# PLAN INTERNATIONAL USA, INC.

## FINANCIAL STATEMENTS

## JUNE 30, 2019 and 2018

pwc

# Report of Independent Auditors

To the Board of Directors of
Plan International USA, Inc.

We have audited the accompanying financial statements of Plan International USA, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of functional expenses, activities and cash flows for the years then ended.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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 the 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 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 our 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, we consider internal control relevant to the Company'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 Company'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 Plan International USA, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*PricewaterhouseCoopers LLP, 1800 Tysons Boulevard, McLean, VA 22102-4261*
*T: (703) 918 3000, F: (703) 918 3100, www.pwc.com/us*

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, Plan changed the manner in which it presents net assets and reports certain aspects of its financial statements as a not-for-profit entity in fiscal year 2019. Our opinion is not modified with respect to this matter.

PricewaterhouseCoopers LLP

McLean, Virginia
November 18, 2019

**PLAN INTERNATIONAL USA, INC.**
**Statements of Financial Position**
**June 30, 2019 and 2018**

| | 2019 | 2018 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 9,293,460 | $ 9,510,285 |
| Grants receivable | 11,433,135 | 7,080,265 |
| Prepaid expenses and other assets | 894,785 | 774,102 |
| Bequests and pledges receivable | 6,890,694 | 8,858,925 |
| Investments | 18,862,352 | 17,388,701 |
| Contributions receivable from charitable trusts | 473,335 | 496,954 |
| Beneficial interest in perpetual trusts | 444,298 | 448,027 |
| Land, building and equipment, net | 1,153,875 | 1,439,079 |
| Total assets | $ 49,445,934 | $ 45,996,338 |
| **Liabilities and Net Assets** | | |
| Liabilities: | | |
| Accounts payable and other liabilities | $ 1,552,323 | $ 1,515,160 |
| Due to Plan International, Inc. | 7,273,993 | 5,272,237 |
| Obligation under split-interest agreements | 351,238 | 294,068 |
| Total liabilities | 9,177,554 | 7,081,465 |
| Net Assets: | | |
| Without donor restrictions | | |
| Land, building and equipment | 1,153,875 | 1,439,079 |
| Board-designated quasi endowments and similar funds | 15,365,540 | 13,013,270 |
| Total without donor restrictions | 16,519,415 | 14,452,349 |
| Total with donor restrictions | 23,748,965 | 24,462,524 |
| Total net assets | 40,268,380 | 38,914,873 |
| Total liabilities and net assets | $ 49,445,934 | $ 45,996,338 |

The accompanying notes are an integral
part of these financial statements.

# PLAN INTERNATIONAL USA, INC.
## Statements of Activities
## For the Years Ended June 30, 2019 and 2018

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Public support and revenue: | | | | | | |
| Sponsorship contributions | $ 18,383,123 | $ 1,165,704 | $ 19,548,827 | $ 18,131,150 | $ 1,138,139 | $ 19,269,289 |
| U.S. government grants and contracts | 28,260,873 | - | 28,260,873 | 35,788,303 | - | 35,788,303 |
| Contributions | 6,796,895 | 6,853,591 | 13,650,486 | 5,319,187 | 7,570,546 | 12,889,733 |
| Gifts-in-kind | 1,383,505 | - | 1,383,505 | 2,390,619 | - | 2,390,619 |
| Contributions from estates, trusts and annuities | 2,956,496 | 253,741 | 3,210,237 | 5,065,076 | 400,000 | 5,465,076 |
| Contributions to endowments | - | 14,010 | 14,010 | - | 90,195 | 90,195 |
| Net assets released from restrictions | 9,961,477 | (9,961,477) | - | 10,402,807 | (10,402,807) | - |
| Total public support and revenue | 67,742,369 | (1,674,431) | 66,067,938 | 77,097,142 | (1,203,927) | 75,893,215 |
| Net investment income | 359,610 | 1,575,262 | 1,934,872 | 95,456 | 162,623 | 258,079 |
| Total operating revenues and other support | 68,101,979 | (99,169) | 68,002,810 | 77,192,598 | (1,041,304) | 76,151,294 |
| Expenses: | | | | | | |
| Program expenses: | | | | | | |
| Program and technical support | 44,933,762 | - | 44,933,762 | 54,946,949 | - | 54,946,949 |
| Building relationships | 800,042 | - | 800,042 | 820,940 | - | 820,940 |
| Development education & advocacy programs | 3,113,558 | - | 3,113,558 | 1,725,788 | - | 1,725,788 |
| Total program expenses | 48,847,362 | - | 48,847,362 | 57,493,677 | - | 57,493,677 |
| Operating expenses: | | | | | | |
| Fundraising | 5,921,397 | - | 5,921,397 | 5,505,479 | - | 5,505,479 |
| Management and general | 11,261,989 | - | 11,261,989 | 10,679,642 | - | 10,679,642 |
| Total operating expenses | 17,183,386 | - | 17,183,386 | 16,185,121 | - | 16,185,121 |
| Total expenses | 66,030,748 | - | 66,030,748 | 73,678,798 | - | 73,678,798 |
| Total operating results | 2,071,231 | (99,169) | 1,972,062 | 3,513,800 | (1,041,304) | 2,472,496 |
| Nonoperating results: | | | | | | |
| Change in unrealized appreciation (depreciation) | 23,944 | (611,668) | (587,724) | 48,205 | 461,724 | 509,929 |
| Other non-operating results | (28,109) | (2,722) | (30,831) | (99) | (4,192) | (4,291) |
| Total nonoperating results | (4,165) | (614,390) | (618,555) | 48,106 | 457,532 | 505,638 |
| Total change in net assets | 2,067,066 | (713,559) | 1,353,507 | 3,561,906 | (583,772) | 2,978,134 |
| Net assets at beginning of year | 14,452,349 | 24,462,524 | 38,914,873 | 10,890,443 | 25,046,296 | 35,936,739 |
| Net assets at end of year | $ 16,519,415 | $ 23,748,965 | $ 40,268,380 | $ 14,452,349 | $ 24,462,524 | $ 38,914,873 |

The accompanying notes are an integral
part of these financial statements.

