

CONNECTICUT COMMUNITY FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

CONNECTICUT COMMUNITY FOUNDATION, INC.

CONTENTS

Independent Auditors' Report	1-2
Statements of Financial Position - December 31, 2016 and 2015	3
Statements of Activities for the Years Ended December 31, 2016 and 2015	4
Statements of Cash Flows for the Years Ended December 31, 2016 and 2015	5
Notes to Financial Statements	6-14

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Trustees
Connecticut Community Foundation, Inc.

We have audited the accompanying financial statements of Connecticut Community Foundation, Inc., which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities 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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Community Foundation, Inc., as of December 31, 2016 and 2015, 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.

Blum, Shapiro & Company, P.C.

Shelton, Connecticut
April 26, 2017

CONNECTICUT COMMUNITY FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 1,129,622	\$ 1,131,476
Investments	96,564,771	92,428,007
Line of credit receivable	-	60,000
Property and equipment, net	8,593	13,733
Other assets	<u>511,245</u>	<u>511,245</u>
Total Assets	\$ <u>98,214,231</u>	\$ <u>94,144,461</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 48,776	\$ 53,296
Grants payable	5,812	58,177
Liabilities under split-interest agreements	134,796	135,579
Funds held as agency endowments	<u>2,857,380</u>	<u>2,664,806</u>
Total liabilities	<u>3,046,764</u>	<u>2,911,858</u>
Net Assets		
Unrestricted net assets	94,930,597	91,027,562
Temporarily restricted net assets	<u>236,870</u>	<u>205,041</u>
Total net assets	<u>95,167,467</u>	<u>91,232,603</u>
Total Liabilities and Net Assets	\$ <u>98,214,231</u>	\$ <u>94,144,461</u>

The accompanying notes are an integral part of the financial statements

CONNECTICUT COMMUNITY FOUNDATION, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Revenue, Support and Other Changes		
Contributions and gifts, net of agency endowment contributions and gifts	\$ 3,012,610	\$ 4,357,524
Investment income, net	2,504,984	2,445,076
Royalty income	138,859	99,241
Miscellaneous income	23,050	46,202
Net realized and unrealized gains (losses) on investments	4,511,711	(4,306,067)
Change in value of split-interest agreements	3,213	(4,945)
Total revenue, support and other changes	<u>10,194,427</u>	<u>2,637,031</u>
Expenses		
Program services:		
Grants, net of agency endowment grants	4,469,993	3,644,245
Other program service expenses	1,175,350	1,081,911
Total program services	<u>5,645,343</u>	<u>4,726,156</u>
Supporting services:		
Management and general	493,339	522,877
Fundraising	152,710	146,476
Total supporting services	<u>646,049</u>	<u>669,353</u>
Total expenses	<u>6,291,392</u>	<u>5,395,509</u>
Change in unrestricted net assets	3,903,035	(2,758,478)
Change in Temporarily Restricted Net Assets		
Change in value of split-interest agreements	<u>31,829</u>	<u>(23,159)</u>
Change in Net Assets	3,934,864	(2,781,637)
Net Assets - Beginning of Year	<u>91,232,603</u>	<u>94,014,240</u>
Net Assets - End of Year	<u>\$ 95,167,467</u>	<u>\$ 91,232,603</u>

The accompanying notes are an integral part of the financial statements

CONNECTICUT COMMUNITY FOUNDATION, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 3,934,864	\$ (2,781,637)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,768	5,664
Net realized and unrealized (gains) losses on investments	(4,511,711)	4,306,067
Loss on disposal of property and equipment	905	-
Write-off of line of credit receivable	60,000	-
Increase (decrease) in operating liabilities:		
Accounts payable	(4,520)	8,298
Grants payable	(52,365)	53,865
Liabilities under split-interest agreements	(783)	37,104
Funds held as agency endowments	192,574	485,552
Net cash provided by (used in) operating activities	<u>(374,268)</u>	<u>2,114,913</u>
Cash Flows from Investing Activities		
Proceeds from sales of investments	9,690,887	26,731,882
Purchases of investments	(9,315,940)	(28,760,328)
Outlay for line of credit receivable	-	(60,000)
Purchases of property and equipment	(2,533)	-
Net cash provided by (used in) investing activities	<u>372,414</u>	<u>(2,088,446)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,854)	26,467
Cash and Cash Equivalents - Beginning of Year	<u>1,131,476</u>	<u>1,105,009</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,129,622</u>	<u>\$ 1,131,476</u>

The accompanying notes are an integral part of the financial statements

CONNECTICUT COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

Connecticut Community Foundation, Inc. (the Foundation), founded in 1923, is a Connecticut nonprofit, nonstock corporation for public giving that makes grants to charitable organizations and awards individual scholarships primarily in the Greater Waterbury and Litchfield Hills region. The Foundation receives contributions from individuals and businesses primarily in the Greater Waterbury and Litchfield Hills region.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of the Foundation are reported in the following categories:

Unrestricted Net Assets

Unrestricted net assets represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Trustees.

