

# RONALD MCDONALD HOUSE CHARITIES OF NORTH CENTRAL FLORIDA, INC.

Audited Financial Statements

December 31, 2016 and 2015

# Ronald McDonald House Charities of North Central Florida, Inc.

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## **Independent Auditors' Report**

To the Board of Directors  
Ronald McDonald House Charities of North Central Florida, Inc.

### **Report on the Financial Statements**

We have audited the accompanying statements of financial position of Ronald McDonald House Charities of North Central Florida, Inc. (the Organization) as of December 31, 2016 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 the 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 Ronald McDonald House Charities of North Central Florida, Inc. as of December 31, 2016 and 2015, and the changes in its net assets, functional expenses and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other matter**

The financials statements of the Organization as of December 31, 2015 were audited by other auditors whose report dated April 18, 2016 expressed an unqualified opinion on those statements. As part of our audit of the 2016 financial statements, we also audited the adjustments described in Note 15 that were applied to restate the 2015 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2015 financial statements of the Organization other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2015 financial statements as a whole.

St. Petersburg, Florida  
April 3, 2017

**Ronald McDonald House Charities  
of North Central Florida, Inc.**  
**Statements of Financial Position**  
**December 31, 2016 and 2015**

<i>December 31,</i>	<b>2016</b>	(as restated) <b>2015</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and equivalents	\$ 183,760	\$ 114,341
Contributions receivable:		
Promises to give	19,482	28,937
Canister collections	7,336	7,336
Prepaid expenses	–	2,866
Inventory, supplies	84,047	83,142
Investments		
Investments, unrestricted	145,716	73,698
Investments, permanently restricted	650,000	640,000
Property and Equipment, net	1,349,366	1,481,843
Contribution receivable – use of land	215,648	218,551
<b>TOTAL ASSETS</b>	<b>\$2,655,355</b>	<b>\$2,650,714</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 916	\$ 13,749
Accrued payroll and vacation	22,943	16,987
Capital lease	29,876	36,938
Due to RMHC	19,792	39,584
Total liabilities	73,527	107,258
<b>Net Assets</b>		
Unrestricted	1,666,092	1,657,180
Temporarily restricted	265,736	246,276
Permanently restricted	650,000	640,000
<b>TOTAL NET ASSETS</b>	<b>2,581,828</b>	<b>2,543,456</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$2,655,355</b>	<b>\$2,650,714</b>

*See accompanying notes to financial statements.*

**Ronald McDonald House Charities  
of North Central Florida, Inc.  
Statement of Activities and Changes in Net Assets  
Year ended December 31, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016
<b>Revenues:</b>				
Contributions:				
Canister donations	\$ 98,863	\$ -	\$ -	\$ 98,863
United Way	33,265	-	-	33,265
Room donations	32,158	-	-	32,158
Other	345,762	55,682	10,000	411,444
Non-cash contributions:				
Supplies	264,427	-	-	264,427
Discount amortization	10,927	-	-	10,927
Special event revenue, net of direct costs of \$54,330	185,705	-	-	185,705
Investment income	42,051	-	-	42,051
Other revenue	8,899	-	-	8,899
Net assets released from restrictions	36,222	(36,222)		
<b>Total Revenues</b>	<b>1,058,279</b>	<b>19,460</b>	<b>10,000</b>	<b>1,087,739</b>
<b>Expenses:</b>				
Program services:				
House	743,613	-	-	743,613
Family room	58,838	-	-	58,838
Management and general	92,213	-	-	92,213
Fundraising	16,779	-	-	16,779
Unallocated payments to RMHC	137,924	-	-	137,924
Unallocated payments to RMHC	16,779	-	-	16,779
<b>Total Expenses</b>	<b>1,049,367</b>	<b>-</b>	<b>-</b>	<b>1,049,367</b>
<b>Change in net assets</b>	<b>8,912</b>	<b>19,460</b>	<b>10,000</b>	<b>38,372</b>
<b>Net assets, beginning of year</b>	<b>1,657,180</b>	<b>246,276</b>	<b>640,000</b>	<b>2,543,456</b>
<b>Net assets, end of year</b>	<b>\$1,666,092</b>	<b>\$265,736</b>	<b>\$650,000</b>	<b>\$2,581,828</b>

