HEBREW FREE LOAN ASSOCIATION OF SAN FRANCISCO AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS WITH INDEPENDENT ACCOUNTANT'S REVIEW REPORT

YEARS ENDED JUNE 30, 2018 AND 2017

Gilbert Associates, Inc.
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Hebrew Free Loan Association
San Francisco, California

We have reviewed the accompanying financial statements of Hebrew Free Loan Association of San Francisco and Affiliate (the Agency), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

November 20, 2018

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HEBREW FREE LOAN ASSOCIATION OF SAN FRANCISCO AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS:		
Cash and cash equivalents	$ 903,472	$ 588,206
Contributions and bequests receivable	482,948	1,490,494
Loans receivable, net	10,029,366	9,611,667
Loan collateral deposits	57,704	50,408
Prepaid expenses	47,920	39,053
Charitable remainder trust asset	39,488	48,744
Beneficial interest in assets held by Jewish Community Federation	550,012	584,854
Investments	3,934,184	2,976,051
Property and equipment, net	36,252	55,124
TOTAL ASSETS	$ 16,081,346	$ 15,444,601
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ 31,137	$ 41,874
Accrued vacation	43,162	45,189
Loan collateral deposits	136,775	97,748
Other post-retirement obligations	116,377	179,300
Total liabilities	327,451	364,111
NET ASSETS:		
Unrestricted	6,641,166	6,272,135
Temporarily restricted	303,628	298,258
Permanently restricted	8,809,101	8,510,097
Total net assets	15,753,895	15,080,490
TOTAL LIABILITIES AND NET ASSETS	$ 16,081,346	$ 15,444,601

HEBREW FREE LOAN ASSOCIATION OF SAN FRANCISCO AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
UNRESTRICTED NET ASSETS:		
REVENUES:		
Bequests	$ 503,476	$ 864,024
Contributions	769,893	425,151
Special events, net of direct benefit to donors of $0 in 2018 and $152,060 in 2017		234,047
Investment income	174,163	221,098
Change in value of beneficial interest in assets held by Jewish Community Federation	37,497	63,851
Other income	2,749	996
Net assets released from restrictions	5,375	30,150
Interfund transfer	197,110	208,713
Total revenues	1,690,263	2,048,030
EXPENSES:		
Program services	635,659	650,220
Supporting services:		
Fundraising	516,411	505,500
General and administrative	169,162	202,121
Total supporting services	685,573	707,621
Total expenses	1,321,232	1,357,841
CHANGE IN UNRESTRICTED NET ASSETS	369,031	690,189
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	20,000	20,000
Change in value of charitable remainder trusts	(9,255)	(67,876)
Net assets released from restrictions	(5,375)	(30,150)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	5,370	(78,026)
PERMANENTLY RESTRICTED NET ASSETS:		
Contributions	619,414	78,414
Bequests	(123,300)	1,350,000
Interfund transfer	(197,110)	(208,713)
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	299,004	1,219,701
CHANGE IN NET ASSETS	673,405	1,831,864
NET ASSETS, Beginning of Year	15,080,490	13,248,626
NET ASSETS, End of Year	$ 15,753,895	$ 15,080,490

See accompanying notes and independent accountant's review report.

HEBREW FREE LOAN ASSOCIATION OF SAN FRANCISCO AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services	Fundraising	General and Administrative	Total
Salaries	$ 383,401	$ 258,229	$ 107,623	$ 749,253
Benefits and payroll taxes	105,728	82,256	6,436	194,420
Rent	36,831	31,578	14,091	82,500
Maintenance and repairs	21,330	17,470	6,002	44,802
Publicity and public relations	10,069	16,911	7,206	34,186
Consultants	6,238	14,638	4,918	25,794
Software and support	20,923	540	199	21,662
Printing	4,467	15,064	299	19,830
Special events		18,713		18,713
Depreciation	15,907	1,307	1,173	18,387
Accounting	8,328	6,593	3,046	17,967
Postage	1,066	16,588	280	17,934
Insurance	6,276	4,969	5,108	16,353
Telephone and internet	6,827	5,933	2,809	15,569
Bank and investment fees	997	9,632	2,999	13,628
Office supplies	6,550	4,622	1,430	12,602
Grants	500			500
Bad debt expense (gain)	(5,172)			(5,172)
Other	5,393	11,368	5,543	22,304
Total	$ 635,659	$ 516,411	$ 169,162	$ 1,321,232

