

Ryan House

Financial Statements
and
Independent Auditors' Report

Year Ended September 30, 2023
(with comparative totals for 2022)

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Ryan House (a nonprofit organization, the Organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Ryan House's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 21, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fester & Chapman, PLLC

February 27, 2024

RYAN HOUSE
STATEMENT OF FINANCIAL POSITION
September 30, 2023
(with comparative financial information as of September 30, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash	\$ 565,970	\$ 818,122
Contributions receivable	225,000	230,000
Investments	4,508,825	4,200,214
Prepaid expenses	<u>62,054</u>	<u>49,406</u>
Total current assets	5,361,849	5,297,742
Property and equipment, net	<u>371,243</u>	<u>223,032</u>
Total assets	<u>\$ 5,733,092</u>	<u>\$ 5,520,774</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 32,470	\$ 18,948
Due to related party	<u>505,301</u>	<u>425,270</u>
Total current liabilities	537,771	444,218
Net assets:		
Without donor restrictions	4,918,292	4,764,770
With donor restrictions	<u>277,029</u>	<u>311,786</u>
Total net assets	<u>5,195,321</u>	<u>5,076,556</u>
Total liabilities and net assets	<u>\$ 5,733,092</u>	<u>\$ 5,520,774</u>

The accompanying notes are an integral part of these statements.

RYAN HOUSE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023
(with comparative financial information for the year ended September 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Totals	
Support and revenue:				
Contributions and grants	\$ 1,458,790	\$ 358,243	\$ 1,817,033	\$ 1,731,950
In-kind contributions	613,217	-	613,217	480,966
Government grants	403,368	-	403,368	744,975
Interest and dividends, net of fees	173,678	-	173,678	140,858
Net gain (loss) on investments	168,654	-	168,654	(1,044,799)
Net assets released from restrictions	<u>393,000</u>	<u>(393,000)</u>	<u>-</u>	<u>-</u>
	<u>3,210,707</u>	<u>(34,757)</u>	<u>3,175,950</u>	<u>2,053,950</u>
Special event revenue	459,117	-	459,117	519,187
Less: Costs of direct benefits to donors	<u>(56,869)</u>	<u>-</u>	<u>(56,869)</u>	<u>(56,043)</u>
Net revenues from special events	<u>402,248</u>	<u>-</u>	<u>402,248</u>	<u>463,144</u>
Total support and revenue	<u>3,612,955</u>	<u>(34,757)</u>	<u>3,578,198</u>	<u>2,517,094</u>
Expenses:				
Program services	2,715,534		2,715,534	2,419,669
Supporting services:				
Management and general	261,483		261,483	232,901
Fundraising	<u>482,416</u>		<u>482,416</u>	<u>491,389</u>
Total supporting services	<u>743,899</u>		<u>743,899</u>	<u>724,290</u>
Total expenses	<u>3,459,433</u>		<u>3,459,433</u>	<u>3,143,959</u>
Change in net assets	153,522	(34,757)	118,765	(626,865)
Net assets, beginning of year	<u>4,764,770</u>	<u>311,786</u>	<u>5,076,556</u>	<u>5,703,421</u>
Net assets, end of year	<u>\$ 4,918,292</u>	<u>\$ 277,029</u>	<u>\$ 5,195,321</u>	<u>\$ 5,076,556</u>

The accompanying notes are an integral part of these statements.

RYAN HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2023
(with comparative financial information for the year ended September 30, 2022)

	2023					2022
	Supporting Services			Total Supporting Services	Total	
	Program Services	Management & General	Fundraising			
Payroll and related	\$ 1,664,571	\$ 117,069	\$ 215,725	\$ 332,794	\$ 1,997,365	\$ 1,859,229
Office supplies and equipment	10,036	4,379	6,936	11,315	21,351	22,727
Technology	26,758	4,118	40,571	44,689	71,447	35,255
Board expenses	-	1,721	-	1,721	1,721	4,208
Insurance	10,924	7,621	594	8,215	19,139	18,355
Banking and credit card fees	-	4,232	18,043	22,275	22,275	19,412
Consulting and contract labor	43,972	6,913	110,961	117,874	161,846	156,664
Accounting fees	-	52,725	-	52,725	52,725	49,625
Child life and life enhancement program	36,358	-	-	-	36,358	36,908
Facility, utilities and maintenance	137,006	4,086	6,861	10,947	147,953	132,813
Hospice of the Valley - Facility in-kind	274,160	8,940	14,900	23,840	298,000	262,000
Hospice of the Valley - Support services	71,100	16,200	2,700	18,900	90,000	90,000
Hospice of the Valley - Support services in-kind	232,675	32,866	4,459	37,325	270,000	147,000
Events	112,195	-	38,609	38,609	150,804	143,360
Events in-kind	31,059	-	6,046	6,046	37,105	57,575
Marketing and collateral	2,703	86	13,989	14,075	16,778	52,527
Other expenses	1,544	400	1,126	1,526	3,070	1,419
Other in-kind	7,427	-	685	685	8,112	14,391
Depreciation	53,046	127	211	338	53,384	40,491
	<u>\$ 2,715,534</u>	<u>\$ 261,483</u>	<u>\$ 482,416</u>	<u>\$ 743,899</u>	<u>\$ 3,459,433</u>	<u>\$ 3,143,959</u>

