RONALD MCDONALD HOUSE CHARITIES OF THE INTERMOUNTAIN AREA, INC.

Ronald McDonald House Charities of the Intermountain Area, Inc.

Financial Statements

And

Independent Auditor's Report

Years Ended December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ronald McDonald House Charities of the Intermountain Area, Inc.
Salt Lake City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of Ronald McDonald House Charities of the Intermountain Area, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 audit to obtain reasonable assurance about whether the financial statements are free of 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities of the Intermountain Area, Inc. as of December 31, 2018 and 2017, 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.

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Emphasis of Matter

As explained in Note 16 to the financial statements, in 2018, the Organization adopted Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Shaw & Co., P.C.

Bountiful, Utah
May 15, 2019

Ronald McDonald House Charities of Intermountain Area, Inc.

Statements of Financial Position
December 31, 2018 and 2017

		12/31/2018		12/31/2017
ASSETS				
Current assets				
Cash and cash equivalents	$	657,885	$	427,249
Prepaid expenses		5,200		13,152
Current portion of accounts and contributions receivable		14,770		97,788
Current portion of note receivable		6,439		6,126
Total current assets		684,294		544,315
Property and equipment, at cost		14,498,354		14,299,660
Less: accumulated depreciation		(3,741,216)		(3,360,916)
Net property and equipment		10,757,138		10,938,744
Cash and cash equivalents		1,492,714		273,492
Accounts and contributions receivable, net of current portion		1,198,749		71,485
Note receivable, net of current portion		263,670		270,109
Investments		4,748,261		4,756,173
Construction in progress		371,735		-
Total assets	$	19,516,561	$	16,854,318
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	$	18,818	$	34,675
Accrued liabilities		161,858		75,143
Total current liabilities		180,676		109,818
Net assets				
Net assets without donor restrictions				
Undesignated		11,929,879		11,570,798
Board designated		3,579,616		3,500,615
Net assets with donor restrictions		3,826,390		1,673,087
Total net assets		19,335,885		16,744,500
Total liabilities and net assets	$	19,516,561	$	16,854,318

See accompanying notes to financial statements.

Ronald McDonald House Charities of Intermountain Area, Inc.

Statement of Activities

Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Public support			
Capital campaign contributions	$ 100,000	$ 2,258,436	$ 2,358,436
Individual contributions	1,983,621	-	1,983,621
In-kind contributions	795,100	100,000	895,100
Foundation contributions	428,199	-	428,199
Corporate contributions	205,100	-	205,100
Special events	1,056,109	-	1,056,109
Less: cost of direct benefit to donors	(263,073)	-	(263,073)
Net revenue from special events	793,036	-	793,036
Net assets released from restrictions	122,783	(122,783)	-
Total public support	4,427,839	2,235,653	6,663,492
Other revenues			
Room fees	224,632	-	224,632
Other income	10,555	-	10,555
Total other revenues	235,187	-	235,187
Total public support and other revenues	4,663,026	2,235,653	6,898,679
EXPENSES			
Program services	3,102,896	-	3,102,896
Support services			
Management and general	348,264	-	348,264
Fundraising	561,241	-	561,241
Payments to RMHC Global	3,312	-	3,312
Total expenses	4,015,713	-	4,015,713
Change in net assets from operations	647,313	2,235,653	2,882,966
Investment income, net	(209,231)	(82,350)	(291,581)
Change in net assets	438,082	2,153,303	2,591,385
Net assets, beginning of year	15,071,413	1,673,087	16,744,500
Net assets, end of year	$ 15,509,495	$ 3,826,390	$ 19,335,885

See accompanying notes to financial statements.

Ronald McDonald House Charities of Intermountain Area, Inc.

