

Ryan House

Financial Statements
and
Independent Auditors' Report

Year Ended September 30, 2019
(with comparative totals for 2018)

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Independent Auditors' Report

To the Audit Committee and the Board of Directors of
Ryan House
Phoenix, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of Ryan House (a nonprofit Organization), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 Ryan House as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in the year ended September 30, 2019, Ryan House adopted new accounting guidance Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which requires various presentation changes to not-for-profit financial statements. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Ryan House's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 18, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fester & Chapman, PLLC

March 9, 2020

RYAN HOUSE
STATEMENT OF FINANCIAL POSITION
September 30, 2019
(with comparative financial information as of September 30, 2018)

	2019	2018
ASSETS		
Current assets:		
Cash	\$ 540,823	\$ 756,945
Pledges receivable, net	225,000	152,700
Investments	3,639,366	3,687,136
Prepaid expenses	37,446	18,198
Total current assets	4,442,635	4,614,979
Property and equipment, net	228,818	156,931
Pledges receivable, noncurrent portion	20,000	30,000
Total assets	\$ 4,691,453	\$ 4,801,910
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,959	\$ 32,251
Due to related party	341,740	427,489
Deferred revenue	1,000	8,010
Total current liabilities	353,699	467,750
Net assets:		
Without donor restrictions:		
Undesignated	4,008,676	3,592,274
Board designated	-	287,543
Total net assets without donor restrictions	4,008,676	3,879,817
With donor restrictions	329,078	454,343
Total net assets	4,337,754	4,334,160
Total liabilities and net assets	\$ 4,691,453	\$ 4,801,910

The accompanying notes are an integral part of these statements.

RYAN HOUSE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019
(with comparative financial information for the year ended September 30, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Totals	
Support and revenue:				
Contributions and grants	\$ 1,063,193	\$ 475,926	\$ 1,539,119	\$ 1,763,810
In-kind contributions	472,177	-	472,177	591,595
Government grants	219,676	-	219,676	40,000
Interest and dividends, net of fees	99,386	-	99,386	88,676
Net gain on investments	52,811	-	52,811	40,278
Net assets released from restrictions	<u>601,191</u>	<u>(601,191)</u>	<u>-</u>	<u>-</u>
	<u>2,508,434</u>	<u>(125,265)</u>	<u>2,383,169</u>	<u>2,524,359</u>
Special event revenue	518,009	-	518,009	533,485
Less: Costs of direct benefits to donors	<u>(34,473)</u>	<u>-</u>	<u>(34,473)</u>	<u>(71,627)</u>
Net revenues from special events	<u>483,536</u>	<u>-</u>	<u>483,536</u>	<u>461,858</u>
Total support and revenue	<u>2,991,970</u>	<u>(125,265)</u>	<u>2,866,705</u>	<u>2,986,217</u>
Expenses:				
Program services	2,200,081	-	2,200,081	2,334,364
Supporting services:				
Management and general	321,621	-	321,621	275,329
Fundraising	<u>341,409</u>	<u>-</u>	<u>341,409</u>	<u>447,667</u>
Total supporting services	<u>663,030</u>	<u>-</u>	<u>663,030</u>	<u>722,996</u>
Total expenses	<u>2,863,111</u>	<u>-</u>	<u>2,863,111</u>	<u>3,057,360</u>
Change in net assets	128,859	(125,265)	3,594	(71,143)
Net assets, beginning of year	<u>3,879,817</u>	<u>454,343</u>	<u>4,334,160</u>	<u>4,405,303</u>
Net assets, end of year	<u>\$ 4,008,676</u>	<u>\$ 329,078</u>	<u>\$ 4,337,754</u>	<u>\$ 4,334,160</u>

The accompanying notes are an integral part of these statements.

RYAN HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2019
(with comparative financial information for the year ended September 30, 2018)