**PLAN INTERNATIONAL USA, INC.**
**Statement of Functional Expenses**

**For the Year Ended June 30, 2019**
**With Summarized Financial Information for the Year Ended June 30, 2018**

| | Program Expenses | | | | Operating Expenses | | | Total Expenses | |
|---|---|---|---|---|---|---|---|---|---|
| Natural Expense Classifications | Program and Technical Support | Building Relationships | Development Education & Advocacy | Total Program Expenses | Fundraising | Management and General | Total Operating Expenses | 2019 | 2018 |
| Program Support to Plan International, Inc. | $ 36,859,408 | $ - | $ - | $ 36,859,408 | $ - | $ - | $ - | $ 36,859,408 | $ 43,734,725 |
| Gifts-in-kind | 33,810 | - | 1,349,695 | 1,383,505 | - | - | - | 1,383,505 | 2,055,038 |
| Salary and Salary Related | 4,350,924 | 443,241 | 915,157 | 5,709,322 | 1,310,278 | 7,531,007 | 8,841,285 | 14,550,607 | 14,450,533 |
| Marketing and Media | - | - | - | - | 3,428,308 | - | 3,428,308 | 3,428,308 | 3,303,755 |
| Supplies, Postage, and Printing | 75,343 | 311,862 | 106,797 | 494,002 | 486,309 | 270,434 | 756,743 | 1,250,745 | 1,258,924 |
| Professional & Consulting Fees | 2,098,984 | - | 511,136 | 2,610,120 | 305,656 | 856,763 | 1,162,419 | 3,772,539 | 4,084,532 |
| Occupancy, Repairs, Maintenance, and Service | 393,293 | 35,732 | 73,778 | 502,803 | 190,539 | 1,292,589 | 1,483,128 | 1,985,931 | 1,968,133 |
| Travel | 907,698 | - | 51,690 | 959,388 | 132,717 | 428,693 | 561,410 | 1,520,798 | 1,574,736 |
| Other | 127,950 | - | 86,294 | 214,244 | 40,355 | 726,336 | 766,691 | 980,935 | 879,015 |
| Depreciation of Equipment & Building | 86,352 | 9,207 | 19,011 | 114,570 | 27,235 | 156,167 | 183,402 | 297,972 | 369,407 |
| Total Expenses | $ 44,933,762 | $ 800,042 | $ 3,113,558 | $ 48,847,362 | $ 5,921,397 | $ 11,261,989 | $ 17,183,386 | $ 66,030,748 | $ 73,678,798 |
| Total 2018 | $ 54,946,949 | $ 820,940 | $ 1,725,788 | $ 57,493,677 | $ 5,505,479 | $ 10,679,642 | $ 16,185,121 | | |

The accompanying notes are an integral
part of these financial statements.

**PLAN INTERNATIONAL USA, INC.**
**Statement of Functional Expenses**

**For the Year Ended June 30, 2018**

| | Program Expenses | | | | Operating Expenses | | | Total Expenses |
|---|---|---|---|---|---|---|---|---|
| Natural Expense Classifications | Program and Technical Support | Building Relationships | Development Education & Advocacy | Total Program Expenses | Fundraising | Management and General | Total Operating Expenses | 2018 |
| Program Support to Plan International, Inc. | $ 43,734,725 | $ - | $ - | $ 43,734,725 | $ - | $ - | $ - | $ 43,734,725 |
| Gifts-in-kind | 1,722,355 | - | 332,683 | 2,055,038 | - | - | - | 2,055,038 |
| Salary and Salary Related | 4,979,319 | 469,608 | 766,298 | 6,215,225 | 1,141,643 | 7,093,665 | 8,235,308 | 14,450,533 |
| Marketing and Media | - | - | - | - | 3,303,755 | - | 3,303,755 | 3,303,755 |
| Supplies, Postage, and Printing | 18,382 | 301,607 | 157,375 | 477,364 | 484,753 | 296,807 | 781,560 | 1,258,924 |
| Professional & Consulting Fees | 2,769,210 | - | 307,179 | 3,076,389 | 219,310 | 788,833 | 1,008,143 | 4,084,532 |
| Occupancy, Repairs, Maintenance, and Service | 424,776 | 37,680 | 61,545 | 524,001 | 159,695 | 1,284,437 | 1,444,132 | 1,968,133 |
| Travel | 1,066,463 | - | 57,682 | 1,124,145 | 102,695 | 347,896 | 450,591 | 1,574,736 |
| Other | 105,222 | - | 23,371 | 128,593 | 64,346 | 686,076 | 750,422 | 879,015 |
| Depreciation of Equipment & Building | 126,497 | 12,045 | 19,655 | 158,197 | 29,282 | 181,928 | 211,210 | 369,407 |
| Total Expenses | $ 54,946,949 | $ 820,940 | $ 1,725,788 | $ 57,493,677 | $ 5,505,479 | $ 10,679,642 | $ 16,185,121 | $ 73,678,798 |

The accompanying notes are an integral
part of these financial statements.