HEBREW FREE LOAN ASSOCIATION OF SAN FRANCISCO AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	Program Services	Fundraising	General and Administrative	Total
Salaries	$ 364,119	$ 270,280	$ 106,012	$ 740,411
Benefits and payroll taxes	99,561	69,660	48,289	217,510
Rent	38,297	37,191	13,298	88,786
Maintenance and repairs	17,081	11,722	4,689	33,492
Publicity and public relations	11,722	21,834	3,576	37,132
Consultants	4,800	23,988	1,371	30,159
Software and support	23,645	9,564	360	33,569
Printing	2,643	18,261	34	20,938
Special events		120,744		120,744
Depreciation	16,461	1,737	1,568	19,766
Accounting	7,159	4,913	5,550	17,622
Postage	2,283	18,123	369	20,775
Insurance	4,684	3,213	4,275	12,172
Telephone and internet	17,619	15,874	5,651	39,144
Bank and investment fees	22	11,272	3,222	14,516
Office supplies	6,336	6,357	1,868	14,561
Grants	7,000			7,000
Bad debt expense	24,608			24,608
Other	2,180	12,827	1,989	16,996
Total functional expenses	650,220	657,560	202,121	1,509,901
Less direct expenses of special events		(152,060)		(152,060)
Total expenses reported on statement of activities	$ 650,220	$ 505,500	$ 202,121	$ 1,357,841

HEBREW FREE LOAN ASSOCIATION OF SAN FRANCISCO AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 673,405	$ 1,831,864
Reconciliation to net cash provided (used) by operating activities:		
Principal receipts on loans receivable	3,788,326	3,516,274
Loans receivable funding	(4,200,853)	(4,056,456)
Net realized and unrealized gain on investments	(1,201)	(87,254)
Change in value of beneficial interest in assets held by Jewish Community Federation	(37,497)	(63,851)
Change in value of charitable remainder trusts	9,256	67,876
Bad debt expense (gain)	(5,172)	24,608
Depreciation	18,387	19,766
Loss (gain) on disposal of property and equipment	1,940	(200)
Permanently restricted contributions and bequests	(496,114)	(1,428,414)
Changes in:		
Contributions and bequests receivable	1,007,546	(472,224)
Loan collateral deposits	31,731	30,804
Prepaid expenses	(8,867)	3,454
Accounts payable	(10,737)	8,238
Accrued vacation	(2,027)	4,720
Other post-retirement obligations	(62,923)	(26,718)
Net cash provided (used) by operating activities	705,200	(627,513)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,533,432)	(1,618,891)
Proceeds from sale of investments	576,500	855,000
Proceeds from sale of equipment		200
Distribution from beneficial interest in assets held by Jewish Community Federation	72,339	637
Purchases of property and equipment	(1,455)	(3,101)
Net cash (used) by investing activities	(886,048)	(766,155)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Permanently restricted contributions and bequests	496,114	1,428,414
NET CHANGE IN CASH AND CASH EQUIVALENTS	315,266	34,746
CASH AND CASH EQUIVALENTS, Beginning of Year	588,206	553,460
CASH AND CASH EQUIVALENTS, End of Year	$ 903,472	$ 588,206

See accompanying notes and independent accountant's review report.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities – Hebrew Free Loan Association of San Francisco (HFLA) is a nonprofit corporation organized to provide interest-free loans to Jewish individuals and families in Northern California for tuition and education-related costs, emergencies, personal financial challenges, first-time home purchases, debt consolidation, starting or expanding small businesses, adopting a child, and special medical needs. HFLA also makes loans to Jewish organizations and synagogues. Loans, made only to those exhibiting a need for financial assistance, are made after application and approval of board or board committees and a minimum of two officers. In addition, HFLA created the Pollak Community Loan Program, which provides interest-free student loans to lower-income, mostly first-generation college students, regardless of their religious affiliation. Funded entirely through donations made exclusively for this purpose, the Pollak Program serves as an interfaith bridge to the greater San Francisco Bay Area community.

