Sassetti

Public Action to Deliver Shelter, Inc. d/b/a Hesed House

Financial Statements

June 30, 2024

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To the Board of Directors
Public Action to Deliver Shelter, Inc.
d/b/a Hesed House
Aurora, Illinois

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying financial statements of Public Action to Deliver Shelter, Inc. d/b/a Hesed House (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 financial statements present fairly, in all material respects, the financial position of Public Action to Deliver Shelter, Inc. d/b/a Hesed House as of June 30, 2024, 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 and the standards applicable to financial audit contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Public Action to Deliver Shelter, Inc. d/b/a Hesed House 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 Public Action to Deliver Shelter, Inc. d/b/a Hesed House's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Public Action to Deliver Shelter, Inc. d/b/a Hesed House's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Action to Deliver Shelter, Inc. d/b/a Hesed House'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 on Summarized Comparative Information

We have audited the June 30, 2023 financial statements, and our report dated February 27, 2024, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2025, on our consideration of Public Action to Deliver Shelter, Inc. d/b/a Hesed House'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 Public Action to Deliver Shelter, Inc. d/b/a Hesed House'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 Public Action to Deliver Shelter, Inc. d/b/a Hesed House's internal control over financial reporting and compliance.

Sassetti LLC

Oak Brook, IL
February 25, 2025

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024, WITH COMPARATIVE TOTALS FOR JUNE 30, 2023

	2024	2023
ASSETS		
Cash and cash equivalents	$ 2,487,739	$ 1,555,366
Investments	4,111,634	5,128,587
Grants and contracts receivable	1,000,036	747,261
Other receivables	11,562	106,651
Other assets	104,842	118,951
Property and equipment, net	6,652,757	4,272,299
Right of use asset - finance	24,221	-
Total Assets	$ 14,392,791	$ 11,929,115
LIABILITIES		
Accounts payable	$ 587,378	$ 105,894
Accrued payroll and other liabilities	302,592	201,821
Accrued vacation	108,569	97,626
Finance lease liability	24,221	-
Total Liabilities	1,022,760	405,341
NET ASSETS		
Without donor restrictions	13,044,036	10,787,397
Board designated	150,000	150,000
Total net assets without donor restrictions	13,194,036	10,937,397
With donor restrictions	175,995	586,377
Total net assets	13,370,031	11,523,774
Total Liabilities and Net Assets	$ 14,392,791	$ 11,929,115

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

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals 2024	Totals 2023
REVENUES AND OTHER SUPPORT				
Contributions	$ 3,819,654	$ -	$ 3,819,654	$ 3,048,625
Contributions, in-kind	4,302,550	-	4,302,550	4,118,339
Government Grants	6,544,471	67,500	6,611,971	3,279,001
Special events	770,537	-	770,537	1,068,125
Investment return, net	404,240	30,587	434,827	166,232
Miscellaneous income	65,169	-	65,169	19,890
Net assets released from restrictions	508,469	(508,469)	-	-
Total Revenues and Other Support	16,415,090	(410,382)	16,004,708	11,700,212
EXPENSES				
Program services	12,243,018	-	12,243,018	10,265,039
Administrative and general	890,572	-	890,572	909,640
Fundraising	1,024,861	-	1,024,861	1,048,980
Total Expenses	14,158,451	-	14,158,451	12,223,659
CHANGE IN NET ASSETS	2,256,639	(410,382)	1,846,257	(523,447)
NET ASSETS				
Beginning of year	10,937,397	586,377	11,523,774	12,047,220
End of year	$ 13,194,036	$ 175,995	$ 13,370,031	$ 11,523,773