**PLAN INTERNATIONAL USA, INC.**
**Statements of Cash Flows**
**For the Years Ended June 30, 2019 and 2018**

| | 2019 | 2018 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | $ 1,353,507 | $ 2,978,134 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 297,972 | 369,407 |
| Receipt of contributed securities | (256,780) | (1,241,162) |
| Receipt of endowment funds | (14,010) | (90,195) |
| Net gain on sales of investments | (1,382,607) | (102,780) |
| Net impairment loss on investments | - | 221,157 |
| (Increase) decrease in unrealized appreciation on investments | 587,724 | (509,929) |
| (Increase) decrease in: | | |
| Grants receivable | (4,352,870) | 2,699,931 |
| Prepaid expenses and other assets | (120,683) | 1,322,558 |
| Bequests and pledges receivable | 1,968,231 | (2,600,088) |
| Contributions receivable from charitable remainder trusts | 23,619 | 35,788 |
| Beneficial interest in perpetual trusts | 3,729 | (1,870) |
| Increase (decrease) in: | | |
| Accounts payable and other liabilities | 37,163 | (439,164) |
| Due to Plan International, Inc. | 2,001,756 | (1,198,070) |
| Obligation under split-interest agreements | 57,170 | (31,283) |
| Net cash provided by operating activities | 203,921 | 1,412,434 |
| Cash flows from investing activities: | | |
| Purchases of investments | (7,596,786) | (7,738,621) |
| Proceeds from sales of investments | 7,174,799 | 7,528,176 |
| Purchases of fixed assets | (12,769) | (53,888) |
| Net cash used in investing activities | (434,756) | (264,333) |
| Cash flows from financing activities: | | |
| Receipt of endowment funds | 14,010 | 90,195 |
| Net cash provided by financing activities | 14,010 | 90,195 |
| Net (decrease) increase in cash and cash equivalents | (216,825) | 1,238,296 |
| Cash and cash equivalents, beginning of year | 9,510,285 | 8,271,989 |
| Cash and cash equivalents, end of year | $ 9,293,460 | $ 9,510,285 |
| Supplemental cash flow information: | | |
| Noncash contributions | $ 1,640,285 | $ 3,631,781 |

The accompanying notes are an integral part of these financial statements.

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

Organization and purpose:

Plan International USA, Inc. (“Plan”) is an independent, non-profit organization incorporated in the State of New York. It was founded in 1937 as Foster Parents' Plan for Spanish Children, Inc. for the purpose of seeking sponsors and other contributors to provide material aid and services to sponsored children, their families, and communities; assist sponsors in developing meaningful relationships with their sponsored children and families; and conduct educational programs in the United States about the needs of the poor in developing countries. Plan is the United States member organization of Plan International, Inc. (“PII”). Other member organizations of PII are located in Australia, Belgium, Canada, Colombia, Denmark, Finland, France, Germany, Hong Kong, India, Ireland, Japan, the Republic of Korea, the Netherlands, Norway, Spain, Sweden, Switzerland and the United Kingdom. Plan and the other member organizations participate with PII in the planning, design and decisions about the implementation of overseas programs that are currently administered in fifty-three countries. Plan remits to PII the excess of its revenues received over current year operating expenses adjusted for the impact of various donor and Board designations.

Basis of presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting. All program and operating expenses are recognized as incurred.

Net assets:

Plan reports net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as either net assets without donor restrictions or net assets with donor restrictions.

Net assets without donor restrictions:

Net assets without donor restrictions are free of donor-imposed restrictions, but may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restrictions:

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; Plan must continue to use the resources in accordance with the donor’s instructions.

When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by re-classifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as an increase of net assets without donor restrictions.

Accounting for contributions:

Contributions, including unconditional promises to give, are recognized when received at fair value. Multiyear unconditional promises to give are recognized at estimated present value of the future cash flows, net of any necessary reserve. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Contributions received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Conditional promises, are not recognized until all conditions are substantially met.

Grant revenue recognition:

Plan receives grants from the United States Government and various other grantors for direct and indirect program costs associated with specific programs and projects. The grants received from the United States Government are subject to certain restrictions which are met by incurring qualifying expenses for the particular program or project that is funded by the grant. Revenue from such grants is recognized when the funds have been expended on activities stipulated in the grant agreement. For unconditional grants, revenue is recognized as donor restricted contribution revenue at the time the grant is received or pledged, and the funds are released from restriction when the qualifying expenses have been incurred.

Functional Expenses:

The cost of providing the Plan's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Fringe, paid time off, occupancy, and depreciation are costs common to multiple functions and have been allocated using time and effort.

Cash and cash equivalents:

For purposes of the statements of financial position and the statements of cash flows, cash and cash equivalents are defined as cash on deposit, cash in overnight repurchase agreements, and interest-bearing money market accounts that are not restricted for endowment. The carrying amount approximates fair value due to the short-term nature of these instruments.

Contributed securities:

For the purpose of measuring the value of donations and the cost basis of contributed securities, the securities are stated at fair value on the date the gift was received.

Investments:

Plan reports all investments in mutual funds with readily determinable fair values and all investments in debt securities at fair value in the statements of financial position. Additionally, realized gains/losses and changes in unrealized appreciation/depreciation and investment income are recorded in the statements of activities as changes in net assets without donor restriction, unless their use is restricted by explicit donor-imposed stipulations or law, in which case they are reported net assets with donor restrictions. Investments as of June 30, 2019 and 2018, respectively, are stated at fair value based on quoted prices in the active market.

