



**Ronald McDonald House
at Maria Fareri Children's Hospital, Inc.**

**Operating as Ronald McDonald House
of the Greater Hudson Valley**

Financial Statements

December 31, 2018 and 2017

Independent Auditors' Report

The Board of Directors

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

We have audited the accompanying financial statements of Ronald McDonald House at Maria Fareri Children's Hospital, Inc. which comprise the statements of financial position as of December 31, 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.

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 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 Ronald McDonald House at Maria Fareri Children's Hospital, Inc. as of December 31, 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.

Adoption of New Accounting Guidance

As discussed in Note 2 of the financial statements, in 2018 Ronald McDonald House of the Greater Hudson Valley has adopted *ASU 2016-14 Presentation of Financial Statements for Not for Profit Entities*. Our opinion is not modified with respect to this

PKF O'Connor Davies, LLP
November 13, 2019

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Statements of Financial Position

	December 31,	
	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	\$ 170,531	\$ 319,976
Accounts receivable, net	38,854	16,700
Prepaid expense	2,500	-
Investments	2,813,555	2,740,408
Other assets	76,633	27,789
Total Current Assets	3,102,073	3,104,873
NONCURRENT ASSETS		
Furniture, fixture and Décor, net	11,041	9,483
Deferred rent charge	90,000	120,000
Total Assets	\$ 3,203,114	\$ 3,234,356
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 391,882	\$ 402,529
Deferred income	1,200	-
Total Current Liabilities	393,082	402,529
NONCURRENT LIABILITIES		
Deferred rent payable	130,388	156,786
Total Liabilities	523,470	559,315
NET ASSETS		
Without donor restrictions	2,661,544	2,653,614
With donor restrictions	18,100	21,427
Total Net Assets	2,679,644	2,675,041
Total Liabilities and Net Assets	\$ 3,203,114	\$ 3,234,356

See notes to financial statements

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Statements of Activities
Years Ended December 31,

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions	\$ 239,158	\$ 10,399	\$ 249,557	\$ 133,341	\$ 37,496	\$ 170,837
Grants from Ronald McDonald House Charities	150,000	-	150,000	150,000	-	150,000
Other grants	38,536	-	38,536	124,452	-	124,452
In-kind contribution	267,322	-	267,322	231,075	-	231,075
Fundraising events, net direct donor benefit cost of \$213,146 and \$149,273	322,225	-	322,225	202,663	-	202,663
Room donations/fees	28,177	-	28,177	27,924	-	27,924
Other income	2,451	-	2,451	3,120	-	3,120
Net assets released from restrictions	13,726	(13,726)	-	40,666	(40,666)	-
Total Revenues and Other Support	1,061,595	(3,327)	1,058,268	913,241	(3,170)	910,071
EXPENSES						
Program services	620,479	-	620,479	638,534	-	638,534
General and administrative	125,442	-	125,442	94,434	-	94,434
Fundraising	149,056	-	149,056	125,805	-	125,805
Total Expenses	894,977	-	894,977	858,773	-	858,773
CHANGE IN NET ASSETS FROM OPERATIONS	166,618	(3,327)	163,291	54,468	(3,170)	51,298
INVESTMENT (LOSS) INCOME, NET	(158,688)	-	(158,688)	276,327	-	276,327
CHANGE IN NET ASSETS	7,930	(3,327)	4,603	330,795	(3,170)	327,625
Net Assets - Beginning of Year	2,653,614	21,427	2,675,041	2,322,819	24,597	2,347,416
NET ASSETS - END OF YEAR	\$ 2,661,544	\$ 18,100	\$ 2,679,644	\$ 2,653,614	\$ 21,427	\$ 2,675,041

See notes to financial statements

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Statements of Functional Expenses

Year Ended December 31, 2018

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Direct Donor Benefits</u>	<u>Total Expense</u>
Salaries	\$ 202,244	\$ 64,096	\$ 101,623	\$ -	\$ 367,963
Payroll taxes	<u>16,510</u>	<u>4,178</u>	<u>8,472</u>	-	<u>29,160</u>
Total salaries and related expenses	218,754	68,274	110,095	-	397,123
Family support services and supplies	236,227	-	-	-	236,227
Rental expense	99,505	3,783	5,675	80,320	189,283
Auction items	-	-	-	111,550	111,550
Insurance	26,220	997	1,495	-	28,712
Professional fees	-	28,357	-	-	28,357
Computer expense	2,830	12,246	12,246	-	27,322
Housekeeping service	23,161	2,574	-	-	25,735
Office expense	2,214	2,214	2,214	1,146	7,788
Depreciation	5,043	192	287	-	5,522
Meetings, education and training	473	2,127	2,127	-	4,727
Travel, meals, and entertainment	-	1,434	1,433	1,141	4,008
Repairs and maintenance	1,978	75	113	-	2,166
Advertising	1,074	-	1,074	265	2,413
Postage	373	746	745	17,149	19,013
Other expense	<u>2,627</u>	<u>2,423</u>	<u>11,552</u>	<u>1,575</u>	<u>18,177</u>
	620,479	125,442	149,056	213,146	1,108,123
Direct donor benefit	<u>-</u>	<u>-</u>	<u>-</u>	<u>(213,146)</u>	<u>(213,146)</u>
Total Expenses	<u>\$ 620,479</u>	<u>\$ 125,442</u>	<u>\$ 149,056</u>	<u>\$ -</u>	<u>\$ 894,977</u>

