Provident, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2017 and 2016

Provident, Inc.
December 31, 2017 and 2016

Contents

BKD LLP
CPAs & Advisors

One Metropolitan Square // 211 N. Broadway, Suite 600 // St. Louis, MO 63102-2733
314.231.5544 // fax 314.231.9731 // bkd.com

Independent Auditor's Report

Board of Directors
Provident, Inc.
St. Louis, Missouri

We have audited the accompanying financial statements of Provident, Inc. ("Provident"), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 the auditor's 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 Provident'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 Provident'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 Provident, Inc. as of December 31, 2017 and 2016, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the 2016 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

BKD, LLP

St. Louis, Missouri
June 25, 2018

Provident, Inc.
Statements of Financial Position
December 31, 2017 and 2016

Assets

	2017	2016 (Restated - Note 2)
Cash	$ 57,663	$ 129,979
Investments	2,536,957	2,470,286
Accounts receivable		
Clients, net of allowance; 2017 - $44,000, 2016 - $32,000	304,024	232,379
Pledges, net of allowance; 2017 - $0, 2016 - $0	5,000	53,191
Other grants receivable	87,433	46,945
United Way	1,722,867	1,722,867
Prepaid expenses	86,939	73,238
Interest in charitable remainder trust	77,558	68,933
Beneficial interest in perpetual trust	993,540	883,223
Property and equipment, net	1,749,769	1,716,537
Total assets	$ 7,621,750	$ 7,397,578

Liabilities and Net Assets

	2017	2016 (Restated - Note 2)
Liabilities		
Notes payable to bank	$ 55,000	$ 30,000
Accounts payable	138,359	139,228
Accrued expenses	138,024	124,103
Deferred revenue	69,701	110,355
Long-term debt	1,215,713	1,229,113
Accrued pension liability	1,969,128	1,836,509
Total liabilities	3,585,925	3,469,308
Net Assets		
Unrestricted		
Undesignated	(1,411,786)	(1,343,883)
Designated	2,473,957	2,407,286
	1,062,171	1,063,403
Temporarily restricted	1,917,114	1,918,644
Permanently restricted	1,056,540	946,223
Total net assets	4,035,825	3,928,270
Total liabilities and net assets	$ 7,621,750	$ 7,397,578

Provident, Inc.
Statements of Activities
Years Ended December 31, 2017 and 2016

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support				
Program services	$ 2,419,179	$ 225,014	$ -	$ 2,644,193
Contributions				
United Way	165	1,722,867	-	1,723,032
Other	754,503	33,200	-	787,703
	3,173,847	1,981,081	-	5,154,928
Investment return designated for current operations	150,000	-	-	150,000
Net assets released from restrictions				
United Way	1,722,867	(1,722,867)	-	-
Pledges and grants receivable	268,369	(268,369)	-	-
Total revenues, gains and other support	5,315,083	(10,155)	-	5,304,928
Expenses				
Program services				
Counseling	2,469,448	-	-	2,469,448
Community services	819,370	-	-	819,370
Life crisis services	1,285,542	-	-	1,285,542
Total program services	4,574,360	-	-	4,574,360
Management and general	521,196	-	-	521,196
Fundraising	254,184	-	-	254,184
Total expenses	5,349,740	-	-	5,349,740
Change in Net Assets Before Other Changes	(34,657)	(10,155)	-	(44,812)
Other Changes				
Investment gain in excess of amounts designated for current operations	286,606	-	-	286,606
Change in beneficial interest in trusts	-	8,625	110,317	118,942
Pension related changes other than periodic pension cost	(249,500)	-	-	(249,500)
Loss on disposal of fixed assets	(3,681)	-	-	(3,681)
Net Increase (Decrease) in Net Assets	(1,232)	(1,530)	110,317	107,555
Net Assets, Beginning of Year, as Previously Reported	1,063,403	1,918,644	946,223	3,928,270
Adjustment applicable to prior year	-	-	-	-
Net Assets, Beginning of Year, as Restated	1,063,403	1,918,644	946,223	3,928,270
Net Assets, End of Year	$ 1,062,171	$ 1,917,114	$ 1,056,540	$ 4,035,825

