



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

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

Financial Statements

December 31, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018, 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.

PKF O'Connor Davies, LLP

November 20, 2020

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

Statements of Financial Position

	December 31,	
	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 143,667	\$ 170,531
Accounts receivable, net	55,390	38,854
Prepaid expense	5,018	2,500
Investments	3,257,302	2,813,555
Other assets	8,460	76,633
Total Current Assets	3,469,837	3,102,073
NONCURRENT ASSETS		
Furniture, fixture and décor, net	18,277	11,041
Deferred rent charge	60,000	90,000
Total Assets	\$ 3,548,114	\$ 3,203,114
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 392,546	\$ 391,882
Deferred income	-	1,200
Total Current Liabilities	392,546	393,082
NONCURRENT LIABILITIES		
Deferred rent payable	103,672	130,388
Total Liabilities	496,218	523,470
NET ASSETS		
Without donor restrictions	3,025,891	2,661,544
With donor restrictions	26,005	18,100
Total Net Assets	3,051,896	2,679,644
Total Liabilities and Net Assets	\$ 3,548,114	\$ 3,203,114

See notes to financial statements

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

Statements of Activities
Year Ended December 31,

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions	\$ 250,706	\$ 21,252	\$ 271,958	\$ 239,158	\$ 10,399	\$ 249,557
Grants from Ronald McDonald House Charities	112,500	-	112,500	150,000	-	150,000
Other grants	29,059	-	29,059	38,536	-	38,536
In-kind contribution	188,534	-	188,534	267,322	-	267,322
Fundraising events, net direct donor benefit cost of \$237,974 and \$213,146	291,254	-	291,254	322,224	-	322,224
Room donations/fees	24,656	-	24,656	28,177	-	28,177
Other income	2,131	-	2,131	2,452	-	2,452
Net assets released from restrictions	13,347	(13,347)	-	13,726	(13,726)	-
Total Revenues and Other Support	912,187	7,905	920,092	1,061,595	(3,327)	1,058,268
EXPENSES						
Program services	654,369	-	654,369	620,479	-	620,479
General and administrative	125,111	-	125,111	125,442	-	125,442
Fundraising	136,409	-	136,409	149,056	-	149,056
Total Expenses	915,889	-	915,889	894,977	-	894,977
CHANGE IN NET ASSETS FROM OPERATIONS	(3,702)	7,905	4,203	166,618	(3,327)	163,291
INVESTMENT (LOSS) INCOME, NET	368,049	-	368,049	(158,688)	-	(158,688)
CHANGE IN NET ASSETS	364,347	7,905	372,252	7,930	(3,327)	4,603
Net Assets - Beginning of Year	2,661,544	18,100	2,679,644	2,653,614	21,427	2,675,041
NET ASSETS - END OF YEAR	\$ 3,025,891	\$ 26,005	\$ 3,051,896	\$ 2,661,544	\$ 18,100	\$ 2,679,644

See notes to financial statements

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

Statement of Functional Expenses
Year Ended December 31, 2019

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Direct Donor Benefits</u>	<u>Total Expense</u>
Salaries	\$ 247,379	\$ 58,352	\$ 91,843	\$ -	\$ 397,574
Payroll taxes	<u>17,939</u>	<u>3,900</u>	<u>6,693</u>	<u>-</u>	<u>28,532</u>
Total salaries and related expenses	265,318	62,252	98,536	-	426,106
Family support services and supplies	204,860	-	-	-	204,860
Rental expense	100,658	3,783	5,336	102,924	212,701
Auction items	-	-	-	98,189	98,189
Insurance	27,553	893	1,453	-	29,899
Professional fees	-	31,151	-	-	31,151
Computer expense	6,970	13,939	13,939	-	34,848
Housekeeping service	28,656	1,508	-	-	30,164
Office expense	5,399	5,464	5,464	12,785	29,112
Depreciation	3,938	128	207	-	4,273
Meetings, education and training	542	1,979	1,871	-	4,392
Travel, meals, and entertainment	-	2,553	2,553	1,553	6,659
Repairs and maintenance	3,916	127	206	-	4,249
Advertising	5,351	-	5,351	356	11,058
Postage	1,127	866	1,127	10,884	14,004
Other expense	<u>81</u>	<u>468</u>	<u>366</u>	<u>11,283</u>	<u>12,198</u>
	654,369	125,111	136,409	237,974	1,153,863
Direct donor benefit	<u>-</u>	<u>-</u>	<u>-</u>	<u>(237,974)</u>	<u>(237,974)</u>
Total Expenses	<u>\$ 654,369</u>	<u>\$ 125,111</u>	<u>\$ 136,409</u>	<u>\$ -</u>	<u>\$ 915,889</u>

