

**Medicare Rights Center, Inc.**

**Financial Report**

**June 30, 2017 and 2016**

## TABLE OF CONTENTS

Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-15



**GRUBER PALUMBERI RAFFAELE, P.C.**

---

CERTIFIED PUBLIC ACCOUNTANTS  
SEVEN PENN PLAZA, NEW YORK, NY 10001  
TELEPHONE: (212) 532-8261  
FAX: (212) 532-9707

**Independent Auditor's Report**

To the Board of Directors of  
**Medicare Rights Center, Inc.**

We have audited the accompanying financial statements of Medicare Rights Center, Inc. ("Medicare Rights"), a not-for-profit organization, which comprise the statements of financial position as of June 30, 2017 and 2016, and 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.

***Auditor's 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 audits 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 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 Medicare Rights Center, Inc. as of June 30, 2017 and 2016; 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.

***Prior Period Financial Statements***

The financial statements as of June 30, 2016, were audited by Manger & Associate CPAs P.C. who merged with Gruber Palumberi Raffaele Fried P.C. as of January 1, 2017, and whose report dated December 8, 2016, expressed an unmodified opinion on those statements.

*Gruber Palumberi Raffaele Fried, P.C.*  
Gruber Palumberi Raffaele Fried, P.C.

December 11, 2017

# Medicare Rights Center, Inc.

## Statements of Financial Position

June 30, 2017 And 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,657,438	\$ 1,642,869
Investments	533,360	464,022
Contracts receivable	504,805	353,214
Grants and contributions receivable	220,456	250,415
Prepaid expenses and other assets	<u>12,748</u>	<u>8,087</u>
Total current assets	2,928,807	2,718,607
Other assets	604	604
Property and equipment - net	<u>28,638</u>	<u>28,967</u>
Total assets	<u>\$ 2,958,049</u>	<u>\$ 2,748,178</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	<u>116,713</u>	<u>218,573</u>
Total current liabilities	116,713	218,573
Unamortized lease incentive	<u>-</u>	<u>2,735</u>
Total liabilities	<u>116,713</u>	<u>221,308</u>
Net assets:		
Unrestricted:		
Board designated quasi endowment	533,360	464,022
Undesignated	<u>1,758,580</u>	<u>1,494,928</u>
Total unrestricted assets	2,291,940	1,958,950
Temporarily restricted	<u>549,396</u>	<u>567,920</u>
Total net assets	<u>2,841,336</u>	<u>2,526,870</u>
Total liabilities and net assets	<u>\$ 2,958,049</u>	<u>\$ 2,748,178</u>

The accompanying notes are an integral part of these financial statements.

# Medicare Rights Center, Inc.

## Statements of Activities

For The Years Ended June 30, 2017 And 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and support:						
Contract services	2,239,670	\$ -	\$ 2,239,670	\$ 2,174,489	\$ -	\$ 2,174,489
Grants and contributions	165,654	1,183,223	1,348,877	263,987	624,356	888,343
Donated services	162,268	-	162,268	261,874	-	261,874
Other revenue	46,245	-	46,245	51,425	-	51,425
Special event	457,946	-	457,946	473,858	-	473,858
Investment income	12,262	-	12,262	12,732	-	12,732
Unrealized gains (losses) on investments	58,153	-	58,153	2,503	-	2,503
Total revenues and support:	3,142,198	1,183,223	4,325,421	3,240,868	624,356	3,865,224
Net assets released from restrictions:						
Satisfaction of program restrictions	1,201,747	(1,201,747)	-	814,643	(814,643)	-
Total revenues and support	4,343,945	(18,524)	4,325,421	4,055,511	(190,287)	3,865,224
Operating expenses:						
Program services	3,323,082	-	3,323,082	3,466,220	-	3,466,220
Supporting services:						
Management and general	315,822	-	315,822	294,602	-	294,602
Fundraising- general	244,677	-	244,677	240,581	-	240,581
Fundraising- special event	127,374	-	127,374	125,293	-	125,293
Total operating expenses	4,010,955	-	4,010,955	4,126,696	-	4,126,696
Change in net assets	332,990	(18,524)	314,466	(71,185)	(190,287)	(261,472)
Net assets, beginning of year	1,958,950	567,920	2,526,870	2,030,136	758,207	2,788,343
Net assets, end of year	\$ 2,291,940	\$ 549,396	\$ 2,841,336	\$ 1,958,950	\$ 567,920	\$ 2,526,870

The accompanying notes are an integral part of these financial statement.

