



Financial Statements  
June 30, 2019

# Utah Food Bank

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## Independent Auditor's Report

To the Board of Directors  
Utah Food Bank  
Salt Lake City, Utah

### Report on the Financial Statements

We have audited the accompanying financial statements of Utah Food Bank (a Utah nonprofit corporation) (the Organization), which comprise the statement of financial position as of June 30, 2019, 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 Utah Food Bank as of June 30, 2019, and the changes in its net assets and 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 Organization's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 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 a report dated December 4, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 operating effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Salt Lake City, Utah  
December 4, 2019

Utah Food Bank  
Statement of Financial Position  
June 30, 2019  
(with summarized financial information for 2018)

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 1,716,251	\$ 1,246,276
Accounts receivable		
Government contracts	1,265,465	711,102
Promise to give	26,000	38,600
Other	73,454	40,404
Food inventory	2,408,474	2,767,178
Prepaid expenses	42,581	59,350
Investments in certificates of deposit	7,519,085	5,537,232
Land, building and equipment, net of accumulated depreciation	10,381,182	10,710,093
	\$ 23,432,492	\$ 21,110,235
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 331,215	\$ 542,832
Accrued liabilities	979,132	606,839
Contingencies	326,053	326,053
	1,636,400	1,475,724
<b>Net Assets</b>		
Without donor restrictions		
Designated		
Food inventory	2,408,474	2,767,178
Property and equipment, net of related debt	10,381,182	10,710,093
Undesignated	8,760,536	5,999,169
	21,550,192	19,476,440
With donor restrictions	245,900	158,071
	21,796,092	19,634,511
	\$ 23,432,492	\$ 21,110,235

Utah Food Bank  
Statement of Activities  
Year Ended June 30, 2019  
(with summarized financial information for 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Public Support and Revenues				
In-Kind Support				
Services	\$ 20,369	\$ -	\$ 20,369	\$ 32,691
Advertising	-	-	-	599
Food	71,627,702	-	71,627,702	70,719,073
Other supplies and equipment	259,481	-	259,481	121,706
Total in-kind support	<u>71,907,552</u>	<u>-</u>	<u>71,907,552</u>	<u>70,874,069</u>
Direct Contributions				
Special events	541,031	-	541,031	511,227
Less cost of direct benefit to donors	<u>(222,470)</u>	<u>-</u>	<u>(222,470)</u>	<u>(196,707)</u>
Net special events revenue	318,561	-	318,561	314,520
Contributions	8,140,100	157,500	8,297,600	7,073,268
Grants	2,107,916	88,400	2,196,316	2,576,457
United Way	141,951	-	141,951	162,591
Net assets released from restrictions	<u>158,071</u>	<u>(158,071)</u>	<u>-</u>	<u>-</u>
Total direct contributions	<u>10,866,599</u>	<u>87,829</u>	<u>10,954,428</u>	<u>10,126,836</u>
Revenues				
Government contracts	2,987,803	-	2,987,803	2,435,490
Interest income and other	<u>277,098</u>	<u>-</u>	<u>277,098</u>	<u>50,290</u>
Total revenues	<u>3,264,901</u>	<u>-</u>	<u>3,264,901</u>	<u>2,485,780</u>
Total public support and revenues	<u>86,039,052</u>	<u>87,829</u>	<u>86,126,881</u>	<u>83,486,685</u>
Program Expenses				
Statewide food distribution	77,507,965	-	77,507,965	75,739,225
Direct food programs	<u>2,840,476</u>	<u>-</u>	<u>2,840,476</u>	<u>2,673,121</u>
Total program expenses	<u>80,348,441</u>	<u>-</u>	<u>80,348,441</u>	<u>78,412,346</u>
Support Expenses				
Development	1,669,521	-	1,669,521	1,796,359
Management and general	<u>1,947,338</u>	<u>-</u>	<u>1,947,338</u>	<u>1,855,455</u>
Total support expenses	<u>3,616,859</u>	<u>-</u>	<u>3,616,859</u>	<u>3,651,814</u>
Total expenses	<u>83,965,300</u>	<u>-</u>	<u>83,965,300</u>	<u>82,064,160</u>
Change in Net Assets	2,073,752	87,829	2,161,581	1,422,525
Net Assets, Beginning of Year	<u>19,476,440</u>	<u>158,071</u>	<u>19,634,511</u>	<u>18,211,986</u>
Net Assets, End of Year	<u>\$ 21,550,192</u>	<u>\$ 245,900</u>	<u>\$ 21,796,092</u>	<u>\$ 19,634,511</u>