Temporarily Restricted Net Assets

Temporarily restricted net assets represents contributions that are restricted by the donor as to purpose or time of expenditure.

Permanently Restricted Net Assets

Permanently restricted net assets represent resources that have donor-imposed restrictions to be maintained in perpetuity. The Foundation does not have any permanently restricted net assets as of December 31, 2016 and 2015.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, the Foundation considers all cash, cash on hand and certificates of deposit with original maturities of 90 days or less to be cash equivalents. The Foundation maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Foundation's deposits are held by high-quality financial institutions and are not subject to significant credit risk.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include the Foundation's gains and losses on investments bought and sold as well as held during the year.

CONNECTICUT COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

The Foundation maintains master investment accounts for its funds. Interest, dividends, realized and unrealized gains and losses from securities, and related expenses in the pooled investment accounts are calculated and allocated monthly to all of the donor funds based on the relationship of the market value of each fund to the total market value of the pooled investment accounts, as adjusted for additions to or distributions from those accounts.

Property and Equipment

Office equipment is stated at cost or donated value. Depreciation is provided using the straight-line method over the estimated useful lives of the assets: 5 to 7 years for office equipment. Expenditures for major renewals and betterments greater than \$500 that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Other Assets

Other assets consist of contributed artwork and copyrights for artwork, which are valued at appraised value, which approximates fair value at year end.

Split-Interest Agreements

The Foundation's split-interest agreements with donors consist of charitable gift annuities and pooled life income funds. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements.

A charitable gift annuity is a contract between a donor and the Foundation in which the donor contributes assets to the Foundation and in exchange receives a lifetime income stream from the fund. The present value of the actuarially determined payouts to these beneficiaries is presented as a liability in the Foundation's financial statements. The change in value of the charitable gift annuity is included in unrestricted revenue, support and other changes on the statements of activities.

A pooled income fund invests, as a group, contributions from donors' life income gifts. Donors or designated beneficiaries are assigned a specific number of units based on the proportion of the fair value of their contributions to the total fair value of the fund. The donor or designated beneficiary is paid the actual income earned on the donor or designated beneficiary's assigned units. Upon the death of a donor or designated beneficiary, the value of the units assigned to that donor or designated beneficiary reverts to the Foundation. The pooled income funds are discounted using an annual rate of return of 6.97% and 6.82% at December 31, 2016 and 2015, respectively, and are based upon the life expectancy of each donor or designated beneficiary, which is determined using actuarial tables. The rate of return used is the risk-free rate of return in existence on the date of the gift. The change in value of the pooled income fund is included in change in temporarily restricted net assets on the statements of activities.

Funds Held as Agency Endowment

The Foundation receives and distributes assets under agency endowment agreements that have been established by a nonprofit from its own resources for the sole purpose of supporting that specific nonprofit's operations. Amounts received under these relationships totaled \$137,431 and \$810,968 in 2016 and 2015, respectively. Amounts granted under these relationships totaled \$123,962 and \$249,080 in 2016 and 2015, respectively.

The amounts held as agency endowment funds totaled \$2,857,380 and \$2,664,806 at December 31, 2016 and 2015, respectively, and are included in the statements of financial position in investments at fair value.

CONNECTICUT COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Spending Policy

The Foundation has adopted a spending policy designated specifically to stabilize annual spending levels and to preserve the real value of the fund portfolio over time. The policy applies to all endowment funds, unless the donor has expressed a different intent in writing. The Foundation's spending payout rate is 5.20% for 2016 and 5.25% for 2015. This percentage is reviewed and approved annually by the Board of Trustees. Distributions for grants are calculated on the average of the 12 trailing quarters ending one year prior to the beginning of each current year. The spending rate includes distributions for grants to the community, the Foundation's action grants, administrative fee and investment management fee.

