EveryMind, Inc. and Subsidiary

Consolidated Financial Statements
June 30, 2016 and 2015

<u>With Independent Auditor's Report Thereon</u>

EveryMind, Inc. and Subsidiary

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Independent Auditor's Report

To the Board of Directors of
EveryMind, Inc.

We have audited the accompanying consolidated financial statements of EveryMind, Inc. (a nonprofit organization) and subsidiary, which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of EveryMind, Inc. and subsidiary as of June 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Saggar + Rosenberg . PC

Rockville, Maryland
October 17, 2016

EveryMind, Inc. and Subsidiary
Consolidated Statements of Financial Position
June 30, 2016 and 2015

Assets

	2016	2015
Current Assets		
Cash and cash equivalents	$ 717,518	$ 646,454
Contracts receivable	750,088	682,962
Contributions receivable	193,593	111,425
Other receivables	5,309	6,125
Prepaid expenses	41,733	9,777
Total Current Assets	1,708,241	1,456,743
Property and Equipment, Net	881,878	907,840
Other Assets		
Deposits	2,220	2,220
Restricted cash	48,593	47,336
Investments	786,042	808,203
Total Other Assets	836,855	857,759
Total Assets	$ 3,426,974	$ 3,222,342

Liabilities and Net Assets

	2016	2015
Current Liabilities		
Accounts payable	$ 27,256	$ 57,965
Accrued expenses	346,959	333,157
Mortgages payable, current portion	6,817	323,705
Total Current Liabilities	381,032	714,827
Mortgages payable, net of current portion	1,118,669	809,619
Total Liabilities	1,499,701	1,524,446
Net Assets		
Unrestricted		
Undesignated	1,254,084	1,102,659
Designated by Board of Directors	350,000	350,000
Total Unrestricted	1,604,084	1,452,659
Temporarily restricted	323,189	245,237
Total Net Assets	1,927,273	1,697,896
Total Liabilities and Net Assets	$ 3,426,974	$ 3,222,342

See Independent Auditor's Report and Accompanying Notes

EveryMind, Inc. and Subsidiary
Consolidated Statement of Activities
For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Contract revenue	$ 4,251,806	$ -	$ 4,251,806
Contributions	514,628	364,500	879,128
Rental income	90,348	-	90,348
Program fees	394,585	-	394,585
Interest income and unrealized losses	5,049	-	5,049
Subtotal	5,256,416	364,500	5,620,916
Net Assets Released from Restrictions			
Satisfaction of time restrictions	131,069	(131,069)	-
Satisfaction of purpose restrictions	155,479	(155,479)	-
Total Support and Revenue	5,542,964	77,952	5,620,916
Expenses			
Program services	4,495,459	-	4,495,459
Management and general	717,321	-	717,321
Fundraising	178,759	-	178,759
Total Expenses	5,391,539	-	5,391,539
Change in Net Assets	151,425	77,952	229,377
Net Assets at Beginning of Year	1,452,659	245,237	1,697,896
Net Assets at End of Year	$ 1,604,084	$ 323,189	$ 1,927,273

EveryMind, Inc. and Subsidiary
Consolidated Statement of Activities
For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Contract revenue	$ 4,035,531	$ -	$ 4,035,531
Contributions	603,654	261,000	864,654
Rental income	157,612	-	157,612
Program fees	313,326	-	313,326
Interest income and unrealized losses	(2,175)	-	(2,175)
Subtotal	5,107,948	261,000	5,368,948
Net Assets Released from Restrictions			
Satisfaction of time restrictions	215,000	(215,000)	-
Satisfaction of purpose restrictions	115,241	(115,241)	-
Total Support and Revenue	5,438,189	(69,241)	5,368,948
Expenses			
Program services	4,526,698	-	4,526,698
Management and general	743,964	-	743,964
Fundraising	196,557	-	196,557
Total Expenses	5,467,219	-	5,467,219
Change in Net Assets	(29,030)	(69,241)	(98,271)
Net Assets at Beginning of Year	1,481,689	314,478	1,796,167
Net Assets at End of Year	$ 1,452,659	$ 245,237	$ 1,697,896