Utah Food Bank  
Statement of Functional Expenses  
Year Ended June 30, 2019

(with summarized financial information for 2018)

	Statewide Food Distribution	Direct Food Programs	Total Programs	Development	Management and General	Total 2019	Total 2018
Salaries and wages	\$ 2,176,205	\$ 917,634	\$ 3,093,839	\$ 384,084	\$ 1,134,614	\$ 4,612,537	\$ 4,461,597
Payroll taxes and benefits	684,348	262,468	946,816	108,369	275,033	1,330,218	1,464,794
Total salaries and related expenses	2,860,553	1,180,102	4,040,655	492,453	1,409,647	5,942,755	5,926,391
Insurance	83,133	9,386	92,519	-	26,491	119,010	114,740
Office supplies	2,836	4,095	6,931	2,043	13,330	22,304	19,008
Postage and printing	3,993	5,291	9,284	35,513	10,420	55,217	66,306
Professional fees	20,044	534	20,578	30,401	77,986	128,965	111,091
Project costs	30,528	21,022	51,550	328,608	18,361	398,519	352,199
Direct solicitations	-	-	-	821,769	-	821,769	799,681
Warehouse supplies	162,151	17,701	179,852	-	-	179,852	228,868
Vehicle fuel and taxes	290,968	-	290,968	-	-	290,968	236,437
Food transportation	453,347	57,077	510,424	-	-	510,424	606,778
Utilities and property taxes	105,390	21,696	127,086	-	22,435	149,521	151,065
Building and equipment rent	59,762	-	59,762	-	4,428	64,190	16,630
Repairs and maintenance	479,719	3,688	483,407	1,935	53,410	538,752	520,063
Communications	30,262	6,854	37,116	4,158	20,874	62,148	58,644
Travel	13,732	4,165	17,897	5,487	14,027	37,411	31,701
Dues and subscriptions	33,587	789	34,376	61,156	9,572	105,104	97,489
Employee training and seminars	6,540	5,493	12,033	7,058	16,892	35,983	32,259
Financial fees	-	-	-	-	91,613	91,613	85,013
Advertising	-	-	-	-	-	-	-
Non-capital equipment purchases	29,155	29,230	58,385	349	36,656	95,390	84,608
Interest expense	-	-	-	-	-	-	-
Purchased food	51,011	1,395,573	1,446,584	-	-	1,446,584	1,370,873
In-kind food distribution	72,014,796	2,126	72,016,922	-	-	72,016,922	70,381,943
In-kind services	-	-	-	30	20,339	20,369	32,691
In-kind project supplies	76,172	-	76,172	65,254	3,257	144,683	109,869
In-kind advertising	-	-	-	-	-	-	599
Total before depreciation	76,807,679	2,764,822	79,572,501	1,856,214	1,849,738	83,278,453	81,434,946
Depreciation	700,286	75,654	775,940	35,777	97,600	909,317	825,921
Total expenses by function	77,507,965	2,840,476	80,348,441	1,891,991	1,947,338	84,187,770	82,260,867
Less expenses included with revenues on the statement of activities							
Cost of direct benefit to donors	-	-	-	(222,470)	-	(222,470)	(196,707)
Total expenses included in the expense section in the statement of activities	\$ 77,507,965	\$ 2,840,476	\$ 80,348,441	\$ 1,669,521	\$ 1,947,338	\$ 83,965,300	\$ 82,064,160

See Notes to Financial Statements

Utah Food Bank  
Statement of Cash Flows  
Year Ended June 30, 2019  
(with summarized financial information for 2018)

	2019	2018
Operating Activities		
Change in net assets	\$ 2,161,581	\$ 1,422,525
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	909,317	825,921
Gain on disposal of equipment	(96,445)	(4,750)
In-kind food support	(71,627,702)	(70,719,073)
In-kind food distribution	72,016,922	70,381,943
In-kind equipment donations	(113,466)	(8,175)
Changes in assets and liabilities		
Government contracts receivable	(554,363)	(188,719)
Other receivables	(59,050)	(60,515)
Food inventory	(30,516)	11,139
Prepaid expenses	16,769	13,963
Accounts payable	(211,617)	440,322
Accrued liabilities	372,293	119,879
Net Cash from Operating Activities	2,783,723	2,234,460
Investing Activities		
Purchase of certificates of deposit	(2,006,316)	(4,263,060)
Proceeds from sales/maturities of certificates of deposit	24,463	472,950
Proceeds from sale of equipment	100,619	4,750
Purchase of land, building, and equipment	(471,114)	(489,256)
Net Cash used for Investing Activities	(2,352,348)	(4,274,616)
Financing Activities		
Receipts on promises to give with donor restrictions	38,600	134,059
Net Cash from Financing Activities	38,600	134,059
Net Change in Cash and Cash Equivalents	469,975	(1,906,097)
Cash and Cash Equivalents, Beginning of Year	1,246,276	3,152,373
Cash and Cash Equivalents, End of Year	\$ 1,716,251	\$ 1,246,276



