EveryMind, Inc. and Subsidiary

Consolidated Financial Statements
June 30, 2017 and 2016

With Independent Auditor's Report Thereon

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, 2017 and 2016, 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, 2017 and 2016, 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 3, 2017

EveryMind, Inc. and Subsidiary
Consolidated Statements of Financial Position
June 30, 2017 and 2016

Assets

	2017	2016
Current Assets		
Cash and cash equivalents	$ 852,738	$ 717,518
Contracts receivable	492,403	750,088
Contributions receivable	32,358	193,593
Other receivables	1,328	5,309
Prepaid expenses	48,188	41,733
Total Current Assets	1,427,015	1,708,241
Property and Equipment, Net	211,624	881,878
Other Assets		
Deposits	-	2,220
Restricted cash	45,248	48,593
Investments	1,157,331	786,042
Total Other Assets	1,202,579	836,855
Total Assets	$ 2,841,218	$ 3,426,974

Liabilities and Net Assets

	2017	2016
Current Liabilities		
Accounts payable	$ 38,853	$ 27,256
Accrued expenses	386,993	346,959
Mortgages Payable, current portion	7,229	6,817
Total Current Liabilities	433,075	381,032
Mortgages Payable, Net of Current Portion	301,906	1,118,669
Total Liabilities	734,981	1,499,701
Net Assets		
Unrestricted		
Undesignated	1,583,452	1,254,084
Designated by Board of Directors	350,000	350,000
Total Unrestricted	1,933,452	1,604,084
Temporarily restricted	172,785	323,189
Total Net Assets	2,106,237	1,927,273
Total Liabilities and Net Assets	$ 2,841,218	$ 3,426,974

See Independent Auditor's Report and Accompanying Notes

EveryMind, Inc. and Subsidiary
Consolidated Statement of Activities
For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Contract revenue	$ 4,500,496	$ -	$ 4,500,496
Contributions	466,346	202,000	668,346
Rental income	74,102	-	74,102
Donated goods and services	100,802	-	100,802
Program fees	405,252	-	405,252
Net investment return and other income	334,722	-	334,722
Gross special events revenue	21,587	-	21,587
Less: cost of direct benefit to donors	(13,935)	-	(13,935)
Subtotal	5,889,372	202,000	6,091,372
Net Assets Released from Restrictions			
Satisfaction of time restrictions	269,431	(269,431)	-
Satisfaction of purpose restrictions	82,973	(82,973)	-
Total Support and Revenue	6,241,776	(150,404)	6,091,372
Expenses			
Program services	4,912,700	-	4,912,700
Management and general	703,991	-	703,991
Fundraising	295,717	-	295,717
Total Expenses	5,912,408	-	5,912,408
Change in Net Assets	329,368	(150,404)	178,964
Net Assets at Beginning of Year	1,604,084	323,189	1,927,273
Net Assets at End of Year	$ 1,933,452	$ 172,785	$ 2,106,237

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	512,792	364,500	877,292
Rental income	90,348	-	90,348
Donated goods and services	1,836	-	1,836
Program fees	394,585	-	394,585
Net investment return and other income	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 Functional Expenses
For the Year Ended June 30, 2017

	Program Services	Management and General	Fundraising	Cost of Goods Sold	Total Expenses
Salaries and related benefits	$ 4,069,161	$ 538,917	$ 203,936	$ -	$ 4,812,014
Professional services	228,099	71,819	64,779	-	364,697
Supplies and equipment	106,115	26,284	4,124	-	136,523
Client allowances	131,814	-	-	-	131,814
Occupancy	70,586	9,721	2,745	-	83,052
Depreciation	60,480	4,342	-	-	64,822
Printing and publications	28,812	9,620	10,671	-	49,103
Communications	40,659	4,885	1,081	-	46,625
Repairs and maintenance	31,622	10,644	2,195	-	44,461
Travel	40,666	2,007	129	-	42,802
Training and recruitment	30,743	5,017	-	-	35,760
Insurance	30,104	2,467	-	-	32,571
Seminars	27,854	-	-	-	27,854
Miscellaneous	12,209	2,779	-	-	14,988
Interest	676	14,076	-	-	14,752
Cost of direct benefit to donors	-	-	-	13,935	13,935
Postage	3,100	1,413	6,057	-	10,570
Total expenses	$ 4,912,700	$ 703,991	$ 295,717	$ 13,935	$ 5,926,343
Percentage of total expenses	82.90%	11.88%	4.99%	0.23%	100.00%
Less expenses included with support and revenue Statement of Activities	$ -	$ -	$ -	$ (13,935)	$ (13,935)
Total Expense on Statement of Activities	$ 4,912,700	$ 703,991	$ 295,717	$ -	$ 5,912,408