EveryMind, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2016

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and related benefits	$ 3,833,674	$ 619,773	$ 105,306	$ 4,558,753
Occupancy	84,959	8,841	2,607	96,407
Professional services	174,188	49,480	55,869	279,537
Client allowances	90,636	-	-	90,636
Depreciation	56,733	6,645	-	63,378
Supplies	51,510	1,014	440	52,964
Insurance	24,057	9,049	515	33,621
Repairs and maintenance	37,805	2,019	1,802	41,626
Communications	43,741	974	1,335	46,050
Travel	36,022	484	130	36,636
Printing and publications	16,353	715	3,158	20,226
Seminars	11,521	-	287	11,808
Interest	-	17,949	-	17,949
Miscellaneous	30,408	128	2,382	32,918
Postage	3,852	250	4,928	9,030
Total expenses	$ 4,495,459	$ 717,321	$ 178,759	$ 5,391,539
Percentage of total expenses	83.38%	13.30%	3.32%	100.00%

EveryMind, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2015

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and related benefits	$ 3,712,007	$ 650,428	$ 148,391	$ 4,510,826
Occupancy	152,603	6,102	-	158,705
Professional services	223,307	35,812	24,708	283,827
Client allowances	87,016	-	-	87,016
Depreciation	62,151	7,893	-	70,044
Supplies	56,772	1,899	610	59,281
Insurance	25,570	10,995	-	36,565
Repairs and maintenance	62,026	5,465	-	67,491
Communications	39,283	3,521	105	42,909
Travel	33,119	765	231	34,115
Printing and publications	18,440	936	8,984	28,360
Seminars	26,438	210	3,194	29,842
Interest	-	18,281	-	18,281
Miscellaneous	24,688	1,505	6,200	32,393
Postage	3,278	152	4,134	7,564
Total expenses	$ 4,526,698	$ 743,964	$ 196,557	$ 5,467,219
Percentage of total expenses	82.80%	13.60%	3.60%	100.00%

See Independent Auditor's Report and Accompanying Notes

EveryMind, Inc. and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows From Operating Activities		
Change in net assets	$ 229,377	$ (98,271)
Adjustments to reconcile change in net assets to		
Net cash provided by operating activities:		
Depreciation	63,378	70,044
Unrealized loss on investments	48,996	51,908
Gain on disposal of property and equipment	(9,000)	-
Change in assets and liabilities		
(Increase) Decrease in contracts receivable	(67,126)	419,716
(Increase) Decrease in contributions receivable	(82,168)	104,239
Decrease (Increase) in other receivables	816	(3,522)
(Increase) Decrease in prepaid expenses	(31,956)	16,670
Decrease in deposits	-	300
Increase in restricted cash	(1,257)	(4,868)
Decrease in accounts payable	(30,709)	(32,037)
Increase (Decrease) in accrued expenses	13,802	(21,548)
Net Cash Provided By Operating Activities	134,153	502,631
Cash Flows From Investing Activities		
Purchase of property and equipment	(37,416)	(19,537)
Proceeds from sale of property and equipment	9,000	-
Proceeds from sales and maturities of investments	15,000	10,000
Purchases of investments and reinvestment of interest and dividends	(41,835)	(46,477)
Net Cash Used In Investing Activities	(55,251)	(56,014)
Cash Flows From Financing Activities		
Principal payments on mortgage payable	(7,838)	(7,506)
Net Cash Used In Financing Activities	(7,838)	(7,506)
Net Increase in Cash	71,064	439,111
Cash and Cash Equivalents at Beginning of Year	646,454	207,343
Cash and Cash Equivalents at End of Year	$ 717,518	$ 646,454
Supplemental Disclosure of Cash Flow Information:		
Interest paid during the year	$ 17,949	$ 18,281

