
FRAMELINE, INC.

FINANCIAL STATEMENTS

December 31, 2017

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

FRAMELINE, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Frameline, Inc.
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Frameline, Inc., which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, cash flows and functional expenses 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Frameline, Inc. as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Frameline, Inc.'s December 31, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 19, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Croody & Lameda CPAs LLP

Oakland, California

July 9, 2018

FRAMELINE, INC.

Statement of Financial Position

December 31, 2017

(With Comparative Totals as of December 31, 2016)

	2017	2016
Assets		
Current Assets		
Cash	\$ 86,103	\$ 91,427
Accounts receivable, net of \$9,000 allowance for doubtful accounts - current portion	96,904	134,743
Inventory	373	657
Prepaid expenses	25,702	19,171
Total Current Assets	209,082	245,998
Accounts receivable	73,995	71,939
Property and equipment, net (Note 4)	36,720	4,731
Investment (Note 3)	144,786	160,171
Loan receivable (Note 3)	259,250	259,250
Total Assets	\$ 723,833	\$ 742,089
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 58,259	\$ 61,254
Vacation accrual	14,836	20,864
Line of credit (Note 5)	34,928	54,509
Capital lease obligation - current (Note 7)	1,984	-
Grants payable	25,000	25,000
Deferred revenue	69,008	53,897
Program related investment loan payable (Note 6)	-	10,000
Total Current Liabilities	204,015	225,524
Capital lease obligation (Note 7)	1,350	-
Total Liabilities	205,365	225,524
Commitments and Contingencies (Notes 8 and 9)		
Net Assets		
Unrestricted	470,468	456,565
Temporarily restricted (Note 10)	48,000	60,000
Total Net Assets	518,468	516,565
Total Liabilities and Net Assets	\$ 723,833	\$ 742,089

See Notes to the Financial Statements

FRAMELINE, INC.

**Statement of Activities
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

	Unrestricted	Temporarily Restricted	Total	
			2017	2016
Support and Revenue				
Foundation and community grants	\$ 206,840	\$	\$ 206,840	\$ 199,000
Government grants	94,374		94,374	84,045
Contributions	85,278	28,000	113,278	189,922
In-kind contributions (Note 11)	457,550		457,550	382,691
Memberships (Note 12)	498,264		498,264	500,250
Sponsorships (Note 13)	460,896		460,896	432,555
Ticket sales	352,764		352,764	304,845
Entry fees	16,339		16,339	15,303
Distribution revenue, gross	96,174		96,174	84,262
Miscellaneous	5,957		5,957	3,584
Net assets released from donor restrictions (Note 10)	40,000	(40,000)	-	-
Total Support and Revenue	2,314,436	(12,000)	2,302,436	2,196,457
Expenses				
Program	1,786,035		1,786,035	1,718,079
Management and general	228,379		228,379	207,254
Fundraising	280,724		280,724	251,050
Total Expenses	2,295,138	-	2,295,138	2,176,383
Change in Net Assets, before investment activities	19,298	(12,000)	7,298	20,074
Investment activities				
Forgiven loan (Note 6)	10,000		10,000	15,000
Loss on investment in LLC	(15,395)		(15,395)	(14,122)
Change in Net Assets, after investment activities	13,903	(12,000)	1,903	20,952
Net Assets, beginning of year as previously stated	558,249	113,897	672,146	651,194
Prior period adjustment (Note 14)	(101,684)	(53,897)	(155,581)	-
Net Assets, beginning of year as restated	456,565	60,000	516,565	651,194
Net Assets, end of year	\$ 470,468	\$ 48,000	\$ 518,468	\$ 672,146

See Notes to the Financial Statements

FRAMELINE, INC.