The accompanying notes are an integral part of these statements.

RYAN HOUSE
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2023
(with comparative financial information for the year ended September 30, 2022)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 118,765	\$ (626,865)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	53,384	40,491
Net (gains) losses on investments	(168,654)	1,044,799
Changes in:		
Contributions receivable	5,000	605,000
Prepaid expenses	(12,648)	(24,619)
Accounts payable and accrued expenses	13,522	4,794
Due to related party	80,031	87,397
Net cash provided by operating activities	89,400	1,130,997
 Cash flows from investing activities:		
Purchases of investments	(874,228)	(2,177,588)
Proceeds from sales of investments	734,271	1,412,001
Purchases of property and equipment	(201,595)	(43,962)
Net cash used by investing activities	(341,552)	(809,549)
 Change in cash	(252,152)	321,448
 Cash, beginning of year	818,122	496,674
 Cash, end of year	\$ 565,970	\$ 818,122
 <u>Supplemental disclosure of cash flow information:</u>		
Cash paid during the period for interest	\$ -	\$ -

The accompanying notes are an integral part of these statements.

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

(with comparative financial information as of and for the year ended September 30, 2022)

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. 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, 2023

(with comparative financial information as of and for the year ended September 30, 2022)

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.

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.

Contributions Receivable: Contributions 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 contributions receivable when management determines the receivable will not be collected. The Organization deems receivables to be fully collectible at September 30, 2023 and 2022, and accordingly, no allowance for doubtful accounts has been recorded.

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

(with comparative financial information as of and for the year ended September 30, 2022)

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

Investments: The Organization holds certain operational funds in investments with readily determinable fair values. Investments 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.

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.

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

(with comparative financial information as of and for the year ended September 30, 2022)

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

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 Statement of Functional Expenses reports certain categories of expenses that are attributable to program and 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, facility, utilities and maintenance, facility in-kind, and insurance, which are allocated on a square footage basis; payroll and related, support services, support services in-kind, office supplies and equipment, technology, marketing and collateral, and other in-kind are allocated on the basis of estimates of time and effort.

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.

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, 2022, from which the summarized information was derived.

Subsequent Events: Subsequent events have been evaluated through February 27, 2024, 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, 2023 that would require an adjustment to, or disclosure in, the financial statements.

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

(with comparative financial information as of and for the year ended September 30, 2022)

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:

	2023	2022
Total financial assets included in current assets:		
Cash	\$ 565,970	\$ 818,122
Contributions receivable	225,000	230,000
Investments	4,508,825	4,200,214
Total financial assets included in current assets	5,299,795	5,248,336
Less amounts unavailable for general expenditure within one year:		
Net assets with donor restrictions	277,029	311,786
Total financial assets available to meet cash needs for general expenditures within one year	\$ 5,022,766	\$ 4,936,550

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.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are recorded as contributions receivable and revenue is recognized when the promise is made by the donor. The Organization's contributions receivable were due within one year at September 30, 2023 and 2022.

At September 30, 2023 and 2022, 100% and 98%, respectively, of the Organization's contributions receivable were due from two donors.

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

(with comparative financial information as of and for the year ended September 30, 2022)

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 inputs are significant unobservable inputs for the asset or liability. At September 30, 2023 and 2022 the Organization did not have any financial instruments it valued based on level 3 inputs.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2023.

Exchange traded funds/mutual funds: Valued at the net asset value (NAV) of shares on the last trading day of the fiscal year, which is the basis for transactions at that date.

