

NAMI
Keystone Pennsylvania

Financial Statements

Years Ended June 30, 2018 and 2017
with Independent Auditor's Report

MaherDuessel

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NAMI KEYSTONE PENNSYLVANIA

YEARS ENDED JUNE 30, 2018 AND 2017

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Independent Auditor's Report

**Board of Directors
NAMI Keystone
Pennsylvania**

We have audited the accompanying financial statements of NAMI Keystone Pennsylvania (NAMI), a nonprofit organization, which comprise the statements of financial position as of June 30, 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 NAMI as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mahe Duessel

Pittsburgh, Pennsylvania
November 10, 2018

NAMI KEYSTONE PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 429,369	\$ 620,486
Accounts receivable - Allegheny County	274,550	114,744
Accounts receivable - other	104,901	64,037
Prepaid expenses	35,907	31,319
Fixed assets, net	20,525	12,073
Other assets	3,716	3,716
Total Assets	\$ 868,968	\$ 846,375
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 16,512	\$ 6,440
Accrued liabilities	44,960	42,956
Deferred revenue and refundable advances	9,000	28,029
Total Liabilities	70,472	77,425
Net Assets:		
Unrestricted	796,201	730,619
Temporarily restricted	2,295	38,331
Total Net Assets	798,496	768,950
Total Liabilities and Net Assets	\$ 868,968	\$ 846,375

See accompanying notes to financial statements.

NAMI KEYSTONE PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support:			
Allegheny County contract revenue	\$ 970,025	\$ -	\$ 970,025
Other contract revenue	287,112	-	287,112
Contributions, grants, and dues	567,606	9,000	576,606
Interest	2,095	-	2,095
Other income	4,521	-	4,521
	<u>1,831,359</u>	<u>9,000</u>	<u>1,840,359</u>
Net Assets Released From Restrictions	<u>45,036</u>	<u>(45,036)</u>	<u>-</u>
Expenses:			
Program	1,315,283	-	1,315,283
Management and general	359,940	-	359,940
Fundraising	135,590	-	135,590
	<u>1,810,813</u>	<u>-</u>	<u>1,810,813</u>
Change in Net Assets	<u>65,582</u>	<u>(36,036)</u>	<u>29,546</u>
Net Assets:			
Beginning of year	<u>730,619</u>	<u>38,331</u>	<u>768,950</u>
End of year	<u>\$ 796,201</u>	<u>\$ 2,295</u>	<u>\$ 798,496</u>

See accompanying notes to financial statements.

NAMI KEYSTONE PENNSYLVANIA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support:			
Allegheny County contract revenue	\$ 968,025	\$ -	\$ 968,025
Other contract revenue	323,650	-	323,650
Contributions, grants, and dues	688,994	57,000	745,994
Interest	1,512	-	1,512
Other income	9,087	-	9,087
	<u>1,991,268</u>	<u>57,000</u>	<u>2,048,268</u>
Net Assets Released From Restrictions	<u>23,848</u>	<u>(23,848)</u>	<u>-</u>
Expenses:			
Program	1,320,234	-	1,320,234
Management and general	301,106	-	301,106
Fundraising	192,504	-	192,504
	<u>1,813,844</u>	<u>-</u>	<u>1,813,844</u>
Change in Net Assets	201,272	33,152	234,424
Net Assets:			
Beginning of year	<u>529,347</u>	<u>5,179</u>	<u>534,526</u>
End of year	<u>\$ 730,619</u>	<u>\$ 38,331</u>	<u>\$ 768,950</u>

See accompanying notes to financial statements.