2016 (Restated - Note 2)			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 2,365,157	$ 120,750	$ -	$ 2,485,907
-	1,722,867	-	1,722,867
730,367	30,950	-	761,317
3,095,524	1,874,567	-	4,970,091
40,000	-	-	40,000
1,945,815	(1,945,815)	-	-
85,665	(85,665)	-	-
5,167,004	(156,913)	-	5,010,091
2,730,014	-	-	2,730,014
797,042	-	-	797,042
1,134,669	-	-	1,134,669
4,661,725	-	-	4,661,725
499,509	-	-	499,509
242,740	-	-	242,740
5,403,974	-	-	5,403,974
(236,970)	(156,913)	-	(393,883)
181,102	-	-	181,102
-	882	21,191	22,073
(280,310)	-	-	(280,310)
(26,806)	-	-	(26,806)
(362,984)	(156,031)	21,191	(497,824)
1,426,387	2,006,624	63,000	3,496,011
-	68,051	862,032	930,083
1,426,387	2,074,675	925,032	4,426,094
$ 1,063,403	$ 1,918,644	$ 946,223	$ 3,928,270

Provident, Inc.
Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016 (Restated - Note 2)
Operating Activities		
Change in net assets	$ 107,555	$ (497,824)
Items not requiring (providing) operating activities cash flows		
Depreciation	96,204	82,955
Loss on disposal of fixed assets	3,681	26,806
Gain on beneficial interest in trusts	(118,942)	(22,073)
Net realized and unrealized gains on investments	(327,913)	(119,585)
Changes in		
Receivables	(63,942)	222,437
Prepaid expenses	(13,701)	47,724
Accounts payable, accrued expenses and deferred revenue	(45,652)	(73,718)
Accrued pension liability	132,619	292,219
Net cash used in operating activities	(230,091)	(41,059)
Investing Activities		
Purchase of property and equipment	(91,324)	(28,681)
Purchase of investments	(315,817)	(934,281)
Proceeds from disposition of investments	577,059	946,789
Net cash provided by (used in) investing activities	169,918	(16,173)
Financing Activities		
Borrowings under line of credit agreement	340,000	30,000
Payment on line-of-credit agreement	(315,000)	-
Principal payments under capital lease obligation	(660)	-
Principal payments on note payable to bank and long-term debt	(36,483)	(15,908)
Net cash provided by (used in) financing activities	(12,143)	14,092
Decrease in Cash	(72,316)	(43,140)
Cash, Beginning of Year	129,979	173,119
Cash, End of Year	$ 57,663	$ 129,979
Supplemental Cash Flows Information		
Interest paid	$ 62,545	$ 48,814
Accounts payable incurred for purchase of property and equipment	$ 18,050	$ 99,861
Long-term debt incurred for purchase of property and equipment	$ 23,743	$ 416,700

Provident, Inc.