*See accompanying notes to financial statements.*

**Ronald McDonald House Charities  
of North Central Florida, Inc.  
Statement of Activities and Changes in Net Assets  
Year ended December 31, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	<i>(as restated)</i> <b>2015</b>
<b>Revenues:</b>				
Contributions:				
Canister donations	\$ 122,156	\$ –	\$ –	\$ 122,156
United Way	35,946	–	–	35,946
Room donations	35,052	–	–	35,052
Other	325,156	29,786	10,000	364,942
Non-cash contributions:				
Equipment, capitalized	56,677	–	–	56,677
Supplies	646,291	–	–	646,291
Discount amortization	11,066	–	–	11,066
Special event revenue, net of direct costs of \$51,257	142,706	–	–	142,706
Investment income	(24,420)	–	–	(24,420)
Other revenue	4,157	–	–	4,157
Net assets released from restrictions	36,414	(36,414)	–	–
<b>Total Revenues</b>	<b>1,391,201</b>	<b>(6,628)</b>	<b>10,000</b>	<b>1,394,573</b>
<b>Expenses:</b>				
Program services:				
House	718,560	–	–	718,560
Family room	59,112	–	–	59,112
Management and general	87,991	–	–	87,991
Fundraising	125,320	–	–	125,320
Unallocated payments to RMHC	17,086	–	–	17,086
<b>Total Expenses</b>	<b>1,008,069</b>	<b>–</b>	<b>–</b>	<b>1,008,069</b>
<b>Change in net assets</b>	<b>383,132</b>	<b>(6,628)</b>	<b>10,000</b>	<b>386,504</b>
<b>Net assets, beginning of year</b>	<b>1,274,048</b>	<b>252,904</b>	<b>630,000</b>	<b>2,156,952</b>
<b>Net assets, end of year</b>	<b>\$1,657,180</b>	<b>\$246,276</b>	<b>\$640,000</b>	<b>\$2,543,456</b>

See accompanying notes to financial statements.

**Ronald McDonald House Charities  
of North Central Florida, Inc.**  
**Statements of Cash Flows**  
**Years ended December 31, 2016 and 2015**

<i>Year ended December 31,</i>	<b>2016</b>	<b>2015</b>
<b>Cash flow from operating activities:</b>		
Change in net assets	\$ 38,372	\$ 7,367
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	132,477	121,660
Donated equipment or property	–	(56,677)
Net (Gain)/Loss on Investments	(18,311)	44,796
Contributions restricted to long-term investment	(10,000)	(10,000)
Changes in operating assets and liabilities:		
Pledges receivable	9,455	572
Canister receivable	–	536
Prepaid expenses	2,866	(653)
Inventory	(905)	(56,572)
Contributions receivable	2,903	2,764
Accounts payable and accrued expenses	(26,669)	8,572
<b>Net cash provided by operating activities</b>	<b>130,188</b>	<b>62,365</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of investments	(63,707)	(20,332)
Proceeds from sale of investments	–	25,000
Purchases of property and equipment	–	(5,713)
<b>Net cash used in investing activities</b>	<b>(63,707)</b>	<b>(1,045)</b>
<b>Cash Flows from Financing Activities:</b>		
Contributions restricted to long-term investment	10,000	10,000
Principal payments on capital lease	(7,062)	–
<b>Net cash provided by financing activities</b>	<b>2,938</b>	<b>10,000</b>
<b>Net change in cash and equivalents</b>	<b>69,419</b>	<b>71,320</b>
<b>Cash and equivalents, beginning of the year</b>	<b>114,341</b>	<b>43,021</b>
<b>Cash and equivalents, end of the year</b>	<b>\$183,760</b>	<b>\$114,341</b>

*See accompanying notes to financial statements.*



**Ronald McDonald House Charities of North Central Florida, Inc.**  
**Statement of Functional Expenses**  
**Year ended December 31, 2016**

