

Boys and Girls Republic, Inc.

Financial Statements

June 30, 2017

Independent Auditors' Report

Board of Directors Boys and Girls Republic, Inc.

We have audited the accompanying financial statements of Boys and Girls Republic, Inc., which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Managements' 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. 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 auditors' 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 Boys and Girls Republic, Inc. as of June 30, 2017, and the changes in its net assets and its 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 Boys and Girls Republic, Inc. 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

February 12, 2018

Boys and Girls Republic, Inc.

Statement of Financial Position
June 30, 2017
(with comparative amounts at June 30, 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 332,260	\$ 332,972
Investments (Note 3)	2,085,098	1,970,063
Due from contracting agencies	491,063	338,618
Contribution receivable	20,000	-
Prepaid expenses	14,875	27,388
Fixed assets, net (Note 4)	<u>185,998</u>	<u>209,589</u>
	<u>\$ 3,129,294</u>	<u>\$ 2,878,630</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 6,469	\$ 11,305
Refundable advances	5,733	-
Due to Henry Street Settlement	<u>421,182</u>	<u>173,964</u>
Total Liabilities	<u>433,384</u>	<u>185,269</u>
Net Assets		
Unrestricted	192,043	215,576
Temporarily restricted (Note 6)	692,151	666,069
Permanently restricted (Note 7)	<u>1,811,716</u>	<u>1,811,716</u>
Total Net Assets	<u>2,695,910</u>	<u>2,693,361</u>
	<u>\$ 3,129,294</u>	<u>\$ 2,878,630</u>

See notes to financial statements

Boys and Girls Republic, Inc.

Statement of Activities
Year Ended June 30, 2017
(with summarized totals for the year ended June 30, 2016)

	Unrestricted			Temporarily Restricted	Permanently Restricted	Total	
	Operating Fund	Plant Fund	Total			2017	2016
REVENUE, GAINS AND OTHER SUPPORT							
Contributions	\$ 70,800	\$ -	\$ 70,800	\$ 110,306	\$ -	\$ 181,106	\$ 325,899
Grants and fees from contracting agencies	1,115,820	-	1,115,820	-	-	1,115,820	597,893
Grant from Henry Street Settlement	50,000	-	50,000	-	-	50,000	12,000
Realized gain on investments	-	-	-	52,661	-	52,661	22,690
Unrealized gain (loss) on investments	-	-	-	114,528	-	114,528	(110,723)
Interest and dividends	62	-	62	54,665	-	54,727	44,657
Donated occupancy (Note 8)	312,000	-	312,000	-	-	312,000	208,000
Rental income	9,445	-	9,445	-	-	9,445	10,290
Other income	-	-	-	-	-	-	1,307
Net assets released from restrictions (Note 6)	306,078	-	306,078	(306,078)	-	-	-
Total Revenue, Gains and Other Support	1,864,205	-	1,864,205	26,082	-	1,890,287	1,112,013
EXPENSES							
Program services - Youth programs	1,686,873	23,591	1,710,464	-	-	1,710,464	1,178,949
Management and general	177,274	-	177,274	-	-	177,274	78,382
Total Expenses	1,864,147	23,591	1,887,738	-	-	1,887,738	1,257,331
Change in Net Assets Before Other Changes	58	(23,591)	(23,533)	26,082	-	2,549	(145,318)
OTHER CHANGES							
Transfer to operating fund	2,512	(2,512)	-	-	-	-	-
Change in Net Assets	2,570	(26,103)	(23,533)	26,082	-	2,549	(145,318)
NET ASSETS							
Beginning of year	3,475	212,101	215,576	666,069	1,811,716	2,693,361	2,838,679
End of year	\$ 6,045	\$ 185,998	\$ 192,043	\$ 692,151	\$ 1,811,716	\$ 2,695,910	\$ 2,693,361

See notes to financial statements

Boys and Girls Republic, Inc.

Statement of Functional Expenses Year Ended June 30, 2017 (with summarized totals for the year ended June 30, 2016)

	Program Services	Management and General	Total	
			2017	2016
Salaries	\$ 810,928	\$ 98,920	\$ 909,848	\$ 515,681
Payroll taxes and employee benefits	237,092	34,926	272,018	163,124
Total Salaries and Related Expenses	1,048,020	133,846	1,181,866	678,805
Professional fees and contract service payments	94,761	20,105	114,866	152,715
Supplies	86,950	4,084	91,034	57,050
Telephone	15,334	1,786	17,120	18,256
Postage and shipping	3,315	2,562	5,877	2,935
Occupancy	349,695	1,060	350,755	294,275
Equipment rental and maintenance	30,215	3,886	34,101	5,355
Transportation	25,063	738	25,801	9,608
Insurance	-	605	605	324
Bank charges and custodial fees	1,131	5,895	7,026	3,760
Food	28,569	1,789	30,358	5,027
Membership fees and conferences	3,820	140	3,960	2,403
Depreciation	23,591	-	23,591	26,424
Miscellaneous	-	778	778	394
	\$ 1,710,464	\$ 177,274	\$ 1,887,738	\$ 1,257,331

See notes to financial statements

Boys and Girls Republic, Inc.