Statement of Functional Expenses

Year Ended December 31, 2017

	Program Expenses			Supporting Services		
	Counseling	Community Services	Life Crisis Services	Management and General	Fundraising Expense	Total Expenses
Salaries and wages	$ 1,587,050	$ 591,141	$ 1,014,350	$ 244,590	$ 109,548	$ 3,546,679
Employee benefits	166,081	22,095	46,490	15,456	14,264	264,386
Payroll taxes	121,910	48,880	53,232	17,277	8,695	249,994
Pension expense	23,251	8,661	10,018	3,584	1,605	47,119
Total salaries, wages and related expenses	1,898,292	670,777	1,124,090	280,907	134,112	4,108,178
Professional fees	26,205	43,453	68,588	119,314	30,391	287,951
Supplies	12,199	34,624	2,555	695	2,720	52,793
Telephone	51,680	7,786	6,132	984	-	66,582
Postage and shipping	209	-	24	1,954	2,023	4,210
Occupancy	159,136	5,156	5,668	12,192	42,824	224,976
Repairs and maintenance	50,921	10,717	6,692	11,345	-	79,675
Printing and publications	1,127	63	2,162	16,850	11,885	32,087
Travel	7,546	3,211	9,228	14,123	3,896	38,004
Staff training and development	11,403	2,793	794	383	277	15,650
Conference and meetings	315	-	3,048	-	-	3,363
Membership dues	-	51	-	249	-	300
Miscellaneous	122,612	8,201	12,375	10,324	18,393	171,905
Bad debts	19,026	-	-	-	-	19,026
Interest	23,151	-	10,083	29,499	-	62,733
Insurance - liability	13,087	6,014	9,606	9,509	-	38,216
Temporary help	9,161	-	-	-	-	9,161
Marketing and communications	4,381	1,500	6,986	1,561	7,663	22,091
Security	6,895	2,128	2,461	5,151	-	16,635
Depreciation	52,102	22,896	15,050	6,156	-	96,204
	$ 2,469,448	$ 819,370	$ 1,285,542	$ 521,196	$ 254,184	$ 5,349,740

Provident, Inc.

Statement of Functional Expenses

Year Ended December 31, 2016

	Program Expenses			Supporting Services		
	Counseling	Community Services	Life Crisis Services	Management and General	Fundraising Expense	Total Expenses
Salaries and wages	$ 1,720,220	$ 566,944	$ 932,439	$ 223,681	$ 120,058	$ 3,563,342
Employee benefits	211,129	26,635	64,254	12,254	19,282	333,554
Payroll taxes	125,049	44,415	45,324	16,651	8,953	240,392
Pension income	6,315	2,082	2,249	822	441	11,909
Total salaries, wages and related expenses	2,062,713	640,076	1,044,266	253,408	148,734	4,149,197
Professional fees	27,641	43,425	10,661	135,974	8,432	226,133
Supplies	17,724	46,057	2,901	803	2,931	70,416
Telephone	48,683	8,349	3,811	1,111	-	61,954
Postage and shipping	204	4	-	3,228	1,702	5,138
Occupancy	166,878	5,606	5,292	10,206	42,675	230,657
Repairs and maintenance	67,124	5,582	5,095	7,705	-	85,506
Printing and publications	1,946	136	1,531	23,204	10,481	37,298
Travel	6,291	2,914	9,025	10,196	3,956	32,382
Staff training and development	7,515	4,490	2,135	1,318	-	15,458
Conference and meetings	403	235	2,965	1,523	35	5,161
Membership dues	-	122	-	368	-	490
Miscellaneous	230,748	7,841	12,338	12,563	13,944	277,434
Bad debts	(12,647)	-	-	-	4,200	(8,447)
Interest	20,883	-	7,437	20,799	-	49,119
Insurance - liability	13,896	6,144	8,383	8,656	-	37,079
Temporary help	4,515	-	-	-	-	4,515
Marketing and communications	11,665	4,493	7,969	100	5,650	29,877
Security	5,475	1,505	1,628	3,044	-	11,652
Depreciation	48,357	20,063	9,232	5,303	-	82,955
	$ 2,730,014	$ 797,042	$ 1,134,669	$ 499,509	$ 242,740	$ 5,403,974

Provident, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Provident, Inc. ("Provident") is a voluntary not-for-profit community service organization. The primary services offered by Provident are psycho-social, socio-economic, social work and crisis hotline services. Funding for these services is provided by client fees, United Way and other contributors and contracts with government and businesses. Provident maintains service offices throughout the St. Louis metropolitan area.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

At December 31, 2017, Provident's cash accounts did not exceed federally insured limits.