Note 1: Organization

EveryMind, Inc. (formerly, The Mental Health Association of Montgomery County, MD, Inc. ("EveryMind")) was incorporated in 1957. EveryMind strengthens communities and empowers individuals to reach optimal mental wellness. EveryMind currently manages direct service programs and services for children, teens, families and older adults, as well as individuals with long-term mental illness who primarily reside in Montgomery County and increasingly throughout the DC region. EveryMind also works to reduce the stigma associated with mental health and mental illness, educate the community about the importance of mental wellness, empower individuals with information on how to identify warning signs of a mental illness, provide support for someone experiencing a mental health related crisis, and connect individuals with needed mental health resources.

In September of 2016, the Mental Health Association of Montgomery County, MD, Inc. changed its name to EveryMind, Inc.

EveryMind is the sole member of Places for People, LLC, an entity that was formed in August 2003 to provide housing opportunities in Montgomery County for individuals with mental illness.

The program services provided by EveryMind, Inc. include:

Youth & Family Services

Case Management, Counseling, and Linkages to Learning

Children, youth, and family programs provide services for children and families by offering counseling, case management, positive youth development, and educational activities. The services are provided at various sites including numerous Montgomery County Public Schools and community-based centers, as well as in client homes. Services are provided under the guidance of mental health professionals to a variety of populations including parents of children and youth. Volunteers and interns provide additional support in many of the service components. For the years ending June 30, 2016 and 2015, youth and family services had program expenses of $2,832,142, and $2,797,662, respectively.

Adult & Community Services

Case Management, Counseling, Crisis Prevention and Intervention, Friendly Visitor, Places for People, and Representative Payee

Services are provided to individuals who were formerly homeless, have a mental illness, and are low-income, uninsured, in need of community resources, and unable to manage certain activities of daily living. Many of these services are provided by volunteers and interns who provide friendship or assistance managing finances. In addition, professional

Note 1: Organization (continued)

staff assess and assist individuals with accessing benefits and housing. Counseling services provides much needed mental health support for uninsured individuals and individuals with Medicaid, many of whom have experienced trauma.

EveryMind professional staff works in cooperation with volunteers to provide residents of Montgomery County and throughout the DC region with supportive listening, information and referrals, and crisis prevention and intervention via telephone, text, and chat services. Staff and volunteers provide assistance twenty-four hours per day, seven days per week, including problem-solving and crisis support as needed. For the years ending June 30, 2016 and 2015, adult and community services had program expenses of $1,139,335 and $1,130,694, respectively.

Military & Veteran Services

Serving Together

Services are provided for active duty military, veterans, and their families throughout the DC region including education, informal case management through Veteran & Family Peer Navigators, and coordination of resources. Program staff facilitate leadership councils and local collaboratives as well as coordinate a website with hundreds of local resources for the military and veteran community. For the years ended June 30, 2016 and 2015, Serving Together had total program expenses of $358,134 and $428,850, respectively.

Education & Advocacy Services

Education & Community Relations, Red Flags, Continuing Education Seminars, Governmental Affairs, Mental Health First Aid (MHFA)

Emphasis is placed on educating the community about the importance of mental health and wellness through seminars, workshops, trainings, and MHFA. EveryMind staff develops educational curricula and campaigns which focus on children, families, and the entire community which provide information and assistance on a variety of topics. For the years ended June 30, 2016 and 2015, education and advocacy services had total program expenses of $165,848 and $169,492, respectively.

Note 2: Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of EveryMind, Inc. and its wholly owned subsidiary, Places for People, LLC (“Places for People”),

Note 2: Summary of Significant Accounting Policies (continued)

collectively known as the "Organizations". All significant intercompany transactions and balances have been eliminated in consolidation.

Revenue Recognition

Revenue from contracts is recognized as related qualifying expenses are incurred. Revenue is deferred when funds are received but not yet earned. Program service revenue is recognized when received. Contributions are recognized as revenue when received or when an unconditional promise to give has been received and sufficient documentation exists.