**Medicare Rights Center, Inc.**  
**Statements of Functional Expenses**  
**For The Years Ended June 30, 2017 And 2016**

	2017				2016				
	Program Services	Management and General	Fundraising General	Fundraising Special Event	Program Services	Management and General	Fundraising General	Fundraising Special Event	Total Expenses
Salaries	\$ 2,009,584	\$ 166,981	\$ 148,824	\$ -	\$ 1,989,880	\$ 172,023	\$ 152,728	\$ -	\$ 2,324,631
Payroll taxes/fringe benefits	602,614	50,067	44,628	-	491,311	42,261	37,521	-	571,093
Total salaries and related expenses	2,612,198	217,028	193,452	-	2,481,191	214,284	190,249	-	2,895,724
Other expenses:									
Occupancy	250,275	20,793	18,535	-	237,211	20,969	18,617	-	276,797
Legal and compensation services (donated)	145,671	16,597	-	-	255,074	6,800	-	-	261,874
Consultants and professional fees	51,135	44,015	3,600	26,721	140,437	35,270	6,300	39,056	221,063
Subcontracts	52,250	-	-	-	83,750	-	-	-	83,750
Catering costs- special event	-	-	-	93,801	-	-	-	79,048	79,048
Telephone and internet	51,259	4,259	3,796	-	58,160	5,003	4,442	-	67,605
Subscriptions	40,040	3,327	2,965	-	41,398	3,561	3,162	-	48,121
Equipment and office maintenance	22,083	1,835	1,635	-	27,161	2,336	2,074	-	31,571
Travel	23,400	-	-	2,834	24,513	-	-	1,433	25,946
Meeting and conferences	16,029	1,363	1,986	-	19,408	1,669	1,482	-	22,559
Printing and duplicating	16,126	-	2,327	3,274	11,454	1,012	5,544	3,510	20,508
Insurance	14,963	1,243	1,108	-	11,765	1,012	898	-	13,675
Supplies	9,523	791	705	-	10,515	904	803	-	12,222
Postage and delivery	5,510	20	2,973	596	6,827	-	1,900	794	9,521
Promotion and advertising	1,337	3,975	11,081	148	32,658	2,183	4,568	1,452	40,861
Miscellaneous	4,349	-	-	-	7,600	-	-	-	7,600
Depreciation	6,934	576	514	-	7,098	611	542	-	8,251
Total other expenses	7,10,884	98,794	51,225	127,374	975,029	80,318	50,332	125,293	1,230,972
Total expenses	\$ 3,323,082	\$ 315,822	\$ 244,677	\$ 127,374	\$ 3,486,220	\$ 294,602	\$ 240,581	\$ 125,293	\$ 4,126,696

GRUBER PALUMBERI RAFFAELLE, P.C.  
 CERTIFIED PUBLIC ACCOUNTANTS

The accompanying notes are an integral part of these financial statements.

**Medicare Rights Center, Inc.**  
**Statements of Cash Flows**  
**For The Years Ended June 30, 2017 And 2016**

---

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Changes in net assets	\$ 314,466	\$ (258,969)
Adjustments to reconcile changes in net assets to cash provided by operating activities:		
Depreciation expense	8,024	8,251
Amortization of lease incentive	-	(6,564)
Unrealized gains, net	(58,153)	(2,503)
Change in operating assets and liabilities:		
(Increase) decrease in contracts receivable	(151,591)	180,302
Decrease in grants and contributions receivable	29,959	25,183
(Increase) in prepaid expenses	(4,661)	(356)
(Decrease) Increase in accounts payable and accrued expenses	(101,861)	157,387
(Decrease) in Unamortized lease incentive	(2,735)	-
Net cash provided by operating activities	<u>33,448</u>	<u>102,731</u>
Cash flows (used in) investing activities:		
(Increase) in investments	(11,185)	(464,022)
Purchase of property and equipment	(7,694)	(21,220)
Net cash (used in) investing activities	<u>(18,879)</u>	<u>(485,242)</u>
Net increase (decrease) in cash and cash equivalents	14,569	(382,511)
Cash and cash equivalents, beginning of year	<u>1,642,869</u>	<u>2,025,380</u>
Cash and cash equivalents, end of year	<u>\$ 1,657,438</u>	<u>\$ 1,642,869</u>

The accompanying notes are an integral part of this financial statement.