Program Services Revenue

Program services revenue is generated by various counseling, community and life crisis service programs. Fees for services vary according to the program. Since Provident receives United Way funding, fees may be adjusted based on an individual's economic situation. Certain counseling and community services are provided through contracts with government, employers, or customers of local, regional and national corporations. Program service fees are recognized as revenue during the period in which Provident is obligated to provide services under these agreements.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are also carried at fair value. For those investments without readily determinable fair values, values used were those provided by the managers of the investment funds. These estimated values are subject to uncertainty and, therefore, may differ significantly from the value that would have been used has a market for such investments existed. Such difference could be material. Investment return includes dividend, interest; realized and unrealized gains and losses on investments carried at fair value.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in temporarily restricted net assets and then released from restriction. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. Provident provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation of buildings is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. Provident capitalizes any additions with a cost of $1,000 or more and a useful life greater than two years.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by Provident has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by Provident in perpetuity.

Contributions and Pledges Receivable

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor 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. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique.

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Significant services are donated to Provident's Life Crisis Services program. These services meet the requirements for recognition and have been recorded in the accompanying financial statements. The value of contribution revenue recognized from contributed services for the years ended December 31, 2017 and 2016, is approximately $331,000 and $320,000, respectively.

Deferred Revenue

Certain counseling, community and life crisis services are provided through contracts with government, employers, or customers of local, regional and national corporations. Program service fees are recognized as revenue during the period in which they are earned.

Income Taxes

Provident is exempt from income taxes under Section 501 of the *Internal Revenue Code* and a similar provision of state law. However, Provident is subject to federal income tax on any unrelated business taxable income.

Provident files tax returns in the U.S. federal jurisdiction. With a few exceptions, Provident is no longer subject to U.S. federal examinations by tax authorities for years before 2014.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general and fundraising categories based on time spent.

Reclassifications

Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 financial statement presentation. These reclassifications had no effect on the change in net assets.

Subsequent Events

Subsequent events have been evaluated through June 25, 2018, which is the date the financial statements were available to be issued.

Note 2: Restatement of Prior Years' Financial Statements

The 2016 financial statements have been restated for recognition of Provident's beneficial interest in two trusts which was established many years ago where Provident has the irrevocable right to receive a percentage of the income stream from the trust and in one instance a right to receive a percentage of assets in 2019. The value of that interest has now been included in the financial statements. The 2016 statement of financial position, statement of activities and statement of cash flows have been restated accordingly for the activity identified above. The total impact on the 2016 net assets was an increase of $952,156.

The following financial statement line items for fiscal year 2016 were affected by the correction:

	As Restated	As Previously Reported (After Reclassifications)	Effect of Change
Statement of Financial Position			
Interest in charitable remainder trust	$ 68,933	$ -	$ 68,933
Beneficial interest in perpetual trust	$ 883,223	$ -	$ 883,223
Total assets	$ 7,397,578	$ 6,445,422	$ 952,156
Temporarily restricted net assets	$ 1,918,644	$ 1,849,711	$ 68,933
Permanently restricted net assets	$ 946,223	$ 63,000	$ 883,223
Total net assets	$ 3,928,270	$ 2,976,114	$ 952,156
Total liabilities and net assets	$ 7,397,578	$ 6,445,422	$ 952,156
Statement of Activities			
Other Revenue - unrestricted	$ 730,367	$ 793,240	$ (62,873)
Other Revenue - total	$ 761,317	$ 824,190	$ (62,873)
Total revenues, gains and other support - unrestricted	$ 5,167,004	$ 5,229,877	$ (62,873)
Total revenues, gains and other support - total	$ 5,010,091	$ 5,072,964	$ (62,873)
Change in net assets before other changes - unrestricted	$ (236,970)	$ (174,097)	$ (62,873)
Change in net assets before other changes - total	$ (393,883)	$ (331,010)	$ (62,873)
Change in beneficial interest in trusts - temporarily restricted	$ 882	$ -	$ 882
Change in beneficial interest in trusts - permanently restricted	$ 21,191	$ -	$ 21,191
Change in beneficial interest in trusts - total	$ 22,073	$ -	$ 22,073