See notes to financial statements

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Statements of Functional Expenses

Year Ended December 31, 2017

	Program Services	General and Administrative	Fundraising	Direct Donor Benefits	Total Expense
Salaries	\$ 203,188	\$ 34,923	\$ 79,371	\$ -	\$ 317,482
Payroll taxes	14,963	2,613	6,175	-	23,751
Total salaries and related expenses	218,151	37,536	85,546	-	341,233
Family support services and supplies	240,291	-	-	-	240,291
Rental expense	99,504	3,783	5,676	74,531	183,494
Auction items	-	-	-	48,488	48,488
Depreciation	30,490	1,159	1,739	-	33,388
Professional fees	-	28,015	-	-	28,015
Postage	311	622	622	22,310	23,865
Computer expense	1,860	9,259	12,098	-	23,217
Insurance	20,233	769	1,154	-	22,156
Housekeeping service	17,634	1,959	-	-	19,593
Meetings, education and training	895	5,144	5,143	-	11,182
Office expense	2,261	2,341	2,515	2,656	9,773
Advertising	2,328	-	2,328	637	5,293
Repairs and maintenance	3,190	685	740	-	4,615
Travel, meals, and entertainment	-	1,776	1,776	529	4,081
Other expense	1,386	1,386	6,468	122	9,362
	<u>638,534</u>	<u>94,434</u>	<u>125,805</u>	<u>149,273</u>	<u>1,008,046</u>
Direct donor benefit	-	-	-	(149,273)	(149,273)
Total Expenses	<u>\$ 638,534</u>	<u>\$ 94,434</u>	<u>\$ 125,805</u>	<u>\$ -</u>	<u>\$ 858,773</u>

See notes to financial statements

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Statements of Cash Flows

Years Ended December 31,

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,603	\$ 327,625
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	5,522	33,388
Net realized and unrealized loss (gain) on investments	196,747	(237,497)
Donated equipment	-	(2,695)
Change in Operating Assets and Liabilities		
Other receivables	(22,154)	(1,487)
Prepaid assets	(2,500)	5,000
Other assets	(48,844)	(21,268)
Accrued expenses	(9,447)	5,060
Deferred rent	<u>3,602</u>	<u>4,715</u>
 Net Cash From Operating Activities	 <u>127,529</u>	 <u>112,841</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(7,080)	-
Purchases of investments	(1,725,138)	(893,345)
Proceeds from sale of investments	<u>1,455,244</u>	<u>886,614</u>
 Net Cash From Investing Activities	 <u>(276,974)</u>	 <u>(6,731)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 (149,445)	 106,110
Cash and Cash Equivalents - Beginning of Year	<u>319,976</u>	<u>213,866</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 170,531</u>	 <u>\$ 319,976</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated family support supplies	\$ 184,171	\$ 165,797

See notes to financial statements

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

1. Organization and Mission Statement

Ronald McDonald House at Maria Fareri Children's Hospital, Inc. (operating as Ronald McDonald House of the Greater Hudson Valley) (the "Organization") is a non-profit organization. The Organization operates in Westchester County, New York. The mission of Ronald McDonald House Charities ("RMHC") is to create, find and support programs that directly improve the health and well-being of children and their families. Collectively, RMHC and the network of local Chapters ascribe to five core values: The Organization is focused on the critical needs of children, lead with compassion, celebrate the diversity of their people and our programs, value their heritage, and operate with accountability and transparency.

The Organization's mission through operation of sustainable programs that enable family-centered care, bridge access to quality health care, are a vital part of the health care continuum and strengthen families during difficult times. The Ronald McDonald House represent the core functions Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Ronald McDonald House

When children must travel long distances to access top medical care, accommodations and support for families can be expensive or not readily available. The Organization helps families stay close to their ill or injured child through the Ronald McDonald House program(s) located in Westchester County, New York, which provide temporary lodging, meals and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers' ability to spend more time with their child, to interact with their clinical care team and to participate in critical medical care decisions.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; and, therefore has made no provision for federal income taxes in the accompanying financial statements. The Organization is a public charity under Section 509(a)(1) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and are presented on the basis of net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. All other net assets, including board-designated or appropriated amounts, are net assets without donor restrictions and are reported as part of the net assets without donor restriction class.