Statement of Activities

Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Public support			
Individual contributions	$ 1,023,306	$ 63,979	$ 1,087,285
In-kind contributions	648,791	-	648,791
Foundation contributions	533,003	41,500	574,503
Corporate contributions	177,502	112,444	289,946
Capital campaign contributions	-	271,485	271,485
Special events	949,144	-	949,144
Less: cost of direct benefit to donors	(194,621)	-	(194,621)
Net revenue from special events	754,523	-	754,523
Net assets released from restrictions	257,674	(257,674)	-
Total public support	3,394,799	231,734	3,626,533
Other revenues			
Room fees	199,126	-	199,126
Other income	9,161	-	9,161
Loss on disposal of property	(56,599)	-	(56,599)
Total other revenues	151,688	-	151,688
Total public support and other revenues	3,546,487	231,734	3,778,221
EXPENSES			
Program services	2,946,294	-	2,946,294
Support services			
Management and general	368,540	-	368,540
Fundraising	474,657	-	474,657
Payments to RMHC Global	23,232	-	23,232
Total expenses	3,812,723	-	3,812,723
Change in net assets from operations	(266,236)	231,734	(34,502)
Investment income, net	422,221	150,323	572,544
Change in net assets	155,985	382,057	538,042
Net assets, beginning of year	14,915,428	1,291,030	16,206,458
Net assets, end of year	$ 15,071,413	$ 1,673,087	$ 16,744,500

See accompanying notes to financial statements.

Ronald McDonald House Charities of Intermountain Area, Inc.

Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services	Management and General	Fundraising	Payments to RMHC Global	Cost of Direct Benefits	Total
Salaries and wages	$ 1,103,805	$ 210,764	$ 295,509	$ -	$ -	$ 1,610,078
Payroll taxes	79,758	15,876	23,668	-	-	119,302
Medical insurance	104,589	14,442	19,488	-	-	138,519
Fringe benefits	49,345	21,882	12,723	-	-	83,950
Total salaries, payroll taxes and benefits	1,337,497	262,964	351,388	-	-	1,951,849
Supplies	582,418	1,793	615	-	-	584,826
Professional fees	288,124	11,293	48,220	-	-	347,637
Food and facilities	29,182	-	43,242	-	163,464	235,888
Rent	126,525	-	-	-	-	126,525
Auction items and takeaways	-	-	-	-	99,609	99,609
Utilities	80,136	622	1,064	-	-	81,822
Maintenance and repairs	69,693	169	-	-	-	69,862
Office	41,563	9,908	9,955	-	-	61,426
Printing and postage	10,909	3,325	45,920	-	-	60,154
Insurance	38,955	302	517	-	-	39,774
Communications	33,632	1,638	2,562	-	-	37,832
Public relations	7,064	1,449	27,685	-	-	36,198
Bank fees	5	31,785	2,892	-	-	34,682
Miscellaneous	4,178	5,771	11,172	-	-	21,121
Conferences and education	3,849	6,554	3,322	-	-	13,725
Dues and subscriptions	360	6,091	5,597	-	-	12,048
Travel	9,529	1,191	1,259	-	-	11,979
Total expenses before depreciation and amortization	2,663,619	344,855	555,410	-	263,073	3,826,957
Depreciation and amortization	439,277	3,409	5,831	-	-	448,517
Payments to RMHC Global, unallocated	-	-	-	3,312	-	3,312
Total functional expenses	$ 3,102,896	$ 348,264	$ 561,241	$ 3,312	$ 263,073	$ 4,278,786
RECONCILIATION TO STATEMENT OF ACTIVITIES						
Cost of direct benefits to donors	-	-	-	-	(263,073)	(263,073)
Total expenses	$ 3,102,896	$ 348,264	$ 561,241	$ 3,312	$ -	$ 4,015,713

See accompanying notes to financial statements.

Ronald McDonald House Charities of Intermountain Area, Inc.

Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services	Management and General	Fundraising	Payments to RMHC Global	Cost of Direct Benefits	Total
Salaries and wages	$ 1,208,602	$ 168,410	$ 203,094	$ -	$ -	$ 1,580,106
Payroll taxes	80,857	15,414	19,130	-	-	115,401
Medical insurance	83,264	6,456	21,700	-	-	111,420
Fringe benefits	20,090	52,268	13,178	-	-	85,536
Total salaries, payroll taxes and benefits	1,392,813	242,548	257,102	-	-	1,892,463
House supplies	468,136	-	-	-	-	468,136
Professional fees	207,651	49,312	13,472	-	-	270,435
Food and facilities	-	-	108,029	-	141,958	249,987
Office supplies	93,255	973	35,759	-	-	129,987
Rent	89,143	-	-	-	-	89,143
Maintenance and repairs	76,844	973	-	-	-	77,817
Utilities	72,460	562	962	-	-	73,984
Auction items and takeaways	-	-	-	-	52,663	52,663
Insurance	28,102	20,365	-	-	-	48,467
Printing and postage	8,426	9,444	24,632	-	-	42,502
Communications	32,137	4,168	395	-	-	36,700
Bank fees	-	30,906	-	-	-	30,906
Public relations	15,414	295	10,866	-	-	26,575
Conferences and education	9,184	2,110	2,572	-	-	13,866
Travel	11,462	958	1,041	-	-	13,461
Bad debt	-	-	13,030	-	-	13,030
Miscellaneous	6,314	-	-	-	-	6,314
Dues and subscriptions	2,467	2,570	1,056	-	-	6,093
Total expenses before depreciation and amortization	2,513,808	365,184	468,916	-	194,621	3,542,529
Depreciation and amortization	432,486	3,356	5,741	-	-	441,583
Payments to RMHC Global, unallocated	-	-	-	23,232	-	23,232
Total functional expenses	$ 2,946,294	$ 368,540	$ 474,657	$ 23,232	$ 194,621	$ 4,007,344
RECONCILIATION TO STATEMENT OF ACTIVITIES						
Cost of direct benefits to donors	-	-	-	-	(194,621)	(194,621)
Total expenses	$ 2,946,294	$ 368,540	$ 474,657	$ 23,232	$ -	$ 3,812,723