	As Restated	As Previously Reported (After Reclassifications)	Effect of Change
Investment gain (loss) in excess of amounts designated for current operations	$ 181,102	$ 118,229	$ 62,873
Change in net assets - temporarily restricted	$ (156,031)	$ (156,913)	$ 882
Change in net assets - permanently restricted	$ 21,191	$ -	$ 21,191
Change in net assets - total	$ (497,824)	$ (519,897)	$ 22,073
Net assets, end of year - temporarily restricted	$ 1,918,644	$ 1,849,711	$ 68,933
Net assets, end of year - permanently restricted	$ 946,223	$ 63,000	$ 883,223
Net assets, end of year - total	$ 3,928,270	$ 2,976,114	$ 952,156
Statement of Cash Flows			
Change in net assets	$ (497,824)	$ (519,897)	$ 22,073
Gain on beneficial interest in perpetual trust	$ (22,073)	$ -	$ (22,073)

Note 3: Investments and Investment Return

Investments at December 31 consisted of the following:

	2017	2016
Common stock	$ 2,863	$ -
Cash equivalents	6,780	7,340
Mutual funds		
Large cap	482,898	515,281
Mid cap	208,480	251,309
International	871,503	725,688
Fixed income/bond funds	745,485	726,814
Other	218,948	243,854
	$ 2,536,957	$ 2,470,286

Total investment return is comprised of the following:

	2017	2016
Interest and dividend income	$ 115,171	$ 109,152
Investment fees	(6,478)	(7,635)
Net realized and unrealized gains on investments	327,913	119,585
Total return on investments	$ 436,606	$ 221,102

Total investment return is reflected in the statements of activities as follows:

	2017		2016	
Operating income	$	150,000	$	40,000
Other (nonoperating) income		286,606		181,102
	$	436,606	$	221,102

Note 4: Pledges Receivable

Pledges receivable consisted of the following:

	2017		2016	
Due within one year	$	5,000	$	54,250
Due in one to five years		-		-
		5,000		54,250
Less				
Allowance for uncollectible contributions		-		-
Unamortized discount		-		(1,059)
	$	5,000	$	53,191

Discount rate was 1.99 percent for both 2017 and 2016.

Note 5: Property and Equipment

Property and equipment at December 31 consists of:

	2017		2016	
Land	$	88,667	$	88,667
Buildings and improvements		2,327,031		2,298,814
Leasehold improvements		15,367		20,238
Furniture and equipment		573,166		514,940
Automobiles		7,353		7,353
		3,011,584		2,930,012
Less accumulated depreciation		1,261,815		1,213,475
	$	1,749,769	$	1,716,537

Provident, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Note 6: Interest in Charitable Remainder Trust

At December 31, 2017, Provident is the residual beneficiary in a charitable remainder trust (Trust). The Trust is required to make income distributions to income beneficiaries including Provident until 2019. In 2019, Provident will receive 20 percent of the Trust's assets. Provident does not control the assets of the Trust, which totaled \$77,558 and \$68,933 at December 31, 2017 and 2016, respectively.

Note 7: Beneficial Interest in Trust

Provident has been named as an irrevocable beneficiary of a 5 percent share of a perpetual trust held and administered by an independent trustee. The perpetual trust provides for the distribution of the net income of the trust to Provident; however, Provident will never receive the assets of the trust. The beneficial interest in the trust is reported at the fair value of the trust's assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities. The estimated value of the expected future cash flows is \$993,540 and \$883,223, which represents the fair value of Provident's 5 percent share of the trust assets at December 31, 2017 and 2016, respectively. The income from this trust for 2017 and 2016 was \$56,382 and \$60,515, respectively.

