

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

FINANCIAL STATEMENTS

JUNE 30, 2016

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of **Public Action to Deliver Shelter, Inc. d/b/a Hesed House, Inc.**, which comprise the statements of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Public Action to Deliver Shelter, Inc. d/b/a Hessed House, Inc.** as of June 30, 2016, 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.

Report on Summarized Comparative Information

We have previously audited the June 30, 2015 financial statements, and our report dated March 2, 2016, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Sassetti" followed by a stylized flourish.

January 4, 2017
Oak Park, Illinois

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

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016, WITH COMPARATIVE TOTALS FOR JUNE 30, 2015

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 98,751	\$ 135,838
Restricted cash	7,257	9,211
Investments	808,544	956,792
Pledges receivable	70,000	80,225
Grants and contracts receivable	340,186	84,079
Other receivables	4,509	9,517
Other assets	36,344	22,264
Property and equipment	2,229,112	2,234,573
Total Assets	\$ 3,594,703	\$ 3,532,499
LIABILITIES		
Accounts payable	\$ 26,725	\$ 36,139
Accrued payroll	24,642	68,371
Accrued vacation	73,039	92,441
Resident liability account	7,311	10,032
Loan payable	49,020	53,555
Total Liabilities	180,737	260,538
NET ASSETS		
Unrestricted	2,999,184	2,839,129
Board designated	231,385	233,353
Total unrestricted net assets	3,230,569	3,072,482
Temporarily restricted	183,397	199,479
Total net assets	3,413,966	3,271,961
Total Liabilities and Net Assets	\$ 3,594,703	\$ 3,532,499

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

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR THE
YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Totals	
			2016	2015
REVENUES AND OTHER SUPPORT				
Contributions	1,407,310	\$ 5,000	\$ 1,412,310	\$ 1,129,654
Contributions, in-kind	2,662,455	-	2,662,455	2,512,578
Grants	1,291,916	-	1,291,916	1,258,340
Special projects	495,617	-	495,617	764,754
TLC resident income	8,417	-	8,417	7,999
Investment income (loss)	(8,017)	-	(8,017)	21,562
Miscellaneous income	23,958	-	23,958	22,630
Net assets released from restrictions	21,082	(21,082)	-	-
Total Revenues and Other Support	5,902,738	(16,082)	5,886,656	5,717,517
EXPENSES				
Program services	4,997,141	-	4,997,141	5,108,279
Administrative and general	323,831	-	323,831	372,821
Fundraising	423,679	-	423,679	420,705
Total Expenses	5,744,651	-	5,744,651	5,901,805
CHANGE IN NET ASSETS	158,087	(16,082)	142,005	(184,288)
NET ASSETS				
Beginning of year	3,072,482	199,479	3,271,961	3,456,249
End of year	<u>\$ 3,230,569</u>	<u>\$ 183,397</u>	<u>\$ 3,413,966</u>	<u>\$ 3,271,961</u>

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

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016,
WITH COMPARATIVE TOTALS FOR JUNE 30, 2015

	Program Services						
	PADS OES	PADS AM	TLC	SEEDS	Light-House	Partner Agencies	Carpenter's Homeless Prevention
Staff salaries	\$ 329,867	\$ 75,298	\$ 344,196	\$ 169,942	\$ 77,143	\$ 42,573	\$ 39,765
Other staff benefits	60,639	22,841	72,007	51,805	17,904	6,770	6,522
Supplies	8,050	55,655	57,470	4,449	1,689	-	414
Special funds and other expenses	1,113	-	23,850	54,311	7,445	-	574
Rent and housing expense	-	-	325	11,926	227,151	-	28,556
Supplies - in-kind	738,150	610,626	485,028	274,624	-	-	-
Services - in-kind	117,883	117,254	83,472	69,302	-	-	-
Consultants	40	-	-	40	-	-	-
Communication	-	322	-	520	490	-	-
Repairs and maintenance	64	64	128	-	-	-	-
Occupancy	48,057	17,110	75,180	30,223	13,368	23,526	5,936
Insurance	4,213	2,748	5,316	4,363	1,638	733	718
Interest expense	-	-	-	-	-	-	-
Special project expense	-	-	7,661	-	-	-	147
Travel	969	664	2,199	2,702	1,779	162	1,694
Depreciation	44,255	14,994	73,533	43,770	14,139	4,675	9,048
Total expenses	\$ 1,353,300	\$ 917,576	\$ 1,230,365	\$ 717,977	\$ 362,746	\$ 78,439	\$ 93,374