See accompanying notes to financial statements.

Ronald McDonald House Charities of Intermountain Area, Inc.

Statements of Cash Flows

Years Ended December 31, 2018 and 2017

	12/31/2018	12/31/2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,591,385	$ 538,042
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	448,517	441,583
Accrued interest on note receivable	-	(13,445)
Noncash investment income, net	502,921	(516,271)
Loss on disposal of property and equipment	-	56,599
In-kind contributions of property and equipment	(18,732)	(3,000)
In-kind contributions of investments	(158,907)	(8,137)
Changes in current assets and liabilities:		
Prepaid expenses	6,952	28,575
Accounts and contributions receivable, net	(1,044,246)	(133,020)
Accounts payable	(15,857)	(45,811)
Accrued liabilities	86,715	30,348
Net cash provided by operating activities	2,398,748	375,463
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment and construction in progress	(618,914)	(1,201,443)
Principal payments on note receivable	6,126	-
Proceeds from sale of investments	2,025,264	1,429,108
Purchases of investments	(2,361,366)	(842,711)
Net cash used in investing activities	(948,890)	(615,046)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net decrease in cash and cash equivalents	1,449,858	(239,583)
Cash and cash equivalents, beginning of year	700,741	940,324
Cash and cash equivalents, end of year	$ 2,150,599	$ 700,741
Cash and cash equivalents, current	$ 657,885	$ 427,249
Cash and cash equivalents, non-current	1,492,714	273,492
Total cash and cash equivalents shown in the statement of cash flows	$ 2,150,599	$ 700,741
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

See accompanying notes to financial statements.

1. ORGANIZATION BASIS OF PRESENTATION

Ronald McDonald House Charities of the Intermountain Area, Inc. (the "Organization") was incorporated under the laws of the State of Utah as a nonprofit corporation on May 20, 1985. The mission of the Organization is to create, find and support programs that directly improve the health and well-being of children. The Organization ascribes to five core values: we are focused on the critical needs of children, we lead with compassion, we celebrate the diversity of our people and our programs, we value our heritage and we operate with accountability and transparency. The Organization fulfills its mission through operation of sustainable programs that enable family-centered care, bridge access to quality health care, are a vital part of the health care continuum and strengthen families during difficult times. The Organization operates the following programs:

Ronald McDonald House

When children must travel long distances to access top medical care, accommodations and support for families can be expensive or not readily available. The Organization helps families stay close to their ill or injured child through the Ronald McDonald House program located in Salt Lake City, Utah, which provides temporary lodging, meals, and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers' ability to spend more time with their child, to interact with their clinical care team and to participate in critical medical care decisions.

Ronald McDonald Family Rooms

When a child is critically ill, parents may be reluctant to leave the hospital. In order to provide comfort and support to their child, it is important that parents have an opportunity to rest, have a meal, or have a moment of quiet. Located inside medical care facilities, the Ronald McDonald Family Room programs located in Primary Children's Hospital serve as a place of respite, relaxation and privacy for family members, just steps away from where their child is being treated. The Ronald McDonald Family Room program provides parents with an opportunity to remain close to their hospitalized child and to be an active member of their child's health care team.