Note 8: Note Payable to Bank

During 2017, Provident renewed the \$200,000 revolving bank line of credit expiring in October 2018. At December 31, 2017, there was \$55,000 borrowed against this line. The line is collateralized by all asset accounts held by or subject to the control of the lending institution. Interest varies and is calculated at 3.00 percent over the London Interbank Offered Rate (LIBOR). Interest was 4.49 percent on December 31, 2017, and is payable monthly.

Note 9: Long-Term Debt

	2017	2016
IFF promissory note A (A)	\$ 482,511	\$ 499,113
IFF promissory note B (B)	710,119	730,000
Capital lease obligations (C)	23,083	-
	\$ 1,215,713	\$ 1,229,113

(A) Matures August 1, 2030; principal payable in monthly installments of \$3,432 with a balloon payment due upon maturity; interest payable monthly at a fixed rate of 5.00 percent for the first five years and then recalculated twice for each of the next five year periods; collateralized by deed of trust and other business assets; this note refinanced all previous Provident debt.

(B) Allows for borrowings up to $730,000; matures January 1, 2032; monthly interest only payments at a fixed rate of 5.00 percent for the first five years (and then recalculated twice for each of the next five year periods); principal payments begin the earlier of one month after the note payable has been fully drawn on or when all renovations have been completed and is payable in monthly installments of $4,818 with balloon payment due upon maturity; collateralized by a deed of trust and other business assets; borrowings from note are intended for purchase and renovation of fixed assets.

(C) Capital leases include leases covering office furniture for three years expiring November 1, 2020.

Aggregate annual maturities of long-term debt at December 31, 2017, are:

2018	$ 48,194
2019	50,255
2020	51,762
2021	46,784
2022	49,178
Thereafter	969,540
	$ 1,215,713

Note 10: Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31 are available for the following purposes or periods:

	2017	2016
United Way contribution - restricted for time	$ 1,722,867	$ 1,722,867
Temporarily restricted revenue - restricted for purpose	24,256	26,708
Pledges and grants receivable - restricted for time	92,433	100,136
Interest in charitable remainder trust - restricted for time	77,558	68,933
	$ 1,917,114	$ 1,918,644

Permanently Restricted Net Assets

Permanently restricted net assets at December 31 are restricted to invest in perpetuity with income available to support any program activity of Provident.

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2017	2016
Funds received satisfying time restriction		
United Way	$ 1,722,867	$ 1,945,815
Pledges and grants receivable	268,369	85,665
	$ 1,991,236	$ 2,031,480

Note 11: Endowment

Provident's endowment consists of funds established for the purpose of funding Provident's operations. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Provident's governing body has interpreted the State of Missouri Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Provident 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 donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Provident in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, Provident considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of Provident and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of Provident
7. Investment policies of Provident

The composition of net assets by type of endowment fund at December 31:

	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds - 2017	$ -	$ 63,000	$ 63,000
Board-designated endowment funds - 2017	2,473,957	-	2,473,957
Total endowment funds	$ 2,473,957	$ 63,000	$ 2,536,957
Donor-restricted endowment funds - 2016	$ -	$ 63,000	$ 63,000
Board-designated endowment funds - 2016	2,407,286	-	2,407,286
Total endowment funds	$ 2,407,286	$ 63,000	$ 2,470,286

Changes in endowment net assets for the years ended December 31, 2017 and 2016, were:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, January 1, 2016	$ 2,300,209	$ 63,000	$ 2,363,209
Investment return			
Investment income	46,279	-	46,279
Net depreciation	119,585	-	119,585
Total investment return	165,864	-	165,864
Appropriation of endowment assets for expenditure	(58,787)	-	(58,787)
Endowment net assets, December 31, 2016	2,407,286	63,000	2,470,286
Investment return			
Investment income	56,303	-	56,303
Net appreciation	327,913	-	327,913
Total investment return	384,216	-	384,216
Appropriation of endowment assets for expenditure for			
Operations	(150,000)	-	(150,000)
Pension related charges	(167,545)	-	(167,545)
Endowment net assets, December 31, 2017	$ 2,473,957	$ 63,000	$ 2,536,957