**Statement of Functional Expenses
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

	Program			Total Program	Management and General	Fundraising	Total	
	Festival/ Exhibition	Distribution/ Education	Filmmaker Support				2017	2016
Salaries	\$ 359,964	\$ 146,412	\$ 38,231	\$ 544,607	\$ 47,580	\$ 173,655	\$ 765,842	\$ 712,228
Employee benefits	24,236	9,224	2,409	35,869	2,998	10,940	49,807	62,171
Payroll taxes	37,598	11,201	2,925	51,724	3,640	13,285	68,649	64,453
Total Personnel	421,798	166,837	43,565	632,200	54,218	197,880	884,298	838,852
Grants			36,817	36,817	-	-	36,817	56,350
Legal fees				-	5,300	-	5,300	-
Accounting fees				-	43,622	-	43,622	45,056
Other professional services	230,982	17,440	240	248,662	555	1,430	250,647	194,354
Advertising and promotion				-	84,243	-	84,243	67,677
Supplies and office expenses	32,099	7,613		39,712	1,421	13,011	54,144	40,091
Equipment rental and maintenance	9,931	977	195	11,103	480	635	12,218	22,622
Copy and printing	43,467	697	200	44,364	113	9,621	54,098	73,077
Information technology	90,439	10,786	5,338	106,563	3,744	9,748	120,055	101,583
Royalties	29,962	42,513		72,475	-	-	72,475	45,619
Occupancy	199,598	16,981	3,396	219,975	6,793	14,038	240,806	261,562
Travel and meals	102,760	6,834	397	109,991	5,454	5,116	120,561	102,726
Event production	194,635	284		194,919	177	21,056	216,152	230,657
Interest	621	266	45	932	4,253	146	5,331	3,411
Depreciation	5,224	1,471	10	6,705	19	31	6,755	1,550
Insurance	10,260	3,766	746	14,772	3,332	2,425	20,529	13,825
Dues, licenses, and service fees	24,006	7,674		31,680	7,961	3,947	43,588	28,988
Film rental and lab cost	624	2,505		3,129	-	275	3,404	29,202
Catalog distribution				-	-	-	-	3,800
Bad debt expense				-	6,694	814	7,508	4,230
Miscellaneous	11,940	80	16	12,036	-	551	12,587	11,151
Total Expenses	<u>\$ 1,408,346</u>	<u>\$ 286,724</u>	<u>\$ 90,965</u>	<u>\$ 1,786,035</u>	<u>\$ 228,379</u>	<u>\$ 280,724</u>	<u>\$ 2,295,138</u>	<u>\$ 2,176,383</u>

See Notes to the Financial Statements

FRAMELINE, INC.

**Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

NOTE 1: NATURE OF ACTIVITIES

The mission of Frameline, Inc. (the Organization) is to change the world through the power of queer cinema. As a media arts nonprofit with 1,800 (nonvoting) members, the Organization's programs connect filmmakers and audiences in the Bay Area and around the world. Founded in 1977, the *San Francisco International LGBTQ Film Festival* is the longest-running, largest, and most widely-recognized LGBTQ film exhibition event in the world exhibiting over 140 films in San Francisco, Oakland, and Berkeley to over 60,000 attendees (inclusive of multi-use admissions). Established in 1981, *Frameline Distribution* is the only nonprofit distributor solely catering to LGBTQ film. In 2008, the Organization launched *Youth in Motion*, a program providing free LGBTQ-themed films and curriculum resources to Gay-Straight Alliances nationwide. In 2011, the Organization launched *Frameline Voices*, an online showcase of diverse LGBTQ stores with an emphasis on films by and about people of color, transgender people, youth, and elders. Since 1990, more than 140 films and videos have been completed with assistance from the *Frameline Completion Fund*. The Organization also presents year-round film exhibitions, including *Frameline Encore*, a free film series in San Francisco and Oakland highlighting diverse, socially relevant works.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, other asset enhancements and diminishments subject to the same kinds of stipulations or reclassifications from or to other classes of net assets as a consequence of donor-imposed stipulations. There were no permanently restricted net assets as of December 31, 2017.

FRAMELINE, INC.

**Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted support and revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Accounts Receivable

The Organization records accounts receivable net of allowance for doubtful accounts. If amounts become uncollectible, they are charged to the allowance in the period in which that determination is made.