Statement of Cash Flows
Year Ended June 30, 2017
(with comparative amounts for the year ended June 30, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,549	\$ (145,318)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	23,591	26,424
Disposal of fixed assets	-	2,512
Realized gain on investments	(52,661)	(22,690)
Unrealized (gain) loss on investments	(114,528)	110,723
Changes in operating assets and liabilities		
Due from contracting agencies	(152,445)	(309,537)
Contribution receivable	(20,000)	-
Prepaid expenses	12,513	(23,538)
Accounts payable and accrued expenses	(4,836)	8,344
Refundable advances	5,733	(11,031)
Due to Henry Street Settlement	247,218	283,242
Net Cash from Operating Activities	(52,866)	(80,869)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(341,217)	(457,724)
Proceeds from the sale of investments	393,371	538,656
Net Cash from Investing Activities	52,154	80,932
Net Change in Cash	(712)	63
CASH		
Beginning of year	332,972	332,909
End of year	\$ 332,260	\$ 332,972

See notes to financial statements

Boys and Girls Republic, Inc.

Notes to Financial Statements
June 30, 2017

1. Organization and Taxation

Boys and Girls Republic, Inc. (“BGR”) operates programs devoted to teaching the principles of self-government to young boys and girls. The programs include the city clubhouse, which provides comprehensive athletic, recreational and educational supportive programming, correlated with extensive intra-community activity. BGR is funded primarily by contributions, grants and fees from contracting agencies, and a grant from Henry Street Settlement (the “Settlement”).

BGR is a membership corporation. The Settlement is the sole member and appoints the Board of Directors of BGR. The Settlement is a nonprofit organization exempt from federal income tax under Internal Revenue Service Code Section 501(c)(3). The Settlement receives cash and expends funds on behalf of BGR. Administrative overhead costs are allocated from the Settlement.

BGR is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a).

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Resources are classified for accounting and reporting purposes into net asset classes according to donor imposed restrictions. Unrestricted net assets are those whose use is not subject to any donor imposed restrictions. Temporarily restricted net assets are those resulting from contributions and other inflows of assets whose use by BGR is limited by donor imposed stipulations that will be met either by passage of time or that can be fulfilled and removed by actions of BGR pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Permanently restricted net assets are donor restricted gifts that must be maintained permanently by BGR to provide present and future income for operations.

Boys and Girls Republic, Inc.

Notes to Financial Statements
June 30, 2017

2. Summary of Significant Accounting Policies (continued)

Summarized Financial Information

The 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 U.S. GAAP. Accordingly, such information should be read in conjunction with BGR's financial statements as of and for the year ended June 30, 2016, from which the summarized information was derived.

Fair Value Measurements

BGR follows U.S. GAAP guidance on fair value measurements, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices that are observable, either directly or indirectly with fair value being determined through the use of models or other valuation methodologies. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient are not recognized within the fair value hierarchy.

Investments Valuation

Investments are carried at fair value.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Boys and Girls Republic, Inc.

Notes to Financial Statements
June 30, 2017

2. Summary of Significant Accounting Policies *(continued)*

Due from Contracting Agencies and Allowance for Doubtful Accounts

BGR records revenue and receivables for grants from contracting agencies based on claims for expense reimbursements and program utilization at contracted rates. Receivables are stated net of an allowance. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end. Management has determined that an allowance was not required as of June 30, 2017 and 2016. Interest is not accrued or recorded on outstanding accounts receivable. Receivables are charged to the allowance when they are determined to be uncollectible based upon a periodic review of the accounts by management.

Fixed Assets

BGR capitalizes all expenditures for its fixed assets in excess of \$5,000. Maintenance and repairs of a routine nature are charged to expense, while those that extend the life of existing assets are capitalized. Depreciation is provided over the estimated useful lives of each class of depreciable asset and is computed using the straight-line method. The estimated lives by asset class are as follows:

Building and building improvements	10-40 years
Furniture and equipment	10-20 years

Impairment of Long-Lived Assets

Long-lived assets such as fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. BGR records impairment losses on long lived assets used in operations when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. No impairment charges were recognized during the years ended June 30, 2017 and 2016.