Hospitality Carts

The Hospitality Cart program offers comfort items for pediatric patient families within Ogden Regional Medical Center and Shriner's Hospital for Children. The mobile carts are stocked with needed comfort items for child patients, their siblings and caregivers, including healthy snacks, hygiene items, family games, notebooks and other comfort and respite items.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and are presented on the basis of net assets without donor restrictions and net assets with donor restrictions. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. All other net assets, including board designated or appropriated amounts, are unrestricted and are reported as part of net assets without donor restrictions.

Estimates in the Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Concentrations of Credit Risks

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. At December 31, 2018 and 2017, the Organization had bank deposits of $1,748,594 and $305,131, respectively, which exceeded the FDIC insurance limit of $250,000 per financial institution, and therefore were not insured. The Organization also holds cash and securities at investment firms. The investments held at those firms are insured through the Securities Investor Protection Corporation (SIPC) up to $500,000 per institution. At December 31, 2018 and 2017, the Organization had securities in the amount of $4,248,261 and $4,256,175, respectively, which exceeded the insurance limit. The Organization has not experienced any losses in such account and believes it is not exposed to any significant credit risk on cash and securities.

At December 31, 2018, contributions receivable due from three donors represented approximately 68% of total accounts and contributions receivable.

Contributions Receivable

Contributions receivable are unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The Organization estimates the allowance based on analysis of specific donors, taking into consideration the age of past due contributions receivable and an assessment of the donor’s ability to pay. At December 31, 2018 and 2017, management of the Organization considers all contributions receivable to be collectible; therefore, no allowance has been recorded.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses and income are included in the statements of activities as part of investment income, net.

Property and Equipment

Property and equipment are stated at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed $5,000, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	15 – 39 years
Furniture and equipment	3 – 10 years
Vehicles	10 years

Depreciation expense for the years ended December 31, 2018 and 2017 was $448,517 and $441,583, respectively.

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

In-Kind Contributions

In-kind contributions are recorded at their fair values at the date of donation. Such in-kind contributions are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Volunteers and advisors have donated substantial time in assisting the Organization in achieving the goals of its programs. In accordance with FASB ASC 958-605-25-16, *Contributed Services*, the Organization recognizes contributions of services only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provide by donation. During the years ended December 31, 2018 and 2017, the Organization recorded $288,938 and $195,285, respectively, of donated services that meet the criteria above. The Organization also receives donated services from volunteers that do not meet the criteria above and are excluded from the financial statements.

Classes of Net Assets

Net assets, revenues and gains are classified based on the presence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

a. *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

b. *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.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Contributions

Contributions are recognized when cash or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Functional Allocation of Expenses

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

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, and employee benefits, which are allocated on the basis of estimated time and effort, and depreciation, utilities, insurance, and communications, which are allocated on the basis of square footage.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2018, 2017, 2016, and 2015 are subject to examination by the IRS, generally for three years after they were filed. Generally accepted accounting principles require tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. The Organization's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. Management has evaluated the tax positions reflected in the Organization's tax filings and does not believe that any material uncertain tax positions exist.

Reclassifications

Certain amounts have been reclassified for the year ended December 31, 2017 to conform to the presentation for the year ended December 31, 2018.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date consisted of the following:

	2018
Cash and cash equivalents	$ 657,885
Current portion of accounts and contributions receivable	14,770
Current portion of note receivable	6,439
Financial assets available to meet needs for general expenditure within one year	$ 679,094

As part of its liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in savings and investments. To help manage unanticipated liquidity needs, the Organization has credit cards with an aggregate credit limit of $80,000, which it could draw upon. Although the Organization does not intend to spend from its board-designated funds, the following funds could be made available for general expenditure through board appropriation, if necessary.

	Cash and cash Equivalents	Investments
Board-designated		
Maintenance fund	$ 140,209	$ 772,016
Legacy endowment	59,711	2,607,680
	$ 199,920	$ 3,379,696

4. BOARD-DESIGNATED AND DONOR-RESTRICTED CASH AND INVESTMENTS

The Organization maintains cash and cash equivalents and investments that have been board-designated or donor-restricted for specified purposes. Board-designated funds include the following:

Maintenance fund: board-designated for future maintenance of the Organization's facilities
Legacy endowment: board-designated as described in Note 9
Capital projects: board-designated for remodeling and expansion of the Organization's facilities

Donor-restricted funds include the following:

Kroc endowment: donor-restricted as described in Note 9
Capital projects: donor-restricted for remodeling and expansion of the Organization's facilities