	Program		Supporting Services			Total 2016
	House	Family Room	Management and General	Fundraising	Unallocated Payments	
Salaries	\$213,623	\$34,469	\$45,505	\$30,475	\$ –	\$ 324,075
Payroll taxes	19,558	3,156	4,166	2,791	–	29,670
Fringe benefits	27,699	4,469	5,899	3,951	–	42,019
<b>Total salaries and related benefits</b>	<b>260,880</b>	<b>42,094</b>	<b>55,570</b>	<b>37,217</b>	<b>–</b>	<b>395,761</b>
Bank fees	–	–	3,771	–	–	3,771
Depreciation	117,446	–	8,506	6,525	–	132,477
Equipment rental and maintenance	2,104	351	182	287	–	2,924
Fundraising supplies	–	–	–	6,139	–	6,139
Fundraising supplies, donated	–	–	–	54,560	–	54,560
House improvements	20,462	–	–	–	–	20,462
Program supplies	11,185	971	–	–	–	12,156
Program supplies, donated	220,247	11,592	–	–	–	231,839
Insurance	16,284	2,715	3,455	2,220	–	24,674
Interest	–	–	1,678	–	–	1,678
Office supplies	2,413	282	528	231	–	3,453
Postage and printing	–	–	207	1,751	–	1,958
Professional development	577	–	–	–	–	577
Professional fees	4,941	823	13,479	673	–	19,917
Rent, land	12,448	–	691	691	–	13,830
Repairs and maintenance	19,914	10	1,106	1,106	–	22,137
Utilities	54,712	–	3,040	3,039	–	60,791
Contract Service	–	–	–	23,485	–	23,485
Unallocated payments to RMHC	–	–	–	–	16,779	16,779
<b>Total expenses</b>	<b>\$743,613</b>	<b>\$58,838</b>	<b>\$92,213</b>	<b>\$137,924</b>	<b>\$16,779</b>	<b>\$1,049,371</b>

*See accompanying notes to financial statements.*

**Ronald McDonald House Charities of North Central Florida, Inc.**  
**Statement of Functional Expenses**  
**Year ended December 31, 2015**

	Program		Supporting Services			Total 2015
	House	Family Room	Management and General	Fundraising	Unallocated Payments	
Salaries	\$207,430	\$33,469	\$44,185	\$ 29,591	\$ –	\$ 314,675
Payroll taxes	18,733	3,023	3,990	2,673	–	28,419
Fringe benefits	25,894	4,178	5,515	3,694	–	39,281
<b>Total salaries and related benefits</b>	<b>252,057</b>	<b>40,670</b>	<b>53,690</b>	<b>35,958</b>	<b>–</b>	<b>382,375</b>
Bank fees	–	–	2,189	–	–	2,189
Depreciation	109,494	–	7,930	6,083	–	123,507
Equipment rental and maintenance	19,744	3,290	1,708	2,692	–	27,434
Fundraising supplies	–	–	–	19,245	–	19,245
Fundraising supplies, donated	–	–	–	16,843	–	16,843
House improvements	14,639	–	–	–	–	14,639
Program supplies	19,357	1,681	–	–	–	21,038
Program supplies, donated	191,380	10,073	–	–	–	201,453
Insurance	12,213	2,036	2,591	1,665	–	18,505
Interest	–	–	633	–	–	633
Office supplies	5,450	637	1,192	521	–	7,800
Postage and printing	–	–	1,403	11,858	–	13,261
Professional development	886	–	–	–	–	886
Professional fees	4,292	715	11,708	585	–	17,300
Rent, land	12,448	–	691	691	–	13,830
Repairs and maintenance	19,584	10	1,088	1,088	–	21,770
Utilities	57,016	–	3,168	3,167	–	63,351
Contract service	–	–	–	24,924	–	24,924
Unallocated payments to RMHC	–	–	–	–	17,086	17,086
<b>Total expenses</b>	<b>\$718,560</b>	<b>\$59,112</b>	<b>\$87,991</b>	<b>\$125,320</b>	<b>\$17,086</b>	<b>\$1,008,069</b>

See accompanying notes to financial statements.

# Ronald McDonald House Charities of North Central Florida, Inc.

Notes to financial statements  
December 31, 2016 and 2015

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## 1. Nature and purpose of the Organization

Ronald McDonald House Charities of North Central Florida, Inc. (the Organization) is a nonprofit corporation organized under the Florida Not-For-Profit Corporation Act. The mission of the Organization is to provide temporary housing, basic amenities and support to families with critically ill children being treated at area medical facilities. The Organization operates a Ronald McDonald House and a Family Room at UF Shands Children's Hospital located in Gainesville, Florida.

The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code and does not earn any unrelated business income. Therefore, no provision for income taxes is reflected in the accompanying financial statements.