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

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2023

	Program Services						
	PADS OES	PADS AM	SEEDS	Light-House	Partner Agencies	Carpenter's Homeless Prevention	Family Shelter
Staff salaries	$ 1,787,697	$ 755	$ 217,741	$ 745,680	$ 755	$ 127,135	$ 24,082
Other staff benefits	356,365	108,068	90,316	128,529	9,976	17,126	123,015
Supplies	172,080	60,358	16,690	73,370	-	10	53,879
Rent and housing expense	84,799	-	20,329	749,733	-	853,113	616,231
Supplies - in-kind	1,284,545	821,027	226,485	-	-	-	221,204
Services - in-kind	195,292	231,230	195,292	-	-	-	14,883
Professional services	-	-	-	460	-	-	15,960
Communication	2,519	1,151	440	543	263	63	1,748
Repairs and maintenance	12,946	3,610	14,569	1,348	-	-	119
Occupancy	96,536	37,521	28,233	19,010	22,349	5,364	49,394
Insurance	16,646	9,604	12,911	4,517	2,560	2,242	9,141
Other program expense	3,695	-	74,571	134,400	-	606	29,541
Travel	20,281	2,717	26,641	43,484	403	302	10,889
Contribution and direct mail	-	-	98	-	-	-	-
Special events	-	-	59	262	-	-	582
Depreciation	82,241	25,078	59,109	19,537	7,331	12,346	58,331
Credit card fees	-	-	-	-	-	-	-
Bad debt	-	-	-	-	-	-	-
Miscellaneous	-	32	-	1,503	-	-	-
Total expenses	$ 4,115,642	$ 1,301,151	$ 983,484	$ 1,922,376	$ 43,637	$ 1,018,307	$ 1,228,999

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

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2023

	Program Services			Support Services		Totals	
	Harbor	Other	Total Program Services	Administrative and General	Fundraising	2024	2023
Staff salaries	$ 240,612	$ 130,657	$ 3,275,114	$ 367,653	$ 444,904	$ 4,087,671	$ 3,329,231
Other staff benefits	73,443	22,015	928,853	97,368	75,493	1,101,714	877,482
Supplies	29,502	3,166	409,055	42,453	5,201	456,709	380,962
Rent and housing expense	-	28,621	2,352,826	418	-	2,353,244	1,614,231
Supplies - in-kind	641,932	-	3,195,193	-	-	3,195,193	3,238,918
Services - in-kind	213,797	89,863	940,357	-	-	940,357	879,421
Professional services	-	-	16,420	186,648	-	203,068	220,742
Communication	1,652	126	8,505	28,315	17,205	54,025	60,732
Repairs and maintenance	46	-	32,638	22,763	15,304	70,705	46,730
Occupancy	42,002	5,229	305,638	68,573	1,269	375,480	350,812
Insurance	9,141	818	67,580	2,994	-	70,574	71,872
Other program expense	1,859	6,556	251,228	19,550	1,316	272,094	167,707
Travel	4,102	2,301	111,120	6,609	866	118,595	87,762
Contribution and direct mail	-	-	98	144	158,066	158,308	224,748
Special events	-	-	903	40	281,298	282,241	289,812
Depreciation	58,331	7,853	330,157	6,038	-	336,195	324,703
Credit card fees	-	-	-	5	23,939	23,944	10,586
Bad debt	-	-	-	40,984	-	40,984	-
Miscellaneous	-	15,798	17,333	17	-	17,350	47,207
Total expenses	$ 1,316,419	$ 313,003	$ 12,243,018	$ 890,572	$ 1,024,861	$ 14,158,451	$ 12,223,658

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

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,846,257	$ (523,446)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	336,983	324,703
Unrealized gain on investments	(246,646)	(93,911)
Realized (gain) loss on sale of investments	(58,612)	16,577
Receipt of donated stock	(16,782)	(11,207)
Receipt of donated building	(167,000)	-
(Increase) decrease in operating assets:		
Grants receivable	(252,775)	(188,025)
Other receivables	95,089	(102,940)
Other assets	14,109	(70,220)
Increase (decrease) in operating liabilities:		
Accounts payable	481,484	(4,208)
Accrued payroll and other liabilities	100,771	(8,201)
Accrued vacation	10,943	(5,214)
Net Cash Provided by (Used in) Operating Activities	2,143,821	(666,092)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	1,460,208	-
Purchase of investments	(121,215)	(3,553,443)
Purchase of property and equipment	(2,549,653)	(245,845)
Net Cash Used in Investing Activities	(1,210,660)	(3,799,288)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on lease liability - finance lease	(788)	-
Net Cash Used in Financing Activities	(788)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	932,373	(4,465,380)
CASH AND CASH EQUIVALENTS - Beginning of year	1,555,366	6,020,746
End of year	$ 2,487,739	$ 1,555,366
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Income taxes paid	$ -	$ -
Interest paid	$ -	$ -
Non-Cash Investing and Financing Activities		
Adoption of ASU 842 - Right-of-use asset obtained in exchange for lease liability	$ 24,914	$ -