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (*continued*)

Change in Accounting Principle

In 2018, The Organization adopted Accounting Standards Updated ("ASU") 2016-14, Not-for-Profit Entities (topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Organization's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions
- The financial statements include a new disclosure about liquidity and availability of resources (Note 3)

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

Cash and cash equivalents

Cash equivalents include money market funds and all highly liquid investments with a maturity date of less than three months from the date of purchase. The Organization's cash balances that are maintained in bank accounts may exceed Federal Deposit Insurance Corporation limits from time to time. The Organization has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash.

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. At December 31, 2018 and 2017, management believes that no allowance for uncollectible receivables is required.

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (*continued*)

Fair Value of Financial Instruments

The Organization follows U.S. GAAP guidance on fair value measurements, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable and are used to the extent that observable inputs do not exist.

Investment Income

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Furniture, Fixtures and Décor

Furniture, fixtures, and décor are stated at cost, or if donated, at approximate fair market value at the date of donation. Acquisition of furniture, fixtures and décor in excess of \$1,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets which range from 3 to 6 years.

Contributions

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions. The Organization's policy is to report as unrestricted support contributions with donor-imposed restrictions when the restrictions are met in the same year that the contributions are received. Marketable securities received as a gift or bequests are recorded at fair value at the date of contribution.

Public Support and Revenue

Public support is generally recorded as revenue at time of receipt. Unconditional promises to give are recognized as revenue in the period made. Conditional promises are recorded when the conditions are met. Unconditional promise to give securities and donated services are recorded at their fair value. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (*continued*)

Donated Goods and Services

Donated marketable securities, property and equipment, and other noncash donations such as family support supplies are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization also receives donated services from other contributors and volunteers that are not measurable, and therefore, are excluded from the financial statements.

For the year ending December 31, 2018, the Organization recorded donated materials of \$253,808 and donated services of \$13,514; the Organization had allocate \$201,959 as program expense; \$11,550 as fundraising expense, and including net changed in unused donated material \$46,344 record as other assets. For the year ending December 31, 2017, the Organization recorded donated materials of \$214,185 and donated services of \$16,890. the Organization had allocate \$144,427 as program expense; \$65,378 as fundraising expense, and including net changed in unused donated material \$21,269 record as other assets

Functional Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: depreciation, insurance, interest, maintenance and repairs, rent, and utilities, which are allocated on a square footage basis; payroll taxes, meetings, education and training, office supplies, technology and telephone, which are allocated based on full-time equivalents; and salaries and wages and employee benefits, which are allocated on the basis of estimates of time and effort.

Reclassification

Certain information in the prior year's financial statements has been reclassified to conform to the current year's presentation.

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Advertising

Advertising costs are expensed as incurred.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that the Organization has no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2015.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 13, 2109.

3. Liquidity and Availability

The following reflects the Organization's available financial assets, reduced by amounts not available for general use within one year. Amounts not available for use within one year include financial assets received with donor restrictions that are designated for a specific purpose, timeline or contractual obligation, and have been earmarked as resources available for future years. Total financial assets available to meet cash needs for general expenditure within one year at December 31, 2018, are as follows:

Cash and cash equivalents	\$ 170,531
Accounts receivable	38,854
Operating investments	<u>2,813,555</u>
Total Financial assets available to meet cash needs for general expenditures within one year	<u>\$3,022,940</u>

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

4. Investments

The Organization's investments categorized by the fair value on a recurring basis, for those investments subject to categorization in the fair value hierarchy at December 31 are as follows:

Description	2018		Total
	Quoted Prices in active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Certificates of deposit	\$ -	\$ 851,417	\$ 851,417
Common stock	890,932	-	890,932
Mutual funds	472,545	-	472,545
Exchange-traded and closed-end funds	425,890	-	425,890
Government bonds	-	85,572	85,572
Corporate bonds	-	87,199	87,199
	<u>\$ 1,789,367</u>	<u>\$ 1,024,188</u>	<u>\$ 2,813,555</u>

Description	2017		Total
	Quoted Prices in active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Certificates of deposit	\$ -	\$ 741,121	\$ 741,121
Common stock	841,467	-	841,467
Mutual funds	499,953	-	499,953
Exchange-traded and closed-end funds	496,179	-	496,179
Government bonds	-	73,594	73,594
Corporate bonds	-	88,094	88,094
	<u>\$ 1,837,599</u>	<u>\$ 902,809</u>	<u>\$ 2,740,408</u>

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

4. Investments (continued)

Investment return consists of the following for years ended December 31:

	<u>2018</u>	<u>2017</u>
Dividends and interest	\$ 65,457	\$ 62,779
Realized gain	105,010	18,399
Unrealized (loss) gain	<u>(301,757)</u>	<u>219,098</u>
	(131,290)	300,276
 Investment expenses	 <u>(27,398)</u>	 <u>(23,949)</u>
	 <u>\$ (158,688)</u>	 <u>\$ 276,327</u>

The Organization's certificates of deposit are insured by the Federal Deposit Insurance Corporation ("FDIC") and have maturity dates from three to eighteen months of the statement of financial position date.