Rental income is recognized as rents become due from tenants.

Contributions are reported as restricted support 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 a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

Cash and Cash Equivalents

The Organizations consider highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities are stated at fair value in the consolidated statements of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measured date.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Contracts Receivable and Other Receivables

Contracts and other receivables are stated at amounts estimated by management to be the net realizable value. The Organizations charge off contracts and other receivables when it becomes apparent based upon age or customer circumstances that amounts will not be collected. As of June 30, 2016 and 2015, management estimates all contracts and other receivables to be collectible.

Note 2: Summary of Significant Accounting Policies (continued)

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the fair value which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not included as support until the conditions are substantially met. As of June 30, 2016 and 2015, management estimates all contributions receivable to be fully collectible within the next fiscal year.

Property and Equipment

Property and equipment are recorded at cost. The Organizations capitalize property and equipment purchases that are valued at $1,000 or greater and that have an estimated useful life of greater than one year. The cost of maintenance and repairs is recorded as an expense when incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	Five to forty years
Furniture and equipment	Five to seven years
Vehicles	Five years

Donated Materials, Equipment, Facilities, and Services

Donated materials, equipment, and facilities are reflected as contributions in the accompanying consolidated financial statements at their estimated value at the date of receipt. Donated materials and equipment are recorded as unrestricted support unless there are explicit donor stipulations as to how the donated assets must be used. The Organization recognizes contributed services to the extent the services received create or enhance non-financial assets or require specialized skills that would be purchased if not provided by donation.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2: Summary of Significant Accounting Policies (continued)

Income Taxes

EveryMind Inc. is exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Places for People is a disregarded entity for federal income taxes and is consolidated with EveryMind, Inc. for federal income tax reporting. Income determined to be unrelated business income is taxable.

Taxable years June 30, 2013 through June 30, 2015 are subject to federal and other jurisdictions' tax authority examinations. Management is of the opinion that no liability will result from these actions.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect specific amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior year financial statements may have been reclassified to conform to the current year presentation.

Subsequent Events

For the year ended June 30, 2016, the Organizations evaluated subsequent events for potential recognition and disclosure through October 17, 2016, the date the financial statements were available to be issued.

Note 3: Expenditures

Of the total costs incurred for the year ended June 30, 2016, the Organizations incurred 83.38% for program services, 13.30% for management and general operations, and 3.32% for fundraising.

Of the total costs incurred for the year ended June 30, 2015, the Organizations incurred 82.80% for program services, 13.60% for management and general operations, and 3.60% for fundraising.

Note 4: Investments and Fair Value Measurement

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy under FASB ASC 820, *Fair Value Measurements and Disclosures*, are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that EveryMind has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016 and 2015.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by EveryMind are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by EveryMind are deemed to be actively traded.

Equity Securities: Valued at the closing price reported on the active markets on which the individual securities are traded.

Note 4: Investments and Fair Value Measurement (continued)

As required by FASB ASC 820, EveryMind's portfolio investments are classified as follows:

	Investments at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Blended funds	$ 47,536	$ --	$ --	$ 47,536
Growth funds	111,062	--	--	111,062
Value funds	67,352	--	--	67,352
Fixed funds	512,839	--	--	512,839
Total mutual funds	738,789	--	--	738,789
Equity securities:	47,253	--	--	47,253
Total investments at fair value	$ 786,042	$ --	$ --	$ 786,042

	Investments at Fair Value as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Blended funds	$ 51,466	$ --	$ --	$ 51,466
Growth funds	90,862	--	--	90,862
Value funds	91,620	--	--	91,620
Fixed funds	521,364	--	--	521,364
Total mutual funds	755,312	--	--	755,312
Equity securities:	52,891	--	--	52,861
Total investments at fair value	$ 808,203	$ --	$ --	$ 808,203

Unrealized losses on investments for the fiscal years ended June 30, 2016 and 2015 were $48,996 and $51,908 respectively.

