

PROVIDENCE NETWORK
FINANCIAL STATEMENTS
March 31, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Providence Network
Denver, Colorado

We have audited the accompanying financial statements of Providence Network (a nonprofit corporation), which comprise the statements of financial position as of March 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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

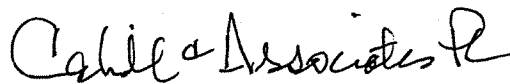
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Providence Network as of March 31, 2018 and 2017, and the change 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.



CAHILL & ASSOCIATES, P.C.
Boulder, Colorado
June 26, 2018

PROVIDENCE NETWORK
Statements of Financial Position
March 31, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 223,539	\$ 131,753
Prepaid Expenses	21,634	28,765
Flex Spending Deposits	4,000	4,000
Second Chances Payroll Deposit	0	2,000
Accounts Receivable	3,325	4,135
Pledges Receivable, Current, Net of Allowance for Doubtful Accounts of \$1,120 and \$3,858 for 2018 and 2017, respectively	<u>17,285</u>	<u>496,983</u>
Total Current Assets	<u>269,783</u>	<u>667,636</u>
PROPERTY AND EQUIPMENT		
Land	1,484,806	1,484,806
Buildings	2,304,119	2,304,119
Building Improvements	1,761,723	1,733,751
Furniture and Equipment	142,479	140,325
Automobiles	<u>50,839</u>	<u>39,939</u>
	5,743,966	5,702,940
Less: Accumulated Depreciation	<u>(1,555,705)</u>	<u>(1,423,987)</u>
Total Property and Equipment	<u>4,188,261</u>	<u>4,278,953</u>
OTHER ASSETS		
Pledges Receivable, Long Term, Net of Allowance for Doubtful Accounts of \$941 and \$5,138 for 2018 and 2017, respectively	16,991	80,491
Investment in Silver Lining House	<u>2,928,284</u>	<u>1,379,074</u>
Total Other Assets	<u>2,945,275</u>	<u>1,459,565</u>
TOTAL ASSETS	<u>\$ 7,403,319</u>	<u>\$ 6,406,154</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 148,863	\$ 98,584
Line Of Credit	<u>851,311</u>	<u>-</u>
Total Current Liabilities	<u>1,000,174</u>	<u>98,584</u>
Note Payable	-	400,000
Total Liabilities	<u>1,000,174</u>	<u>498,584</u>
NET ASSETS		
Unrestricted	6,324,818	5,311,913
Temporarily Restricted	<u>78,327</u>	<u>595,657</u>
Total Net Assets	<u>6,403,145</u>	<u>5,907,570</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,403,319</u>	<u>\$ 6,406,154</u>

See Accompanying Notes to Financial Statements

PROVIDENCE NETWORK
Statement of Activities
For the Year Ended March 31, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions			
Individuals	\$ 367,588	\$ 164,144	\$ 531,732
Corporations	452,525	20,000	472,525
Church and Faith Based	25,524	7,347	32,871
United Way	350		350
Foundation Grants	158,187	191,281	349,468
In-Kind Support	236,044	-	236,044
Special Events	96,929	-	96,929
Earned Income			
Resident Program Fees	340,036	-	340,036
Investment Income	640	-	640
Other Income	11,746	-	11,746
Net Assets Released from Restrictions			
Due to Satisfaction of Restrictions	900,102	(900,102)	-
Total Support and Revenue	<u>2,589,671</u>	<u>(517,330)</u>	<u>2,072,341</u>
EXPENSES			
Program Services	1,282,574	-	1,282,574
Administration	104,871	-	104,871
Fundraising	189,321	-	189,321
Total Expenses	<u>1,576,766</u>	<u>-</u>	<u>1,576,766</u>
CHANGE IN NET ASSETS	<u>1,012,905</u>	<u>(517,330)</u>	<u>495,575</u>
NET ASSETS, Beginning of Year	<u>5,311,913</u>	<u>595,657</u>	<u>5,907,570</u>
NET ASSETS, End of Year	<u>\$ 6,324,818</u>	<u>\$ 78,327</u>	<u>\$ 6,403,145</u>