Principles of consolidation – HFLA acts as trustee for the Charles Miller Charitable Trust (the Trust), a nonprofit organization established to provide interest-free loans to Jewish students. Although the Trust is a separate legal entity, it is controlled by HFLA through common board membership. The accompanying consolidated financial statements include the accounts of HFLA and the Trust (collectively, the Agency). All significant inter-entity transactions and account balances have been eliminated in the consolidation.

Basis of presentation – The consolidated financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Agency reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Funding – The Agency receives the majority of its revenue through contributions and bequests from individuals, as well as grants from foundations. A significant portion of its income is also derived from the Agency's investments.

Revenue recognition – Contributions, grants, and bequests are recognized in full when received or unconditionally promised, in accordance with professional standards. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in temporarily or permanently restricted net assets. Temporarily restricted net assets become unrestricted, and are reported in the consolidated statements of activities as net assets released from restrictions, when the time restrictions expire or the contributions are used for the restricted purposes. Permanently restricted net assets are those net assets whose use by the Agency is restricted by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by the actions of the Agency and consist of contributions to the Agency's endowment funds.

Cash and cash equivalents – For financial statement purposes, the Agency considers all investments with an initial maturity of three months or less to be cash equivalents, unless held for long-term investing purposes.

The Agency maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts. Management believes the Agency is not exposed to any significant credit risk related to cash.

Investments are stated at fair value.

Contributions and bequests receivable – Amounts receivable from donors and their estates are generally expected to be collected within one year. As management believes that all donation and bequests receivable are fully collectible, there is no allowance for uncollectible amounts. Contributions and bequests receivable include amounts that are subject to estimation by the Agency based on information provided to the Agency by the donors' representatives. A reasonable possibility exists that amounts ultimately received upon settlement of the estates may differ from the amount initially recorded. However, the amount of the difference cannot be determined.

Loans receivable – Loans receivable represent loans made in accordance with the Agency's mission. Loans are made from unrestricted Agency funds as well as permanently restricted funds donated with the stipulation that funds be used in perpetuity for lending purposes. Although the Agency has the right to call the loans at any time, they are generally repaid within two to ten years. All loans are interest-free. Loans are periodically reviewed for collectibility by management, who records an allowance for uncollectible loans. This allowance is based on prior collection experience. Loans are written off as a charge to bad debt expense when, in the Agency's estimation, it is probable that the loan balance will not be collected.

Loan collateral deposits include collateral for loans receivable held by the Agency. Deposits are returned upon repayment of the related loan. Each deposit is held in a separate bank account maintained by the Agency. The liability for loan collateral deposits includes the loan collateral deposits and additional cash collateral that is maintained with the Agency's funds.

Property and equipment is stated at cost. The Agency capitalizes all expenditures for property and equipment in excess of $1,000. Depreciation is computed using the straight-line method over estimated useful lives of the assets, ranging from five to seven years.

Functional expenses – The Agency allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with a specific program or support service are allocated directly. Costs attributable to multiple functions are allocated according to the relative amount of staff time spent on the respective functions.

Income taxes – HFLA and the Trust are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code but are subject to income taxes from activities unrelated to their tax-exempt purposes. The Agency has implemented the amended accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements. With some exceptions, the Agency is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2014.

Use of estimates –The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates included in these financial statements include the value of contributions and bequests receivable, allowance for uncollectible loans, fair value of the charitable remainder trust asset, and the useful lives of property and equipment. Accordingly, actual results could differ from those estimates.

Subsequent events have been reviewed through November 20, 2018, the date the financial statements were issued. Management concluded that no material subsequent events have occurred since June 30, 2018 that require recognition or disclosure in the consolidated financial statements.

Reclassification – Certain 2017 amounts have been reclassified to conform to the 2018 financial statement presentation.