**MEDICARE RIGHTS CENTER, INC.**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

---

**1. ORGANIZATION**

Medicare Rights Center, Inc. ("Medicare Rights") is a not-for-profit organization founded in 1989 to help older adults and people with disabilities get affordable health care through direct service, education, and policy work. Medicare Rights implements its goals by counseling annually thousands of Medicare consumers, caregivers, and professionals about Medicare rights and benefits through its media and education programs, hotlines, publications, professional conferences and its interactive web sites.

For Federal income tax purposes, Medicare Rights is classified as a 501(c)(3) organization and is exempt under section 501(a) of the Internal Revenue Code and a similar provision of the New York State income tax laws.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Medicare Rights have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America. The significant accounting policies are described below.

**Basis of Presentation**

The net assets of Medicare Rights are reported as follows:

Unrestricted

Unrestricted net assets are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations and are available for the general operations of Medicare Rights. The net assets also include those funds that are designated for specific purposes by the Board of Directors.

The Board-designated quasi-endowment net assets include resources that have been designated by the Board of Directors to function as endowments and consist of amounts held in reserve for operating contingencies. Any portion of the quasi-endowment may be expended upon approval of the Board of Directors. The balance in Board designated net assets as of June 30, 2017 and 2016 was \$533,360 and \$464,022, respectively.

Temporarily Restricted

Temporarily restricted net assets include gifts of cash and other assets received with donor-imposed stipulations that will be met either by actions of Medicare Rights and/or the passage of time.

**MEDICARE RIGHTS CENTER, INC.**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Contributions with donor-imposed restrictions are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when purpose or time restrictions are met, and recorded in the accompanying financial statements as net assets released from restrictions.

Permanently Restricted

Permanently restricted net assets include funds that have been restricted by donors to be held in perpetuity. Medicare Rights did not have any permanently restricted net assets at June 30, 2017 and 2016.

**Cash and Cash Equivalents**

Medicare Rights considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**Fair Value of Financial Instruments**

The League adopted guidance under ASC 820 (formerly FAS 157, *Fair Value Measurements*) that established a framework for measuring fair value and expanding its disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

# **MEDICARE RIGHTS CENTER, INC.**

## **Notes to Financial Statements**

**June 30, 2017 and 2016**

---

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Level 3 - Pricing inputs are unobservable for the assets or liability and includes situations where there is little (if any) market activity for the assets or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

#### **Grants and Contributions**

Medicare Rights records contributions and grants, both cash and in-kind, when an unconditional promise to give such assets is received from a donor. Contributions and grants are recorded at the fair market value of the assets received and are classified as either unrestricted, temporarily restricted, or permanently restricted, depending on whether the donor has imposed a restriction on the use of such assets.

Contributions and grants receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate determined in the year in which the contribution originates. Amortization of the discount is included in contribution revenue.

Medicare Rights evaluates its contributions and grants receivable to determine if any has become uncollectible. As of June 30, 2017 and 2016, Medicare Rights had no allowance for bad debt.

#### **Contract Revenue**

Revenue from government and other contracts is recognized when reimbursable expenses are incurred under the terms of the respective contracts. Contract payments in excess of qualified expenses are accounted for as contract advances.

#### **Donated Services**

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.

**MEDICARE RIGHTS CENTER, INC.**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Property and Equipment**

Donated assets are valued at fair market value as of the date of donation. All other furniture, equipment and leasehold improvements are valued at cost. Depreciation of property and equipment is provided on the straight-line method over the expected useful lives of the assets as follows:

Furniture and equipment	5 years
Computers and software	5 years
Leasehold improvements	10 years

Depreciation and amortization for the years ended June 30, 2017 and 2016 amounted to \$8,024 and \$8,251, respectively.