## **Note 1 - Principal Activity and Significant Accounting Policies**

### **Organization**

Utah Food Bank (the Organization) is a nonprofit organization established in 1904 to provide various community services to other agencies and to individuals in need. Utah Food Bank currently operates from two main facilities – one in Saint George, Utah and one in Salt Lake City, Utah, which allows the Organization’s efforts to reach individuals throughout the state of Utah. The Organization is governed by an independent, volunteer Board of Directors who oversees the Organization’s operations.

The accompanying financial statements have been prepared in accordance with standards for nonprofit organizations adopted by the American Institute of Certified Public Accountants. They are stated on the accrual basis of accounting whereby expenses are recorded when incurred, donations are recorded when received, promises to give are recorded when promised and collection is reasonably assured, and grant revenues are recorded when earned.

### **Comparative Financial Information**

Financial information for the fiscal year ended June 30, 2018, is included for comparison only and is not complete. The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2018, from which the summarized information was derived.

### **Cash and Cash Equivalents**

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to other long-term purposes are excluded from this definition. In addition, management also considers money market funds to be cash equivalents.

**Program and Support Services** – Support and program services provided by the Organization are as follows:

**Statewide Food Distribution** – The operations department at the Utah Food Bank is responsible for collecting, storing and distributing millions of pounds of food each year to partner food pantries and agencies throughout the state of Utah. This includes the Grocery Rescue Program where fresh and perishable food nearing expiration is picked up daily from grocery retailers and immediately taken to food pantries. The operations department is responsible for the: buildings, fleet of vehicles, warehouse safety, maintenance, cleanliness, and efficient and accurate movement of product. The department also includes the Organization’s Chief Operating Officer.

**Direct Food Programs** – These include the departments of the Utah Food Bank that are responsible for direct and indirect food distribution service to clients and agencies. These programs include: Mobile SchoolPantry Program, Community Mobile Program, Food Box Program, Kids Cafe Program, BackPack Program, and agency relations.

**Development** – The development department at Utah Food Bank is responsible for all fund raising, marketing, public relations, food procurement, and volunteer efforts of the Organization. This department also includes the Organization’s Chief Development Officer.

**Management and General** – Management and general consists of the finance, human resources, and general office support functions of the Organization. The department also houses portions of the Organization’s leadership, most notably the Chief Executive Officer and the Chief Financial Officer.

### **Inventory**

Inventory consists principally of donated food which is valued at a nationally established price consistently applied. The price was \$1.57 per pound for food received from federal programs and \$1.68 per pound for all other food and related items received from July 1, 2018 through December 31, 2018. Beginning on January 1, 2019 and through June 30, 2019, the price was \$1.52 per pound for food received from federal programs and \$1.62 per pound for all other food and related items. The Organization applies these two different prices, depending on the source, because the commodities from the federal programs consist solely of food, while other donations can at times include non-food items.

### **Property and Equipment**

Property and equipment additions over \$3,000 are recorded at cost or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to ten years for equipment and ten to forty years for buildings and improvements or, in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2019.

### **Investments**

The Organization holds certificates of deposit with original maturities exceeding ninety days but less than one year. The Organization has not elected the fair value reporting option for this other type of investment, and the balance is therefore reported at cost in the accompanying financial statements. Net investment return is reported with interest income in the statement of activities and consists of interest income, less external and direct internal investment expenses.

### **Fair Value of Financial Instruments**

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2019, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

### **Contributions and Net Assets**

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, certain net assets that are not expected to be converted to cash.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 as net assets released from restrictions.

### **Revenue and Revenue Recognition**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

### **In-Kind Support**

The Organization receives donations from a variety of sources for services and products in the furtherance of its objectives. The in-kind support consists principally of food donated for distribution to food pantries, advertising contributed by the local major media, and goods and service items donated by companies and individuals. Contributed materials and equipment are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

In addition to the recorded in-kind support, the Organization receives substantial assistance from volunteers who donate significant amounts of their time in program services and food donation campaigns. Time donated for work that does not require a professional or craftsman cannot be recorded on the financial statements. Volunteer hours (unaudited) which fall into this category were 107,428 for the year ended June 30, 2019. For management purposes, unrecorded volunteer hours were tracked at a value of \$24.99 per hour for the year

ended June 30, 2019. The value of volunteer hours (unaudited) donated to the Organization was \$2,684,626 for the year ended June 30, 2019.