See Independent Auditor's Report and Accompanying Notes

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
Professional services	174,188	49,480	55,869	279,537
Occupancy	84,959	8,841	2,607	96,407
Client allowances	90,636	-	-	90,636
Depreciation	56,733	6,645	-	63,378
Supplies	51,510	1,014	440	52,964
Communications	43,741	974	1,335	46,050
Repairs and maintenance	37,805	2,019	1,802	41,626
Travel	36,022	484	130	36,636
Insurance	24,057	9,049	515	33,621
Miscellaneous	30,408	128	2,382	32,918
Printing and publications	16,353	715	3,158	20,226
Interest	-	17,949	-	17,949
Seminars	11,521	-	287	11,808
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 Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities		
Change in net assets	$ 178,964	$ 229,377
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	64,822	63,378
Net realized and unrealized gains and losses on investments	(56,027)	48,996
Gain on sale of property and equipment	(233,317)	(9,000)
Change in assets and liabilities		
Decrease (Increase) in contracts receivable	257,685	(67,126)
Decrease (Increase) in contributions receivable	161,235	(82,168)
Decrease in other receivables	3,981	816
(Increase) in prepaid expenses	(6,449)	(31,956)
Decrease in deposits	2,220	-
Decrease (Increase) in restricted cash	3,345	(1,257)
Increase (Decrease) in accounts payable	11,597	(30,709)
Increase in accrued expenses	40,034	13,802
Net Cash Provided By Operating Activities	428,090	134,153
Cash Flows From Investing Activities		
Purchase of property and equipment	(27,570)	(37,416)
Proceeds from sale of property and equipment	56,694	9,000
Proceeds from sales and maturities of investments	24,287	15,000
Purchases of investments and reinvestment of interest and dividends	(339,549)	(41,835)
Net Cash Used In Investing Activities	(286,138)	(55,251)
Cash Flows From Financing Activities		
Principal payments on mortgage payable	(6,732)	(7,838)
Net Cash Used In Financing Activities	(6,732)	(7,838)
Net Increase in Cash	135,220	71,064
Cash and Cash Equivalents at Beginning of Year	717,518	646,454
Cash and Cash Equivalents at End of Year	$ 852,738	$ 717,518

Note 1: Organization

EveryMind, Inc. (formerly 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 has been a trusted mental health resource for more than 60 years with programs and services for children, youth, adults, veterans, and families in Montgomery County and throughout the National Capital Region. EveryMind also works to reduce the stigma associated with 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 2016, Mental Health Association of Montgomery County, MD, Inc. changed its name to EveryMind, Inc.

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

The programs and services provided by EveryMind include:

Youth and 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, community-based centers, and 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, 2017 and 2016, youth and family services had expenses of $3,055,439 and $2,832,142, respectively.

Adult and Community Services

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

Assist the community's most vulnerable adults by offering a variety of services which address vital needs and promote long-term wellness. Services are provided to low-income individuals unable to manage their federal benefits due to mental illness or disability, homeless or formerly homeless individuals, homebound and isolated older adults, and newly-arrived immigrants and refugees.

Note 1: Organization (continued)

Many of these services are provided by volunteers and interns who provide friendship and assistance managing finances. In addition, professional staff assess and assist individuals with accessing benefits and housing. Counseling services provide much needed mental health support for individuals without insurance 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 National Capital Region with supportive listening, information and resources, and crisis intervention via telephone, text, and online chat services. Staff and volunteers provide assistance via telephone twenty-four hours per day, seven days per week, including problem-solving and crisis support as needed. For the years ending June 30, 2017 and 2016, adult and community services had program expenses of $1,182,236 and $1,139,335, respectively.

Military and Veteran Services

Serving Together

Services are provided for veterans, service members, and their families throughout the National Capital Region including education, informal case management through Veteran Peer Navigators, and resource coordination. 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 ending June 30, 2017 and 2016, military and veteran services had total program expenses of $536,247 and $358,134, respectively.

Education and Advocacy Services

Education and Community Relations, Red Flags, Continuing Education Seminars, Government 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, youth, adults, veterans, families, and the entire community which provide information and resources on a variety of topics. For the years ending June 30, 2017 and 2016, education and advocacy services had total program expenses of $138,778 and $165,848, 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, 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 on a monthly basis as the service is provided.

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.

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, 2017, and 2016, management believes all contracts and other receivables to be collectible.

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

Note 2: Summary of Significant Accounting Policies (continued)

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, 2017, and 2016, management believes 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 $2,000 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

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.

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. Everymind 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.

Note 2: Summary of Significant Accounting Policies (continued)

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.

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, 2014 through June 30, 2016 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, 2017, the Organizations evaluated subsequent events for potential recognition and disclosure through October 3, 2017, the date the financial statements were available to be issued, and believe there to be no further potential recognition or disclosure.

Note 3: Expenditures

Of the total costs incurred for the year ended June 30, 2017, the Organizations incurred 82.90% for program services, 11.88% for management and general operations, and 4.99% for fundraising, and 0.23% as cost of goods sold.

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.

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.

Note 4: Investments and Fair Value Measurement (continued)

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, 2017 and 2016.