In accordance with the guidance provided in the New York Prudent Management of Institutional Funds Act (NYPMIFA), Plan preserves the historical dollar value of donor-restricted (true) endowment funds, absent explicit donor direction to the contrary. As a result, Plan classifies as net assets with donor restrictions the original gift value of true endowments, plus any subsequent gifts and accumulations made in accordance with the directions of the applicable gift instruments.

Fair value of financial instruments:
The fair value of Plan's financial instruments approximates the carrying amount reported in the statements of financial position for cash and cash equivalents, receivables, bequests and pledges receivable, investments, split-interest agreements and payables.

Federal income taxes:

A favorable determination letter has been obtained from the Internal Revenue Service exempting the organization from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for taxes on the change in net assets has been recorded.

Land, building and equipment:

Land, building and equipment are stated at cost less accumulated depreciation (Note 7).

Depreciation is provided under the straight-line method over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Building and building improvements | 5-50 years |
| Computer software | 3-10 years |
| Equipment | 3-5 years |

When capital assets are disposed of, the asset and the associated accumulated depreciation are eliminated and any resulting gain or loss is reflected in the statements of activities.

Software costs are accounted for in accordance with guidance for internal-use software, which requires that certain costs related to developing or obtaining internal-use software should be capitalized. Additionally, costs incurred to develop and maintain the organization's website are accounted for in accordance with guidance for accounting for web site development costs.

Use of estimates:

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 revenues and expenses for the period. Actual results could differ from those estimates.

Building relationships and development education and advocacy:

Two integral components of the Plan mission are Building Relationships and Development Education and Advocacy. In connection with the child sponsorship program, Plan provides a link between individuals in the United States and the children and families in Plan's program countries which facilitates two-way communications between sponsors and their sponsored children. Through correspondence and the exchange of small non-monetary gifts, meaningful relationships can be developed and the understanding between different cultures can be enhanced. Additionally, sponsors are able to build enhanced relationships and understanding through the periodic receipt of newsletters; updated family profiles for their sponsored families; and field program reports relating to some of the programs which have been implemented in specific communities to help improve lives.

Within the United States, Development Education and Advocacy programs strive to enhance the public's understanding of the causes and conditions of poverty in developing countries and the role that PII can have in the development process. Additionally, Plan facilitates engagement through group meetings, development of school curriculum and through advocacy which reinforces the communications around poverty and community development in the developing world. Further, Plan's domestic youth programs include educational outreach, organized retreats and other special events and activities for youth participation which are designed to help young people in the United States develop a better understanding of the challenges faced by youth in the developing world.

Gifts-in-kind:

Gifts-in-kind are reported as contributions at their estimated fair value on the date of receipt. During the fiscal years ended June 30, 2019 and 2018, respectively, Plan was a recipient of pro bono multi-platform media placement, medical supplies, clothing, and professional services totaling $1,383,505 and $2,390,619 respectively, reported on the statements of activities. Corresponding expenses of $1,383,505 and $2,055,038 were reported on the statements of functional expenses.

Recent accounting pronouncements:

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers and in June 2018, the FASB issued ASU 2018-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this update should assist in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and determining whether a contribution is conditional. These standards are effective for fiscal years beginning after December 15, 2018. Plan will continue to monitor and evaluate the impact this will have on the financial statements beginning in fiscal year 2020.

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the lessees' balance sheet and disclosing key information about leasing arrangements for leases classified as operating leases under the previous GAAP. Under this update, lessees should recognize in the balance sheet as a liability to make lease payments and a right-of-use asset representing its right-to-use the underlying asset for the lease term. This new guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years, with early adoption permitted. Plan is evaluating the impact this will have on the financial statements beginning in fiscal year 2020.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): The new guidance requires restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new standard is effective for fiscal years beginning after December 15, 2018. Plan is evaluating the impact this will have on the financial statements beginning in fiscal year 2020.

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. The new guidance requires improved presentation and disclosures to help not-for-profits provide more relevant information about their resources to donors, grantors, creditors and other users. The standard is effective for fiscal years beginning after December 15, 2017.

Plan implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively.

The new standards change the following aspects of the financial statements:

- ·The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- ·The unrestricted net asset class has been renamed net assets without donor restrictions.
- ·The financial statements include a disclosure about liquidity and availability of resources.

The changes have the following effect on net assets at July 1, 2018:

| | *As Originally Presented* | *After Adoption of ASU 2016-14* |
|---|---|---|
| Unrestricted net assets | $ 14,452,349 | $ - |
| Temporarily restricted net assets | 14,700,916 | - |
| Permanently restricted net assets | 9,761,608 | - |
| Net assets without donor restrictions | - | 14,452,349 |
| Net assets with donor restrictions | - | 24,462,524 |
| Total net assets | $ 38,914,873 | $ 38,914,873 |

Prior year presentation:

Plan updated the statement of activities to show U.S. government grants and contracts revenue separately from all other contributions. In the original presentation, private and federal grants and contracts was comprised of $35,788,303 of U.S government grants and contracts and $4,775,018 of private grants. After the change, private grants have been combined with contributions for community projects and children’s fund to create a new contributions line item totaling $12,889,733.

| | *As Originally Presented* | *After Change* |
|---|---|---|
| Private and federal grants and contracts | $ 40,563,321 | $ - |
| Contributions for community projects | 6,198,615 | - |
| Children's fund | 1,916,100 | - |
| Contributions | - | 12,889,733 |
| U.S. government grants and contracts | - | 35,788,303 |
| | $ 48,678,036 | $ 48,678,036 |