See Accompanying Notes to Financial Statements

PROVIDENCE NETWORK
Statement of Activities
For the Year Ended March 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions			
Individuals	\$ 371,552	\$ 39,236	\$ 410,788
Corporations	60,084	-	60,084
Church and Faith Based	19,800	1,189	20,989
Foundation Grants	161,115	545,000	706,115
In-Kind Support	179,809	-	179,809
Earned Income			
Resident Program Fees	364,353	-	364,353
Investment Income	378	-	378
Other Income	10,088	-	10,088
Net Assets Released from Restrictions			
Due to Satisfaction of Restrictions	268,365	(268,365)	-
Total Support and Revenue	1,435,544	317,060	1,752,604
EXPENSES			
Program Services	1,085,660	-	1,085,660
Administration	89,319	-	89,319
Fundraising	123,148	-	123,148
Total Expenses	1,298,127	-	1,298,127
CHANGE IN NET ASSETS	137,417	317,060	454,477
NET ASSETS, Beginning of Year	5,174,496	278,597	5,453,093
NET ASSETS, End of Year	\$ 5,311,913	\$ 595,657	\$ 5,907,570

See Accompanying Notes to Financial Statements

PROVIDENCE NETWORK
Statement of Functional Revenues and Expenses
For the Year Ended March 31, 2018

	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>TOTAL</u>
SUPPORT AND REVENUE				
Contributions				
Individuals	\$ 296,208	\$ -	\$ 235,524	\$ 531,732
Corporations	20,000	-	452,525	472,525
Church and Faith Based	9,447	-	23,424	32,871
Foundation Grants	196,807	-	152,661	349,468
United Way/Other Federated Gvng	-	-	350	350
In-Kind Support	199,380	564	36,100	236,044
Special Events	-	-	96,929	96,929
Earned Income				
Resident Program Fees	340,036	-	-	340,036
Investment Earnings	-	640	-	640
Other Income	8,658	3,005	84	11,747
Total Support and Revenue	1,070,536	4,209	997,597	2,072,342
EXPENSES				
Salaries & Wages	497,144	66,485	79,573	643,202
Payroll Taxes	40,796	4,995	6,250	52,041
Benefits	149,704	26,876	11,461	188,041
Meetings & Conferences	2,712	1,868	1,138	5,718
Travel	2,339	-	27	2,366
Staff Development	9,261	2,670	73	12,004
Food & Meals	20,904	-	-	20,904
Automobile Expenses	10,550	241	439	11,230
Resident Drug Testing	6,009	-	-	6,009
Resident Assistance	5,292	-	-	5,292
Program Events	9,811	-	-	9,811
Youth Services	1,146	-	-	1,146
Supplies	28,856	3,226	139	32,221
Professional Fees	7,497	24,537	6,983	39,017
Occupancy	125,698	10	-	125,708
Telephone/Internet/Cable	20,109	2,106	560	22,776
Postage	131	201	452	784
Printing	787	-	6,681	7,468
Dues & Subscriptions	1,490	1,570	743	3,803
Donor Development	-	-	4,753	4,753
Special Event Expenses	652	-	17,625	18,277
Liability Insurance	42,335	2,360	84	44,779
Bank and Credit Card Fees	8,658	1,185	9,053	18,896
Charitable Donations	2,603	-	-	2,603
Interest Expense	10,851	613	-	11,464
Depreciation & Amortization	129,321	-	2,397	131,718
In-Kind Expenses	118,072	564	36,100	154,736
Administration Allocations	29,846	(34,636)	4,790	-
Total Expenses	1,282,574	104,871	189,321	1,576,767
CHANGE IN NET ASSETS	\$ (212,038)	\$ (100,662)	\$ 808,276	\$ 495,575

See Accompanying Notes to Financial Statements

PROVIDENCE NETWORK
Statement of Functional Revenues and Expenses
For the Year Ended March 31, 2017