## 2. Summary of Significant Accounting Policies

### **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization is considered a voluntary health and welfare organization and a statement of functional expenses is presented.

### **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from such estimates and such differences could be material.

### **Cash and equivalents**

Cash consists of deposits in financial institutions. No amounts exceeded federal deposit insurance limits at December 31, 2016 or 2015.

# Ronald McDonald House Charities of North Central Florida, Inc.

Notes to financial statements  
December 31, 2016 and 2015

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## **Contributions Receivable**

Receivables include promises to give (pledges) of supplies and donations receivable collected for the Organization by third-parties. There are no identifiable concentrations of credit risk related to these amounts. The Organization records receivables at net realizable value using the allowance method. No allowance is provided since all receivables are deemed fully collectible.

## **Investments**

Investments are reported at fair value. The Organization invests only in money market and equity and fixed income mutual funds with readily determinable fair values. Their fair value is determined by reference to quoted prices in active markets for identical assets and other relevant information generated by market transactions.

## **Property and Equipment**

Property and equipment expenditures in excess of \$500 are recorded at cost when purchased or, if donated, at estimated fair value. Improvements that materially prolong the useful lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives that range from five to thirty-nine years.

Management reviews fixed assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is measured by comparing the carrying amount of the assets to the sum of expected future cash flows (undiscounted and without interest charges) resulting from use of the asset and its eventual disposition. The Organization has not recognized any impairment on its fixed assets.

## **Net Assets**

Net assets, the excess of assets over liabilities, are reported in three mutually exclusive classes:

*Permanently Restricted* – Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for unrestricted purposes.

# Ronald McDonald House Charities of North Central Florida, Inc.

## Notes to financial statements December 31, 2016 and 2015

*Temporarily Restricted* – Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Organization or the passage of time.

*Unrestricted* – Those net assets that are neither permanently nor temporarily restricted.

### **Revenue Recognition**

*Contributions, General* – Contributions are recognized as revenue when received or when unconditionally pledged and are recorded at their estimated fair values.

*Contributions, Donor Restricted* – Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Amounts restricted for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support. When a temporary restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Contributions, In-kind* – The Organization receives in-kind contributions from private donors and from UF Health Shands Hospital. These in-kind donations include: household and cleaning supplies, tote bags, gift cards and food.

In 2015, the Organization received an in-kind donation from Ronald McDonald House Charities, Inc. (RMHC) valued at \$433,000 for house improvements. These donations are recognized at their estimated fair value when received.

*Contributions, Services* – Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. The Organization

# Ronald McDonald House Charities of North Central Florida, Inc.

Notes to financial statements  
December 31, 2016 and 2015

receives a significant amount of services from volunteers which do not meet the criteria above. Volunteers provide assistance in a variety of the activities of the Organization.

## **Functional Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting services benefited. Other expenses are allocated based on management's estimate of the benefit derived by each activity. These Organization's functions are defined below:

*Program Services* – The Organization has two programs:

1. *House* - costs associated with running the Ronald McDonald House.
2. *Family Room* - costs associated with running the Family Room at UF Health Shands Children's Hospital.

*Management and General* – The costs of operating the Organization's affairs which are not allocable to other functional areas.

*Fundraising* – The costs associated with soliciting contributions or holding special events for the benefit of the Organization.

## **Fair Value of Financial Instruments**

The fair value of financial instruments is measured as the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is used to prioritize the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined into the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

# Ronald McDonald House Charities of North Central Florida, Inc.

## Notes to financial statements December 31, 2016 and 2015

- Level 2: Observable market based inputs or unobservable inputs corroborated by market data.
- Level 3: Unobservable inputs not corroborated by market data.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include cash and equivalents, contributions receivable, prepaid expenses, accounts payable and accrued expenses. The Organization's investments are all valued at quoted market prices and are classified as Level 1 financial instruments.

### **Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal returns are subject to examination by the IRS, generally for three years after they were filed. The Organization is no longer subject to IRS examination for tax years prior to 2013.

### **Endowment Funds**

Generally accepted accounting principles define an endowment fund as an established fund of cash, securities or other assets to provide income for the maintenance of a not-for-profit organization (NPO). The use of the assets of the fund may be permanently or temporarily restricted based on the presence or absence of donor restrictions, or the provisions of state law. In addition, the Board of a NPO may earmark a portion of its unrestricted net assets as a board-designated endowment to be invested to provide income for the NPOs operations and programs.

The Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) to require investment earnings in excess of the fair value of the original gift to be treated as temporarily restricted net assets until appropriated for expenditure. See Note 10 for further information.

# Ronald McDonald House Charities of North Central Florida, Inc.

## Notes to financial statements December 31, 2016 and 2015

### 3. Inventory

The Organization has received several donations of tote bags both years, valued at \$30 each to distribute to house guests of which 2,629 remained at December 31, 2016. The remainder of the inventory is gift cards valued at \$5,177.

### 4. Investments

The Organization holds the majority of its funds in Midland Bank's as part of the Ronald McDonald House Charities Investment Program, also known as McCIP. The following provides a summary of investments:

<i>December 31,</i>	<b>2016</b>	2015
Cash/Money Market	<b>\$ 48,640</b>	\$170,626
Fixed income mutual funds	263,796	79,167
Equity mutual funds	483,280	463,905
<b>Total</b>	<b>\$795,716</b>	\$713,698

The cash/money market investments are deposits in financial institutions that are fully insured by the FDIC.

Investments are displayed on the Statement of Financial Position as:

<i>December 31,</i>	<b>2016</b>	2015
Investments – Unrestricted	<b>\$145,716</b>	\$ 73,698
Investments – Permanently restricted	650,000	640,000
<b>Total</b>	<b>\$795,716</b>	\$713,698



# Ronald McDonald House Charities of North Central Florida, Inc.

## Notes to financial statements December 31, 2016 and 2015

The composition of the investment return reported in the Statement of Activities is as follows:

<i>Year ended December 31,</i>	<b>2016</b>	2015
Investment income	<b>\$23,740</b>	\$ 20,376
Realized and unrealized gains (losses)	<b>18,311</b>	(44,796)
	<b>\$42,052</b>	\$(24,420)

### 5. **Property and Equipment**

Property and equipment consists of the following:

<i>Year ended December 31,</i>	<b>2016</b>	2015
Building and Improvements	<b>\$2,506,016</b>	\$2,506,016
Furniture and Equipment	<b>539,098</b>	539,098
	<b>3,045,114</b>	3,045,114
Less Accumulated Depreciation	<b>(1,695,748)</b>	(1,563,271)
<b>Property and Equipment, Net</b>	<b>\$1,349,366</b>	\$1,481,843

### 6. **Contributions Receivable - Land**

The Organization's facilities are located on land owned by the University of Florida. The land is leased to the Organization for \$1 per year until 2048, at which time the building and all capital improvements revert to the University.

At the signing of the lease, the Organization recorded the fair value of the contribution and a corresponding contribution receivable. The fair value of the donation was calculated by discounting the estimated annual fair rental value of \$13,830 for forty years using a discount rate of 5%.

Each year thereafter, the receivable is reduced by rent expense and is increased by annual discount amortization. Annual discount amortization is reported as a non-cash contribution revenue in the Statement of Activities.

# Ronald McDonald House Charities of North Central Florida, Inc.

Notes to financial statements  
December 31, 2016 and 2015

7. **Due To RMHC**

Ronald McDonald House Charities, Inc. (RMHC) facilitated the installation of canister donation boxes at 73 McDonald's restaurants in Northeast Florida and South Georgia. RMHC paid 50% of the cost and the remaining 50% of the cost is split by the two houses that receive the donations. The Organization's repayment is due by December 31, 2016.

8. **Canister Donations**

McDonald's restaurants in Northeast Florida and South Georgia maintain collection receptacles (canisters) and in some cases offer arcade games as a way to raise funds for the Organization and Ronald McDonald House Charities Jacksonville (RMHC Jacksonville). The Organization and RMHC Jacksonville pay a contractor to collect, account for, and deposit these funds and split the net proceeds evenly. In addition, 25% of the net proceeds from the canister donations are paid to the national organization, RMHC.