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

	Program Services			Support Services		Totals	
	Soup Kitchen	Other	Total Program Services	Administrative and General	Fundraising	2016	2015
Staff salaries	\$ 17,266	\$ 22,696	\$ 1,118,746	\$ 159,044	\$ 181,674	\$ 1,459,464	\$ 1,492,691
Other staff benefits	2,039	3,203	243,730	54,466	30,077	328,273	340,557
Supplies	1,038	4,353	133,118	42,342	15,254	190,714	254,643
Special funds and other expenses	-	280	87,573	3,628	-	91,201	279,491
Rent and housing expense	-	-	267,958	200	-	268,158	208,014
Supplies - in-kind	113,203	21,369	2,243,000	-	-	2,243,000	2,054,872
Services - in-kind	1,496	30,048	419,455	-	-	419,455	457,706
Consultants	-	-	80	34,885	-	34,965	37,304
Communication	-	-	1,332	19,590	613	21,535	30,697
Repairs and maintenance	-	-	256	9,042	15,025	24,323	17,879
Occupancy	5,146	4,835	223,381	(31,604)	1,585	193,362	205,367
Insurance	183	277	20,189	18,283	-	38,472	45,237
Interest expense	-	-	-	1,844	-	1,844	3,622
Special project expense	-	3,108	10,916	3,433	179,280	193,629	236,057
Travel	40	752	10,961	4,931	171	16,063	21,449
Depreciation	6,468	5,564	216,446	3,747	-	220,193	216,219
Total expenses	<u>\$ 146,879</u>	<u>\$ 96,485</u>	<u>\$ 4,997,141</u>	<u>\$ 323,831</u>	<u>\$ 423,679</u>	<u>\$ 5,744,651</u>	<u>\$ 5,901,805</u>

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

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 142,005	\$ (184,288)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities -		
Depreciation	220,193	216,219
Unrealized loss on investments	23,377	122,217
Realized loss (gain) on sale of investments	7,186	(117,168)
Changes in operating assets and liabilities -		
Decrease (increase) in pledges receivable	10,225	(79,475)
(Increase) in grants receivable	(256,107)	(37,408)
Decrease in other receivables	5,008	1,595
(Increase) in other assets	(14,080)	(1,789)
(Decrease) increase in accounts payable	(9,414)	12,908
(Decrease) increase in accrued payroll	(43,729)	4,571
(Decrease) increase in accrued vacation	(19,402)	10,955
(Decrease) in deferred revenue	-	(24,077)
(Decrease) Increase in resident liability account	(2,721)	1,854
Net Cash Provided by (Used in) Operating Activities	62,541	(73,886)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (Increase) in restricted cash	1,954	(1,033)
Purchase of investments	(52,315)	(127,263)
Proceeds from sales of investments	170,000	218,172
Purchase of property and equipment	(214,732)	(92,580)
Net Cash Used in Investing Activities	(95,093)	(2,704)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on loan payable	(4,535)	(25,324)
Net Cash Used in Financing Activities	(4,535)	(25,324)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(37,087)	(101,914)
CASH AND CASH EQUIVALENTS -		
Beginning of year	135,838	237,752
End of year	\$ 98,751	\$ 135,838
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Taxes paid	\$ -	\$ -
Interest paid	\$ 1,844	\$ 3,622

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

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. NATURE OF THE ORGANIZATION