**Functional Expense Allocations**

The costs of providing the various programs and other activities of Medicare Rights have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting service benefited. Such allocations are determined by management in accordance with grant provisions and/or other equitable basis.

**Income Taxes**

Medicare Rights has adopted Accounting Standards Codification ("ASC") 740 "Income Taxes." ASC 740 requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The adoption of this guidance did not have an impact on Medicare Rights' financial statements, as management believes that there are no uncertain tax positions within its financial statements. Medicare Rights has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it was nexus; and to review other matters that may be considered tax positions.

Medicare Rights' Form 990, *Return of Organization Exempt from Income Taxes*, for the years ending June 30, 2014, 2015 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

# MEDICARE RIGHTS CENTER, INC.

## Notes to Financial Statements

June 30, 2017 and 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Concentrations of Credit Risk

Financial instruments that potentially subject the Medicare Rights to concentrations of credit risk consist primarily of cash and cash equivalents. Medicare Rights maintains cash and cash equivalent balances in various bank accounts that, at times, may exceed federally insured limits. Medicare Rights' cash accounts were placed with high credit quality financial institutions. Medicare Rights has not experienced, nor does it anticipate, any losses in such accounts. At June 30, 2017 and 2016, Medicare Rights maintained cash balances in excess of the Federal Deposit Insurance Corporation limit by \$1,102,691 and \$1,069,162, respectively.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

### 3. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at June 30, 2017 and 2016 consisted of current and multiyear promises to give which are collectible as follows:

	2017	2016
One year or less	\$ 220,456	\$ 250,415

### 4. INVESTMENTS

Investments at fair value held by the League at June 30, 2017 consisted of the following:

	2017	
	Cost	Market
Managed mutual funds	\$ 450,000	\$ 533,360
Total investments	\$ 450,000	\$ 533,360

**MEDICARE RIGHTS CENTER, INC.**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

**4. INVESTMENTS (CONT'D)**

The following table summarizes investments by fair value hierarchy levels as of June 30, 2017:

	2016			Total
	Level 1	Level 2	Level 3	
Managed mutual funds	\$ 533,360	\$ -	\$ -	\$ 533,360
Total investments	\$ 533,360	\$ -	\$ -	\$ 533,360

A summary 2017 investment income is described below:

Dividends	\$ 11,185
Unrealized gains (losses), Net	58,153
Total	\$ 69,338

Investment income is reported in the statement of activities of \$12,262 and did not incur investment related expenses. Medicare Rights had no investments as of June 30, 2017.

**5. PROPERTY AND EQUIPMENT, NET**

A summary of property and equipment at June 30, 2017 and 2016 are as follows:

	June 30, 2017	June 30, 2016
Furniture and equipment	\$ 577,621	\$ 577,621
Computers	368,201	360,506
Leasehold improvements	59,938	59,938
Software	68,746	68,746
	1,074,506	1,066,811
Less: accumulated depreciation	1,045,868	1,037,844
Total	\$ 28,638	\$ 28,967

**MEDICARE RIGHTS CENTER, INC.**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

---

**6. NOTIFICATION OF GRANT AWARD FROM THE IRENE DIAMOND FUND.**

On December 14, 2012, Medicare Rights was notified that the Irene Diamond Fund (IDF) approved a grant to support Medicare Rights' effort to help individuals navigate the Medicare system. The grant was made in the form of a transfer to Medicare Rights of 2 percent of IDF's interests in a piece of real property. On November 1, 2016 the interest was transferred and the real property was sold for \$10,000,000. Medicare Rights initially received \$150,356 on the sale of the real property and a note receivable for the balance of \$60,000. The note bears an interest rate of 0.68% per annum and is due on November 1, 2017. The notes receivable in the amount of \$60,000 is recorded as temporarily restricted net asset at June 30, 2017. Additionally, IDF contributed to Medicare Rights total amount of \$416,667.