2. INVESTMENTS

Investments consist of the following:

	2018	2017
Israel bonds (with maturities of December 2018 through February 2023)	$ 152,000	$ 153,000
Mutual funds:		
Multi-sector bond	2,219,218	1,675,355
Mid-cap blend	1,562,966	1,147,696
Total	$ 3,934,184	$ 2,976,051

Investment income consists of the following:

	2018	2017
Interest and dividends	$ 172,962	$ 133,844
Net realized and unrealized gains	1,201	87,254
Total	$ 174,163	$ 221,098

3. LOANS RECEIVABLE

Loans receivable consist of the following types of loans:

	2018	2017
Student loans	$ 6,130,014	$ 6,230,889
Business loans	1,409,970	1,291,308
Debt consolidation loans	819,092	658,908
Pollak Community – Student loans	412,377	336,568
Personal loans	381,054	484,289
First-time home buyer loans	372,560	296,395
Health care loans	215,136	163,833
Unemployment loans	119,200	76,578
Special needs fund	81,255	34,995
Jewish organization loans	52,050	55,120
Disaster relief fund	49,120	
Adoption loans	28,122	14,657
Emergency loans	20,620	29,331
Total	10,090,570	9,672,871
Less allowance for uncollectible loans	(61,204)	(61,204)
Loans receivable, net	$ 10,029,366	$ 9,611,667

4. BENEFICIAL INTEREST IN ASSETS HELD BY JEWISH COMMUNITY FEDERATION

Certain assets of the Agency are held by the Jewish Community Federation (Federation) for investment purposes, with the understanding that the income and principal pertaining to these assets will be distributed to the Agency upon their request. Although the Agency's Board of Directors recommends distributions from the fund, the trustees of the Federation maintain variance power over these funds and have final discretion. However, because the assets are for the exclusive use of supporting the charitable purposes of the Agency, the Agency includes these assets in its consolidated statements of financial position.

5. CHARITABLE REMAINDER TRUST ASSET

The Charitable remainder trust asset reflects the estimated fair value of an irrevocable charitable trust, held by a third-party trustee, for which the Agency is named as a remainder beneficiary. The fair value of the charitable remainder trust asset is measured on a recurring basis and was determined using an investment return consistent with the composition of the asset portfolio, life expectancy of the lead beneficiary, and a discount rate of 8% at June 30, 2018 and 2017.

6. FAIR VALUE MEASUREMENTS

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the asset or liability.

When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

The Agency's assets subject to recurring fair value measurements are classified as follows:

Year ending June 30, 2018:	**Level 1**	**Level 2**	**Level 3**
Investments	$ 3,782,184	$ 152,000	
Beneficial interest in assets held by Jewish Community Federation		550,012	
Charitable remainder trust asset			$ 39,488
Total	$ 3,782,184	$ 702,012	$ 39,488

Year ending June 30, 2017:	**Level 1**	**Level 2**	**Level 3**
Investments	$ 2,823,051	$ 153,000	
Beneficial interest in assets held by Jewish Community Federation		584,854	
Charitable remainder trust asset			$ 48,744
Total	$ 2,823,051	$ 737,854	$ 48,744

The Agency's investments in mutual funds are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

The Agency's investments in Israel bonds are classified within Level 2 of the fair value hierarchy because they are valued using alternative pricing methods using observable information inputs, such as current interest rates.

Beneficial interest in assets held by the Jewish Community Federation are valued within Level 2 of the fair value hierarchy because it is valued based on its share of the underlying value of investments held by the Federation, which are primarily based on quoted market prices within active markets.

The Agency's charitable remainder trust asset is classified within Level 3 of the hierarchy because determination of the present value of future cash flows is based on little or no market data and requires management to develop their own assumptions. Changes in Level 3 inputs for the years ending June 30, 2018 and 2017 consist of unrealized decreases in the value of the charitable remainder trust asset.

7. PROPERTY AND EQUIPMENT

Property and equipment consist of:

	2018	2017
Computer and software	$ 291,213	$ 289,758
Furniture and equipment	38,891	47,467
Website	9,947	9,947
Leasehold improvements	2,085	2,085
Total	342,136	349,257
Less accumulated depreciation	(305,884)	(294,133)
Property and equipment, net	$ 36,252	$ 55,124

8. NET ASSETS

As of June 30, 2017, the Agency's Board had designated $3,635,793 of its unrestricted net assets as a reserve and the remaining $2,636,342 was undesignated. The reserve was to be held for investment and capital accumulation. The goal was to grow this reserve and have it be a permanent source of cash flow to support the operating costs of the Agency and provide funds for loans. During 2018, the Board determined the entire unrestricted net asset balance represents the Agency's reserves and will no longer consider a specific portion as "Board Designated."