See notes to financial statements

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

Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services	General and Administrative	Fundraising	Direct Donor Benefits	Total Expense
Salaries	\$ 202,244	\$ 64,096	\$ 101,623	\$ -	\$ 367,963
Payroll taxes	16,510	4,178	8,472	-	29,160
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	2,627	2,423	11,552	1,575	18,177
	620,479	125,442	149,056	213,146	1,108,123
Direct donor benefit	-	-	-	(213,146)	(213,146)
Total Expenses	\$ 620,479	\$ 125,442	\$ 149,056	\$ -	\$ 894,977

See notes to financial statements

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

Statements of Cash Flows
Year Ended December 31,

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 372,252	\$ 4,603
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	4,273	5,522
Net realized and unrealized loss (gain) on investments	(312,888)	196,747
Donated stock	(27,490)	-
Change in operating assets and liabilities		
Other receivables	(16,536)	(22,154)
Prepaid assets	(2,518)	(2,500)
Other assets	68,173	(48,844)
Accrued expenses	(536)	(9,447)
Deferred rent	<u>3,284</u>	<u>3,602</u>
 Net Cash From Operating Activities	 <u>88,014</u>	 <u>127,529</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(11,509)	(7,080)
Purchases of investments	(1,670,655)	(1,725,138)
Proceeds from sale of investments	<u>1,567,286</u>	<u>1,455,244</u>
 Net Cash From Investing Activities	 <u>(114,878)</u>	 <u>(276,974)</u>
 NET CHANGE IN CASH	 (26,864)	 (149,445)
Cash - Beginning of Year	<u>170,531</u>	<u>319,976</u>
 CASH - END OF YEAR	 <u>\$ 143,667</u>	 <u>\$ 170,531</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated family support supplies	\$ 188,534	\$ 267,322

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

Notes to Financial Statements
December 31, 2019 and 2018

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 and bridge access to quality health care, is a vital part of the health care continuum to strengthen families during difficult times. The Ronald McDonald House represents the core functions of 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, 2019 and 2018

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

Adoption of Contribution Pronouncement

In June 2018, the Financial Accounting Standards Board issued Accounting Standards Updated ("ASU") 2018-08, Not for-Profit Entities; "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" (Topic 958) ("ASU 2018-08"). ASU 2018-08 clarifies existing guidance in order to address diversity in practice in classifying grants (including governmental grants) and contracts received by not-for-profit entities and requires entities to evaluate whether the resource provider receives commensurate value. In addition, the standard clarifies the guidance on how entities determine when a contribution is conditional, including whether the agreement includes a barrier (or barriers) that must be overcome for the recipient to be entitled to the transferred assets and a right of return of the transferred assets (or a right of release of the promisor's obligation to transfer the assets). The standard should be applied on a modified prospective basis to agreements that are not completed as of the effective date and to agreements entered into after the effective date. Retrospective application is permitted.

The Organization adopted ASU 2018-08 in the financial statements for the year ended December 31, 2019 on a modified prospective basis without significant impact to its 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, 2019 and 2018, 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, 2019 and 2018

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, 2019 and 2018

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 ended December 31, 2019, the Organization recorded donated materials of \$239,751 and donated services of \$14,827; the Organization has allocated \$188,534 as program expense; \$36,390 as fundraising expense, and including net changed in unused donated material \$68,173 record as other assets. For the year ended December 31, 2018, the Organization recorded donated materials of \$253,808 and donated services of \$13,514; the Organization allocated \$201,959 as program expense; \$11,550 as fundraising expense, and including net changed in unused donated material \$46,344 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. Salaries and wages and employee benefits, are allocated on the basis of estimates of time and effort.

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

Notes to Financial Statements
December 31, 2019 and 2018

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, 2016.

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 20, 2020.