NAMI KEYSTONE PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Totals	Management and General	Fundraising	Total
Salaries and wages	\$ 700,086	\$ 211,469	\$ 62,668	\$ 974,223
Payroll taxes	53,509	16,164	4,789	74,462
Employee benefits	138,277	34,289	8,930	181,496
Facility and equipment	96,728	14,444	5,200	116,372
Insurance	8,420	1,453	537	10,410
Telecommunications	12,796	2,136	724	15,656
Office supplies	9,113	6,029	702	15,844
Postage	3,634	690	1,597	5,921
Printing and copying	31,558	6,953	6,666	45,177
Travel and meetings	37,442	11,371	525	49,338
Program	104,309	35	-	104,344
Fundraising	-	-	17,655	17,655
Staff development	6,947	3,618	117	10,682
Support to affiliate groups	3,399	-	20,452	23,851
Contract services	47,942	47,763	763	96,468
Outside computer services	6,609	215	989	7,813
Marketing and advertising	201	-	-	201
Professional memberships	200	2,329	-	2,529
WRCSP pass-through funding	45,178	-	-	45,178
Day of Self Discovery pass-through funding	8,025	-	-	8,025
Other	910	982	3,276	5,168
	<u>1,315,283</u>	<u>359,940</u>	<u>135,590</u>	<u>1,810,813</u>
Total	\$ 1,315,283	\$ 359,940	\$ 135,590	\$ 1,810,813

See accompanying notes to financial statements.

NAMI KEYSTONE PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Program Totals	Management and General	Fundraising	Total
Salaries and wages	\$ 704,916	\$ 164,936	\$ 66,407	\$ 936,259
Payroll taxes	53,533	12,526	5,036	71,095
Employee benefits	154,071	27,132	11,360	192,563
Facility and equipment	108,793	15,226	4,270	128,289
Insurance	7,216	905	368	8,489
Telecommunications	14,567	1,545	566	16,678
Office supplies	15,244	8,428	704	24,376
Postage	4,353	454	1,651	6,458
Printing and copying	37,281	2,410	6,296	45,987
Travel and meetings	35,179	6,186	1,267	42,632
Program	95,870	-	-	95,870
Fundraising	-	-	65,430	65,430
Staff development	3,901	1,438	-	5,339
Support to affiliate groups	3,264	-	24,922	28,186
Contract services	33,491	50,123	382	83,996
Outside computer services	1,848	4,665	98	6,611
Marketing and advertising	500	210	35	745
Professional memberships	-	3,152	-	3,152
WRCSP pass-through funding	45,178	-	-	45,178
Day of Self Discovery pass-through funding	-	-	-	-
Other	1,029	1,770	3,712	6,511
	<u>1,320,234</u>	<u>301,106</u>	<u>192,504</u>	<u>1,813,844</u>
Total	<u>\$ 1,320,234</u>	<u>\$ 301,106</u>	<u>\$ 192,504</u>	<u>\$ 1,813,844</u>

See accompanying notes to financial statements.

NAMI KEYSTONE PENNSYLVANIA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash Flows From Operating Activities:		
Change in net assets	\$ 29,546	\$ 234,424
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,155	4,024
Change in:		
Accounts receivable - Allegheny County	(159,806)	(17,660)
Accounts receivable - other	(40,864)	(34,989)
Prepaid expenses	(4,588)	14,581
Accounts payable	10,072	6,059
Accrued liabilities	2,004	6,913
Deferred revenue and refundable advances	(19,029)	(34,051)
Total adjustments	(206,056)	(55,123)
Net cash provided by (used in) operating activities	(176,510)	179,301
Cash Flows From Investing Activities:		
Purchases of fixed assets	(14,607)	(4,437)
Net Increase (Decrease) in Cash and Cash Equivalents	(191,117)	174,864
Cash and Cash Equivalents:		
Beginning of year	620,486	445,622
End of year	\$ 429,369	\$ 620,486

See accompanying notes to financial statements.