Temporarily restricted net assets are restricted for the following programs:

	2018	2017
Endorsement funds (to be used to guarantee loans with fewer than required guarantors)	$ 214,597	$ 214,597
Charitable remainder trusts – time restricted	39,488	48,744
Time restricted	35,200	19,200
Becker award fund	6,961	7,222
Young leadership program	4,077	4,077
Financial fitness	2,058	2,671
Givot book scholarship fund		500
Other	1,247	1,247
Total	$ 303,628	$ 298,258

Permanently restricted net assets consist of the following:

	2018	2017
Loan funds	$ 8,672,427	$ 8,373,647
Endowment/permanent investment	136,674	136,450
Total	$ 8,809,101	$ 8,510,097

The Agency's net assets permanently restricted for loans are used to fund its interest-free loan program. The Agency's endowment net assets include permanently restricted donor endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Agency classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowments.

It is the understanding of the Board of Directors that all funds that are received from a donor with specific stipulations that they be treated as endowment funds, are to be held for investment by the Agency and the income derived from the initial donation (also referred to as corpus) be available to the Agency to pay for operating costs associated with the Agency. In some instances, the donor may specifically stipulate a further restriction as to the income derived from endowment funds. When this is the case, those donor stipulations would also be legally enforceable to the Agency and adhered to by the Board of Directors. Donor restricted endowment funds would be commingled with other Agency invested funds, unless the donor has explicitly stipulated their segregation.

Spending Policy: The Agency charges a 3% annual program administrative fee to the permanently restricted net asset balance for all outstanding loan balances that were funded with permanently restricted contributions. These administrative fees are recorded as interfund transfers.

Investment earnings on permanently restricted endowment net assets are recorded as increases to unrestricted net assets and are used to help support the operating costs of the Agency.

Investment Policy: The Agency's investment objectives are to achieve a balanced portfolio that has a reasonable return without being subject to the full extent of market fluctuations that would occur by investing in aggressive asset classes. The Agency's policy prohibits investment in hedge funds or derivative instruments. In general, the Agency achieves its diversification through investing in mutual funds with diversified holdings. These differences (stock vs. bond; domestic vs. international) serve to diversify the portfolio.

Changes in endowment net assets are as follows:

Year ended June 30, 2018:	**Permanently Restricted (Investment)**	**Permanently Restricted (Loans)**
Endowment net assets, beginning of year	$ 136,450	$ 8,373,647
Contributions	859	495,255
Distributions	(635)	
Administrative fee		(196,475)
Endowment net assets, end of year	$ 136,674	$ 8,672,427

Year ended June 30, 2017:	**Permanently Restricted (Investment)**	**Permanently Restricted (Loans)**
Endowment net assets, beginning of year	$ 135,642	$ 7,154,754
Contributions	1,445	1,426,969
Distributions	(637)	
Administrative fee		(208,076)
Endowment net assets, end of year	$ 136,450	$ 8,373,647

9. EMPLOYEE RETIREMENT PLANS

Defined Contribution Plan

The Agency sponsors a section 403(b) plan for employees who normally work at least 20 hours per week. After one year of employment, the Agency contributes 4% of each participant's salary and provides matching contributions of up to 4% of each participant's salary. Employer contributions vest according to a set schedule with 0% vested under 2 years of service and 100% vested after 6 years of service. Total employer contributions were $57,393 and $40,718 for the years ended June 30, 2018 and 2017, respectively.

Other post-retirement obligations

The Agency has obligations under post-retirement agreements with two former Executive Directors of the Agency. The Agency has a liability of $116,377 and $179,300 as of June 30, 2018 and 2017, respectively, representing the present value of the Agency's estimated future payouts based on actuarial assumptions. The Agency made payments under these agreements totaling $35,719 and $38,093 during the years ended June 30, 2018 and 2017, respectively.

10. OPERATING LEASES

The Agency leases its office under a non-cancelable operating lease expiring in January 2022. HFLA also leases office equipment under non-cancelable operating leases expiring through January 2022. Rental expense under all operating leases was $88,085 and $95,895 for the years ending June 30, 2018 and 2017, respectively. Future minimum lease payments under these leases are as follows:

Year ending June 30:	
2019	$ 83,047
2020	83,910
2021	83,384
2022	48,867
Total	$ 299,208