

**EDSYS, Inc.**  
**d/b/a City Charter High School**

**Financial Statements**

**Years Ended June 30, 2018 and 2017 with  
Independent Auditor's Report**

**MaherDuessel**

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# EDSYS, INC.

YEARS ENDED JUNE 30, 2018 AND 2017

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## Independent Auditor's Report

### **Board of Directors EDSYS, Inc.**

We have audited the accompanying financial statements of EDSYS, Inc. (EDSYS), which comprise the statements of financial position as of June 30, 2018 and 2017, 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 audits 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 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 EDSYS as of June 30, 2018 and 2017, 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.

*Maher Duessel*

Pittsburgh, Pennsylvania  
October 26, 2018

# EDSYS, INC.

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	2018	2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,585,694	\$ 4,191,679
Cash restricted for student activities fund	52,869	58,730
Tuition receivable	178,351	473,942
Grants and other accounts receivable	82,539	273,660
Other current asset	44,974	45,365
Prepaid expenses	209,482	55,870
Total current assets	4,153,909	5,099,246
Noncurrent assets:		
Property and equipment, net of accumulated depreciation	855,970	733,221
<b>Total Assets</b>	<b>\$ 5,009,879</b>	<b>\$ 5,832,467</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 96,819	\$ 36,567
Amounts held for student activities fund	52,869	58,730
Other current liabilities	217,198	219,630
Total Current Liabilities	366,886	314,927
Net Assets:		
Unrestricted:		
Unrestricted - undesignated	3,278,037	3,329,817
Unrestricted - board-designated:		
Lease payments	324,993	441,660
Retirement contributions	98,993	846,493
Investment in property and equipment	855,970	733,221
Total unrestricted	4,557,993	5,351,191
Temporarily restricted	85,000	166,349
Total Net Assets	4,642,993	5,517,540
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,009,879</b>	<b>\$ 5,832,467</b>

See accompanying notes to financial statements.

# EDSYS, INC.

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Other Support:</b>						
Tuition	\$ 9,594,316	\$ -	\$ 9,594,316	\$ 10,143,787	\$ -	\$ 10,143,787
Grant revenue and reimbursements	685,548	-	685,548	763,275	-	763,275
Contributions	-	-	-	2,000	70,000	72,000
Cafeteria revenue	93,556	-	93,556	90,814	-	90,814
Investment income	40,387	-	40,387	18,438	-	18,438
Other	95,335	-	95,335	73,692	-	73,692
Net assets released from restriction:						
Satisfaction of donor restrictions	81,349	(81,349)	-	68,151	(68,151)	-
Total revenue and other support	10,590,491	(81,349)	10,509,142	11,160,157	1,849	11,162,006
<b>Expenses:</b>						
Program:						
Charter School	10,751,037	-	10,751,037	10,350,111	-	10,350,111
Management and general	632,652	-	632,652	554,342	-	554,342
Total expenses	11,383,689	-	11,383,689	10,904,453	-	10,904,453
<b>Change in Net Assets</b>	(793,198)	(81,349)	(874,547)	255,704	1,849	257,553
<b>Net Assets:</b>						
Beginning of year	5,351,191	166,349	5,517,540	5,095,487	164,500	5,259,987
End of year	\$ 4,557,993	\$ 85,000	\$ 4,642,993	\$ 5,351,191	\$ 166,349	\$ 5,517,540

See accompanying notes to financial statements.

# EDSYS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program	Management and General	Total
Salaries and employee benefits	\$ 7,590,514	\$ 185,095	\$ 7,775,609
Accounting services	-	58,091	58,091
Banking fees	-	99	99
Other professional services	522,531	106,626	629,157
Curriculum materials	57,489	-	57,489
Dues and fees	944	1,500	2,444
Depreciation expense	259,131	28,792	287,923
Occupancy	1,413,554	157,062	1,570,616
Legal services	-	76,959	76,959
Office supplies and miscellaneous equipment	462,192	1,022	463,214
Scholarships	40,500	-	40,500
Travel	37,494	3,334	40,828
Student transportation	198,593	-	198,593
Printing and binding	4,847	-	4,847
Advertising	59,195	2,507	61,702
Information technology	104,053	11,565	115,618
Total expenses	<u>\$ 10,751,037</u>	<u>\$ 632,652</u>	<u>\$ 11,383,689</u>

See accompanying notes to financial statements.