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

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. NATURE OF ORGANIZATION

Public Action to Deliver Shelter, Inc. d/b/a Hesed House (PADS or the Organization) is a not-for-profit organization concerned with the dignity and reclamation of homeless individuals and families in the Aurora, Illinois area. PADS is linked in mutual efforts with the Aurora Area Interfaith Food Pantry, Association for Individual Development, Aurora University Harvesting Hope Children's Program, Breaking Free, Inc., IL Department of Veterans' Affairs, Open Door Clinic, Inc., Prairie State Legal Services, Mutual Ground, Northern Illinois University (NIU) Legal Clinic and Aunt Martha's Healthcare Clinic to provide these services. PADS is funded by contracts from government agencies, primarily HUD and IDHS, as well as contributions from foundations, corporations, and individuals.

The primary function of PADS is to provide food, overnight shelter, daytime drop-in center for homeless individuals, and a round-the-clock family shelter. The programs of PADS include the PADS Overnight Emergency Shelter (PADS OES), PADS Daytime Drop-In Center (PADS AM), Sowing Empowerment, Embracing Dignity, Self-Sufficiency Case Management Services (SEEDS), Permanent Support Housing (LIGHT-House), on-site Permanent Supportive Housing (Harbor), Family Shelter, Homeless Prevention (Carpenter's), and Meals and Feeding Program. The Meals and Feeding Program expenses are included in the PADS Daytime Drop-In Center program on the Statement of Functional Expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of PADS have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, the financial statements reflect all significant receivables, payables, and other liabilities.

Statements of Cash Flows – PADS considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments - Investments are stated at fair market value in the accompanying financial statements. The market value of investments is generally determined based on quoted market price or estimated fair value. Realized and unrealized investment gains, losses, income, and investment management fees are reported in PADS' statement of activities as investment return, net.

Fair Value Measurements - PADS measures fair value in accordance with generally accepted accounting principles, which establish a definition of fair value and a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable value inputs. PADS significant financial instruments include cash, accounts receivable and debt. For these financial instruments, carrying values approximate fair value.

Receivables – Grants and contracts receivable consists of amounts awarded or earned, but not yet paid, and are due within the next year. Management has assessed the collectability of the grants and contracts receivable based on historical trends and current information and believes all amounts are collectible. As such, no allowance for uncollectible grants and contracts receivable has been established.

Property and Equipment - Property and equipment are recorded at cost or estimated fair value, if donated. Maintenance, repairs, and renewals which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. PADS capitalizes purchases of fixed assets in excess of $5,000 with a useful life of one year or greater. Gains or losses on dispositions of property and equipment are included in income. Depreciation is computed under the straight-line method over the estimated useful lives of the assets ranging from five to twenty-five years.

Net Assets - PADS classifies net assets as without donor restrictions or with donor restrictions.

Net assets without donor restrictions are not restricted by donor-imposed stipulations. These net assets may be further classified into designated and undesignated with designated assets representing funds set aside at the discretion of the Board for certain purposes. As of June 30, 2024, the Board has designated $150,000 for general reserves.

Net assets with donor restrictions represent assets with donor-imposed time or use restrictions that will be met by the passage of time or the actions of PADS.

Use of Accounting Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of

revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses - Indirect functional expenses have been allocated between applicable program services based on an analysis of personnel time or square footage of space utilized for the related activities, or ratio of program direct salaries to total direct salaries. Expenses directly attributable to a specific program or functional area are reported as expenses of those functional areas. Expenses allocated include salaries, occupancy, repairs, insurance, utilities, and supplies.

Income Taxes - PADS has been classified as “not a private foundation” and has been determined to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by PADS and recognize a tax liability of the organization has taken an uncertain position that more likely than not would not be sustained upon examinations by the Internal Revenue Service or other applicable taxing authorities. Management has analyzed the tax positions taken by PADS and has concluded that as of June 30, 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. PADS is subject to routine audits by taxing jurisdictions. Management believes PADS is no longer subject to income tax examinations for years prior to 2021.