Conditional Asset Retirement Obligations

BGR accounts for Conditional Asset Retirement Obligations ("CARO") in accordance with U.S. GAAP, which defines a conditional asset retirement obligation as a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Uncertainty with respect to the timing and/or method of settlement of the asset retirement obligation does not defer recognition of a liability. The fair value of the CARO is recorded on a discounted basis and accreted over time for the change in fair value. Management has determined that there are no CARO liabilities that are required to be recorded.

Boys and Girls Republic, Inc.

Notes to Financial Statements
June 30, 2017

2. Summary of Significant Accounting Policies (continued)

Refundable Advances

Refundable advances consist of unspent cash receipts from contracting agencies as well as the cumulative excess of allowable program revenues over allowable program expenses.

Contributions

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently 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 purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Grants and Fees from Contracting Agencies

BGR receives funding for many of its programs through contracts principally entered into with New York State and New York City. Certain governmental revenues are recorded based on estimated expenditures incurred and are subject to audit and adjustment by regulatory agencies. Third-party reimbursement adjustments are recorded when reasonably determinable. Revenues from fee-for-service and reimbursement contracts with New York State and New York City are recorded at rates established by the governmental payors. Revenues are recorded based on estimated allowable costs and are subject to audit and adjustment by governmental payors. The effects of such adjustments are recorded when reasonably determinable.

Donated Occupancy

BGR records various types of in-kind support, including rent. Contributions of donated rent are recognized at fair value. The amounts reflected in the accompanying financial statements as donated occupancy are offset by like amounts included in expenses.

Rentals

All leases are operating leases and are reflected on the straight-line basis. Deferred rent is recorded when material.

Functional Allocation of Expenses

The costs of providing BGR's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Boys and Girls Republic, Inc.

Notes to Financial Statements
June 30, 2017

2. Summary of Significant Accounting Policies *(continued)*

Accounting for Uncertainty in Income Taxes

BGR recognizes the effect of tax positions only when they are more likely than not to be sustained. Management has determined that BGR had no uncertain tax positions that would require financial statement recognition or disclosure. BGR is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to June 30, 2014.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is February 12, 2018.

3. Investments

The following are major categories of investments measured at fair value on a recurring basis at June 30, grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy:

	June 30, 2017		June 30, 2016	
	Level 1	Total	Level 1	Total
Short-term investments	\$ 429,549	\$ 429,549	\$ 100,556	\$ 100,556
Common and Preferred Stock				
U.S. large cap equity	277,305	277,305	274,388	274,388
U.S. mid cap equity	61,984	61,984	89,162	89,162
U.S. small cap equity	22,185	22,185	19,827	19,827
International equity	461,714	461,714	370,030	370,030
	<u>823,188</u>	<u>823,188</u>	<u>753,407</u>	<u>753,407</u>
Corporate obligations	-	-	406,412	406,412
Mutual Funds				
Intermediate-term bonds	8,373	8,373	8,278	8,278
Large cap-blend	34,809	34,809	4,348	4,348
Large cap-growth	18,106	18,106	15,150	15,150
Large cap-value	25,508	25,508	22,707	22,707
Medium cap-growth	39,734	39,734	33,508	33,508
Medium cap-value	23,626	23,626	19,924	19,924
Small cap-value	3,553	3,553	2,874	2,874
Real estate and commodities	166,688	166,688	130,487	130,487
	<u>320,397</u>	<u>320,397</u>	<u>237,276</u>	<u>237,276</u>
Exchange-traded funds	-	-	17,341	17,341
Investment in limited partnerships (1)	-	511,964	-	455,071
	<u>\$ 1,573,134</u>	<u>\$ 2,085,098</u>	<u>\$ 1,514,992</u>	<u>\$ 1,970,063</u>

Boys and Girls Republic, Inc.

Notes to Financial Statements
June 30, 2017

3. Investments *(continued)*

(1) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy. The fair value amounts presented in the total column of this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

There were no transfers between level 1, 2 and 3 of the fair value hierarchy during 2017 and 2016.

Information regarding alternative investments measured at NAV using the practical expedient at June 30 is as follows:

	2017			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity long/short hedge funds (a)	\$ 349,299	\$ -	varies	7-70 days
Private equity (b)	162,665	58,015	10-11 years	N/A
	\$ 511,964	\$ 58,015		
	2016			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity long/short hedge funds (a)	\$ 343,260	\$ -	varies	7-70 days
Private equity (b)	111,811	101,612	10-11 years	N/A
	\$ 455,071	\$ 101,612		

(a) This category includes investments in hedge funds that invest both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. Investments representing approximately 17 percent of the value of the investments in this category cannot be redeemed because the investments include restrictions that do not allow for redemption in the first 12 to 18 months after acquisition. The remaining restriction period for these investments ranged from 7 to 70 days at June 30, 2017 and 2016.