Loan Receivable

Loans receivable are recorded at the amortized amount due. Interest income on the notes receivable is recorded when payments on the notes are received. There are no related fees associated with the loan receivable. Based on management's assessment of the loan receivable there was no allowance for potentially uncollectible amounts as of December 31, 2017.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2017 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only 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.

FRAMELINE, INC.

**Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on December 31, 2017.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Inventory

The Organization reports inventory at the lower of cost or fair market value, computed on the first-in, first-out basis.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Personal computers	3 years
Furniture and equipment	5 years
Website	5 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

FRAMELINE, INC.

**Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Deferred Revenue

The Organization recognizes the exchange portion of membership revenue on a straight-line basis over the term of the membership. The unearned portion of membership proceeds is included in deferred revenue as of December 31, 2017.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 December 31, 2016, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of July 9, 2018 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: INVESTMENT AND LOAN RECEIVABLE

In 2001, the Organization and three other organizations formed Ninth Street Media Consortium, Inc., (the Consortium), a tax-exempt corporation. The Board of Directors of the Consortium consists of representatives from each of these organizations and the Consortium's exempt purpose is the support of these organizations.

The Consortium and individuals were members of 145 Ninth Street LLC (the LLC), a California limited liability company. In March 2001, the LLC purchased land and a building located in San Francisco, California. In 2005, the Consortium obtained 100% ownership of the LLC and donated its interest to the member organizations. Frameline, Inc.'s interest in the LLC constitutes 25% of the total, and thus records the investment based on the equity method. In 2009, one of the member organizations closed and the Consortium assumed ownership of the 25% ownership portion it had donated to that organization.

FRAMELINE, INC.

**Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

The Consortium leases the building from the LLC and subleases it to its member organizations and other non-equity tenants. The Organization has raised additional funds for the reduction of the LLC's mortgage. These funds were structured as a loan to the LLC to be repaid upon the sale of the building. As of December 31, 2017 and 2016, the loan receivable balance totaled \$259,250. In exchange, the Organization receives reductions in its rent payments equivalent to the LLC's reduction in mortgage payments which it presents net of occupancy expense. During the year ended December 31, 2017, these reductions totaled \$17,288.

As of December 31, 2017 and 2016, the Organization's investment in the LLC totaled \$144,786 and \$160,171, respectively.

In addition, the Organization is a guarantor on the LLC's mortgage as described in Note 8 below.

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Property and equipment	\$ 111,412	\$ 83,571
Less accumulated depreciation	<u>(74,692)</u>	<u>(78,840)</u>
Total	<u>\$ 36,720</u>	<u>\$ 4,731</u>

NOTE 5: LINE OF CREDIT

The Organization has an unsecured line of credit with a bank for a total of \$125,000 to be drawn down upon as needed, with an interest rate at 6.75%. As of December 31, 2017 and 2016, there was an outstanding balance of \$34,928 and \$54,509, respectively.

NOTE 6: PROGRAM RELATED INVESTMENT LOAN PAYABLE

The Organization has an unsecured program related investment loan from the Theophilus Foundation that was due on December 31, 2017, and had interest at a rate equal to the last 26-week Treasury Bill non-competitive auction rate promulgated prior to January 1st of each year. Interest was to adjust annually and was payable each January 1st. During the year ended December 31, 2017, the remaining \$10,000 of the investment loan was forgiven and there is no balance on the loan as of year-end.

NOTE 7: CAPITAL LEASE OBLIGATION

The Organization leases computer equipment under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities. The Organization makes monthly principal, interest, and sales tax payments of \$207. All principal and remaining unpaid interest and tax is due in full on August 31, 2019.

FRAMELINE, INC.

**Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

Future minimum principal payments required under the lease are as follows as of December 31:

2018	\$	1,984
2019		<u>1,350</u>
Total		<u>\$ 3,334</u>

Amortization of assets held under capital leases is included with depreciation expense.

NOTE 8: COMMITMENTS

Loan Guarantee

As a member holding an interest in the 145 9th Street LLC (see Note 3), the Organization is a guarantor of 35% of the mortgage obligations held by the LLC. The total remaining balances of the two notes were \$2,544,491 and \$2,589,866 and the Organization’s share of the guarantee was \$890,572 and \$906,453 as of December 31, 2017 and 2016, respectively.