### **Shipping and Handling Costs**

Transportation costs reimbursed by government agencies are considered to be government contract revenue and related transportation costs are included in program expenses.

### **Functional Allocation of Expenses**

The costs of providing the various programs and services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are directly attributable to a functional category without significant allocation, except for depreciation on certain building and improvements and for the CEO's compensation. Depreciation on the building and certain building improvements are allocated between programs and management and general based on the square footage used by each function. The CEO's compensation is allocated based on an estimate of time spent on each function.

### **Income Taxes**

The Organization is a qualified charitable organization under Section 501(c)(3) of the Internal Revenue Code and under State of Utah tax regulations and, therefore, is not subject to federal or state income taxes in regard to its exempt activities. The Organization has been determined not to be a private foundation under Sections 509(a)(1) and (3).

The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. When applicable, the Organization files Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income. The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**Financial Instruments and Credit Risk**

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in certificates of deposit. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of the Organization’s mission.

**Adoption of Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-14**

As of July 1, 2018, Utah Food Bank adopted the provisions of FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit-Entities*. Utah Food Bank believes the standard improves the usefulness and understandability of Utah Food Bank’s financial statement reporting. Accordingly, the accompanying financial statements and related notes follow the net asset classification, presentation, and disclosure requirements prescribed by the ASU. This new standard should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption the disclosure about liquidity and availability of resources. Utah Food Bank has elected not to present comparative information for the disclosure about liquidity and availability of resources.

**Subsequent Events**

Subsequent events have been evaluated through December 4, 2019, the date the financial statements were available to be issued.

**Note 2 - Liquidity**

Utah Food Bank operates on a balanced budget and regularly monitors liquidity to meet its operating needs and other contractual commitments while also striving to maximize its mission. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	Balance
Cash and cash equivalents	\$ 1,716,251
Accounts receivable	1,364,919
Investments in certificates of deposit	7,519,085
	\$ 10,600,255

**Note 3 - Inventory**

The following table indicates the inventory activity for the year ended June 30, 2019:

	Pounds	Dollars
Beginning food inventory	1,712,314	\$ 2,767,178
Inventory valuation change		
Food received (donations and purchases)	45,803,512	73,671,238
Food shipped and other adjustments	(45,963,680)	(74,029,942)
Ending food inventory	1,552,146	\$ 2,408,474

Donated inventory was valued at \$1.52 or \$1.62 per pound, depending on the type, as of June 30, 2019, which values were nationally established. Purchased inventory is valued at the lower of cost or net realizable value determined by the first-in, first-out method.

**Note 4 - Land, Building and Equipment**

The carrying value of land, building and equipment as of June 30, 2019 was as follows:

	Useful Life	Balance
Land		\$ 1,851,633
Building and improvements	10-40 years	9,620,600
Furniture, vehicles and equipment	3-10 years	5,300,913
Total cost		16,773,146
Less accumulated depreciation		(6,391,964)
Net land, building and equipment		\$ 10,381,182

The Organization recognized depreciation expense of \$909,317 during the year ended June 30, 2019.

**Note 5 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods:

Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	\$ 26,000
Restricted by donors for food purchases	88,400
Other time restrictions (proceeds are not restricted by donors)	131,500
	\$ 245,900

**Note 6 - Employee Benefit Plan**

The Organization has adopted a 403(b) Thrift Plan for its employees whereby employees can contribute a certain percentage of their compensation. The Organization may also contribute to the plan, at the Organization's discretion. The Organization made contributions of \$216,675 for the plan year ended June 30, 2019. See also Note 8.

**Note 7 - Related Party Transactions**

During the year ended June 30, 2019, the Organization purchased \$226,305 of fuel through a shipping company of which one of the board members is the President.

**Note 8 - Contingencies**

During the year ended June 30, 2017, the Organization's management became aware that there were certain provisions of the Organization's 403(b) Thrift Plan that the Organization had not been following correctly to calculate certain contributions. The Organization is in the process of formulating a plan to voluntarily correct these errors and/or to amend the employee benefit plan documents. The Organization has determined that a liability likely exists, related to previous fiscal years, with respect to additional plan contributions and/or penalties associated with this matter, and has estimated and recognized a contingent liability of \$326,053.