# EDSYS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Program	Management and General	Total
Salaries and employee benefits	\$ 7,251,178	\$ 188,197	\$ 7,439,375
Accounting services	-	53,078	53,078
Banking fees	-	306	306
Other professional services	515,931	79,735	595,666
Curriculum materials	50,010	-	50,010
Dues and fees	1,634	1,250	2,884
Depreciation expense	272,861	30,318	303,179
Occupancy	1,418,725	157,636	1,576,361
Legal services	-	28,284	28,284
Office supplies and miscellaneous equipment	484,379	216	484,595
Scholarships	35,350	-	35,350
Travel	41,518	903	42,421
Student transportation	134,089	-	134,089
Printing and binding	5,058	-	5,058
Advertising	1,547	-	1,547
Bad debt expense	8,056	-	8,056
Information technology	129,775	14,419	144,194
Total expenses	<u>\$ 10,350,111</u>	<u>\$ 554,342</u>	<u>\$ 10,904,453</u>

See accompanying notes to financial statements.



# EDSYS, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (874,547)	\$ 257,553
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	287,923	303,179
Change in:		
Tuition receivable	295,591	(3,721)
Grants and other accounts receivable	191,121	(122,034)
Other current asset	391	523
Prepaid expenses	(153,612)	18,396
Accounts payable	60,252	(19,053)
Deferred revenue	-	(2,497)
Other current liabilities	(2,432)	13,443
Net cash provided by (used in) operating activities	(195,313)	445,789
<b>Cash Flows From Investing Activities:</b>		
Payments for property and equipment	(410,672)	(173,503)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(605,985)	272,286
<b>Cash and Cash Equivalents:</b>		
Beginning of year	4,191,679	3,919,393
End of year	\$ 3,585,694	\$ 4,191,679

See accompanying notes to financial statements.

# EDSYS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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### 1. Organization

EDSYS, Inc. (EDSYS) is a non-profit organization created to establish a technologically oriented charter high school in western Pennsylvania. The mission of EDSYS, a technology infused public school, is to graduate students who are academically, technologically, personally, and socially prepared to succeed in post-secondary education or training. Using a team approach, EDSYS cultivates a safe, supportive, and academically rigorous environment by recognizing and nurturing individual talents, needs, and skills.

EDSYS began operations in January 2001. The technological charter school opened in September 2002. The original charter expired June 30, 2007. As of July 1, 2017, the charter has been extended through June 30, 2022.

In June 2002, EDSYS received approval from the Pennsylvania Department of State Corporation Bureau to operate and conduct business under the name 'City Charter High School.'

### 2. Summary of Significant Accounting Policies

The accounting policies of EDSYS conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. The following is a summary of the more significant policies:

#### Financial Statement Presentation

EDSYS is required to report information regarding its financial position and activities according to classes of net assets: unrestricted, temporarily restricted, and permanently restricted. EDSYS is also required to present a statement of cash flows.

The net assets of EDSYS are reported in two net asset classes as follows:

Unrestricted - Used to accumulate all unrestricted and board designated resources from operations. It represents the portion of the net assets of EDSYS that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily Restricted - It represents the portion of the net assets of EDSYS resulting (a) from contributions and other inflows of assets whose use by EDSYS is limited by donor-imposed stipulations that can be fulfilled and removed by actions of EDSYS pursuant to

# EDSYS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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those stipulations and (b) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, and their fulfillment and removal by action of EDSYS pursuant to those stipulations. When donor restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

### Basis of Accounting

The accrual basis of accounting is followed by EDSYS as applicable to not-for-profit organizations. Accordingly, revenues and support are recognized when earned and expenses are recognized when the liabilities are incurred.

### Contributions and Gifts

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions, gifts, and unconditional promises to give cash and other assets to EDSYS are reported at fair value at the date notified. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is physically received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

### Functional Allocation of Expenses

The allocation of functional expenses approximates program usage. Specific identification with a particular function is the major basis for allocation. Immaterial amounts of fundraising expenses are included in management and general expense.

### Income Taxes

EDSYS is recognized by the Internal Revenue Service as an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, EDSYS qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization other than a private foundation.

# EDSYS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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Further, the EDSYS annually files a Form 990.

### Cash and Cash Equivalents

Cash and cash equivalents include all short-term highly liquid investments with maturities from the date of purchase of three months or less.

### Tuition Revenue – School Districts

Tuition revenue represents the tuition paid by various Allegheny County School Districts for the students enrolled in the City Charter High School who reside within that particular school district. This revenue is earned and recognized during the applicable school year. EDSYS has elected not to set up an allowance for doubtful accounts as the entire balance is deemed collectible either through collection from school districts or submitting bills to the Commonwealth of Pennsylvania for school districts that choose not to pay. The Commonwealth of Pennsylvania will withhold state aid payments from the school districts in order to pay EDSYS.

### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Property and equipment of \$5,000 or more are capitalized. Depreciation is computed over the estimated useful lives of four to ten years of the assets using the straight-line method. Depreciation expense was \$287,923 for the year ended June 30, 2018 and \$303,179 for the year ended June 30, 2017.

### 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 and expenses during the reporting period. Actual results could differ from those estimates.

### Compensated Absences

Unused sick or vacation days do not carry over each year and are not reimbursed if they are unused. However, EDSYS provides a perfect attendance bonus incentive of \$2,000. This

# EDSYS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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bonus is reduced by \$200 for each absence up to ten days. At June 30, 2018 and 2017, the amount accrued for attendance incentives was \$99,000 and \$104,100, respectively, and is included in other current liabilities in the statements of financial position.

### Pending Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued statements that will become effective in future years, including ASU 2016-14, *“Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities”*; ASU 2014-09, *“Revenue from Contracts with Customers (Topic 606)”*; ASU 2016-02, *“Leases (Topic 842)”*; ASU 2016-18, *“Statement of Cash Flows (Topic 230): Restricted Cash”*; and ASU 2018-08, *“Not for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.”* Management has not yet determined the impact of these statements on the financial statements.

### Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

## **3. Cash and Cash Equivalents**

At June 30, 2018, the carrying amount of EDSYS's deposits (cash and money market instruments) was \$3,638,563 (including \$52,869 of cash restricted for the student activities fund) and the related bank balances totaled \$3,827,003. All of the bank balance was covered by federal depository insurance.

At June 30, 2017, the carrying amount of EDSYS's deposits (cash and money market instruments) was \$4,250,409 (including \$58,730 of cash restricted for the student activities fund) and the related bank balances totaled \$4,348,476. All of the bank balance was covered by federal depository insurance.

## **4. Grants and Other Receivables**

During the fiscal year ended June 30, 2012, EDSYS recognized a contribution of \$280,000 to be used for post high school education scholarships. EDSYS received \$40,000 annually from

# EDSYS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

fiscal year 2012 to 2018 to be used for that year's graduating class. The final annual installment was received during 2018.

Grants and other accounts receivable consist of the following at June 30:

	2018	2017
Contributions receivable - scholarships	\$ -	\$ 40,000
Contributions receivable - foundation	35,000	70,000
Contributions receivable - state grants	13,956	151,136
Other	33,583	12,524
	<u>\$ 82,539</u>	<u>\$ 273,660</u>

## 5. Property and Equipment

Property and equipment at June 30, 2018 consist of the following:

	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018
Non-depreciable assets:				
Construction-in-progress	<u>\$ 4,093</u>	<u>\$ 195,718</u>	<u>\$ (199,811)</u>	<u>\$ -</u>
Depreciable assets:				
Leasehold improvements	513,440	199,811	-	713,251
Furniture and fixtures	986,964	69,100	-	1,056,064
Office equipment	2,101	-	-	2,101
Kitchen equipment	221,996	-	-	221,996
Computer equipment	<u>835,996</u>	<u>145,854</u>	<u>(180,331)</u>	<u>801,519</u>
Total depreciable assets	<u>2,560,497</u>	<u>414,765</u>	<u>(180,331)</u>	<u>2,794,931</u>
Less: accumulated depreciation	<u>(1,831,369)</u>	<u>(287,923)</u>	<u>180,331</u>	<u>(1,938,961)</u>
Net property and equipment	<u>\$ 733,221</u>	<u>\$ 322,560</u>	<u>\$ (199,811)</u>	<u>\$ 855,970</u>

# EDSYS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

Property and equipment at June 30, 2017 consist of the following:

	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017
Non-depreciable assets:				
Construction-in-progress	\$ -	\$ 4,093	\$ -	\$ 4,093
Depreciable assets:				
Leasehold improvements	513,440	-	-	513,440
Furniture and fixtures	952,574	34,390	-	986,964
Office equipment	2,101	-	-	2,101
Kitchen equipment	221,996	-	-	221,996
Computer equipment	881,308	135,020	(180,332)	835,996
Total depreciable assets	2,571,419	169,410	(180,332)	2,560,497
Less: accumulated depreciation	(1,708,522)	(303,179)	180,332	(1,831,369)
Net property and equipment	\$ 862,897	\$ (129,676)	\$ -	\$ 733,221

## 6. Economic Dependency

The operation of EDSYS is dependent upon the demographics and financial viability of the participating school districts and continuing provisions under Pennsylvania School Law governing charter schools. In addition, approximately 85% of students enrolled are from the City of Pittsburgh and, therefore, are the financial responsibility of Pittsburgh Public Schools.

Significant changes in EDSYS operations as a result of these factors are not anticipated as of the Independent Auditor's Report date.