Reclassification:

Certain prior year financial information has been reclassified to conform to the current year.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 are:

| | |
|---|---|
| Financial assets | |
| Cash and cash equivalents | $ 9,293,460 |
| Grants receivable | 11,433,135 |
| Bequests and pledges receivable | 6,890,694 |
| Investments | 18,862,352 |
| Beneficial interest in trust | 917,633 |
| Total financial assets | 47,397,274 |
| Less accounts unavailable for general expenditures within one year, due to | |
| Restricted by donors with purpose restrictions | (11,451,648) |
| Restricted by donors for endowment | (12,297,318) |
| Designated by the board of directors | (11,133,391) |
| Total financial assets available to management for general expenditure within one year | $ 12,514,917 |

The above table reflects donor-restricted and board-designated endowment as unavailable. Plan's Board of Directors established a spending rate of up to 7% of the endowment fund's fair value, except for donor-restricted endowments where spending is based on donor stipulations. Note 11 provides more information about those funds.

Although Plan does not intend to spend from funds designated by the board of directors other than amounts appropriated for expenditure as part of its annual budget approval process, funds designated by the board of directors could be made available if necessary.

Plan regularly monitors liquidity to meet its operating needs and commitments while maximizing the investment of available funds. In addition Plan has a $4,000,000 committed line of credit available to meet any cash flow needs (Note 9).

NOTE 3 - RECEIVABLE:

Grants receivable:

During the fiscal years ended June 30, 2019 and 2018, respectively, Plan incurred $28,260,873 and $35,785,843 of reimbursable Federal grant expenses relating to awards from the United States Agency for International Development ("USAID"), the United States Department of State, the United States Department of Labor, or as a sub recipient from other organizations that received Federal funds. Unreimbursed, but eligible expenses of $11,433,135 and $7,080,265 at June 30, 2019 and 2018, respectively, are recorded as grants receivable in the accompanying statements of financial position.

Bequests and pledges receivable:

At June 30, 2019 Plan had Bequests and pledges receivable as follows:

| | |
|---|---|
| Less than one year | $ 859,161 |
| One to five years | 6,031,533 |
| Total bequests and pledges receivable | $ 6,890,694 |

NOTE 4 - INVESTMENTS:
Investments are composed of the following as of:

| | June 30, 2019 | | June 30, 2018 | |
|---|---|---|---|---|
| | Cost | Fair Value | Cost | Fair Value |
| Money market funds | $ 129,047 | $ 129,047 | $ 188,139 | $ 188,139 |
| Mutual funds | 17,734,121 | 18,698,184 | 15,636,910 | 17,188,792 |
| Government sponsored securities | 23,790 | 23,790 | 11,770 | 11,770 |
| Stocks/other | 11,235 | 11,331 | - | - |
| Totals | $17,898,193 | $18,862,352 | $ 15,836,819 | $17,388,701 |

Net investment income for the fiscal years ended June 30, 2019 and 2018, respectively, is included in total public support and revenue on the accompanying statements of activities and is composed of the following for the years ended:

| | June 30, 2019 | June 30, 2018 |
|---|---|---|
| Interest and dividends | $ 552,265 | $ 376,456 |
| Net gain on sales of investments | 1,382,607 | 102,780 |
| Net impairment loss on investments | - | (221,157) |
| Net investment income | $ 1,934,872 | $ 258,079 |

NOTE 5 - SPLIT-INTEREST AGREEMENTS:

Plan is a party to various types of split-interest agreements. Charitable gift annuities ("CGAs") are arrangements whereby a donor contributes assets in exchange for a promise from Plan to pay the donor a fixed amount for a specified period of time. Assets received are recognized at fair value, and an annuity payment liability is recognized at the present value of the future cash flows expected to be paid. Contribution without donor restrictions is recognized as the difference between these two amounts. To calculate the present value of the CGAs, the 1994 Group Annuity Mortality Tables and the actual rates in each annuity agreement were used. The value of CGAs of $736,469 and $564,135 at June 30, 2019 and 2018, respectively, is included in investments on the accompanying statements of financial position. The related liabilities of $349,633 and $292,463 at June 30, 2019 and 2018, respectively, are included in obligation under split-interest agreements on the accompanying statements of financial position.

Pooled income funds ("PIFs") are arrangements whereby several donors' life income gifts are invested and pooled together, and each donor is assigned a relative number of units in the fund.

Contribution revenue has been recorded at the fair value of the assets to be received, discounted at 6.00% over the estimated life expectancy of the donor. The difference between the fair value of the assets received and the revenue recognized is recorded as deferred revenue, representing the amount of discount for future interest. Until the donor's death, the donor is paid the actual income earned on the donor's units of the fund. Upon the donor's death, the value of the assigned units reverts to Plan. The value of PIFs of $9,907 and $10,109 at June 30, 2019 and 2018, respectively, is included in investments on the accompanying statements of financial position. The related liabilities of $1,605 and $1,605 at June 30, 2019 and 2018, respectively, are included in obligation under split-interest agreements on the accompanying statements of financial position.

A beneficial interest in a perpetual trust is an arrangement in which a donor establishes and funds a perpetual trust for the benefit of one or more non-profit beneficiaries. The assets are administered and managed by an independent third-party. Under the terms of these arrangements, Plan has the irrevocable right to receive the investment income earned on the trust assets in perpetuity. The value of these perpetual trusts of $444,298 and $448,027 at June 30, 2019 and 2018, respectively, is included in beneficial interest in perpetual trusts on the accompanying statements of financial position.