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.

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

Investments at Fair Value as of June 30, 2017

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 1,086,011	$ --	$ --	$ 1,086,011
Equity securities	71,320	--	--	71,320
Total investments at fair value	$ 1,157,331	$ --	$ --	$ 1,157,331

Investments at Fair Value as of June 30, 2016

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 738,789	$ --	$ --	$ 738,789
Equity securities	47,253	--	--	47,253
Total investments at fair value	$ 786,042	$ --	$ --	$ 786,042

Unrealized gains and realized losses on investments for the year ended June 30, 2017 were $79,208 and $23,181, respectively and unrealized losses on investments for the year ended June 30, 2016 were $48,996.

Note 5: Property and Equipment

Property and equipment consisted of the following at June 30:

	2017	2016
Land	$ 76,684	$ 194,488
Building and improvements	889,940	1,539,862
Furniture and equipment	259,286	288,689
Vehicles	30,517	30,517
Property and equipment, at cost	1,256,427	2,053,556
Less: accumulated depreciation	(1,051,888)	(1,171,678)
	204,539	881,878
Construction in Progress	7,085	--
Property and equipment, net	$ 211,624	$ 881,878

Depreciation expense for the fiscal years ended June 30, 2017 and 2016 was $64,822 and $63,378, respectively.

Note 6: Restricted Cash

As of June 30, 2017, and 2016, EveryMind had $45,248 and $48,593 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, 2017, and 2016, 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.

Note 8: Mortgages Payable (continued)

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 $177,000 and $190,000 at June 30, 2017 and 2016, respectively.

The property was appraised for $2,100,000 in June 2006. The outstanding balance of the mortgage at June 30, 2017 and 2016 was $309,135 and $315,867, 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 was secured by the condominiums and does not bear any interest. During the year ending June 30, 2017, Places for People sold its five condominiums with a net book value of $632,996, recorded a gain on sale of $233,317, and the associated mortgage was relieved. The gain on the sale is included in net investment return and other income in the Consolidated Statement of Activities.

Future maturities of mortgages are as follows:

Year ending June 30,	
2018	$ 7,229
2019	7,486
2020	7,807
2021	8,219
2022	8,611
Thereafter	269,783
	$ 309,135

Mortgage interest expense for the fiscal years ended June 30, 2017 and 2016 was $14,752 and $17,949, respectively.

Note 9: Net Assets

Board Designated

As of June 30, 2017, and 2016, 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:

	2017	2016
Purpose restricted:		
Hotline	$ 35,000	$ 20,000
Website redesign and MHFA trainings	3,000	12,000
Serving Together Program	39,860	34,600
CINS Discretionary Fund	15,084	19,158
Gala Fiscal Year 2018	3,000	--
Designated for future periods:		
Serving Together Program	37,500	207,500
Training and Internship Programming	39,341	29,931
Total temporarily restricted net assets	$ 172,785	$ 323,189

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, 2017 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

In support of its programs, Everymind received donated professional services, facilities, and materials as follows during the years ended June 30, 2017 and 2016:

	2017	2016
Professional Services	$ 71,242	$ --
Materials	28,350	--
Facilities	1,210	1,836
Total donated services, supplies and facilities	$ 100,802	$ 1,836

Note 12: Rental Income

Total rental income for fiscal year 2017 was $74,102, $58,342 of which was for leasing Places for People-owned condominiums. Total rental income for fiscal year 2016 was $90,348, $59,748 of which was for leasing Places for People-owned condominiums.

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,	
2018	$ 22,055
2019	13,409
Total	$ 35,464

Total rent expense including donated rent for fiscal year 2017 was $40,311, $15,850 of which was for leasing apartment units.

Total rent expense including donated rent for fiscal year 2016 was $54,066 $30,300 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 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 $92,719 and $72,707 to the plan during fiscal years 2017 and 2016, respectively.

Note 15: Concentrations

The Federal Deposit Insurance Corporation (FDIC) insures accounts up to $250,000 at each institution. At June 30, 2017 and 2016, EveryMind exceeded the insured limit by $678,115 and $534,894, respectively.

For the year ended June 30, 2017 and 2016, EveryMind received 64% and 69% of its

Note 15: Concentrations (continued)

total support and revenue from the Montgomery County government, respectively. Receivables from Montgomery County Government accounted for 79% and 79%, respectively of contracts receivable at June 30, 2017 and 2016. EveryMind had a total of 17 contracts from the Montgomery County government in fiscal year 2017 and 13 contracts in fiscal year 2016.

Note 16: Non-Cash Transactions

Supplemental disclosure of cash flow information

Interest paid during the fiscal years 2017 and 2016 was $14,752 and $17,949, respectively.

Non-Cash Investing and Financing:

During the year ended June 30, 2017, Everymind sold its five condominiums with a book value of $632,996 and relieved the associated mortgage payable of $809,619.

Note 17: 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

Note 17: Accounting Standard Updates (continued)

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