**7. LINE OF CREDIT**

Medicare Rights currently has a line of credit up to \$500,000 with a financial services institution. The line of credit is secured by Medicare Rights' business assets excluding New York City capital equipment fund. Interest is payable monthly and the line bears interest at a rate equal to the greatest of 3% in excess of LIBOR or the bank's prime rate, as defined in the master promissory note. At June 30, 2017, the interest rate was 4.53%. The line of credit renews annually. The agreement subsequently renewed on June 29, 2017 with a maturity date of June 25, 2018.

As of June 30, 2017 there were no borrowings under the line of credit and no interest expense incurred.

**8. RETIREMENT PLAN**

Medicare Rights entered into a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code effective August 17, 1995. The plan was established providing for only salary deferrals by Medicare Rights employees, as of their date of hire, in one or more funding vehicles available to participants. Effective January 1, 2000, a discretionary employer matching contribution was added to the plan. Employees become eligible for employer matching contributions once they have completed one year of service. Employer contributions made by Medicare Rights totaled \$71,066 and \$54,300 for the years ended June 30, 2017 and 2016, respectively.

## MEDICARE RIGHTS CENTER, INC.

### Notes to Financial Statements

June 30, 2017 and 2016

---

#### 9. DONATED SERVICES

The value of donated services included as grants and contributions in the financial statements and the corresponding program expenses for the years ended June 30, 2017 and 2016 are:

	<u>2017</u>	<u>2016</u>
Legal services	\$ 162,268	\$ 261,874
	<u>\$ 162,268</u>	<u>\$ 261,874</u>

#### 10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available to satisfy the following program restrictions at June 30, 2017 and 2016:

	<u>June 30, 2015</u>	<u>Contributions</u>	<u>Net Assets Released From Restriction</u>	<u>June 30, 2016</u>
Purpose restricted	\$ 758,207	\$ 624,356	\$ (814,643)	\$ 567,920

	<u>June 30, 2016</u>	<u>Contributions</u>	<u>Net Assets Released From Restriction</u>	<u>June 30, 2017</u>
Purpose restricted	\$ 567,920	\$ 1,183,223	\$ (1,201,747)	\$ 549,396

#### 11. COMMITMENTS

New York City office – ten and a half year lease expired in November 2016. During 2017, Medicare Rights leased its facility under a month to month operating lease. Base rent expense recognized under the lease amounted \$216,858.

Washington D.C. office – one year lease expiring on December 31, 2017. Medicare Rights is currently in negotiations to renew both leases. The base rent expense recognized under the lease amounted to \$14,052.



**MEDICARE RIGHTS CENTER, INC.**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

---

**12. ENDOWMENT**

During the year ended June 30, 2010, Medicare Rights adopted FASB Staff Position No. 117-1, "Endowments of Not-for-Profit Organizations." MRC's endowment consists of one individual fund established for Board-approved expenditures as described in Note 2. Its endowment consists of funds designated by the Board of Directors to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following table summarizes changes in endowment net assets for the year 2017 and 2016:

	2017	2016
	<u>Unrestricted</u>	<u>Unrestricted</u>
Endowment net assets, beginning of year	\$ 464,022	\$ 450,000
Increase		
Investment Income and contributions	11,185	11,519
Unrealized gains, net	<u>58,153</u>	<u>2,503</u>
Endowment net assets, end of year	<u>\$ 533,360</u>	<u>\$ 464,022</u>

**13. SUBSEQUENT EVENTS**

On July 12, 2017 Medicare Rights entered into a ten year lease agreement for the New York City office. The lease agreement for the office space expires on June 30, 2028. Part of the renewal agreement, Medicare Rights relinquished part of the office space back to the Landlord. Also, the New York City office space as part of the agreement, the Landlord will make approximately \$76,870 in leasehold improvements. During the renovations, the rental payments continues on a month to month basis until the completion of the Landlord's leasehold improvements.

October 2, 2017, Medicare Rights renewed its DC Office operating lease in the monthly amount of \$1,359 commencing on January 1, 2018. The lease agreement for the DC office expires on December 31, 2018.

Medicare Rights evaluated its June 30, 2017 financial statements for subsequent events through December 11, 2017, the date the financial statements were available to be issued. Medicare Rights is not aware of any subsequent events which would require recognition or disclosure in the financial statements.