NAMI KEYSTONE PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

1. Organization and Nature of Activities

In July 2016, NAMI Southwestern Pennsylvania was selected to become the official state NAMI organization in Pennsylvania. As a result, the Board voted to change the name to NAMI Keystone Pennsylvania (NAMI). Recognized as a thought leader on mental illness throughout the region, NAMI believes that recovery from mental illness is possible, champions improvements to the mental health system, and promotes acceptance and understanding of mental illness. NAMI's dedicated staff and volunteers provide recovery-focused support and education programs throughout the region and the state. A membership-based organization, NAMI works diligently to ensure the collective voice of its membership is heard by legislators, the media, and stakeholders. NAMI strives to raise awareness, end stigma, and create a culture of knowledge and compassion for mental illness.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues and support are recorded when earned and expenses are recognized when the liabilities are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Basis of Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

NAMI KEYSTONE PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

Unrestricted Net Assets – Unrestricted net assets are the net assets that are neither permanently nor temporarily restricted by donor or grantor-imposed stipulations. Unrestricted net assets designated by the governing board are unrestricted funds set aside by actions of the Board of Directors (Board) for other specific purposes. The Board has designated certain net asset amounts for specific purposes, primarily approximately \$613,000 for operating reserves for the years ended June 30, 2018 and 2017. For the years ended June 30, 2018 and 2017, another \$50,000 has been designated for the Dick Jevon Education and Advocacy Fund and \$20,525 and \$12,073, respectively, has been invested in fixed assets.

Temporarily Restricted Net Assets – Net assets that result from contributions or other inflows of assets limited by donor stipulations that either expire by the passage of time or can be fulfilled and removed by actions of NAMI pursuant to those stipulations. When the restriction expires, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statements of activities as changes in net assets released from restrictions. NAMI records donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support. At June 30, 2018 and 2017, NAMI had \$2,295 and \$38,331 of temporarily restricted net assets, respectively.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that must be maintained permanently by NAMI. Generally, the donors of these assets permit the use of all or part of the income earned and capital gains, if any, on related investments for general or specific purposes. At June 30, 2018 and 2017, NAMI had no permanently restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts. Management believes the organization is not exposed to any significant credit risk on cash and cash equivalents.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

Income Taxes

NAMI has been determined to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, NAMI qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation. Further, NAMI annually files a Form 990. No provision for income tax is recorded in these financial statements.

Fixed Assets

Fixed assets purchased with funds received from a government agency remain the property of the government agency. Accordingly, the purchase of fixed assets with government funds is recognized as an expense.

All other fixed assets are recorded at cost or, if donated, the estimated fair value at the date received. Depreciation is calculated on the straight-line method over the asset's estimated useful life. A capitalization level of \$5,000 has been adopted by NAMI.

At June 30, 2018 and 2017, fixed assets totaled:

	<u>2018</u>	<u>2017</u>
Fixed assets	\$ 30,704	\$ 16,097
Accumulated depreciation	<u>(10,179)</u>	<u>(4,024)</u>
Fixed assets, net	<u>\$ 20,525</u>	<u>\$ 12,073</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$6,155 and \$4,024, respectively.

Deferred Revenue

Deferred revenue represents unearned receipts from exchange transactions with Community Care Behavioral Health.

Refundable Advances

Refundable advances represent contributions received before year-end for sponsorships of fundraising special events scheduled to take place after year-end.

NAMI KEYSTONE PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

Functional Allocation of Expenses

NAMI charges expenses that are directly identifiable to program, management and general, and fundraising. Expenses related to more than one function are allocated to programs and supporting services on the basis of estimates made by management. Management and general expenses include those expenses that are not directly identifiable with any other functional classification, but provide overall support and direction for NAMI.

Concentrations

NAMI receives a substantial amount of its revenue from various government contracts, mainly from Allegheny County (53% in 2018 and 47% in 2017). A significant reduction in the level of this support, if this were to occur, could negatively affect the programs and activities of NAMI.

Compensated Absences

Full-time employees are able to carry over five days of unused vacation from the previous year. Sick time is carried over from year to year and there is no limit on how many days an employee can accrue. Unused sick days are not compensated. The liability associated with employees carrying over unused vacation days at June 30, 2018 and 2017 was approximately \$25,000 and \$21,500, respectively, and is included in accrued liabilities on the statements of financial position.

