

Maturities of lease liabilities are as follows for the year ending June 30:

2026	$ 5,961
Less: discount to present value at 1.37%	(44)
Present value of operating lease liabilities	$ 5,917

Homeless Services Center Contract

On October 1, 2015, the Organization moved into an office space in Arlington, Virginia as part of the Homeless Services Center contract with Arlington County. The contract became effective on May 1, 2015 and was originally set to expire on June 30, 2018; however, it was subsequently extended through June 30, 2026. As of January 7, 2026, there have been no further updates to the contract. Under the terms of the agreement, Arlington County provides the Organization with donated office space, as described in Note 12 to the consolidated financial statements.

10. Commitment and Contingencies (continued)

Federal Cooperative and Grant Agreements

Funds received from federal and local government agencies are subject to audit under the provisions of these grant agreements. The ultimate determination of amounts received under these grant agreements is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such grant agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

11. Retirement Plan

PathForward maintains a 403(b) Employer Contributory Plan under which all employees who work more than 20 hours per week may participate. Additionally, eligible employees who have completed six months of service may receive employer discretionary matching contributions. PathForward made contributions to the plan totaling $79,096 and $69,120 for the years ended June 30, 2025 and 2024, respectively, which are included in salaries and related expenses in the accompanying consolidated statements of functional expenses.

12. In-Kind Contributions

The Organization receives in-kind contributions in the form of donated services, goods, and use of facilities, that benefit both program and supporting services. In-kind contributions are valued at comparable market rates.

Donated Services

Contributions of services are recognized when services (a) create or enhance nonfinancial assets, or (b) require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services principally consist of legal, accounting, consulting, and other specialized services, and totaled $81,348 and $46,900 for the years ended June 30, 2025 and 2024, respectively.

In addition, a substantial number of volunteers have donated significant amounts of time to the Organization and its programs; however, these donated services are not reflected in the consolidated financial statements as the services do not meet the criteria for recognition as contributed services.

12. In-Kind Contributions (continued)

Donated Goods

The Organization has recorded $167,226 and $155,678 of donated goods for the years ended June 30, 2025 and 2024, respectively, under in-kind contributions in the accompanying consolidated statements of activities. Donated goods consist primarily of clothing, supplies, and food.

Donated Facilities

The Organization has recorded the estimated fair value of donated office space in the amount of $106,656 for both years ended June 30, 2025 and 2024, which is included under in-kind contributions in the accompanying consolidated statements of activities.

13. Allocation of Expenses from Management and General Activities

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The majority of expenses are recorded directly to specific programs and functions, using the direct allocation method. Expenses that are allocated include salaries and related expenses, and depreciation, which are allocated on the basis of estimates of time and effort.

14. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, PathForward is exempt from the payment of taxes on income other than net unrelated business income. No provisions for income tax are required for the years ended June 30, 2025 and 2024, as PathForward had no net unrelated business income. Management has reviewed all open tax years for all tax jurisdictions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

SUPPLEMENTARY INFORMATION

PathForward, Inc. and Affiliate

Consolidating Schedule of Financial Position
June 30, 2025

	PathForward	Sibert House	Eliminations	Total
Assets				
Cash and cash equivalents	$ 1,267,902	$ 22,488	$ -	$ 1,290,390
Investments	1,537,526	-	-	1,537,526
Contracts receivable	199,246	-	-	199,246
Contributions and grants receivable	29,586	-	-	29,586
Due from Sibert House	50,447	-	(50,447)	-
Prepaid expenses and other assets	43,890	2,006	-	45,896
Property and equipment, net	88,005	1,567,814	-	1,655,819
Right-of-use assets – operating lease	5,917	-	-	5,917
Investment in Sibert House	671,114	-	(671,114)	-
Total assets	$ 3,893,633	$ 1,592,308	$ (721,561)	$ 4,764,380
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	$ 365,630	$ 52	$ -	$ 365,682
Due to PathForward	-	50,447	(50,447)	-
Refundable advances	378,084	-	-	378,084
Notes payable	83,343	956,094	-	1,039,437
Deposits	-	14,488	-	14,488
Lease liabilities – operating lease	5,917	-	-	5,917
Investment from PathForward	-	671,114	(671,114)	-
Total liabilities	832,974	1,692,195	(721,561)	1,803,608
Net Assets (Deficit)				
Without donor restrictions:				
Undesignated	2,325,633	(99,887)	-	2,225,746
Board-designated	640,927	-	-	640,927
Total without donor restrictions	2,966,560	(99,887)	-	2,866,673
With donor restrictions	94,099	-	-	94,099
Total net assets (deficit)	3,060,659	(99,887)	-	2,960,772
Total liabilities and net assets (deficit)	$ 3,893,633	$ 1,592,308	$ (721,561)	$ 4,764,380