	2019					2018
	Supporting Services			Total Supporting Services	Total	
	Program Services	Management and General	Fundraising			
Payroll and related	\$ 1,376,275	\$ 116,623	\$ 167,955	\$ 284,578	\$ 1,660,853	\$ 1,604,772
Office supplies and equipment	9,559	4,062	11,335	15,397	24,956	29,397
Technology	7,110	11,182	7,941	19,123	26,233	24,612
Board expenses	-	466	-	466	466	1,547
Insurance	10,475	3,529	569	4,098	14,573	12,633
Banking and credit card fees	-	1,283	13,542	14,825	14,825	18,486
Consulting and contract labor	39,000	56,775	45,725	102,500	141,500	160,071
Accounting fees	-	55,420	-	55,420	55,420	41,491
Legal fees	-	2,348	-	2,348	2,348	16,372
Child care and life enhancement program	50,358	-	-	-	50,358	16,845
Facility, utilities and maintenance	117,300	4,951	6,817	11,768	129,068	116,127
Hospice of the Valley - Facility in-kind	241,040	7,860	13,100	20,960	262,000	262,000
Hospice of the Valley - Support services	66,600	22,500	900	23,400	90,000	90,000
Hospice of the Valley - Support services in-kind	93,541	31,755	1,704	33,459	127,000	134,000
Events	101,636	-	31,996	31,996	133,632	149,030
Events in-kind	23,160	-	7,116	7,116	30,276	131,458
Marketing and collateral	1,159	854	6,379	7,233	8,392	43,362
Donor cultivation	-	-	562	562	562	2,038
Community relations	1,049	391	218	609	1,658	4,254
Contributions to non-profit organizations	175	5	175	180	355	100,075
Other in-kind	30,563	1,444	20,894	22,338	52,901	52,896
Bad debt expense	-	-	-	-	-	7,722
Depreciation	31,081	173	4,481	4,654	35,735	38,172
	<u>\$ 2,200,081</u>	<u>\$ 321,621</u>	<u>\$ 341,409</u>	<u>\$ 663,030</u>	<u>\$ 2,863,111</u>	<u>\$ 3,057,360</u>

The accompanying notes are an integral part of these statements.

RYAN HOUSE
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2019
(with comparative financial information for the year ended September 30, 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 3,594	\$ (71,143)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	35,735	38,172
Realized gains on investments	(46,709)	(89,463)
Unrealized (gain) loss on investments	(6,102)	49,185
(Increase) decrease in:		
Pledges receivable, net	(62,300)	274,798
Prepaid expenses	(19,248)	25,308
Increase (decrease) in:		
Accounts payable and accrued expenses	(21,292)	(12,717)
Due to related party	(85,749)	14,107
Deferred revenue	(7,010)	8,010
Net cash (used) provided by operating activities	(209,081)	236,257
Cash flows from investing activities:		
Purchases of investments	(1,357,424)	(771,161)
Proceeds from sales of investments	1,458,005	1,083,746
Purchases of property and equipment	(107,622)	(39,345)
Net cash (used) provided by investing activities	(7,041)	273,240
Change in cash	(216,122)	509,497
Cash, beginning of year	756,945	247,448
Cash, end of year	\$ 540,823	\$ 756,945

The accompanying notes are an integral part of these statements.

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

(with comparative financial information as of and for the year ended September 30, 2018)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ryan House (the Organization) is a nonprofit 501(c)(3) organization incorporated in Arizona. The Organization's mission is to provide essential care in a home-like setting where families of children with life-limiting conditions come for respite and, as needed, end-of-life care. All services at Ryan House are guided by the principles of palliative care. This philosophy of comfort care addresses not only physical pain but also the emotional, spiritual and social needs of the child and family. This enlightened approach to care is of critical importance, beginning at diagnosis and continuing throughout the entire course of a child's life and beyond. The Organization is primarily supported by public contributions from individuals, corporations, foundations, and community organizations.

Ryan House operates the freestanding palliative care home facility to provide respite and pediatric hospice support and comfort care for children with life-limiting conditions and their families. The Organization serves as a source of comfort, ease, quiet, strength and courage. The facility is designed to be fully accessible, providing for all types of mobility and ability without the use of ramps and lifts. The Organization, in partnership with Hospice of the Valley (see Note 9), employs a team of nurses, therapists, and other highly skilled professional caregivers, led by medical doctors and professional health care providers. Each child is provided with a specialized program of care designed by his or her personal physician and parents.

Ryan House operates exclusively on fundraised revenue and in-kind support from Hospice of the Valley and other donors, and a small governmental contract. Ryan House does not charge families for services provided. Ryan House has made significant investments in building its fundraising capacity in order to sustain revenue and operations long-term. The Board of Directors is committed to this fundraising strategy that diversifies Ryan House's donor base and allows for programmatic improvements and growth over time.

The significant accounting policies of the Organization follow:

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 (GAAP). Under this method of accounting, revenue and expenses are identified with specific periods of time and are recorded as earned and incurred, respectively, without regard to the date of receipt or payment.

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

(with comparative financial information as of and for the year ended September 30, 2018)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
Continued

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*, requiring the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates: In preparing financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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: The Organization may at times maintain cash at financial institutions in excess of the maximum amount insured by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Pledges Receivable: Pledges receivable are stated at net present value of expected cash flows, less an allowance for doubtful accounts, as deemed necessary, and are recognized as contribution revenue in the year the unconditional promise to give is made. The Organization provides for losses on receivables using the allowance method. The allowance is based on experience, knowledge of the donor or grantor, the industry and other circumstances which may affect the ability of donors or grantors to meet their obligations. It is the Organization's policy to charge off uncollectible pledges receivable when management determines the receivable will not be collected. The Organization deems pledges to be fully collectible at September 30, 2019 and 2018, and accordingly, no allowance for doubtful accounts has been recorded.