Contributions

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable expected to be collected in more than one year are discounted to their present value. The Foundation reports nongovernmental contributions and grants of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented with unrestricted net assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

During 2016, the Foundation was notified that they were named as a beneficiary of an estate. As of December 31, 2016, the estate was still in the probate administration process. The amount to be received cannot be reasonably estimated as of the date of this report, and as a result, the receivable and revenue related to this estate has not been recorded.

Grants

Grants are recorded when approved by the Board of Trustees. Payments are made when all conditions have been satisfied by the recipient. As of December 31, 2016 and 2015, the Foundation was unaware of any material conditions on grants that are unlikely to be satisfied during the approved grant period. Refunds occur when the recipient's needs are less than the appropriated amount or when the grantee does not meet the grant requirements. For the years ended December 31, 2016 and 2015, refunded grants totaled \$30,411 and \$17,500, respectively. They are reported as a reduction of grants in the period in which they are refunded. Grants authorized but unpaid at year end are reported as liabilities.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code); however, the Foundation is subject to federal income tax on any unrelated business taxable income.

Reclassifications

Certain amounts in the 2015 financial statements have been reclassified to conform to the current year's presentation.

CONNECTICUT COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through April 26, 2017, which represents the date the financial statements were available to be issued.

NOTE 3 - LINE OF CREDIT RECEIVABLE

In 2015, the Foundation entered into an agreement to issue a line of credit to another not-for-profit entity, which allows for maximum lending of up to \$60,000. The interest rate on the line of credit receivable is 0%. The agreement calls for \$1,000 monthly principal proceeds commencing on January 1, 2017. During 2016, the balance of the line of credit totaling \$60,000 was written off as uncollectable.

NOTE 4 - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Foundation has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2016 and 2015:

Money Market and Mutual Funds

Money market and mutual funds are valued at the quoted price of shares held by the Foundation at year end.

CONNECTICUT COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

There have been no changes in the methodologies used at December 31, 2016 and 2015.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2016 and 2015:

Description	2016			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market funds	\$ 530,208	\$ -	\$ -	\$ 530,208
Mutual funds:				
Large blend	35,949,550	-	-	35,949,550
International large blend	22,054,565	-	-	22,054,565
World allocation	2,154,728	-	-	2,154,728
Long/short equity	2,998,388	-	-	2,998,388
Multi-alternative	2,683,690	-	-	2,683,690
Real estate	2,897,406	-	-	2,897,406
Tactical allocation	2,104,640	-	-	2,104,640
Large cap	54,078	-	-	54,078
Miscellaneous other	52,959	-	-	52,959
International developed	16,902	-	-	16,902
Commodities	1,510,349	-	-	1,510,349
Fixed income	23,557,308	-	-	23,557,308
Total Investments	\$ 96,564,771	\$ -	\$ -	\$ 96,564,771

CONNECTICUT COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Description	2015			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market funds	\$ 522,687	\$ -	\$ -	\$ 522,687
Mutual funds:				
Large blend	33,695,181	-	-	33,695,181
International large blend	21,064,913	-	-	21,064,913
World allocation	2,084,029	-	-	2,084,029
Long/short equity	1,436,703	-	-	1,436,703
Moderate allocation	913,559	-	-	913,559
Multi-alternative	1,411,643	-	-	1,411,643
Real estate	2,812,525	-	-	2,812,525
Tactical allocation	892,890	-	-	892,890
Large cap	55,598	-	-	55,598
Miscellaneous other	52,740	-	-	52,740
International developed	25,637	-	-	25,637
Commodities	1,153,200	-	-	1,153,200
Fixed income	26,306,702	-	-	26,306,702
Total Investments	\$ <u>92,428,007</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>92,428,007</u>

There were no transfers between levels of investments during the years ended December 31, 2016 and 2015.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2016 and 2015:

	2016	2015
Office equipment	\$ 23,393	\$ 31,735
Less accumulated depreciation	<u>14,800</u>	<u>18,002</u>
Property and Equipment, Net	\$ <u>8,593</u>	\$ <u>13,733</u>

Depreciation expense was \$6,768 and \$5,664 for the years ended December 31, 2016 and 2015, respectively.

NOTE 6 - ENDOWMENT AND VARIANCE POWER

The Foundation's endowment consists of approximately 400 individual funds established for a variety of purposes. Its endowment includes donor-advised funds, donor-designated funds and funds designated by the Board of Trustees to function as endowments. The Board of Trustees of the Foundation has the power to redirect the use of a donor's contribution to another beneficiary. Such endowment funds are subject to variance power pursuant to Sections 1.170A-9(e)(11)(v)(B), (C) and (D) of the Code.