# EDSYS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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### 7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2018	2017
Post high school education scholarships	\$ 50,000	\$ 89,500
Outdoor/recreation activities	35,000	71,164
Transportation, clothing, and medical expenses for students in need	-	5,685
	<u>\$ 85,000</u>	<u>\$ 166,349</u>

Net assets were released from donor restriction during the years ended June 30, 2018 and 2017, in the amount of \$81,349 and \$68,151, respectively, by incurring expenses satisfying the restricted purposes.

### 8. Operating Lease

On August 31, 2011, EDSYS entered into a new operating lease to rent a facility to operate the charter school. The initial term of the lease is for ten years and eight months commencing in January 2012 and ending in August 2022. On July 7, 2017, the lease was amended extending the lease through August 2027. Rent is to be paid monthly.

Future minimum rental payments due under the term of the lease are as follows:

Years Ending June 30,	Total
2019	\$ 1,391,667
2020	1,400,000
2021	1,400,000
2022	1,400,000
Thereafter	<u>7,670,833</u>
	<u>\$ 13,262,500</u>

Lease expense for fiscal years 2018 and 2017 was \$1,374,067 and \$1,302,400, respectively.

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# EDSYS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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### 9. Retirement Benefits

#### Plan Description

Most employees of EDSYS participate in the Public School Employees' Retirement System (PSERS), a governmental cost-sharing, multi-employer defined benefit pension plan (Pension Plan) and a governmental cost-sharing, multi-employer defined benefit Health Insurance Premium Assistance Program (Premium Assistance), an OPEB plan, to public school employees of the Commonwealth of Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

Employees eligible for PSERS benefits include all full-time public-school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania.

Retirees can participate in the Premium Assistance if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the PSERS Health Options Program or an employer-sponsored health insurance program.

Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

# EDSYS, INC.

## NOTES TO FINANCIAL STATEMENTS

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Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

### Benefits Provided – Premium Assistance

Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive Premium Assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. As of June 30, 2018 and 2017, there were no assumed future benefit increases to participating eligible retirees.

### Member Contributions

The following illustrates the member's contribution as a percent of the member's qualifying compensation:

- Active members who joined PSERS prior to July 22, 1983:
  - Membership Class T-C 5.25%
  - Membership Class T-D 6.50%
- Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001:
  - Membership Class T-C 6.25%
  - Membership Class T-D 7.50%
- Members who joined PSERS after June 30, 2001, and before July 1, 2011:
  - Membership Class T-D 7.50%

# EDSYS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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- Members who joined PSERS after June 30, 2011:
  - Membership Class T-E\* 7.50%
  - Membership Class T-F\*\* 10.30%
- \* Shared risk program could cause future contribution rates to fluctuate between 7.50% and 9.50%.
- \*\* Shared risk program could cause future contribution rates to fluctuate between 10.30% and 12.30%.

### Employer Contributions

EDSYS contractually required PSERS contribution rate for the fiscal year ended June 30, 2018 was 32.57% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. This rate is composed of a 31.74% rate for the pension plan and a 0.83% rate for the Premium Assistance.

The combined rate for the fiscal year ended June 30, 2018 was an increase from the fiscal year ended June 30, 2017 combined rate of 30.03%. The combined contribution rate will increase to 33.43% in fiscal year 2019 and is projected to grow to 36.32% by fiscal year 2023.

For fiscal year 2018, EDSYS contributions (including Premium Assistance) approximated \$1,495,000, which were equal to its required contributions including estimates for accruals for that year. These contributions represent less than 5% of the total contributions made to the plan.

As of the June 30, 2017 actuarial valuation, the PSERS pension plan has an actuarial value of assets of approximately \$57.5 billion, present value of future pension benefits of approximately \$102 billion, and a funded ratio of 56.3%. EDSYS's portion of the net pension liability was \$17.7 million as of June 30, 2017.

As of the June 30, 2017 actuarial valuation, the PSERS Premium Assistance plan has an actuarial value of assets of approximately \$2.1 billion, present value of future pension benefits of approximately \$124,000 billion, and a funded ratio of 5.73%. EDSYS's portion of the net OPEB liability was \$729,000 as of June 30, 2017.

# EDSYS, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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### 401(k) Plan

EDSYS offers a 401(k) plan to employees as an alternative to PSERS. All employees hired after July 1, 2017 will only be eligible to enroll in the 401(k) plan. All employees become eligible to participate as of the individual's hire date and are fully vested after 1000 hours of service. EDSYS makes matching contributions of up to 7% of eligible compensation and a non-elective contribution of 5%. Contributions to the plan for the year ended June 30, 2018 were \$33,041.