Revenue Recognition – PADS has the following types of revenue:

Contributions – Contributions and unconditional grants are recognized when the donor makes a promise to give to PADS that is, in substance, unconditional. Contributions that are not restricted by the donor are reported as increases in net assets without donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions. Conditional

contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

Certain contributed supplies and consumable goods are recorded as support and expenses at fair market value at the time of the donation. Contributed services that meet the criteria under accounting principles generally accepted in the United States of America are recorded as support and expenses at values indicated by the individuals who contribute the specialized services.

Government grants – The Organization has cost-reimbursable grants and contracts with state and local government agencies and other organizations. Revenue from these grants and contracts is conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue from these government grants and contracts is recognized when the Organization has incurred expenditures in compliance with the specific contract or grant provisions plus allowable indirect expenses which are based on the 10% de minimus rate with the federal government. Amounts related to these conditional grants that are recognized and released in the same year are included as grants and contributions without donor restrictions in the accompanying statement of activities. Revenue recognized on these grants and contracts for which billings have not been presented to or collected from the grantors is included in grants and contributions receivable in the accompanying statements of financial position.

Special event revenues – Special event revenue for ticket sales is recorded as deferred revenue when received and recognized as earned when the underlying event occurs. The portion of special event revenue that is not received in exchange for goods or services related to the event is included in contributions. Total amount of ticket revenue received during the year ended June 30, 2024 was $12,539.

Adopted Accounting Pronouncements – The Organization adopted Accounting Standards Update (“ASU”) 2016-13, Measurement of Credit Losses on Financial Instruments (ASC 326), issued by the Financial Accounting Standards Board (“FASB”). This standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and trade receivables.

Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. The Organization adopted the pronouncement in the current year with no impact on the financial statements.

Leases – The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the Statements of Financial Position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term at the commencement date.

Lease ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. When available, the Organization uses the interest rate implicit in the lease to determine the net present value of the lease payments. For operating leases that do not provide an incremental borrowing rate, the Organization has elected to use the practical expedient as allowed under the standard. As such, a risk-free rate as of the date of the lease inception, based on the term of the lease, would be used. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

As permitted by GAAP, management has elected not to apply these new lease accounting policies to leases with a term of less than one year at the lease's commencement date. Expenses associated with short-term leases are recognized on a straight-line basis over the term of the lease.

Comparative Financial Information – The financial information shown for fiscal year 2023 in the accompanying financial statements is included to provide a basis for comparison with 2024. The comparative information is summarized by totals only, and such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with PADS' financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Subsequent Events - Management has evaluated subsequent events through February 25, 2025, the date on which the financial statements were available to be issued.

3. CONTRIBUTED NONFINANCIAL ASSETS

For the year ended June 30, 2024, contributed nonfinancial assets recognized within the statement of activities included:

	Value	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Goods	$ 995,609	Family Shelter, Permanent Supportive Housing, Daytime Drop-in Center, Overnight Emergency Shelter, Self Sufficiency Case Management Services.	Programs noted	PADS estimated the fair value on the basis of estimates of values that would be received for selling similar products in the United States.
Food	2,199,584	Family Shelter, Permanent Supportive Housing, Daytime Drop-in Center, Overnight Emergency Shelter, Self Sufficiency Case Management Services.	Programs noted	PADS estimated the fair value on the basis of estimates of values that would be received for selling similar products in the United States.
Services	940,357	Family Shelter, Permanent Supportive Housing, Daytime Drop-in Center, Overnight Emergency Shelter, Self Sufficiency Case Management Services.	Programs noted	Most recent Bureau of Labor Statistics' average hourly wage in the Organization's metropolitan area.
Capitalized assets	167,000	Family Shelter, Permanent Supportive Housing, Daytime Drop-in Center, Overnight Emergency Shelter, Self Sufficiency Case Management Services.	Programs noted	PADS estimated the fair value on the basis of estimates of values that would be received for selling similar products in the United States.
	$ 4,302,550			

4. INVESTMENTS

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

Generally accepted accounting principles related to fair value disclosure also establish a fair value hierarchy that requires PADS to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair

value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels of inputs that may be used to measure fair value are as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities;

Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Fair value measurements recorded on a recurring basis at June 30, 2024 were as follows:

	Level 1	Level 2	Level 3	Total Fair Value
Exchange-traded and other funds	$ 1,584,918	$ -	$ -	$ 1,584,918
Mutual funds	2,107,826	-	-	2,107,826
Total Investments	$ 3,692,744	$ -	$ -	$ 3,692,744
Cash and cash equivalents within brokerage accounts				418,890
Total				$ 4,111,634

Total investment return, net consists of the following for the year ended June 30, 2024:

Interest and dividend income	$ 174,883
Realized loss on sale of investments	58,612
Advisory Fees	(45,314)
Unrealized gain on investments	253,186
Total Investment Return, net	$ 441,367

PADS' exchange-traded funds and mutual funds are classified within Level 1 and valued based on quoted market prices and are deemed to be actively traded.