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

(with comparative financial information as of and for the year ended September 30, 2018)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
Continued

Grants Receivable: The Organization recognizes grant revenue when eligible costs are incurred or the required services are performed. Grants receivable are recorded when grants and contract expenses are incurred or contract services have been provided, but reimbursement has not been received by the Organization.

Investments: The Organization holds certain operational funds in investments with readily determinable fair values. Investments in certificates of deposit, equity securities, and mutual funds are recorded at their estimated fair value based on quoted market prices in the Statement of Financial Position. See Note 4 regarding the fair value measurements of investments. The Organization holds certain cash and cash equivalents as part of its investment portfolio. Unrealized gains and losses are included in the change in net assets in the Statement of Activities.

Property and Equipment: Property and equipment are stated at cost, or at their estimated fair value at the date of donation. Property and equipment costing \$1,000 or more is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	7 years
Computers and technology	5 years
Website	3 years
Leasehold improvements	Lesser of the estimated useful life or remaining lease term

Property and equipment also includes the rights to a book, which the Organization sells to promote its mission. The book is stated at the cost of amounts paid to professional writers to develop it, and as the estimated useful life of the book is not determinable, the cost is not being amortized.

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

(with comparative financial information as of and for the year ended September 30, 2018)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
Continued

In-kind Contributions/Expenses: Use of donated facilities, goods and services are recorded at their estimated fair value at the date of donation. Donated services are recognized in the financial statements at their estimated fair value if the following criteria are met:

- i) The services require specialized skills and the services are provided by individuals possessing those skills, and the services would typically need to be purchased if not donated, or
- ii) The services enhance or create an asset.

The Organization also received numerous hours of donated services by volunteers committed to the Organization's mission. The fair value of these services is not recognized in the accompanying financial statements since they do not meet the criteria for recognition under GAAP.

Income Taxes: The Organization is exempt from federal and state income taxes as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

Contributions: Contributions are reported in accordance with the FASB ASC subtopic of *Revenue Recognition for Not-for-Profit Entities*. Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a donor 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 and reported in the Statement of Activities as net assets released from restrictions.

Expense Allocation: The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities, and allocated among the programs and supporting services benefited in the Statement of Functional Expenses.

Organization Personnel: The Organization's personnel are employees of Hospice of the Valley and are subject to all rules and regulations of Hospice of the Valley. In addition, Hospice of the Valley provides all payroll administration and human resource functions for these employees. The Organization reimburses Hospice of the Valley for personnel costs associated with employees of the Organization.

Reclassifications: Certain amounts in the 2018 financial statements have been reclassified to conform to the presentation of the 2019 financial statements.

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

(with comparative financial information as of and for the year ended September 30, 2018)

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
Continued

Prior Year Summarized Information: The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2018, from which the summarized information was derived.

Change in Accounting Principle: On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment returns. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 2).

Subsequent Events: Subsequent events have been evaluated through March 9, 2020, which was the date the Organization's financial statements were issued. Management has concluded that no events have occurred since the year ended September 30, 2019 that would require an adjustment to, or disclosure in, the financial statements.

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

(with comparative financial information as of and for the year ended September 30, 2018)

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of each fiscal year end to fund expenses without limitations:

	2019	2018
Total financial assets included in current assets:		
Cash	\$ 540,823	\$ 756,945
Pledges receivable, net	225,000	152,700
Investments	3,639,366	3,687,136
Total financial assets included in current assets	4,405,189	4,596,781
Less amounts unavailable for general expenditure within one year:		
Board-designated operating reserves	-	287,543
Net assets with donor restrictions	329,078	454,343
Total financial assets available to meet cash needs for general expenditures within one year	\$ 4,076,111	\$ 3,854,895

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting contributions, grants, and other revenues, and by utilizing donor-restricted resources from current and prior years gifts.

As part of the liquidity management plan, the Organization may invest cash in excess of daily requirements in short-term investments, certificates of deposit, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$0 and \$287,543 at September 30, 2019 and 2018, respectively.

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

(with comparative financial information as of and for the year ended September 30, 2018)

NOTE 3 - PLEDGES RECEIVABLE, NET

Unconditional promises to give are recorded as pledges receivable and revenue is recognized when the promise is made by the donor. The Organization's pledges receivable are due as follows at September 30:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 225,000	\$ 152,070
Receivable in one to five years	<u>20,000</u>	<u>30,000</u>
	<u>\$ 245,000</u>	<u>\$ 182,070</u>

At September 30, 2019, 82% of the Organization's pledges were due from two donors and at September 30, 2018, 90% of the Organization's pledges were due from two donors.