Additionally, there are various trusts that have several different varieties and terms. With regard to these trusts under which Plan is a beneficiary, the assets are administered and managed by an independent third-party. The value of such trusts of $473,335 and $496,954 at June 30, 2019 and 2018, respectively, is included in contributions receivable from charitable trusts on the accompanying statements of financial position.

During the fiscal years ended June 30, 2019 and 2018, respectively, Plan recorded contribution revenue related to split interest agreements of $124,705 and $13,226.

## NOTE 6 - FAIR VALUE MEASUREMENTS:

Plan establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest level of priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under this standard are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement; however, the determination of what constitutes "observable" requires significant judgment by Plan.

Plan considers observable data to be that market data which is readily available; regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Plan's perceived risk of that instrument. Plan uses prices and inputs that are current as of the measurement date.

The availability of observable inputs can vary from product to product and is affected by many factors, including for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment.

Accordingly, the degree of judgment exercised by Plan in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

In determining an instrument's placement within the hierarchy, Plan separates the investment portfolio into the following categories: mutual funds, government sponsored securities, stocks, split-interest agreements and cash equivalents.

Mutual funds: Mutual funds include investments in common stock. Plan's actively traded mutual funds are listed on a national exchange. Therefore, they are valued at the last price quoted by the exchange and are categorized as Level 1.

Government sponsored securities: Government sponsored securities include investments in various U.S. Treasury instruments (such as mortgage-backed securities and asset-backed securities, and bank debt). Government sponsored securities are based upon market price quotations and are categorized as Level 1.

Cash equivalents: Cash equivalents principally include shares owned in money market funds and are categorized as Level 1.

Stocks: The fair values of publicly traded fixed income and equity securities are based on quoted market prices and are generally categorized as Level 1. Investments that are listed on an exchange are valued, in general, at the last reported sale price (or, if there is no sales price, at the last reported bid price, or, in the absence of reported bid prices, at the mean between the last reported bid and asked prices thereof).

Split-interest agreements: Investments for split-interest agreements primarily consist of Charitable Gift Annuities, Irrevocable Charitable Remainder Unitrusts ("CRUTs"), Pooled Income Funds, Charitable Lead Trust, and Perpetual Trusts. Investments are fair valued using the present value of future commitments. These amounts include equities and fixed income investments. Associated liabilities are recorded, and fair valued, each reporting period. The liabilities are fair valued using a discounted cash approach, which is consistent with the exit value Plan would pay to relieve its liability at year-end.

The following table presents the financial instruments carried on the statements of financial position as of June 30, 2019:

| | Assets and Liabilities at Fair Value as of June 30, 2019 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | Quoted Prices | Other Significant Observable Inputs | Significant Unobservable Inputs | |
| Cash equivalents | | | | |
| Money Market Funds | $ 11,535 | $ - | $ - | $ 11,535 |
| Total Cash Equivalents | $ 11,535 | $ - | $ - | $ 11,535 |
| Investments | | | | |
| Money Market Funds | $ 129,047 | $ - | $ - | $ 129,047 |
| Mutual Funds | 17,975,598 | - | - | 17,975,598 |
| Stocks/other | 11,331 | - | - | 11,331 |
| Total Investments | $ 18,115,976 | $ - | $ - | $ 18,115,976 |
| Organizational interest in trusts | | | | |
| Contributions receivable from charitable remainder trusts | $ - | $ - | $ 372,155 | $ 372,155 |
| Contributions receivable from charitable lead trusts | | - | 101,180 | 101,180 |
| Beneficial interest in perpetual trusts | - | - | 444,298 | 444,298 |
| | $ - | $ - | $ 917,633 | $ 917,633 |
| Assets of charitable gift annuities and pooled income fund | | | | |
| Mutual Funds | $ 722,586 | $ - | $ - | $ 722,586 |
| Money Market Funds | 23,790 | - | - | 23,790 |
| Total Assets of CGA and PIF | $ 746,376 | $ - | $ - | $ 746,376 |
| Liabilities of charitable gift annuities and pooled income fund | | | | |
| CGA and PIF | $ - | $ - | $ 351,238 | $ 351,238 |
| Total Liabilities of CGA and PIF | $ - | $ - | $ 351,238 | $ 351,238 |

The following table presents the financial instruments carried on the statements of financial position as of June 30, 2018:

| | Assets and Liabilities at Fair Value as of June 30, 2018 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | Quoted Prices | Other Significant Observable Inputs | Significant Unobservable Inputs | |
| Cash equivalents | | | | |
| Money Market Funds | $ 498,828 | $ - | $ - | $ 498,828 |
| Total Cash Equivalents | $ 498,828 | $ - | $ - | $ 498,828 |
| Investments | | | | |
| Money Market Funds | $ 188,139 | $ - | $ - | $ 188,139 |
| Mutual Funds | 16,626,318 | - | - | 16,626,318 |
| Total Investments | $ 16,814,457 | $ - | $ - | $ 16,814,457 |
| Organizational interest in trusts | | | | |
| Contributions receivable from charitable remainder trusts | $ - | $ - | $ 370,479 | $ 370,479 |
| Contributions receivable from charitable lead trusts | - | - | 126,475 | 126,475 |
| Beneficial interest in perpetual trusts | - | - | 448,027 | 448,027 |
| | $ - | $ - | $ 944,981 | $ 944,981 |
| Assets of charitable gift annuities and pooled income fund | | | | |
| Mutual Funds | $ 562,474 | $ - | $ - | $ 562,474 |
| Money Market Funds | 11,770 | - | - | 11,770 |
| Total Assets of CGA and PIF | $ 574,244 | $ - | $ - | $ 574,244 |
| Liabilities of charitable gift annuities and pooled income fund | | | | |
| CGA and PIF | $ - | $ - | $ 294,068 | $ 294,068 |
| Total Liabilities of CGA and PIF | $ - | $ - | $ 294,068 | $ 294,068 |