Provident has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds Provident must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under Provident's policies, the endowment's objectives are enhancement of principal, competitive returns and appropriate investment risk. Provident expects its endowment funds to provide an average rate of return of approximately 5.6 percent annually over time adjusted for inflation. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, Provident relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). Provident targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Provident has a policy (the spending policy) of appropriating for expenditure each year of up to 5.5 percent of its endowment fund's average fair value over the prior 20 quarters through the year-end preceding the year in which expenditure is planned. In establishing this policy, Provident considered the long-term expected return on its endowment and its objective of maintaining the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 12: Operating Leases

Noncancellable operating leases for office space expire in various years through 2023. These leases generally contain renewal options for periods ranging from one to seven years and require Provident to pay all executory costs (property taxes, maintenance and insurance).

Future minimum lease payments under operating leases are:

2018	$ 134,455
2019	125,666
2020	104,130
2021	71,330
2022	70,200
2023	54,000
	$ 559,781

Rental expense for all operating leases as of December 31, 2017 and 2016, were $165,229 and $170,965, respectively.

Note 13: Pension and Other Postretirement Benefit Plans

Provident has a noncontributory defined benefit pension plan covering all employees who meet the eligibility requirements. Provident's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as Provident may determine to be appropriate from time to time. Effective March 31, 2008, the plan was amended such that no additional employees would become eligible and no additional benefits would accrue under the plan as of the effective date of the amendment. There is a $152,000 expected contribution to the Plan in 2018.

Provident, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Provident uses a December 31 measurement date for the plans. Information about the plan's funded status follows:

	2017	2016
Benefit obligation, both projected and accumulated	$ 9,139,410	$ 8,528,967
Fair value of plan assets	7,170,282	6,692,458
Funded status	$ (1,969,128)	$ (1,836,509)

Liabilities recognized in the statements of financial position:

	2017	2016
Accrued pension liability	$ 1,969,128	$ 1,836,509

Amounts recognized in change in net assets not yet recognized as components of net periodic benefit cost consist of:

	2017	2016
Net loss	$ 4,257,520	$ 4,008,020
Prior service cost	-	-
	$ 4,257,520	$ 4,008,020

Information for pension plans with an accumulated benefit obligation in excess of plan assets:

	2017	2016
Projected benefit obligation	$ 9,139,410	$ 8,528,967
Accumulated benefit obligation	$ 9,139,410	$ 8,528,967
Fair value of plan assets	$ 7,170,282	$ 6,692,458

Other significant balances and costs are:

	2017	2016
Employer contributions	$ 164,000	$ -
Benefits paid	$ 409,350	$ 302,298
Net periodic benefit costs	$ 47,119	$ 11,909

The estimated net loss and prior service cost for the defined benefit pension plan that will be amortized into net periodic benefit cost over the next fiscal year are $130,000 and $120,000, respectively.

Significant assumptions include:

	2017	2016
Weighted-average assumptions used to determine benefit obligations		
Discount rate	3.75%	4.10%
Rate of compensation increase	N/A	N/A
Weighted-average assumptions used to determine benefit costs		
Discount rate	3.75%	4.10%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	N/A	N/A

Provident has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

Provident's overall investment strategies are enhancement of principal, competitive investment returns and appropriate investment risk. The target allocation percentage is 40 percent equity and 60 percent fixed income plus or minus 5 percent. Provident expects to maintain appropriate diversification among complementary investment styles within the equity and fixed income allocations based on market conditions. The purpose is to moderate the overall investment risk.

Provident's pension plan weighted-average asset allocations by asset category are as follows as of December 31:

	2017	2016
Cash and cash equivalents	2%	2%
Mutual funds		
Large cap	12%	13%
Mid cap	7%	9%
International	24%	21%
Fixed income/bond funds	55%	55%
	100%	100%

Pension Plan Assets

Following is a description of the valuation methodologies and inputs used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include money market and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include an investment in a limited partnership. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy. There were no Level 3 plan assets at December 31, 2017 and 2016.