PathForward, Inc. and Affiliate

Consolidating Schedule of Activities
For the Year Ended June 30, 2025

	PathForward	Sibert House	Eliminations	Total
Revenue and Support				
Contributions	$ 1,504,241	$ -	$ -	$ 1,504,241
Federal grants	2,515,167	-	-	2,515,167
Contract services	2,855,196	-	-	2,855,196
In-kind contributions	355,230	64,550	(64,550)	355,230
Rental income	-	107,429	-	107,429
Investment return, net	165,059	-	-	165,059
Other income	23,235	696	-	23,931
Total revenue and support	7,418,128	172,675	(64,550)	7,526,253
Expenses				
Program services:				
Permanent Supportive Housing	2,151,396	-	-	2,151,396
Homeless Services Center	3,031,179	-	-	3,031,179
Other housing	220,190	-	-	220,190
Medical	104,275	-	-	104,275
Special Notice of Funding Opportunity	492,977	-	-	492,977
Sibert House	97,715	240,873	(64,550)	274,038
Total program services	6,097,732	240,873	(64,550)	6,274,055
Supporting services:				
Management and general	778,824	-	-	778,824
Fundraising	685,053	-	-	685,053
Total supporting services	1,463,877	-	-	1,463,877
Total expenses	7,561,609	240,873	(64,550)	7,737,932
Change in Net Assets	(143,481)	(68,198)	-	(211,679)
Net Assets (Deficit), beginning of year	3,204,140	(31,689)	-	3,172,451
Net Assets (Deficit), end of year	$ 3,060,659	$ (99,887)	$ -	$ 2,960,772

SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED BY THE UNIFORM GUIDANCE

ROGERS & COMPANY

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

To the Board of Directors of
PathForward, Inc. and Affiliate

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 consolidated financial statements of PathForward, Inc. and Affiliate (collectively, "the Organization"), which comprise the consolidated statement of financial position as of June 30, 2025; the related consolidated statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the consolidated financial statements, and have issued our report thereon dated January 7, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 consolidated 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.

Report on Internal Control over Financial Reporting (continued)

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 consolidated 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 consolidated 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.

Rogers + Company PLLC

Vienna, Virginia
January 7, 2026

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

To the Board of Directors of
PathForward, Inc. and Affiliate

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Program

We have audited PathForward, Inc. and Affiliate's (collectively, "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 the Organization's major federal program for the year ended June 30, 2025. The Organization's major federal program is 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 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; 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.

ROGERS & COMPANY

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.

Rogers + Company PLLC

Vienna, Virginia
January 7, 2026

PathForward, Inc. and Affiliate

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>Department of Housing and Urban Development</u>				
Direct Awards:				
Continuum of Care Program – InRoads	14.267	n/a	$ -	$ 604,283
Continuum of Care Program – Turning Keys	14.267	n/a	-	717,340
Continuum of Care Program – Homebound	14.267	n/a	-	433,862
Continuum of Care Program – Homeward	14.267	n/a	-	218,319
Continuum of Care Program – Special Notice of Funding Opportunity	14.267	n/a	-	495,616
Total ALN 14.267			-	2,469,420
Community Development Block Grant	14.218	n/a	-	20,000
Pass-Through from Virginia Department of Housing and Community Development:				
Emergency Solutions Grant Program	14.231	25-VHSP-140	-	25,747
Total Expenditures of Federal Awards			$ -	$ 2,515,167

See accompanying notes to the schedule of expenditures of federal awards.

PathForward, Inc. and Affiliate

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Organization under the programs of the federal government for the year ended June 30, 2025. The information in the SEFA is presented in accordance with the 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). Because the SEFA 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.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Organization has elected to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

PathForward, Inc. and Affiliate

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I – Summary of Auditor's Results

Consolidated Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?		Yes	X	None reported
Noncompliance material to consolidated financial statements noted?		Yes	X	No

Federal Awards

Internal control over the major program:				
• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?		Yes	X	None reported
Type of auditor's report issued on compliance for the major program:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?		Yes	X	No

Identification of the major program:

Assistance Listing Number	Name of Federal Program or Cluster Title
14.267	Continuum of Care Program

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee?	X	Yes		No

PathForward, Inc. and Affiliate

Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2025

Section II – Findings – Consolidated Financial Statement Audit

There were no consolidated financial statement findings reported during the 2025 audit.

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

There were no findings or questioned costs over major federal awards reported during the 2025 audit.

PathForward, Inc. and Affiliate

Corrective Action Plan
For the Year Ended June 30, 2025

There were no findings for the year ended June 30, 2025, and therefore, a corrective action plan was not needed.

PathForward, Inc. and Affiliate

Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

There were no findings or questioned costs reported for the June 30, 2024 audit.