Public Action to Deliver Shelter, Inc. d/b/a Hesed House, Inc. (PADS) is a not-for-profit organization concerned with the dignity and reclamation of homeless and hungry persons in the Aurora 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, Marmion Academy, Open Door Clinic, Inc., Prairie State Legal Services, Waubensee Community College, and Aunt Martha's Healthcare Clinic to provide these services. The primary function of PADS is to provide food, overnight shelter, daytime drop-in center for homeless individuals, and a round-the-clock transitional living community. The programs of PADS include the PADS Overnight Emergency Shelter (PADS OES), PADS Daytime Drop-In Center (PADS AM), Sowing Empowerment, Embracing Dignity, and Self-Sufficiency Case Management Services (SEEDS), Permanent Support Housing (LIGHT-House), Transitional Living Community (TLC), Homeless Prevention (Carpenter's), and Meals and Feeding Program (Soup Kitchen).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation - Under generally accepted accounting principles, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

The Organization reports contributions and grants with donor-imposed restrictions that are met in the same year as temporarily restricted revenues, and reflects their satisfaction of restrictions as a transfer to unrestricted net assets on the Statement of Activities.

Statements of Cash Flows - The Organization 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, and income are reported in PADS' statement of activities.

Subsequent Events - PADS has evaluated subsequent events through January 4, 2017, the date on which the financial statements were available to be issued, and determined that there were no significant nonrecognized subsequent events through that date.

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable - Grants receivable consists of amounts awarded, but not yet paid, and are due within the next year. The grants were expended on economic development and homeless prevention.

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 generally capitalizes purchases of fixed assets in excess of \$2,000 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 years.

Contributions - Contributions are recognized when the donor makes a promise to give to PADS that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets and are transferred to unrestricted net assets when the restrictions are satisfied or expire.

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.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 - The costs of providing PADS various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Deferred Revenue - Deferred revenue consists of government funds received but not expended at the end of the year.

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets - PADS classifies net assets as unrestricted, temporarily restricted, or permanently restricted.

Unrestricted net assets of PADS are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted 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, 2016, the Board has designated \$231,385 of funds received when the Aurora Soup Kitchen, Inc. dissolved in 2011 to be restricted for the benefit of the operation of a soup kitchen at PADS.

Temporarily restricted net assets of PADS result (a) from contributions and other inflows of assets whose use by PADS is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of PADS pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of PADS pursuant to those stipulations. See Note 11 for description of these funds.

Permanently restricted net assets of PADS result (a) from contributions and other inflows of assets whose use by PADS is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of PADS, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications from (or to) other classes of net assets as a consequence of donor-imposed stipulations. There were no permanently restricted net assets at June 30, 2016.

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.

Tax-Exempt Status - 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 pursuant to a letter dated October 5, 1984. Accordingly, no provision for income taxes is included in the financial statements.

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax-Exempt Status (Continued)

PADS follows authoritative guidance issued by FASB that clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold of more-likely-than-not to be sustained upon examination. Measurement of the tax uncertainty occurs if the recognition threshold has not been met. This guidance also addresses derecognition, classification, interest and penalties, disclosure, and transition. PADS conducts business solely in the U.S. and, as a result, files information returns for the U.S. and Illinois. In the normal course of business, PADS is subject to examination by taxing authorities.

PADS' information returns are open, by statute, for review by authorities generally for three years after being filed. However, at present, there are no ongoing income tax audits or unresolved disputes with the various tax authorities that PADS currently files or has filed with.

3. CASH AND CASH EQUIVALENTS

Restricted Cash - Restricted cash represents cash held by PADS on behalf of residents. Funds are disbursed from this account per the direction of the individual resident.

Concentrations of Cash - Cash held by PADS in bank accounts may at times exceed the Federal Deposit Insurance Corporation (FDIC) coverage limit. Management believes the organization is not exposed to any significant risk related to cash.

4. PLEDGES RECEIVABLE

Pledges receivable as of June 30, 2016 consisted of unconditional promises to give totaling \$70,000 which is expected to be received in the next two or three years. Management has assessed collectability and determined no allowance for doubtful accounts is necessary.