Operating Leases

The Organization leases a copier and postage meter under non-cancelable leases that expire on various dates through October 2020. Future minimum lease payments were as follows for the years ended December 31:

2018	\$	3,360
2019		3,360
2020		<u>1,270</u>
Total		<u>\$ 7,990</u>

NOTE 9: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization’s management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 10: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of December 31:

		<u>2017</u>		<u>2016</u>
Time restricted	\$	38,000	\$	50,000
Youth In Motion		<u>10,000</u>		<u>10,000</u>
Total		<u>\$ 48,000</u>		<u>\$ 60,000</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the year ended December 31:

FRAMELINE, INC.

Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
Time restricted	\$ 40,000	\$ 153,341
Youth In Motion	-	10,000
GayUSA Archive	<u>-</u>	<u>10,000</u>
Total	<u>\$ 40,000</u>	<u>\$ 173,341</u>

NOTE 11: IN-KIND CONTRIBUTIONS

The Organization received the benefit of the following in-kind support during the year ended December 31:

	<u>2017</u>	<u>2016</u>
Professional services	\$ 123,927	\$ 100,000
Film rentals	12,000	-
Facility and space rentals	46,165	72,350
Advertisements	73,190	47,570
Hotel nights and travel	47,600	17,100
Catering and hospitality	101,995	102,632
Supplies and other	<u>52,673</u>	<u>43,039</u>
Total	<u>\$ 457,550</u>	<u>\$ 382,691</u>

NOTE 12: MEMBERSHIPS

The Organization receives membership payments that contain both contributive and exchange elements. The Organization defers a portion of the exchange element which will be recognized in the subsequent year. Membership revenue consisted of the following during the years ended December 31:

	<u>2017</u>	<u>2016</u>
Contributive portion	\$ 377,912	\$ 384,001
Exchange portion	<u>120,352</u>	<u>116,249</u>
Total	<u>\$ 498,264</u>	<u>\$ 500,250</u>

NOTE 13: SPONSORSHIPS

The Organization receives sponsorships in support of its annual film festival that contain both contributive and exchange elements. Sponsorship revenue consisted of the following during the years ended December 31:

	<u>2017</u>	<u>2016</u>
Contributive portion	\$ 131,896	\$ 122,055
Exchange portion	<u>329,000</u>	<u>310,500</u>
Total	<u>\$ 460,896</u>	<u>\$ 432,555</u>

FRAMELINE, INC.

**Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

NOTE 14: PRIOR PERIOD ADJUSTMENT

Due to a change in the accounting treatment of membership revenue, the prior year net assets have been adjusted to reduce opening temporarily restricted net assets and opening deferred revenue by \$53,897. The Organization now recognizes the exchange portion of memberships on a straight-line basis over the membership term. The contributive portion will continue to be recognized on the renewal date. The adjustment has no effect on the results of current year activity.

The prior period net assets have also been adjusted to reflect a previously unrecorded net losses on their investment in the LLC as described in Note 3 above. The adjustment reduces the opening investment balance and opening unrestricted net assets by \$101,684. The adjustment has no effect on the results of current year activity.

NOTE 15: CONDITIONAL PROMISES TO GIVE

In addition to the activity reflected on the Organizations statement of activity, the Organization received a conditional promises to give as of December 31, 2017 totaling \$140,000 based on certain performance and reporting requirements. The Organization recognizes such promises to give as support once the related conditions are satisfied. The Organization expects all conditions to be satisfied by November 2020.

NOTE 16: RELATED PARTY TRANSACTION

As described in Note 3 above, the Organization is a subtenant on a lease for office space with the 145 Ninth Street, LLC which it has an ownership interest. Additionally the Organization holds a note receivable due from the LLC totaling \$259,250 which the LLC used to reduce mortgage payments. In exchange the Organization received reductions in its occupancy expense. During the years ended December 31, 2017 and 2016 net rent, utilities, and common area maintenance fees paid to the LLC totaled \$86,706 and \$81,701.