Board-designated and donor-restricted cash and cash equivalents and investments consisted of the following at December 31, 2018:

	Cash and cash Equivalents	Investments
Board-designated		
Maintenance fund	$ 140,209	$ 772,016
Legacy endowment	59,711	2,607,680
Total board-designated	199,920	3,379,696
Donor-restricted		
Kroc endowment	15,552	1,179,196
Capital projects	1,277,242	189,369
Total donor-restricted	1,292,794	1,368,565
Total board-designated and donor-restricted	$ 1,492,714	$ 4,748,261

Board-designated and donor-restricted cash and cash equivalents and investments consisted of the following at December 31, 2017:

	Cash and cash Equivalents	Investments
Board-designated		
Maintenance fund	$ 136,693	$ 814,013
Legacy endowment	58,336	2,491,573
Capital projects	56,253	1,994
Total board-designated	251,282	3,307,580
Donor-restricted		
Kroc endowment	17,516	1,248,093
Capital projects	4,694	200,500
Total donor-restricted	22,210	1,448,593
Total board-designated and donor-restricted	$ 273,492	$ 4,756,173

5. ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

Accounts and contributions receivable consist primarily of pledges as of December 31, 2018 and 2017:

	2018	2017
Accounts receivable		
Amounts expected to be collected in:		
Less than one year	$ 10,270	$ 14,152
Contributions receivable		
Amounts expected to be collected in:		
Less than one year	1,064,500	131,327
One to five years	160,000	27,500
More than five years	-	-
Total accounts and contributions receivable	1,234,770	172,979
Less: unamortized discount	(21,251)	(3,706)
Total accounts and contributions receivable, net	1,213,519	169,273
Less: current portion of accounts and contributions receivable, net	(14,770)	(97,788)
Total long-term accounts and contributions receivable, net	$ 1,198,749	$ 71,485

The discount rate used for the years ended December 31, 2018 and 2017 ranged from 1.50% to 5.00%.

6. FAIR VALUE MEASUREMENTS

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. A hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Levels within the hierarchy are based on the reliability of inputs as follows:

Level 1	Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets
Level 2	Valuations based on quoted market prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets
Level 3	Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

The fair value of assets and liabilities measured on a recurring basis as of December 31, 2018 and 2017 are as follows:

	Assets at Fair Value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds:	$ 955,697	$ -	$ -	$ 955,697
Exchange-traded funds:				
Equity		2,005,781	-	2,005,781
Debt securities:				
Government bonds	-	458,609	-	458,609
Corporate bonds	-	562,924	-	562,924
Asset-backed securities	-	250,188	-	250,188
Foreign bonds	-	20,702	-	20,702
Equity Securities:				
U.S. Corporate Equity Securities	477,240	-	-	477,240
International Corporate Equity Securities	17,120	-	-	17,120
Totals	$ 1,450,057	$ 3,298,204	$ -	$ 4,748,261

	Assets at Fair Value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds:	$ 738,379	$ -	$ -	$ 738,379
Exchange-traded funds:				
Equity		2,396,846	-	2,396,846
Debt securities:				
Government bonds	-	509,168	-	509,168
Corporate bonds	-	485,919	-	485,919
Asset-backed securities	-	115,388	-	115,388
Equity Securities:				
U.S. Corporate Equity Securities	291,699	-	-	291,699
International Corporate Equity Securities	218,774	-	-	218,774
Totals	$ 1,248,852	$ 3,507,321	$ -	$ 4,756,173

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values of Level 2 investments are determined by reference to quoted prices for similar assets in less active markets. Fair values of Level 3 investments are determined from valuation techniques in which one or more inputs are unobservable. The Organization reviewed and evaluated the values and assumptions used in determining the fair value of Level 3 financial instruments. The carrying amounts of all other assets and liabilities reflected in the statements of financial position for the Organization's financial instruments approximates their respective fair value due to the short-term maturities of those instruments. There have been no changes in valuation techniques and related inputs. The Organization's policy is to recognize transfers into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer.

Certain of the Organization's investments classified as exchange-traded funds and hedge funds are recorded at net asset value in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Fair value represents the net asset value (NAV) of shares or units held by the Organization at year end. The financial statements of these investments are prepared in accordance with U.S. GAAP and are audited annually by independent auditors. As of December 31, 2018 and 2017, the Organization had no unfunded commitments to invest in these funds. Redemptions, at NAV, of shares in these investments are immediate with one-day notice.

7. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2018 and 2017:

	2018	2017
Land	$ 1,813,801	$ 1,646,077
Buildings and improvements	12,017,477	11,945,953
Furniture and fixtures	606,817	630,827
Vehicles	60,259	76,803
Total, at cost	14,498,354	14,299,660
Less: accumulated depreciation	(3,741,216)	(3,360,916)
Total property and equipment, net	$ 10,757,138	$ 10,938,744

8. NOTE RECEIVABLE

The Organization had a note receivable due from a third party totaling $270,109 and $276,235 at December 31, 2018 and 2017, respectively. The note requires monthly payments of $1,650 from January 2018 to November 2022 and a balloon payment of $243,956 in December 2022. The note bears 5% interest annually and is secured by land and a building. Future maturities of the note receivable are as follows:

Year Ending December 31,	
2019	$ 6,439
2020	6,769
2021	7,115
2022	249,786
Thereafter	-
Total future maturities	$ 270,109

9. ENDOWMENT FUNDS

The Organization's endowments consist of two funds established to support the social service mission of the Organization. The endowments consist of donor-restricted and board-designated endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's endowment funds consist of the Kroc endowment and the Legacy endowment. The Kroc endowment consists of donor-restricted funds, $500,000 of which are restricted in perpetuity. The remainder of the Kroc endowment is restricted for house operating costs and may be appropriated for expenditure by the board of directors. The Legacy endowment consists of board-designated funds designated to support ongoing house operations.

Interpretation of Relevant Law

The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. At December 31, 2018, there were no such donor stipulations. As a result of this interpretation, the organization retains in perpetuity:

- The original value of gifts donated to the endowment, and
- Any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other sources of the Organization
- The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce returns that are 2% to 3% higher than the rate of inflation, while assuming a moderate level of investment risk.

Spending Policy

The Organization has a policy which allows all portions of the endowment fund that are not donor-restricted in perpetuity to be appropriated for expenditure at the discretion of the board of directors.

Strategies Employed for Achieving Objectives

The Organization relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The organization targets a diversified asset allocation that emphasizes common stocks and fixed income securities to achieve its long-term objectives within prudent risk constraints.

Endowment net assets composition by type of fund as of December 31, 2018 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted Kroc endowment fund:			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	$ -	$ 500,000	$ 500,000
Accumulated investment gains	-	694,748	694,748
Total donor-restricted endowment fund	-	1,194,748	1,194,748
Board-designated Legacy endowment fund:	2,667,391	-	2,667,391
Total endowment funds	$ 2,667,391	$ 1,194,748	$ 3,862,139

Endowment net assets composition by type of fund as of December 31, 2017 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted Kroc endowment fund:			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	$ -	$ 500,000	$ 500,000
Accumulated investment gains	-	765,609	765,609
Total donor-restricted endowment fund	-	1,265,609	1,265,609
Board-designated Legacy endowment fund:	2,549,908	-	2,549,908
Total endowment funds	$ 2,549,908	$ 1,265,609	$ 3,815,517

Changes in endowment net assets for the fiscal years ending December 31, 2018 and 2017 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, December 31, 2016	$ 3,019,533	$ 1,120,480	$ 4,140,013
Reclassification to endowment	100,000	-	100,000
Investment income, net	330,924	145,129	476,053
Appropriation of endowment assets for expenditure	(900,549)	-	(900,549)
Net assets, December 31, 2017	2,549,908	1,265,609	3,815,517
Reclassification to endowment	301,000	-	301,000
Investment income, net	(183,517)	(70,861)	(254,378)
Appropriation of endowment assets for expenditure	-	-	-
Net assets, December 31, 2018	$ 2,667,391	$ 1,194,748	$ 3,862,139

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2018 and 2017:

	2018	2017
Subject to expenditure for specified purpose:		
Capital campaign greenspace project	$ 1,277,244	$ 205,194
Family room operations	-	43,184
Family room improvements	-	3,979
Promises to give, the proceeds from which have been restricted by donors for capital campaign greenspace project	1,231,249	71,485
Donor-restricted endowment subject to appropriation and expenditure restricted by donors for house operations	694,748	765,609
Total subject to expenditure for specified purpose	3,203,241	1,089,451
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	1,500	83,636
Total subject to passage of time	1,500	83,636
Subject to specified future event:		
Capital campaign greenspace project to be placed in service	121,649	-
Total subject to specified future event	121,649	-
Not subject to appropriation or expenditure		
Donor-restricted endowment held in perpetuity	500,000	500,000
Total not subject to appropriation or expenditure	500,000	500,000
Total net assets with donor restrictions	$ 3,826,390	$ 1,673,087