(b) This category includes several private equity funds that invest primarily in foreign technology companies. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund. Management has estimated that the underlying assets of the fund will be liquidated over 10 to 11 years.

At June 30, 2017, two individual investments represent 17% and 8% of total investments. At June 30, 2016, two individual investments represented 19% and 6% of total investments.

Boys and Girls Republic, Inc.

Notes to Financial Statements
June 30, 2017

4. Fixed Assets

The components of fixed assets, including accumulated depreciation, are as follows at June 30:

	<u>2017</u>	<u>2016</u>
Building and building improvements	\$ 592,636	\$ 592,636
Furniture and equipment	<u>234,343</u>	<u>234,343</u>
	826,979	826,979
Accumulated depreciation	<u>(640,981)</u>	<u>(617,390)</u>
	<u>\$ 185,998</u>	<u>\$ 209,589</u>

5. Concentration of Credit Risk

Financial instruments that potentially subject BGR to concentrations of credit risk consist primarily of cash, investments, and contributions receivable. At times, the cash balance may be in excess of the Federal Deposit Insurance Corporation's insurance limits. BGR has not experienced any losses in such account. BGR believes it is not exposed to any significant credit risk on cash and cash equivalents. The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of risk. Contributions receivable are expected to be collected in the normal course of business operations.

6. Temporarily Restricted Net Assets

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

	<u>2017</u>	<u>2016</u>
Youth programs	<u>\$ 692,151</u>	<u>\$ 666,069</u>

Net assets were released from donor restrictions by satisfying the purpose or time restrictions for years ended June 30, as follows:

	<u>2017</u>	<u>2016</u>
Youth programs		
Program restrictions	\$ 219,806	\$ 286,920
Income distribution	<u>86,272</u>	<u>98,860</u>
	<u>\$ 306,078</u>	<u>\$ 385,780</u>

Boys and Girls Republic, Inc.

Notes to Financial Statements
June 30, 2017

7. Endowment Fund

General

BGR's permanently restricted net assets consist of three endowment fund assets to be held in perpetuity. The income from the assets can be used to support the youth programs.

Interpretation of Law

The Board of Directors of BGR has adopted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA moves away from the "historic dollar value" standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. BGR is now governed by the NYPMIFA spending policy, which establishes a prudent spending limit of 7% of the average of its previous five years' balance. As a result of this interpretation, BGR classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by BGR in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Return Objectives and Strategies Employed

The objective of BGR is to maintain principal endowment funds at the original amount designated by the donor. The investment policy to achieve this objective is to invest in low-risk securities. Interest earned in relation to the endowment funds is recorded as temporarily restricted income and released from restriction upon expenditure for the program for which the endowment fund was established.

Funds with Deficiencies

BGR does not have any funds with deficiencies.

Spending Policy

The Board of Directors, in compliance with the applicable state regulations, will appropriate as much of net appreciation as is prudent considering BGR's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions. Under the spending policy, the adjusted average market value of certain investments measured at March 31 of each of the three immediately preceding years is made available on each July 1 to support current operations of the BGR and certain non-operating activities as designated by the Board of Directors.

Boys and Girls Republic, Inc.

Notes to Financial Statements
June 30, 2017

7. Endowment Fund (continued)

The following is a reconciliation of the activity in the donor restricted endowment funds portion of the investment portfolio for the years ended June 30, 2017 and 2016:

	Temporarily Restricted	Permanently Restricted	Total
Balance, June 30, 2015	\$ 654,368	\$ 1,811,716	\$ 2,466,084
Interest and dividends	44,595	-	44,595
Investment loss, net	(88,033)	-	(88,033)
Appropriation for expenditure	<u>(98,860)</u>	<u>-</u>	<u>(98,860)</u>
Balance, June 30, 2016	512,070	1,811,716	2,323,786
Interest and dividends	54,665	-	54,665
Investment gain, net	167,189	-	167,189
Appropriation for expenditure	<u>(86,272)</u>	<u>-</u>	<u>(86,272)</u>
Balance, June 30, 2017	<u>\$ 647,652</u>	<u>\$ 1,811,716</u>	<u>\$ 2,459,368</u>

8. Donated Occupancy

The BGR clubhouse is located at 888 East 6th Street, New York, New York in a building provided by the City of New York without a rental charge. In accordance with U.S. GAAP, the value of donated occupancy of \$312,000 and \$208,000 in 2017 and 2016 is included in donated occupancy and occupancy expense to reflect the estimated fair value.

9. Pension Expense

BGR provides a 403(b) defined-contribution plan and contributes 5% of base salary for eligible employees. Pension expense for the years ended June 30, 2017 and 2016 was \$44,238 and \$28,099.

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