The following table includes a roll forward of the amounts for the twelve months ended June 30, 2019 for financial instruments classified within Level 3:

Level 3 Assets and Liabilities at Fair Value

| | Split Interest Agreements | |
|---|---|---|
| | Interest in trusts Assets | CGAs/PIFs Liabilities |
| Balance as of June 30, 2018 | $ 944,981 | $ 294,068 |
| Additions | - | 75,295 |
| Disbursements | (41,362) | (46,473) |
| Net investment income | 12,338 | - |
| Change in actuarial calculation | 1,676 | 28,348 |
| Balance as of June 30, 2019 | $ 917,633 | $ 351,238 |

The following table includes a roll forward of the amounts for the twelve months ended June 30, 2018 for financial instruments classified within Level 3:

Level 3 Assets and Liabilities at Fair Value

| | Split Interest Agreements | |
|---|---|---|
| | Interest in trusts Assets | CGAs/PIFs Liabilities |
| Balance as of June 30, 2017 | $ 978,899 | $ 325,351 |
| Additions | - | 11,774 |
| Disbursements | (45,219) | (63,998) |
| Net investment income | 21,793 | - |
| Change in actuarial calculation | (10,492) | 20,941 |
| Balance as of June 30, 2018 | $ 944,981 | $ 294,068 |

NOTE 7 - LAND, BUILDING AND EQUIPMENT:

Land, building and equipment is composed of the following:

| | June 30, 2019 | June 30, 2018 |
|---|---|---|
| Land | $ 184,588 | $ 184,588 |
| Building and building improvements | 3,206,912 | 3,200,943 |
| Computer software | 1,603,242 | 1,603,242 |
| Equipment | 952,433 | 970,696 |
| Subtotal | 5,947,175 | 5,959,469 |
| Less: accumulated depreciation | (4,793,300) | (4,520,390) |
| Total | $ 1,153,875 | $ 1,439,079 |

NOTE 8 – OBLIGATIONS UNDER LEASES:
Plan has entered into various lease agreements for certain office space. Rent expense under such agreements was $818,190 and $956,978 for the years ended June 30, 2019 and 2018, respectively. At June 30, 2019, the future minimum rental commitments under such lease agreements are as follows:

| Year Ending June 30, | |
|---|---|
| 2020 | $ 910,757 |
| 2021 | 814,342 |
| 2022 | 887,516 |
| 2023 | 909,704 |
| 2024 | 932,447 |
| After 2024 | 8,731,415 |
| Total Minimum Payments | $ 13,186,181 |

On January 28, 2019 Plan signed a 13 year lease for office space with a contracted commencement date of November 1, 2019. Minimum lease payments for this new lease are included in in the table above.

NOTE 9 – LINE OF CREDIT:

On July 31, 2012, Plan entered into a revolving line of credit agreement that provides for maximum borrowings of $2,000,000 to be used for working capital. On November 20, 2015, Plan amended the agreement to increase the maximum borrowing amount to $4,000,000. Under the terms of the agreement, the interest on the outstanding balance is the LIBOR daily floating rate plus 2.5%. The principal balance can be prepaid in full or in part at any time without incurring a prepayment fee or premium, and is payable in full on the expiration date. The facility is secured by all personal property owned by Plan and contains certain restrictive covenants, including annual maintenance of a debt service coverage ratio of at least 1.0 to 1.0 to the extent Plan has any outstanding debt balance at fiscal year-end.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS:
Net assets with donor restrictions are restricted for the following:

| | June 30, 2019 | June 30, 2018 |
|---|---|---|
| Time restricted for sponsorship | $ 1,873,173 | $ 1,635,584 |
| Purpose restricted for grants & community projects | 8,754,725 | 10,160,019 |
| Unappropriated endowment income | 3,002,037 | 2,526,870 |
| Charitable remainder trusts and pooled income fund agreements | 379,451 | 378,443 |
| Endowment funds | 9,295,281 | 9,313,582 |
| Perpetual trusts | 444,298 | 448,026 |
| | $ 23,748,965 | $ 24,462,524 |

Net assets were released for the following purposes:

| | June 30, 2019 | June 30, 2018 |
|---|---|---|
| Designated project funds disbursed on specified project or purpose | $ 8,309,347 | $ 8,458,830 |
| Release of time restricted sponsorship funds | 1,181,855 | 1,234,541 |
| Appropriation of endowment fund earnings | 470,275 | 709,436 |
| | $ 9,961,477 | $ 10,402,807 |

NOTE 11 - ENDOWMENTS:

Plan's endowment consists of 270 individual funds established primarily for unrestricted purposes. The endowment includes both donor restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles in the United States, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Plan’s management has interpreted the State of New York's enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the historic dollar value of donor-restricted endowment funds (absent explicit donor stipulations to the contrary). The term historic dollar value is defined as the aggregate fair value in dollars of (i) an endowment fund at the time it became an endowment, (ii) each subsequent donation to the fund at the time it is made, and (iii) each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the fund. As a result of this interpretation, Plan classifies as net assets with donor restrictions (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) appreciation (depreciation), gains (losses) and income earned on the fund. There were $12,297,318 and $11,840,452 of net assets with donor restrictions related to Plan's endowment funds at June 30, 2019 and 2018, respectively.