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as following for the years ended December 31, 2018 and 2017:

	2018	2017
Satisfaction of purpose restrictions:		
Family room operations	$ 43,184	$ 6,816
Family room improvements	3,979	46,021
Hospitality carts	-	11,020
Solar panels	-	103,409
Training and financial excellence	-	30,000
Expiration of time restrictions:	75,620	60,408
Total net assets released from donor restrictions	$ 122,783	$ 257,674

11. BOARD-DESIGNATED NET ASSETS

The board of directors has designated certain net assets without donor restrictions for specific purposes, including the maintenance fund and Legacy endowment. The maintenance fund is designated for future maintenance of the Organization's facilities. The Legacy endowment is designated for ongoing house operations. Board-designated net assets consisted of the following at December 31, 2018 and 2017:

	2018	2017
Maintenance fund	$ 912,226	$ 950,707
Legacy endowment	2,667,390	2,549,908
Total board-designated net assets	$ 3,579,616	$ 3,500,615

12. IN-KIND CONTRIBUTIONS

The fair market value of contributed goods, services, and use of facilities included in the financial statements for the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Use of facilities	$ 126,524	$ 89,141
Specialized services	288,938	195,285
Food	264,321	261,402
Supplies and other goods	215,317	99,963
Property and equipment	-	3,000
Total	$ 895,100	$ 648,791

13. RETIREMENT PLAN

The Organization established a 401(k)-retirement plan that covers employees who meet certain eligibility requirements. The Organization contributes profit-sharing contributions for eligible employees. The Organization's contributions to the retirement plan for the years ending December 31, 2018 and 2017 was $39,140 and $37,157, respectively.

14. OPERATING LEASES

The Organization leases its family room facilities as Primary Children's Medical Center under an operating lease which expires in June 2019. The lease is cancellable by either party with 120 days written notice. The lease provides donated use of the facilities and requires payments totaling $1 per year. Donated rent received by the Organization under this agreements for the year ended December 31, 2018 and 2017 was $126,524 and $89,141, respectively.

The Organization leases office equipment under an operating lease expiring August 2021. The lease requires monthly payments totaling $136. Future minimum lease payments under operating leases are as follows:

Year Ending December 31,	
2019	$ 1,626
2020	1,626
2021	1,084
2022	-
Thereafter	-
Total	$ 4,336

15. RELATED-PARTY TRANSACTIONS

Ronald McDonald House Charities (RMHC) is a system of independent, separately registered public benefit organizations, referred to as “Chapters” within the global organization. The Organization is an independent operating Chapter within the RMHC system. Each Chapter is licensed by McDonald's Corporation and Ronald McDonald House Charities, Inc. to use RMHC related trademarks in conjunction with fundraising activities and the operation of its programs; the License Agreement also sets standards of operations for programs, governance, finance, branding and reporting.

Ronald McDonald House Charities, Inc. (RMHC Global), a separately registered nonprofit organization, ensures delivery of the mission across the globe. As a center of excellence, RMHC Global builds and sustains a robust infrastructure of support to the network of Chapters, including operations, licensing and compliance, finance, risk management, communications, marketing and development. The Organization remits to RMHC Global 25% of its revenues from all national fundraising efforts facilitated by RMHC Global, as defined by the license agreement. During the years ended December 31, 2018 and 2017, the Organization received $74,369 and $121,383, respectively, from these revenue streams.

16. SUBSEQUENT EVENTS

Subsequent events were evaluated through May 15, 2019, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.

17. ADOPTION OF NEW ACCOUNTING PRONOUNCMENT

For the year ended December 31, 2018, the Organization adopted the Financial Accounting Standards Board’s Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows. Main provisions of this guidance include:

- Presentation of two classes of net assets, versus the previously required three
- Recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service
- Recognition of underwater endowment funds as a reduction in net assets with donor restrictions and presentation of investment expenses as a reduction of investment income, versus the previously required gross presentation of investment expenses

The guidance also enhances disclosures for liquidity, board designated amounts, composition of net assets with donor restrictions, and expenses by both their natural and functional classification. The ASU has been applied retrospectively to all periods presented.