5. GRANTS RECEIVABLE

Grants receivable consist of amounts due from various governmental agencies totaling \$340,186 at June 30, 2016. Management has assessed the collectability of the grants receivable based on historical trends and current information and believe all amounts are collectible. As such, no allowance for doubtful accounts has been established.

6. IN-KIND DONATIONS

PADS receives a substantial amount of contributed supplies and services that are used in their various programs. Contributed supplies include perishable food items and nonperishable supplies including medical prescriptions and clothing. For the year ended June 30, 2016, the total amount of contributed supplies was \$2,243,000. Contributed services include a free on-site medical clinic and legal clinic. For the year ended June 30, 2016, the total value of contributed services was \$419,455.

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

7. INVESTMENTS

The Organization 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, the Organization considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

Generally accepted accounting principles related to fair value disclosure also establish a fair value hierarchy that requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest 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, 2016 were as follows:

	Level 1	Level 2	Level 3	Total Fair Value
Stocks	\$ 97,532	\$ -	\$ -	\$ 97,532
Exchange-traded and other funds	67,515	-	-	67,515
Corporate bonds	-	56,647	-	56,647
Mutual funds	492,227	-	-	492,227
Unit investment trusts	-	55,345	-	55,345
Total Investments	<u>\$ 657,274</u>	<u>\$ 111,992</u>	<u>\$ -</u>	<u>\$ 769,266</u>
Cash and cash equivalents within brokerage accounts				<u>39,278</u>
Total				<u>\$ 808,544</u>

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

7. INVESTMENTS - CONTINUED

Total investment return consists of the following for the year ended June 30, 2015:

Interest income	\$	22,546
Realized gain on sale of investments		(7,186)
Unrealized loss on investments		(23,377)
		(23,377)
Total Investment Loss	\$	(8,017)

The Organization's stocks, 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. Securities included in Level 1 are valued using closing prices for identical instruments that are traded on active exchanges. Corporate bonds are Level 2 investments and are valued based on model-based pricing methods that use observable market data as inputs. Broker dealer bids or quotes of securities with similar characteristics may also be used. Unit investment trusts are not actively traded and the value is based on the underlying investment's quoted market prices.

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.

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2016:

Land	\$	117,986
Building and improvements		3,975,519
Furniture and equipment		655,658
		4,749,163
Subtotal		4,749,163
Less accumulated depreciation		(2,520,051)
		\$ 2,229,112

Depreciation expense totaled \$220,193 for the year ended June 30, 2016.

PUBLIC ACTION TO DELIVER SHELTER, INC.
d/b/a HESED HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

9. LOAN PAYABLE

On August 21, 2008, PADS entered into a construction loan for up to \$700,000, with a 15-year promissory note for the purchase of property due February 29, 2023.

The note has an interest rate which adjusts every five years from the first day of the first full month after the loan closing date. The interest rate adjusts to 125 basis points over current U.S. Treasury rate. The interest rate was adjusted on July 1, 2015 to 3.58%. The next interest rate adjustment date is July 1, 2020.

This loan is secured by the land and building purchased with the loan proceeds. The outstanding balance on the loan at June 30, 2016 is \$49,020.

Maturities of the loan is as follows for the years ended June 30:

	2017	\$	4,687
	2018		4,857
	2019		5,034
	2020		5,217
	2020		29,225
			29,225
		\$	49,020

10. 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, to a maximum of 3% of employee salary. The matching contributions to the plan were \$27,270 for the year ended June 30, 2016, and are included in employee benefit expenses.

11. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2016, PADS had temporarily restricted net assets available for the following purposes:

Marchesani Scholarship Fund	\$	150,000
HEAT Workforce Development		26,961
Other		6,436
		6,436
Total Temporarily Restricted Net Assets	\$	183,397

12. CONTINGENCY

The Organization has received significant revenues from federal, state and city agencies. The disbursement of funds received under these programs generally require 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.