Management further understands that expenditures from a donor-restricted fund are limited to the uses and purposes for which the endowment fund is established and the use of net appreciation, realized gains (with respect to all assets) and unrealized gains (with respect only to readily marketable assets) is limited to the extent that the fair value of a donor-restricted fund exceeds the historic dollar value of the fund (unless the applicable gift instrument indicates that net appreciation shall not be expended), and to the extent that such expenditure is prudent, considering the long and short term needs of Plan in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions.

Plan's Board of Directors established a spending rate of up to 7% of the endowment fund’s fair value, except for donor-restricted endowments where spending is based on donor stipulations. This spending policy is consistent with Plan's objectives to maintain the purchasing power of the assets through long-term returns which provide for future growth of the endowment while also generating current income to support mission critical programs or operating expenses.

Plan, in compliance with NYPMIFA, notified available donors who had established endowments prior to June 30, 2011 of the new law, and offered these donors the option of requiring Plan to maintain historical dollar value for their endowment funds. For those donors who requested this option, Plan has designed procedures to ensure that the historical dollar value is maintained by not expending the payout on any fund whose fair value is less than its historical dollar value (i.e., "underwater").

The activities relating to endowment net assets are displayed in the following table:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Net assets as of June 30, 2018 | $ 1,695,541 | $ 11,840,452 | $ 13,535,993 |
| Investment return: | | | |
| Net investment income | 190,519 | 1,563,685 | 1,754,204 |
| Net change in unrealized appreciation | (53,217) | (611,668) | (664,885) |
| Total investment return | 137,302 | 952,017 | 1,089,319 |
| Contributions | - | 14,010 | 14,010 |
| Appropriation of endowment assets for expenditures | (72,572) | (509,161) | (581,733) |
| Net assets as of June 30, 2019 | $ 1,760,271 | $ 12,297,318 | $ 14,057,589 |

Donor-restricted endowment funds that can be used to support operations are invested in income-generating investment vehicles or, to the extent that historic dollar value is sustained, in investment vehicles that may generate appreciation while ensuring the preservation of capital. Funds that are restricted for a specific use by the donor or by law, or those that are board-designated, are invested in investment vehicles that afford opportunities for appreciation. In general, the endowment funds are invested for growth in funds that all have net asset values that are available daily and which meet certain quality criteria.

Plan's endowments consisted of the following net asset composition by type of fund as of June 30, 2019 and 2018, respectively:

| | Without Donor Restrictions | With Donor Restrictions | Totals as of June 30, 2019 |
|---|---|---|---|
| Donor-restricted endowment funds | $ - | $ 12,297,318 | $ 12,297,318 |
| Board designated endowment funds | 1,760,271 | - | 1,760,271 |
| Total endowment funds | $ 1,760,271 | $ 12,297,318 | $ 14,057,589 |

| | Without Donor Restrictions | With Donor Restrictions | Totals as of June 30, 2018 |
|---|---|---|---|
| Donor-restricted endowment funds | $ - | $ 11,840,452 | $ 11,840,452 |
| Board designated endowment funds | 1,695,541 | - | 1,695,541 |
| Total endowment funds | $ 1,695,541 | $ 11,840,452 | $ 13,535,993 |

NOTE 12 - RELATED PARTY TRANSACTIONS:

For each fiscal year, Plan transmits to PII the net of total revenue recorded for the year plus amounts of revenue received in prior years that were restricted by the donors, but have been released from restriction in the current year minus the sum of (a) total operating expenses for the year, (b) amounts of revenue for the year that have been designated by donors and remain restricted at year-end and (c) amounts otherwise designated by the Board of Directors. These net amounts for the years ended June 30, 2019 and 2018 were $36,859,408 and $43,734,725 respectively, and are included in program and technical support expense on the accompanying statements of activities. These amounts, when combined with the amounts sent to PII by the other National Organizations, are the resources that are used by PII to fund the programmatic and other operating costs of its field operations and international headquarters. Due to certain timing differences, the amount of cash actually transmitted through the end of each fiscal year is not equal to the net amount discussed above, but prior to the year-end Plan provides PII with an unconditional promise to adjust the remittances to reflect the net amount discussed above. The accompanying statements of financial position include a liability of $7,273,993 and $5,272,237 at June 30, 2019 and 2018, respectively, in relation to this unconditional promise.

NOTE 13 - RETIREMENT PLAN:

Plan offers a contributory, defined contribution retirement plan ("the plan") for the benefit of all qualified employees. In order to be qualified for employer contributions, an employee must have completed one year of service, must have worked at least 1,000 hours per year and be at least 21 years of age. Plan makes contributions at designated percentages of earnings in accordance with the plan provisions. Employer contributions totaled $824,655 and $780,627 for the years ended June 30, 2019 and 2018, respectively.

NOTE 14 – COMMITMENTS & CONTINGENCIES:

Amounts received and expended by Plan under various federal programs are subject to audit by governmental agencies. In the opinion of Plan's management, audit adjustments, if any, will not have a significant effect on the financial position, changes in net assets, or cash flows of Plan.

Plan is a party to various litigation arising out of the normal conduct of its operations. In the opinion of Plan's management, the ultimate resolution of these matters will not have a materially adverse effect on Plan's financial position, changes in net assets or cash flows.

NOTE 15 – SUBSEQUENT EVENTS:

Plan has evaluated subsequent events through November 18, 2019, the date the report was available to be issued.