	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>TOTAL</u>
SUPPORT AND REVENUE				
Contributions				
Individuals	\$ 145,412	\$ -	\$ 265,377	\$ 410,789
Corporations	200	-	59,884	60,084
Church and Faith Based	4,193	-	16,796	20,989
Foundation Grants	550,505	-	155,610	706,115
United Way/Other Federated Gvng	-	-	-	-
In-Kind Support	177,887	1,581	341	179,809
Earned Income				
Resident Program Fees	364,353	-	-	364,353
Investment Earnings	-	378	-	378
Other Income	7,011	2,975	101	10,087
Total Support and Revenue	1,249,561	4,934	498,109	1,752,604
EXPENSES				
Salaries & Wages	405,884	63,683	70,697	540,264
Payroll Taxes	34,081	4,857	5,524	44,462
Benefits	120,512	14,627	8,826	143,965
Meetings & Conferences	2,980	1,582	1,250	5,812
Staff Development	7,677	6,373	374	14,424
Food & Meals	17,156	-	-	17,156
Automobile Expenses	8,520	266	332	9,118
Resident Drug Testing	3,877	-	-	3,877
Resident Assistance	4,406	-	-	4,406
Program Events	8,114	-	-	8,114
Youth Services	1,627	-	-	1,627
Supplies	20,222	1,892	246	22,360
Professional Fees	17,195	23,117	5,876	46,188
Occupancy	107,626	10	-	107,636
Telephone/Internet/Cable	17,372	2,160	323	19,856
Postage	58	210	635	903
Printing	839	-	4,087	4,926
Dues & Subscriptions	1,147	1,416	10	2,573
Donor Development	-	-	4,640	4,640
Special Event Expenses	559	-	8,214	8,773
Liability Insurance	40,993	2,008	65	43,066
Bank and Credit Card Fees	9,526	1,254	6,638	17,418
Charitable Donations	600	-	-	600
Interest Expense	12,720	550	-	13,270
Depreciation & Amortization	119,919	-	-	119,919
In-Kind Expenses	90,852	1,581	341	92,774
Administration Allocations	31,198	(36,267)	5,069	-
Total Expenses	1,085,660	89,319	123,147	1,298,127
CHANGE IN NET ASSETS	\$ 163,901	\$ (84,385)	\$ 374,962	\$ 454,477

See Accompanying Notes to Financial Statements

PROVIDENCE NETWORK
Statements of Cash Flows
Years Ended March 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Support and Revenue Received	\$ 2,535,040	\$ 1,141,269
Salaries and Operating Expenses Paid	<u>(1,385,638)</u>	<u>(1,084,523)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,149,402	56,746
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(41,026)	(75,009)
Investment in Silver Lining House	<u>(1,467,901)</u>	<u>(149,549)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(1,508,927)</u>	<u>(224,558)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of Line of Credit	851,311	-
Payment of Long Term Debt	<u>(400,000)</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>451,311</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	91,786	(167,812)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>131,753</u>	<u>299,565</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 223,539</u>	<u>\$ 131,753</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ 495,575</u>	<u>\$ 454,476</u>
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	131,718	119,919
Donated Items to Investment in Silver Lining House	(81,309)	-
Donated Equipment and Improvements	-	(87,035)
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Deposits	2,000	(2,000)
Decrease in Accounts Receivable	810	2,947
(Increase) Decrease in Pledges Receivable	543,198	(432,471)
Decrease in Prepaid Expenses	7,131	2,997
Increase (Decrease) in Payables and Accrued Expenses	<u>50,279</u>	<u>(2,087)</u>
Total Adjustments	<u>653,827</u>	<u>(397,730)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,149,402</u>	<u>\$ 56,746</u>
Other Information:		
Interest Paid	\$ 27,596	\$ 13,270
Non-Cash Revenue and Expenses		
In Kind Contributions	154,736	92,775
In Kind Expenses	<u>(154,736)</u>	<u>(92,775)</u>

See Accompanying Notes to Financial Statements

PROVIDENCE NETWORK
Notes to Financial Statements
March 31, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activities

Providence Network, a non-profit Organization, was incorporated in Colorado in 1987 under the name The Executive Network. The Organization changed its name to Providence Network in 1999.

The Organization operates four transformational housing properties in Denver, Colorado, which includes two Level 1 "FirstStep" transitional housing programs and two Level 2 "NextStep" supportive housing communities. Supportive services are provided to individuals and families in transition who are suffering the ill effects of addictions, domestic violence and homelessness. The FirstStep program provides subsidized housing, food, counseling, support groups, life skills development, employment development, and healthy social activities. The NextStep community offers affordable rents in a healthy environment with access to supportive services as needed.

The Organization receives 17% of its revenues from program fees and rent paid by the residents. The remaining 83% is from private contributions and grants.

Financial Statement Presentation

The Organization reports net assets according to the following classes of net assets:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions. This category includes net assets which have been designated by the board of directors and restricted gifts whose donor-imposed restrictions were met during the year.