5. Furniture, Fixtures, and Décor

Furniture, fixtures and décor consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Donated furniture, fixtures and décor	\$ 539,329	\$ 532,249
Accumulated depreciation	<u>(528,288)</u>	<u>(522,766)</u>
	 <u>\$ 11,041</u>	 <u>\$ 9,483</u>

6. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 are available for donor specified purposes, as follows:

	<u>2018</u>	<u>2017</u>
Food and beverages	\$ 11,643	\$ 14,987
Appliance acquisitions	<u>6,457</u>	<u>6,440</u>
	 <u>\$ 18,100</u>	 <u>\$ 21,427</u>

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

6. Net Assets With Donor Restrictions (continued)

The amounts released from restriction were as follows for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Food and beverages	\$ 6,119	\$ 16,326
Appliance acquisitions	<u>7,607</u>	<u>24,340</u>
	<u>\$ 13,726</u>	<u>\$ 40,666</u>

7. Concentrations

Ronald McDonald House Charities made an unrestricted grant to the Organization which comprised approximately 32% and 21% of the Organization's contribution income during 2018 and 2017.

8. Commitments and Contingencies

License

In 2011, the Maria Fareri Children's Hospital (the "Hospital") completed the construction of a free-standing, 15,700 square foot house with 12 family rooms to be used by the Organization to carry out its purpose of providing housing to the families of children being cared for at the Hospital. The house also contains office space for the Organization, common area living and dining space, washers and dryers, and two kitchens.

An amendment to the license agreement provides the Organization with the use of the house until 2031 with an extension under certain circumstances. The house was completed and the Organization began operations in the new space in April 2011.

The rent payments under the license agreement for the next 5 years and thereafter are payable as follows:

2019	\$ 76,408
2020	77,556
2021	78,716
2022	79,896
2023	81,092
Thereafter	<u>632,912</u>
	<u>\$ 1,026,580</u>

Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

9. Deferred Rent

In 2012, the Organization executed a written agreement to pay the Hospital \$30,000 per year for 10 years toward the construction of the new House. The written agreement formalized a prior verbal agreement. The Organization recognized a \$300,000 deferred rent asset and deferred rent liability in 2012 to recognize the substance of this transaction. The Organization has recognized \$30,000 as amortization for 2018 and 2017. As of December 31, 2018 and 2017, deferred rent totaled \$90,000 and \$120,000.

10. Related Party Transactions

The Organization's legal affairs are handled by a law firm in which a member of the Board of Directors is a partner. No legal fees were incurred in 2018 and 2017.

11. Fund-Raising Events

The Organization sponsors and participates in fund-raising events sponsored by third parties. The ratio of expenses to amounts raised is computed using actual direct expenses and related contributions on the accrual basis.

The Organization's major fund-raising events in 2018 and 2017 were as follows:

	2018							
	Golf Outing	Heart Campaign	Walkathon	Clay Shoot	Third Party Fundraising	Red Shoe Awards	Other	Total
Income	\$ 110,375	\$ 65,484	\$ 87,840	\$ 134,825	\$ 47,467	\$ 56,332	\$ 33,047	\$ 535,370
Direct donor benefit expense	60,472	4,302	10,647	88,001	-	34,461	15,263	213,146
Net Income	<u>\$ 49,903</u>	<u>\$ 61,182</u>	<u>\$ 77,193</u>	<u>\$ 46,824</u>	<u>\$ 47,467</u>	<u>\$ 21,871</u>	<u>\$ 17,784</u>	<u>\$ 322,224</u>
	2017							
	Golf Outing	Heart Campaign	Walkathon	Clay Shoot	Third Party Fundraising	Red Shoe Awards	Other	Total
Income	\$ 76,040	\$ 88,726	\$ 27,534	\$ 76,621	\$ 22,057	\$ 48,207	\$ 12,751	\$ 351,936
Direct donor benefit expense	37,482	29,314	6,533	38,795	-	19,306	17,843	149,273
Net Income	<u>\$ 38,558</u>	<u>\$ 59,412</u>	<u>\$ 21,001</u>	<u>\$ 37,826</u>	<u>\$ 22,057</u>	<u>\$ 28,901</u>	<u>\$ (5,092)</u>	<u>\$ 202,663</u>

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