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

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2024:

Land	$	117,986
Storage building		383,879
Building and improvements		6,718,693
Furniture and equipment		1,359,979
Construction in progress		2,760,266
Subtotal		11,340,803
Less: accumulated depreciation		(4,688,046)
	$	6,652,757

Depreciation expense totaled $336,195 for the year ended June 30, 2024.

6. RETIREMENT PLAN

PADS maintains a simple defined contribution retirement plan for all regular (full-time and part-time) employees who meet eligibility requirements regarding term of service. PADS matches the employee deferral on a dollar-for-dollar basis, up to a maximum of 3% of employee salary. The matching contributions to the plan were $57,979 for the year ended June 30, 2024 and are included in other staff benefits.

7. LEASE COMMITMENTS

The Organization entered into a 6-year equipment lease expiring April 30, 2030. The Organization’s monthly rental payments are $394 per month. The monthly rent is recorded on a straight-line basis over the term of the lease.

The finance lease is included in the Statement of Financial Position at the present value of the lease payments at a 4.50% risk-free rate. The approximate weighted after lease term is 6 years.

Amortization expense and cash paid associated with the finance lease for the year ended June 30, 2024 was $788. There was a noncash investing and financing transaction equal to the net present value of the finance lease of $24,914.

Future maturities of lease for the lease of June 30 is as follows:

	Finance
2025	$ 4,728
2026	4,728
2027	4,728
2028	4,728
2029	4,728
2030	3,940
Total undisclosed cash flows	27,580
Less: present value discount	(3,359)
Total lease liabilities	$ 24,221

8. CONDITIONAL GRANTS

Conditional grants are grants that include a specific condition in order to earn the revenue. Conditional grants are not recorded in revenue until the condition of the grant is met (generally, when the service is provided). PADS has conditional grants from the Illinois Department of Human Services and the Department of Housing and Urban Development to provide housing services of approximately $169,430 that are available during fiscal year 2025 as qualifying expenses are incurred.

9. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2024, PADS had donor restricted net assets available for the following purposes:

Marchesani Scholarship Fund	$ 139,183
Children assistance	4,067
Children shoes	2,500
Development salaries	17,338
Family shelter	12,907
Total Donor Restricted Net Assets	$ 175,995

10. CONTINGENCY

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

11. CONCENTRATIONS

It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term. In addition, 32% of PADS' total revenues and other support were funded by the Illinois Department of Human Services. PADS' market is concentrated in Aurora, Illinois, and surrounding suburbs geographical area.

Cash held by PADS in bank accounts exceeds the Federal Deposit Insurance Corporation (FDIC) coverage limit. Management believes PADS is not exposed to any significant risk related to cash.

12. LIQUIDITY AND AVAILABILITY OF RESOURCES

PADS typically operates on a consistent annual cycle, with known recurring expenditures that include payroll, supplies, rent, travel and other expenditures as a result of fulfilling its mission. Due to the general predictability of its annual operations, PADS is able to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, PADS may liquidate investment positions with board approval.

PADS' financial assets available for general expenditure within one year of the statement of financial position date of June 30, 2024, are as follows:

Cash and cash equivalents	$ 2,487,739
Grants and contracts receivable	1,000,036
Other receivables	11,562
Investments	4,111,634
Total financial assets available within one year	$ 7,610,971
Less: Contributions restricted for non-operating expenditures:	
Marchesani Scholarship Fund	(139,183)
Total financial assets available to management for general expenditure within one year	$ 7,471,788

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Public Action to Deliver Shelter, Inc. d/b/a Hesed House