Temporarily Restricted Net Assets - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by actions of the Organization pursuant to those stipulations. Examples include contributions received for capital campaigns and contributions restricted by donors for use in specific fiscal years.

Permanently Restricted Net Assets - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. As of March 31, 2018 and 2017, the Organization has no permanently restricted net assets.

Cash and Cash Equivalents

The Organization considers all liquid investments with maturities of three months or less to be cash equivalents.

Investments

Donated marketable securities are cashed upon receipt and recorded as contributions at their estimated fair values at the date of donation.

Property and Equipment

Property and equipment are stated at cost if purchased and at fair value if donated. Property and equipment are depreciated over the estimated useful lives of the assets which range from five to forty years using the straight line method of depreciation. The Organization capitalizes property and equipment additions greater than or equal to \$1,000.

PROVIDENCE NETWORK
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Donated services are reported in the financial statements at fair value when the services create non-financial assets or would be purchased if they require specialized skills and are provided by individuals possessing those skills.

Revenue Recognition

In the absence of donor restrictions, contributions, pledges and grants are considered to be available for unrestricted use. Income is recognized in the period when the contribution, pledge, grant, or unconditional promise to give is received.

The Organization reports contributions of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. If explicit donor stipulations are absent about how long those long-lived assets must be put to specific use, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Special purpose donations are accounted for as an increase in temporarily restricted net assets and are to be only used for the purpose, or the time frame, specifically designed by the donor. When a purpose restriction is accomplished or a time restriction has lapsed, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are shown as unrestricted contributions.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the programs and supporting services benefitted.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Exemption

The Organization is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Contributions made to the Organization qualify for the charitable contribution deduction under Section 170(b)(1)(a). The Organization is not classified as a private foundation by the Internal Revenue Service.

Property Tax Exemption

In 1994, the Organization was granted exemption from property taxation of its transitional homes, as property owned and used solely and exclusively for charitable purposes. The exemption is renewed on a yearly basis.

Pledges Receivable

The Organization records all pledges that are expected to be collected in future years. Periodically the Organization reviews the balance of pledges and contributions outstanding and reserves for amounts estimated to be uncollectible. Pledges on which the donors are behind in their scheduled payments are considered past due and are examined for collectability.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK AND REVENUE CONCENTRATIONS

Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash held at a financial institution. The Organization's bank accounts held at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization also has an Insured Cash Sweep account which funds in excess of \$250,000 per account are transferred into. This is to ensure that no account exceeds the \$250,000 FDIC limits.

Revenue Concentrations

The Organization's ten largest donations accounted for approximately 58% and 73% of total contributions for the years ended March 31, 2018 and 2017, respectively. If these donations were to be modified, reduced, or eliminated, the Organization's finances could be adversely affected.

NOTE 3 - PLEDGES RECEIVABLE

A summary of multi-year pledges receivable as of March 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 18,406	\$ 498,110
One to five years	17,932	85,629
More than five years	-	-
	<u>36,338</u>	<u>583,739</u>
Less: Allowance for Doubtful Accounts	<u>(2,062)</u>	<u>(6,265)</u>
	<u>\$ 34,276</u>	<u>\$ 577,474</u>

Pledges committed for less than one year are reflected as "Current Assets" and those committed for more than one year are reflected as "Other Assets" on the Statement of Financial Position.

The Financial Accounting Standards Board (FASB) statement 116, "Accounting for Contributions Received and Contributions Made" specifies that unconditional promises to give should be recorded in the financial statements at the time of the promise. Management calculates an allowance for doubtful accounts, associated with future collections of these contributions, based on historical collection results. Unfortunately, sometimes for reasons uncontrollable by Management, donors are unable to fulfill these promises. These unfulfilled contributions are estimated and reflected on the Statement of Functional Revenues and Expenses as uncollectible pledges.

NOTE 4 - IN-KIND GOODS, SERVICES, AND USE OF FACILITIES

Donated goods and services were recognized in the accompanying financial statements as follows:

	<u>2018</u>	<u>2017</u>
Equipment and Improvements	\$ -	\$ 187,035
Silver Lining House	81,309	-
Counseling Services	70,870	53,330
Food for program residents	30,782	26,976
Professional Fees	38,790	7,404
Supplies and Apartment Furnishings	<u>14,293</u>	<u>5,064</u>
	<u>\$ 236,044</u>	<u>\$ 179,809</u>

NOTE 5 - PROGRAM FEE INCOME

As discussed in Note 1, the Organization operates four transformational housing properties in Denver, Colorado. Program Income includes program fees from Level 1 residents and rental income from Level 2 tenants. Program fees and rent are charged based on affordability rates. This income received was \$340,036 and \$364,353 for the years ended March 31, 2018 and 2017, respectively.