CONNECTICUT COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) and concluded that the impact of such adoption was negligible on the presentation of the Foundation's financial statements given the existing governing documents' inclusion of variance power, the unilateral power to redirect the use of a contribution for another charitable purpose and ability to modify any restriction on distribution of funds. The criteria and circumstances under which the Board of Trustees of the Foundation would exercise the powers are prescribed in the by-laws of the Foundation.

As a result of this responsibility under the by-laws, all contributions not classified as temporarily restricted are classified as unrestricted net assets for financial statement purposes. Temporarily restricted net assets consist of pooled income funds, which are classified as split-interest agreements. Accordingly, the Foundation's financial statements classify substantially all net assets as unrestricted; however, all recordkeeping for internal management and external reporting retains the original donor intent and historical gift value for every charitable asset within the Foundation.

The spending policy and philosophy contained in the Foundation's Investment Committee Policies and Procedures, including the long-term investment management policies and procedures constructed based on the by-laws, were designed to function as integrated processes and are administered to reflect the following factors, as described in CTPMIFA, for prudent stewards of charitable assets, including:

1. The duration and preservation of a fund;
2. The purpose of the organization and the donor designations thereto;
3. General economic conditions;
4. The possible effects of inflation and deflation;
5. The expected total return of the charitable assets;
6. Other resources of the organization; and
7. The investment policies.

CONNECTICUT COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Changes in endowment unrestricted net assets for the years ended December 31, 2016 and 2015, are as follows:

Endowment net assets - January 1, 2015	\$ <u>92,640,208</u>
Investment return:	
Investment income	2,475,033
Investment management fees	(29,957)
Unrealized losses	(6,496,950)
Realized gains	<u>2,228,727</u>
Total investment return	<u>(1,823,147)</u>
Contributions	<u>3,614,124</u>
Expenditure of discretionary endowment funds	<u>(4,715,786)</u>
Endowment net assets - December 31, 2015	<u>89,715,399</u>
Investment return:	
Investment income	2,535,201
Investment management fees	(30,217)
Unrealized gains	4,737,474
Realized losses	<u>(221,192)</u>
Total investment return	<u>7,021,266</u>
Contributions	<u>1,906,090</u>
Expenditure of discretionary endowment funds	<u>(5,066,756)</u>
Endowment Net Assets - December 31, 2016	<u>\$ <u>93,575,999</u></u>

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2016 and 2015, temporarily restricted net assets with time restrictions included the pooled income fund in the amount of \$236,870 and \$205,041, respectively.

CONNECTICUT COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - FUNDRAISING

Fundraising expenses were \$152,710 and \$146,476 in 2016 and 2015, respectively. Direct fundraising expense totaled \$114,682 and \$111,380 for the years ended December 31, 2016 and 2015, respectively. Indirect fundraising expense totaled \$38,028 and \$35,096 for the years ended December 31, 2016 and 2015, respectively.

NOTE 9 - OPERATING LEASE

The Foundation leases office space in Waterbury, Connecticut, for \$4,333 per month under a lease that expires September 30, 2020, with monthly payments of \$4,984. Rental expense for 2016 and 2015 was \$56,508 and \$53,952, respectively. At December 31, 2016, aggregate future minimum rental payments due under noncancelable operating leases consisted of the following:

<u>Year Ending December 31</u>	
2017	\$ 59,808
2018	59,808
2019	59,808
2020	<u>44,856</u>
Total Minimum Lease Payments	\$ <u><u>224,280</u></u>

During 2015, the Foundation subleased a portion of its office space for \$270 per month under a sublease agreement with optional annual renewal. The lease was renewed for one year and expires on September 30, 2017. Under the renewed lease agreement, payments are \$300 per month. The lease may be renewed for successive one-year periods. Sublease income was \$3,600 and \$3,330 for the years ended December 31, 2016 and 2015, respectively.

NOTE 10 - DEFINED CONTRIBUTION RETIREMENT PLAN

The Foundation has a defined contribution retirement plan as defined under Section 403(b) of the Internal Revenue Code. The plan provides for elective employee salary reduction contributions subject to the Code limits and for discretionary employer nonelective contributions. Any eligible employee may participate in salary reduction contributions as of the date of employment. All eligible employees who have completed 1 year of service and have reached the age of 21 are eligible to participate in nonsalary reduction employer contributions. Employees are fully vested upon entry into the plan. Employer contributions to the plan totaled \$48,726 and \$53,246 in 2016 and 2015, respectively.