Single Audit Reports

June 30, 2024

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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 of
Public Action to Deliver Shelter, Inc.
d/b/a Hesed House
Aurora, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Public Action to Deliver Shelter, Inc. d/b/a Hesed House (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, statements of 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 February 25, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Public Action to Deliver Shelter, Inc. d/b/a Hesed House'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 Public Action to Deliver Shelter, Inc. d/b/a Hesed House's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Public Action to Deliver Shelter, Inc. d/b/a Hesed House's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Sassetti LLC

February 25, 2025
Oak Brook, Illinois

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Public Action to Deliver Shelter, Inc. d/b/a Hesed House

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Public Action to Deliver Shelter, Inc. d/b/a Hesed House 's 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 Public Action to Deliver Shelter, Inc. d/b/a Hesed House 's major federal programs for the year ended June 30, 2024. Public Action to Deliver Shelter, Inc. d/b/a Hesed House 's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Public Action to Deliver Shelter, Inc. d/b/a Hesed House 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, 2024.

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 Public Action to Deliver Shelter, Inc. d/b/a Hesed House 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 Public Action to Deliver Shelter, Inc. d/b/a Hesed House '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 Public Action to Deliver Shelter, Inc. d/b/a Hesed House '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 Public Action to Deliver Shelter, Inc. d/b/a Hesed House '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 Public Action to Deliver Shelter, Inc. d/b/a Hesed House '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 Public Action to Deliver Shelter, Inc. d/b/a Hesed House '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 Public Action to Deliver Shelter, Inc. d/b/a Hesed House '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 Public Action to Deliver Shelter, Inc. d/b/a Hesed House 's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Report on 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures

applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Sassetti LLC

Oak Brook, Illinois
February 25, 2025

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title		Assistance Listing Number	Pass Through Number	Federal Expenditures
U.S. Department of Housing and Urban Development:				
CDBG - Entitlement Grants Cluster				
Pass-through City of Aurora:				
COVID-19 Community Development Block Grants/Entitlement Grant		14.218	N/A	$ 55,473
Subtotal CDBG - Entitlement Grants Cluster				55,473
Direct Programs:				
Continuum of Care		14.267	N/A	1,014,095
Pass-through Illinois Department of Human Services:				
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants		14.251	N/A	241,787
Emergency Solutions Grant Program		14.231	FCSBH05697	91,729
Emergency Solutions Grant Program		14.231	FCSBH06974	169,886
Total U.S. Department of Housing and Urban Development:				1,572,970
U.S. Department of Treasury:				
Pass-through Illinois Department of Human Services:				
Coronavirus State and Local Fiscal Recovery Funds	*	21.027	FCSBH00404	17,152
Coronavirus State and Local Fiscal Recovery Funds	*	21.027	FCSCH06338	1,200,360
Total U.S. Department of Treasury:				1,217,512
U.S. Department of Homeland Security:				
Pass-through Fox Valley United Way:				
Emergency Food and Shelter National Board Program		97.024	Phase 41	87,815
Total U.S. Department of Homeland Security:				87,815
Total Expenditures of Federal Awards				$ 2,878,297

* Audited as a major program

See Notes to Schedule of Federal Awards

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Public Action to Deliver Shelter, Inc. d/b/a Hesed House under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Public Action to Deliver Shelter, Inc. d/b/a Hesed House, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Public Action to Deliver Shelter, Inc. d/b/a Hesed House. Pass-through entity identifying numbers are presented where available.

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

Basis of Accounting

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

Payments to Subrecipients

Public Action to Deliver Shelter, Inc. d/b/a Hesed House provided no Federal awards to sub-recipients during the year ended June 30, 2024.

Non - Cash Assistance

Public Action to Deliver Shelter, Inc. d/b/a Hesed House neither received nor disbursed Federal awards in the form of non-monetary assistance during the year ended June 30, 2024.

Insurance, Loans, and Loan Guarantees

During the year ended June 30, 2024, Public Action to Deliver Shelter, Inc. d/b/a Hesed House received no insurance, loans, loan guarantees or other Federal assistance for the purpose of administering Federal programs.

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

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

Federal Awards Section

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

PART II - FINANCIAL STATEMENT AUDIT FINDINGS

NONE

PART III - FEDERAL PROGRAM AUDIT FINDINGS

NONE

PART IV - SUMMARY OF PRIOR AUDIT FINDINGS

NONE