NOTE 6 - OTHER INCOME

Other income amounted to \$11,746 and \$10,088 for the years ended March 31, 2018 and 2017 respectively. This account includes such items as refunds from insurance claim receipts, laundry and vending income, and Visa cash back rebates.

NOTE 7 - STATEMENT OF FUNCTIONAL EXPENSES - SPECIAL EVENTS EXPENSES

Providence Network sponsors four to six community events per year with residents, staff, and individuals from the community. These events are designed to develop positive social skills for residents and build relationships within the community. Therefore, the cost of these events is allocated to program expenses. The Organization also hosted one fundraiser in the year ending March 31, 2017 and allocated 100% of the expenses to fundraising.

NOTE 8 - LINES OF CREDIT

The Organization has two lines of credit of \$700,000 each. The terms are the same but the properties used for collateral are different. The terms are as follows:

In June of 2018, the Organization renewed a line of credit with a bank in the amount of \$700,000. The agreement requires interest only payments based on the Wall Street Journal Prime Rate plus one percent with a floor rate of 4.5%. The maturity date of this line is June 10, 2020 with any outstanding principal and interest due on this date. The line of credit is collateralized with a first deed of trust on real estate located in 2330 Washington Street Denver, Colorado. The balance outstanding on March 31, 2018 was \$700,000 with accrued interest of \$1,099.

In June of 2018, the Organization renewed an additional line of credit with a bank in the amount of \$700,000. The agreement requires interest only payments based on the Wall Street Journal Prime Rate plus one percent with a floor rate of 4.5%. The maturity date of this line is June 10, 2020 with any outstanding principal and interest due on this date. The line of credit is collateralized with a first deed of trust on real estate located at 1201 E. 16th Ave. Denver, CO 80218. The balance outstanding on March 31, 2018 was \$150,000 with accrued interest of \$212.

NOTE 9 - EMPLOYEE BENEFIT PLAN

The Organization adopted a 403(b) employee retirement plan effective October 1, 2002 that is available to all eligible employees who have completed three months of service. Employees may elect to defer up to the maximum legal limit of compensation. The Organization may make discretionary contributions. Employer contributions are discretionary as determined at the beginning of each fiscal year and throughout the year and vest immediately. Employer contributions amounted to \$35,914 and \$30,436 for years ended March 31, 2018 and 2017, respectively.

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of amounts designated by the donors for the following specified services.

	<u>2018</u>	<u>2017</u>
Joy House	\$ -	\$ 14,159
Joy House Graduate Scholarship	6,191	-
Silver Lining House	23,977	-
Salary Specific Fund	6,300	-
Educational Fund	4,307	5,457
Multi-Year Pledges	37,552	84,565
Capital Fund	-	491,476
	<u>\$ 78,327</u>	<u>\$ 595,657</u>

NOTE 11 – SILVER LINING HOUSE INVESTMENT

On September 24, 2015, Providence Network purchased a property located at 357 Broadway, Denver Colorado, for \$1,100,000 and invested an additional \$1,828,284 into refurbishing and furnishing the property during the fiscal year ending March 31, 2018. Providence Network intends to use this property as a transitional home for young adults. The funds to purchase this property were provided through two loans which have since been repaid in full as well as the available lines of credit and additional funds donated.

The Organization has finished construction on the property and plan to place the home into service during the upcoming fiscal year.

NOTE 12 – NOTES PAYABLE

On September 24, 2015 Providence Network issued a note payable in the amount of \$400,000 to a donor and used the funds to purchase the Silver Lining House property. The loan is interest only and has a rate of 3.18%. Monthly interest payments were due on the fifth day of each month. The principal balance was paid in full on December 19, 2017.

NOTE 13 - SUBSEQUENT EVENTS

On April 24, 2018 Providence Network placed earnest money of \$50,000 to purchase a property located at 2544 Champa Street in Denver Colorado. Providence Network intends to use this property as Nextstep affordable housing for graduates of the FirstStep programs.