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair value measurements are determined based on assumptions that market participants would use in pricing assets and liabilities. GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions and the Organization's own assumptions about market participant assumptions. Observable inputs are assumptions based on market data obtained from independent sources; while unobservable inputs are the Organization's own assumptions about what market participants would assume based on the best information available in the circumstance.

Level 1 inputs – A quoted price in an active market for an identical asset or liability is considered to be the most reliable evidence of fair value.

Level 2 inputs – These are observable inputs, either directly or indirectly, other than quoted prices included within Level 1.

Level 3 inputs – These inputs are unobservable and are used to measure fair value only when observable inputs are not available. The Organization does not currently have any investments valued based on Level 3 inputs.

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

(with comparative financial information as of and for the year ended September 30, 2018)

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - Continued

The Organization's investments and their fair value hierarchy consisted of the following at September 30:

	<u>2019</u>	<u>2018</u>
Level 1 inputs:		
Cash equivalents	\$ 253,213	\$ 11,570
Fixed Income:		
Corporate bonds	463,550	309,873
Municipal bonds	1,327,811	1,568,143
Mutual funds:		
Domestic core equities	691,186	683,742
Emerging market core equities	108,413	110,344
Domestic real estate equities	171,611	141,080
Global moderate allocation equities	-	287,543
International core equities	<u>424,782</u>	<u>449,836</u>
Total Level 1 inputs	<u>3,440,566</u>	<u>3,562,131</u>
Level 2 inputs:		
Certificates of deposit	<u>198,800</u>	<u>125,005</u>
Total Level 2 inputs	<u>198,800</u>	<u>125,005</u>
Total investments	<u>\$ 3,639,366</u>	<u>\$ 3,687,136</u>

The Organization's investments are covered in limited amounts by Securities Investor Protection Corporation (SIPC). The Organization has not experienced material losses in such accounts and management believes it is not exposed to significant credit risks. Although management is not aware of any factors that would significantly affect the estimated fair value amounts of the Organization's investments, current estimates of fair value may differ significantly from the amounts presented in these financial statements.

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

(with comparative financial information as of and for the year ended September 30, 2018)

NOTE 5 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at September 30:

	<u>2019</u>	<u>2018</u>
Furniture and fixtures	\$ 531,153	\$ 449,525
Computers and technology	96,491	78,142
Website	53,157	53,157
Book	34,203	34,203
Leasehold improvements	<u>132,139</u>	<u>124,494</u>
	847,143	739,521
Accumulated depreciation	<u>(618,325)</u>	<u>(582,590)</u>
	<u>\$ 228,818</u>	<u>\$ 156,931</u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at September 30:

	<u>2019</u>	<u>2018</u>
Time restricted	\$ 245,000	\$ 182,700
Treasured Memories project	2,700	1,815
Story of Me Room	11,321	40,030
Food for house	8,243	2,298
Storage unit	-	100,000
Living room remodel	-	100,000
Aquatics program	36,814	27,500
Craft room	<u>25,000</u>	<u>-</u>
	<u>\$ 329,078</u>	<u>\$ 454,343</u>

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

(with comparative financial information as of and for the year ended September 30, 2018)

NOTE 7 - RELEASED FROM RESTRICTIONS

Net assets were released from time and purpose restrictions as follows for the years ended September 30:

	<u>2019</u>	<u>2018</u>
Electronic medical records (EMR) & outreach	-	\$ 130,000
Treasured Memories project	\$ 25,114	59,406
Story of Me Room	28,709	18,875
Food for house	5,055	3,702
Storage Unit	100,000	-
Living room remodel	100,000	-
Aquatics program	44,362	-
Release of time restrictions	<u>297,950</u>	<u>347,646</u>
Total temporarily restricted net assets released from restrictions	<u>\$ 601,191</u>	<u>\$ 559,629</u>

NOTE 8 - IN-KIND CONTRIBUTIONS

The Organization receives donated goods and services from various sources. In-kind contributions consisted of the following for the years ended September 30:

	<u>2019</u>	<u>2018</u>
Facility - Hospice of the Valley	\$ 262,000	\$ 262,000
General support - Hospice of the Valley	127,000	134,000
Professional services	45,125	41,585
Event related	30,276	131,458
Other	7,776	22,552
	<u>\$ 472,177</u>	<u>\$ 591,595</u>

NOTE 9 - RELATED PARTY

As discussed in Note 1, Hospice of the Valley (HOV) administers the human resource and payroll functions of the Organization, providing clinical care oversight of respite, palliative, and hospice services. HOV invoices the Organization for these costs, as well as for a portion of the costs relating to the shared facility and equipment. HOV donates the value of unbilled facilities costs as in-kind contributions.

During the years ended September 30, 2019 and 2018, the Organization incurred expenses payable to HOV of \$2,101,024 and \$1,867,848, respectively. At September 30, 2019 and 2018, the Organization had accounts payable and accrued expenses due to HOV of \$341,740 and \$427,489, respectively.