3. Liquidity and Availability of Financial Assets

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, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Cash	\$ 143,667	\$ 170,531
Accounts receivable, net	55,390	38,854
Investments	<u>3,257,302</u>	<u>2,813,555</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$3,456,359</u>	<u>\$ 3,022,940</u>

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

Notes to Financial Statements
December 31, 2019 and 2018

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:

	2019		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Certificates of deposit	\$ -	\$ 962,179	\$ 962,179
Common stock	1,005,801	-	1,005,801
Mutual funds	447,030	-	447,030
Exchange-traded and closed-end funds	677,971	-	677,971
Government bonds	-	102,390	102,390
Corporate bonds	-	61,931	61,931
	<u>\$ 2,130,802</u>	<u>\$ 1,126,500</u>	<u>\$ 3,257,302</u>
	2018		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
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>

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

Notes to Financial Statements
December 31, 2019 and 2018

4. Investments (continued)

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

	<u>2019</u>	<u>2018</u>
Dividends and interest	\$ 82,303	\$ 65,457
Realized gain	847	105,010
Unrealized (loss) gain	<u>312,041</u>	<u>(301,757)</u>
	395,191	(131,290)
Investment expenses	<u>(27,142)</u>	<u>(27,398)</u>
	<u>\$ 368,049</u>	<u>\$ (158,688)</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>2019</u>	<u>2018</u>
Donated furniture, fixtures and décor	\$ 550,838	\$ 539,329
Accumulated depreciation	<u>(532,561)</u>	<u>(528,288)</u>
	<u>\$ 18,277</u>	<u>\$ 11,041</u>

6. Net Assets With Donor Restrictions

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

	<u>2019</u>	<u>2018</u>
Food and beverages	\$ 9,696	\$ 11,643
Appliance acquisitions	<u>16,309</u>	<u>6,457</u>
	<u>\$ 26,005</u>	<u>\$ 18,100</u>

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

Notes to Financial Statements
December 31, 2019 and 2018

6. Net Assets With Donor Restrictions (continued)

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

	<u>2019</u>	<u>2018</u>
Food and beverages	\$ 3,948	\$ 6,119
Appliance acquisitions	<u>9,399</u>	<u>7,607</u>
	<u>\$ 13,347</u>	<u>\$ 13,726</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 2019 and 2018.

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:

2020	\$ 77,556
2021	78,716
2022	79,896
2023	81,092
2024	82,308
Thereafter	<u>550,604</u>
	<u>\$ 950,172</u>

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

Notes to Financial Statements
December 31, 2019 and 2018

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 2019 and 2018. As of December 31, 2019 and 2018, deferred rent totaled \$60,000 and \$90,000.

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 2019 and 2018.

11. Fund-raising Events

The Organization sponsors and participates in fundraising 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 fundraising events in 2019 and 2018 were as follows:

	2019							
	Golf Outing	Heart Campaign	Walkathon	Clay Shoot	Third Party Fundraising	Red Shoe Awards	Other	Total
Income	\$ 79,507	\$ 42	\$ 90,897	\$ 118,143	\$ 128,452	\$ 59,103	\$ 53,084	\$ 529,228
Direct donor benefit expense	52,646	2,675	12,803	67,132	33,424	41,568	27,726	237,974
Net Income	\$ 26,861	\$ (2,633)	\$ 78,094	\$ 51,011	\$ 95,028	\$ 17,535	\$ 25,358	\$ 291,254
	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	\$ 49,903	\$ 61,182	\$ 77,193	\$ 46,824	\$ 47,467	\$ 21,871	\$ 17,784	\$ 322,224

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

Notes to Financial Statements
December 31, 2019 and 2018

12. Commitments and Contingencies

Covid-19

The Organization's operations and financial performance may be affected by the recent coronavirus outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the Organization may experience an impact on support. It is not known how the outbreak will affect the Organization's business, financial conditions and results of operations on an interim basis.

The Organization has, however, taken several steps to strengthen its financial position and maintain financial liquidity and flexibility. In 2020, the Organization applied for and has received a \$66,414 Paycheck Protection Program loan ("PPP Loan") from the Small Business Administration through an Independent Bank. As of the date of these financial statements the PPP Loan has a maturity of five years, has an interest rate of 1.0% per annum, and a percentage of the principal amount outstanding may be forgiven if the Organization retains its current number of personnel and maintains the same working hours and pay rate for such personnel. To the extent the Organization reduces the number of employees or reduces their pay or working hours as compared to the baseline period chosen, the amount of the PPP Loan that is forgivable shall be reduced by the amount of such reduction in pay to employees. The Organization expects that all or most of the PPP Loan will be forgiven.

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