Note 5: Property and Equipment

Property and equipment consisted of the following at June 30:

	2016	2015
Land	$ 194,488	$ 194,488
Building and improvements	1,539,862	1,538,425
Furniture and equipment	288,689	252,711
Vehicles	30,517	60,192
Property and equipment, at cost	2,053,556	2,045,816
Less: accumulated depreciation	(1,171,678)	(1,137,976)
Property and equipment, net	$ 881,878	$ 907,840

Depreciation expense for the fiscal years ended June 30, 2016 and 2015 was $63,378 and $70,044, respectively.

Note 6: Restricted Cash

As of June 30, 2016 and 2015, EveryMind had $48,593 and $47,336 of restricted cash, respectively. The funds are held for collateral at a financial institution for a letter of credit, the purpose of which was to qualify EveryMind as a reimbursable employer for unemployment compensation purposes.

Note 7: Line of Credit

EveryMind maintains a line of credit through a commercial lender for working capital purposes, with a maximum borrowing of $350,000. Interest is payable monthly at an interest rate of Wall Street Journal Prime plus 1.00% with a floor rate of 5.50%. Borrowings under the line of credit are secured by EveryMind’s assets. The line of credit is subject to an annual review and is payable upon demand. As of June 30, 2016 and 2015, there were no borrowings against the line.

Note 8: Mortgages Payable

EveryMind entered into a $350,000 mortgage payable during June 2006. In June 2016, EveryMind amended its mortgage payable with the bank to extend the maturity date until June 2026. Under the amended mortgage, the interest rate is 4.625% for the first five years. After the initial five years, the interest rate will adjust to 2.75 percentage points plus the 5-Year Interest Rate Swap with a floor of 4.625%. The mortgage is secured by real property that has a combined book value of approximately $190,000 and $228,000 at June 30, 2016 and 2015, respectively. The property was appraised for $2,100,000 in June 2006. The outstanding balance of the mortgage at June 30, 2016 and 2015 was $315,867 and $323,705, respectively.

Places for People acquired five condominiums during September 2007 for the purpose of housing clients. The purchases were financed with an $809,619 promissory note to Montgomery County Department of Housing and Community Affairs.

The note is secured by the condominiums which have a combined book value of approximately $638,000 and $655,000 at June 30, 2016 and 2015, respectively. The note does not bear any interest and will mature in 2047 with no payments during the first two years. After that time, Places for People is required to make annual payments equal to the lesser of $20,875 or 50% of the net cash flows. The outstanding balance of the mortgage at June 30, 2016 and 2015 was $809,619.

Future maturities of mortgages are as follows:

Year ending June 30,	
2017	$ 6,817
2018	28,019
2019	28,361
2020	28,682
2021	29,094
Thereafter	1,004,513
	$ 1,125,486

Mortgage interest expense for the fiscal years ended June 30, 2016 and 2015 was $17,949 and $18,281 respectively.

Note 9: Net Assets

Board Designated

As of June 30, 2016 and 2015, the Board of Directors designated a portion of investment balances held at a financial institution to be used as a reserve for future operating payments. These amounts are included in the consolidated statement of financial position within investments for $350,000.

Note 9: Net Assets (continued)

Temporarily Restricted

Temporarily restricted net assets are available for the following purposes at June 30:

	2016	2015
Purpose restricted:		
Hotline	$ 20,000	$ --
Website redesign and MHFA trainings	12,000	22,544
Serving Together Program	34,600	62,403
CINS Discretionary Fund	19,158	24,290
Designated for future periods:		
Serving Together Program	207,500	136,000
Training & Internship Programming	29,931	--
Total temporarily restricted net assets	$ 323,189	$ 245,237

Note 10: Contingent Liabilities

EveryMind receives a substantial portion of its revenue from government grants and fees, certain of which are subject to audit by various government agencies. Until all audits through June 30, 2016 have been completed and final settlements have been reached, there exists a contingent liability to refund any amount received in excess of allowable costs. Management of EveryMind is of the opinion that no significant liability, if any, will result from these audits.