The fair values of Provident's pension plan assets at December 31, by asset class are as follows:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2017				
Cash equivalents	$ 166,185	$ 166,185	$ -	$ -
Mutual funds	7,004,097	7,004,097	-	-
Total	$ 7,170,282	$ 7,170,282	$ -	$ -
As of December 31, 2016				
Cash equivalents	$ 141,910	$ 141,910	$ -	$ -
Mutual funds	6,550,548	6,550,548	-	-
Total	$ 6,692,458	$ 6,692,458	$ -	$ -

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of December 31, 2017:

2018	$ 1,912,811
2019	$ 475,891
2020	$ 558,494
2021	$ 532,236
2022	$ 508,273
2023-2027	$ 2,499,434

Retirement Savings Plan

Provident has a 401(k) retirement savings plan covering substantially all employees. Provident's contributions to the plan are determined annually by the board of directors. Contributions to the plan were $23,327 and $27,257 for 2017 and 2016, respectively.

Note 14: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Provident, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Level 1 Quoted prices in active markets for identical assets

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2017 and 2016:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2017				
Common stock	$ 2,863	$ 2,863	$ -	$ -
Cash equivalents	$ 6,780	$ 6,780	$ -	$ -
Mutual funds				
Large cap	$ 482,898	$ 482,898	$ -	$ -
Mid cap	$ 208,480	$ 208,480	$ -	$ -
International	$ 871,503	$ 871,503	$ -	$ -
Fixed income/bond funds	$ 745,485	$ 745,485	$ -	$ -
Other	$ 218,948	$ 218,948	$ -	$ -
Interest in charitable remainder trust	$ 77,558	$ -	$ -	$ 77,558
Beneficial interest in perpetual trust	$ 993,540	$ -	$ -	$ 993,540
As of December 31, 2016				
Cash equivalents	$ 7,340	$ 7,340	$ -	$ -
Mutual funds	$ -			
Large cap	$ 515,281	$ 515,281	$ -	$ -
Mid cap	$ 251,309	$ 251,309	$ -	$ -
International	$ 725,688	$ 725,688	$ -	$ -
Fixed income/bond funds	$ 726,814	$ 726,814	$ -	$ -
Other	$ 243,854	$ 243,854	$ -	$ -
Interest in charitable remainder trust	$ 68,933	$ -	$ -	$ 68,933
Beneficial interest in perpetual trust	$ 883,223	$ -	$ -	$ 883,223

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2017.

Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. There are no investments classified within Level 3 of the fair value hierarchy at December 31, 2017 or 2016.

Beneficial Interest in Trusts

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Interest in Charitable Remainder Trust	Beneficial Interest in Perpetual Trust
Balance, January 1, 2016	$ 68,051	$ 862,032
Gain on beneficial interest in perpetual trust	882	21,191
Balance, December 31, 2016	68,933	883,223
Gain on beneficial interest in perpetual trust	8,625	110,317
Balance, December 31, 2017	$ 77,558	$ 993,540

Note 15: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

Provident receives significant funding from the United Way on an annual basis. In accordance with generally accepted accounting principles, Provident recognizes the funding amount awarded by United Way in its financial statements in the period notification of the award is received. Provident received approximately 33 percent and 38 percent, respectively, of all unrestricted support and revenue excluding investment return from the United Way during 2017 and 2016.

In addition, Provident received 9 percent and 10 percent of total contribution revenue in 2017 and 2016, respectively, from their annual Spirit of Provident Gala.

Investments

Provident invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

Claims and Others Matters

Provident is subject to claims and other matters that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims will not have a material adverse effect on the financial position, change in net assets and cash flows of Provident. Events could occur that would change this estimate materially in the near term.

Pension and Other Postretirement Benefit Obligations

Provident has a noncontributory defined benefit pension plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the traditional unit credit cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.