Pending Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *“Revenue from Contracts with Customers,”* (as amended by ASU 2015-14) which provides a single, comprehensive revenue recognition model for all contracts with customers, and contains principles to determine the measurement of revenue and timing of when it is recognized. The requirements of the new standard will be effective for annual reporting periods beginning after December 15, 2018. Early adoption will be permitted for annual reporting periods beginning after December 15, 2017.

In February 2016, the FASB issued ASU No. 2016-02, *“Leases (Topic 842),”* which is intended to increase transparency and comparability among entities that enter into leasing arrangements. This ASU requires recognition of lease assets and lease liabilities on the balance sheet for nearly all leases (other than short-term leases), as well as a retrospective recognition and measurement of existing impacted leases. The requirements of the new

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YEARS ENDED JUNE 30, 2018 AND 2017

standard will be effective for annual reporting periods beginning after December 15, 2019. The new standard is required to be applied with a modified retrospective approach to each prior reporting period with various optional practical expedients.

In August 2016, the FASB issued ASU No. 2016-14, *“Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,”* which aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. The ASU changes the net asset classification, how underwater donor-restricted endowment funds are treated, will increase the information available about liquidity and the availability of resources, requires financial statements for not-for-profits to provide expenses both by nature and function, as well as an analysis of those expenses by both nature and function, along with disclosure of the methods used to allocate those costs among the various functions, and standardizes how organizations present investment returns and what expenses should be netted against those returns. There are qualitative and quantitative requirements in a number of areas, including net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows. The changes in the standard are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application of the amendments in the ASU is allowed.

In November 2016, the FASB issued ASU No. 2016-18, *“Statement of Cash Flows (Topic 230): Restricted Cash,”* which requires that the statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The requirements of the new standard will be effective for annual reporting periods beginning after December 15, 2019. The new standard is required to be applied retrospectively.

In July 2018, the FASB issued ASU No. 2018-08, *“Not-For-Profit Entities (Topic 985): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made,”* which is effective for the annual reporting periods beginning after December 15, 2018. This amendment updates current guidance about whether a transfer of assets – or the reduction, settlement, or cancellation of liabilities – should be accounted for as a contribution or an exchange transaction. Specifically, the ASU establishes criteria for determining whether the asset provider is receiving commensurate value in return for those assets. That determination then dictates whether the organization follows contribution guidance or exchange transaction guidance found in the revenue recognition and other applicable standards.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

NAMI is in the process of determining the impact of the adoption of these standards on its financial statements.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

3. Cash and Cash Equivalents

NAMI maintains its cash balances in several local financial institutions. The balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per corporation. The carrying amount of NAMI's deposits was \$429,369 and \$620,486 at June 30, 2018 and 2017, respectively, and the bank balance was \$501,374 and \$630,134 at June 30, 2018 and 2017, respectively. The entire bank balance was insured by the FDIC at June 30, 2018 and 2017.

4. Line of Credit

NAMI has a \$225,000 line of credit with a bank, of which \$0 was outstanding at June 30, 2018 and 2017. Interest is payable monthly and fluctuates based on the prime rate of the bank plus 0.250%. For the years ended June 30, 2018 and 2017, NAMI had \$0 in interest expense, as no amounts have been drawn down. The line of credit is secured by the debtor's collateral and is fully due and payable on demand.

NAMI KEYSTONE PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

5. Accounts Receivable - Other

Accounts receivable - other at June 30, 2018 are as follows:

Armstrong/Indiana	\$	27,153
Community Care Behavioral Health		17,533
Pennsylvania DHS OMHSAS		37,769
Beaver County MH		10,000
Other miscellaneous sources		<u>12,446</u>
Total receivables	\$	<u><u>104,901</u></u>

Accounts receivable - other at June 30, 2017 are as follows:

Armstrong/Indiana	\$	13,505
Community Care Behavioral Health		17,533
Pennsylvania DHS OMHSAS		14,894
Beaver County MH		10,000
Other miscellaneous sources		<u>8,105</u>
Total receivables	\$	<u><u>64,037</u></u>

6. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Staunton State Transition	\$ -	\$ 36,501
Multicultural Outreach & Education		
Day of Self Discovery	<u>2,295</u>	<u>1,830</u>
Total	<u><u>\$ 2,295</u></u>	<u><u>\$ 38,331</u></u>

NAMI KEYSTONE PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

7. Net Assets Released from Restrictions

Net assets of \$45,036 and \$23,848 were released from donor restrictions by the use of the resources for their intended purpose during the fiscal years ended June 30, 2018 and 2017, respectively.