Note 11: Donated Facilities and Services

During the years ended June 30, 2016 and 2015, EveryMind was provided office space without charge. The estimated fair rental value of the space for fiscal years 2016 and 2015 was $1,836 and $504, respectively.

Note 12: Rental Income

Total rental income for fiscal year 2016 was $90,348, $59,748 of which was for leasing Places for People-owned condominiums. Total rental income for fiscal year 2015 was $157,612, $75,454 of which was for leasing Places for People-owned condominiums.

Note 12: Rental Income (continued)

Places for People leases condominiums. Minimum future rental income under non-cancelable leases are as follows:

Year ending June 30,		
2017	$	60,233
2018		2,494
Total	$	62,727

Note 13: Leases

EveryMind and Places for People rent equipment, office space, and apartment units under non-cancelable operating leases. Minimum future rental payments under non-cancelable leases are as follows:

Year ending June 30,		
2017	$	21,347
2018		20,915
2019		12,270
Total	$	54,532

Total rent expense including donated rent for fiscal year 2016 was $54,066, $30,300 of which was for leasing apartment units.

Total rent expense including donated rent for fiscal year 2015 was $111,512, $83,730 of which was for leasing apartment units.

Note 14: Defined Contribution Plan

EveryMind sponsors a defined contribution plan covering substantially all of its employees. Under the plan through December 31, 2015, EveryMind may make a discretionary match of a participating employee's salary. In January 2016, EveryMind amended the contribution types and vesting allowed under the plan. Under the amended plan, EveryMind makes an employer matching contribution and may make a discretionary contribution of a participating employee's salary. EveryMind contributed $72,707 and $49,331 to the plan during fiscal years 2016 and 2015, respectively.

Note 15: Concentrations

The Federal Deposit Insurance Corporation (FDIC) insures accounts up to $250,000 at each institution. At June 30, 2016 and 2015, EveryMind exceeded the insured limit by $534,894 and $483,422, respectively.

For the year ended June 30, 2016 and 2015, EveryMind received 69% and 70% of its total revenue from the Montgomery County government, respectively. Receivables from Montgomery County Government accounted for 79% and 89%, respectively of contracts receivable at June 30, 2016 and 2015. EveryMind had a total of 13 contracts from the Montgomery County government in fiscal year 2016 and 11 contracts in fiscal year 2015.

Note 16: Accounting Standard Updates

In May 2014, the FASB issued guidance codified in ASC 606, Revenue Recognition – Revenue from Contracts with Customers, which amends the guidance in former ASC 605, Revenue Recognition, and most other existing revenue guidance in US GAAP, to require an entity to recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to customers and provide additional disclosures. As amended, the effective date for nonpublic entities is annual reporting periods beginning after December 15, 2018 and interim periods therein. As such, the Organizations will be required to adopt the standard on July 1, 2019. Early adoption is not permitted before the first quarter of fiscal year 2017. ASC 606 may be adopted either using a full retrospective approach, in which the standard is applied to all of the periods presented, or a modified retrospective approach. The Organizations are currently evaluating which transition method to use and how ASC 606 will affect their financial statements.

In February 2016, the FASB issued guidance codified in ASC 842, Leases, which amends the guidance in former ASC 840, Leases, requiring the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. The effective date for nonpublic entities is annual reporting periods beginning after December 15, 2019 and interim periods therein. As such, the Companies will be required to adopt the standard on July 1, 2020. Early adoption is permitted. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. The Organizations are currently evaluating how ASC 842 will affect their financial statements.

In August 2016, the FASB issued guidance codified in ASC 958, Not-for-Profit Entities, which changes certain requirements for the financial statements of not-for-profit entities. The effective date is annual reporting periods beginning after December 15, 2017 and interim periods therein. As such, the Organizations will be required to adopt the standard on July 1, 2018. Early adoption is permitted.

Note 16: Accounting Standard Update (continued)

The Organizations are currently evaluating how ASC 958 will affect their financial statements.