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

(with comparative financial information as of and for the year ended September 30, 2022)

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - Continued

	2023	2022
Cash equivalents	\$ 79,422	\$ 45,636
Level 1 inputs:		
Fixed Income:		
Exchange Traded Fund - Domestic Core Tax	594,239	483,049
Mutual Funds - Bank Loans	116,230	142,117
Mutual Funds - Domestic Core Taxable	1,088,342	1,037,842
Mutual Funds - Foreign Bond	110,784	120,588
Mutual funds:		
Exchange Traded Fund - Large Cap Equity	193,081	195,263
Exchange Traded Fund - Mid Cap Equity	371,970	312,030
Mutual Funds - Emerging Market Equity	180,296	170,364
Mutual Funds - International Equity	403,139	309,107
Mutual Funds - Large Cap Equity	910,306	908,453
Mutual Funds - Small Cap Equity	274,998	241,050
Total Level 1 inputs	4,243,385	3,919,863
Level 2 inputs:		
Alternatives	186,018	234,715
Total investments	\$ 4,508,825	\$ 4,200,214

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, 2023

(with comparative financial information as of and for the year ended September 30, 2022)

NOTE 5 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at September 30:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 665,588	\$ 637,276
Computers and technology	96,491	96,491
Website	61,907	53,157
Book	34,203	34,203
Leasehold improvements	<u>305,316</u>	<u>140,783</u>
	1,163,505	961,910
Accumulated depreciation	<u>(792,262)</u>	<u>(738,878)</u>
	<u>\$ 371,243</u>	<u>\$ 223,032</u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Time restricted	\$ 225,000	\$ 230,000
Story of Me Room	4,702	5,612
Medical equipment	7,534	7,534
Food for house	15,593	17,671
Teen Suites	11,539	12,000
Family Suites	6,678	6,678
Memorabilia	783	1,017
Playground	-	25,000
North door improvements	5,200	5,200
Board events	-	1,074
	<u>\$ 277,029</u>	<u>\$ 311,786</u>

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

(with comparative financial information as of and for the year ended September 30, 2022)

NOTE 7 - RELEASED FROM RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Release of time restrictions	230,000	835,000
Story of Me Room	909	2,245
Medical equipment	11,993	-
Food for house	5,078	1,928
Teen Suites	461	-
Family Suites	-	28,279
Memorabilia	235	430
Playground	80,000	-
Board events	1,074	4,208
Treasured Memories project	25,000	25,000
PPE/masks	-	9,000
Fountain	<u>38,250</u>	<u>-</u>
Total net assets with donor restrictions released from restrictions	<u><u>393,000</u></u>	<u><u>906,090</u></u>

NOTE 8 - IN-KIND CONTRIBUTIONS

The Organization records various types of in-kind support, including rent, supplies and professional services. Contributed in-kind support is recognized in accordance with accounting principles generally accepted in the United States of America. This requires recognition of certain services received if those services (a) create or enhance long-lived assets or (b) required specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donated facility, general support and professional services are valued based on amounts estimated by donors that would otherwise be paid at fair market value. Event related and other in-kind contributions include donated advertising, items for silent auctions, and supplies, and are valued based on estimated retail pricing.

RYAN HOUSE
NOTES TO FINANCIAL STATEMENTS
September 30, 2023

(with comparative financial information as of and for the year ended September 30, 2022)

NOTE 8 - IN-KIND CONTRIBUTIONS - Continued

In-kind donations consisted of the following for the years ended September 30:

	2023	2022
Facility - Hospice of the Valley	\$ 298,000	\$ 262,000
General support - Hospice of the Valley	270,000	147,000
Professional services	685	8,974
Event related	37,105	57,575
Other	7,427	5,417
	\$ 613,217	\$ 480,966

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, 2023 and 2022, the Organization incurred expenses payable to HOV of \$2,517,497 and \$2,222,583, respectively. At September 30, 2023 and 2022, the Organization had accounts payable and accrued expenses due to HOV of \$505,301 and \$425,270, respectively.

NOTE 10 - LINE-OF-CREDIT

The Organization has a line-of-credit with a bank for \$2,000,000 as of September 30, 2023. The line-of-credit matures on September 2, 2024, with a variable interest rate based on the Prime Rate (6.25% at September 30, 2023). The line is secured by the money market account held by the Organization. There was no balance due on the line-of-credit at September 30, 2023 and 2022, respectively.