8. Leases

Future minimum annual rental payments applicable to operating leases, primarily for real property, which have a remaining term of more than one year at June 30, 2018, are as follows:

2018-2019	\$	131,312
2019-2020		27,391
2020-2021		905
2021-2022		75
		<hr/>
	\$	<u>159,683</u>

Rent expense, which was \$136,175 and \$124,363 for the years ended June 30, 2018 and 2017, respectively, is allocated (either directly or indirectly) to program activity, management and general, and fundraising.

9. Commitments

NAMI's financial and program records are subject to examination by appropriate government authorities in accordance with terms of the various grant awards and contracts. The government authorities are authorized to review actual expenditures and to make necessary adjustments in subsequent reimbursements or request refunds of grant amounts, if warranted. Management believes that NAMI's records and financial statements comply with the terms of the grants and awards.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

10. Deferred Revenue and Refundable Advances

Deferred revenue and refundable advances at June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
CCBH	\$ -	\$ 22,879
Annual Walk	<u>9,000</u>	<u>5,150</u>
Total	<u>\$ 9,000</u>	<u>\$ 28,029</u>

11. NAMI Annual Walk

A significant fundraiser for NAMI is the Annual Walk. The purpose of the Walk is to a) raise funds for NAMI's mission of recovery focused support, education, and advocacy for individuals and families affected by mental illness; b) increase awareness of mental illness by reaching hundreds of thousands of people through Walk promotions and the news media; and c) eliminate stigma by giving people a positive reason to talk openly about mental illness as they put together Walk teams, create walker web pages, and reach out to family, friends, neighbors, and co-workers.

As of June 30, 2018 and 2017, NAMI reported \$161,646 and \$154,731 in revenue and \$17,655 and \$18,544 in direct expenses, for a net profit of \$143,991 and \$136,187, respectively. Direct expenses include use of facilities, food/refreshments, entertainment, and walker incentive prizes.

12. NAMI Gala

In December 2016, NAMI held its first-ever biennial Green Light Gala as a new fundraising event. The Gala was the first-ever such event in the region to support and raise awareness for mental health, to challenge the stigma surrounding mental illness and to promote the idea that there is a path to recovery. With over 250 attendees, the Gala was an evening event at the Heinz History Center that included dinner, music, and a live auction of a painting titled "Hope" donated by a local Pittsburgh artist.

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NOTES TO FINANCIAL STATEMENTS

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The 2016 Green Light Gala revenue totaled \$141,010 and direct expenses totaled \$46,595, for a net profit of \$94,415. Direct expenses include use of facilities, food/refreshments, and entertainment. The 2018 Green Light Gala is scheduled for December 6, 2018.

13. 401(k) Plan

NAMI has a 401(k) Profit Sharing Plan (Plan). All employees are eligible to participate in the plan. An employee is eligible to make elective deferral contributions on the date the employee performs their first hour of service. An employee becomes eligible to receive matching contributions and profit sharing contributions on the first day of January or July coinciding with or next following the date the Plan's eligibility requirements have been satisfied. Eligibility requirements include an employee who attains one year of eligible service (1,000 hours of service within a 12-month period beginning first day of employment).

Eligible employees may elect to defer up to 100% of their compensation on a pre-tax basis, or up to the maximum allowable with other limiting provisions of the Internal Revenue Code. Employer contributions for the years ended June 30, 2018 and 2017 were \$49,520 and \$53,866, respectively, and were approximately 6% and 7% of covered payroll for the years ended June 30, 2018 and 2017.