9. **Donor Imposed Restrictions**

Temporarily restricted net assets consist of the following:

<i>Year ended December 31,</i>	<b>2016</b>	2015
Time Restricted – Pledges Receivable		
Land	<b>\$215,648</b>	\$218,551
House supplies	<b>30,838</b>	21,318
Roof	<b>19,250</b>	–
Purpose Restricted – House improvements		6,407
<b>Total</b>	<b>\$265,736</b>	\$246,276

# Ronald McDonald House Charities of North Central Florida, Inc.

## Notes to financial statements December 31, 2016 and 2015

Releases of temporarily restricted net assets for the years ended December 31, 2015 and 2014 are as follows:

<i>Year ended December 31,</i>	<b>2016</b>
Land	<b>\$ 2,903</b>
House Supplies	<b>3,032</b>
Playground	<b>23,880</b>
House improvements	<b>6,407</b>
Pledges paid	–
Parking lot	–
<b>Total</b>	<b>\$36,222</b>

Permanently restricted net assets consist of the following endowments:

<i>Year ended December 31,</i>	<b>2016</b>	2015
Kroc Endowment	<b>\$514,585</b>	\$514,585
Altoonjian Endowment	<b>50,000</b>	50,000
Plein Endowment	<b>50,000</b>	40,000
Other Endowments	<b>35,415</b>	35,415
<b>Total</b>	<b>\$650,000</b>	\$640,000

In 1993, the Organization received 10,000 shares of McDonald's Corporation stock donated by Mrs. Joan Kroc (Kroc Endowment). The stock value was \$514,585 when it was sold soon after receipt. The provisions of the gift require that the principal be maintained inviolate and in perpetuity, and only the income from the fund may be used for operating expenses.

Endowment funds generate unrestricted income for operations. The Organization does not have a policy for the appropriation of earnings.

# Ronald McDonald House Charities of North Central Florida, Inc.

## Notes to financial statements December 31, 2016 and 2015

### 10. Endowment Funds

The Endowment Fund is classified into the net asset categories based on the presence or absence of donor-imposed restrictions and the application of FUPMIFA. The changes in endowment fund balances by net asset class are as follows:

<i>As of December 31,</i>	<b>Unrestricted</b>	<b>Permanently Restricted</b>	<b>Totals</b>
<b>Balance – December 31, 2014</b>	<b>\$ (52,703)</b>	<b>\$ 630,000</b>	<b>\$ 577,297</b>
Interest/Dividends	13,904	–	13,904
Deposits	(10,000)	10,000	–
Gains (Losses)	(37,361)	–	(37,361)
<b>Balance – December 31, 2015</b>	<b>\$ (86,160)</b>	<b>\$640,000</b>	<b>\$553,840</b>
Interest/Dividends	23,921	–	23,921
Deposits	45,395	10,000	55,395
Gains (Losses)	16,844	–	16,844
<b>Balance – December 31, 2016</b>	<b>\$ –</b>	<b>\$650,000</b>	<b>\$650,000</b>

The assets held in the fund as of December 31, 2015 and 2014 are less than the fair value of the original gifts, therefore the amount of the deficit is reported as negative unrestricted net assets. This deficit is deducted from other unrestricted net assets to arrive at the amount reported on the statement of financial position.

# Ronald McDonald House Charities of North Central Florida, Inc.

## Notes to financial statements December 31, 2016 and 2015

### 11. Capital lease

The Organization leases a copier under a capital lease, imputed interest rate of 5%. The copier was recorded at a cost of \$38,785 and accumulated depreciation was \$7,388 at December 31, 2016. Future minimum payments are as follows:

<i>Year</i>	<b>Future payments</b>
2017	\$8,415
2018	8,415
2019	8,415
2020	7,715
Total future lease payments	32,960
Less: portion representing interest	(3,084)
<b>Capital lease liability</b>	<b>\$29,876</b>

### 12. Retirement

The Organization offers employees a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code. The plan covers substantially all full-time employees. Contributions to the plan are at the discretion of the board of directors. There were no employer contributions to the plan during the year ending December 31, 2016.

### 13. Donated Services

The Organization depends on volunteers to cook meals for and provide other assistance to residents of the House, provide assistance to clients in the family room at UF Health Shands Children's Hospital, and assist with the cleaning and maintenance of the House and grounds. The Organization received 21,880 hours of volunteer services in 2016.

### 14. Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through April 3, 2017, which is the date the financial statements were available to be issued.

# Ronald McDonald House Charities of North Central Florida, Inc.

Notes to financial statements  
December 31, 2016 and 2015

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**15. Restatement**

The Organization restated its financial statements for the year ended December 31, 2015 to reflect the lease of a copier as a capital versus an operating lease and also to record in-kind donations of house improvements as contributions of assets rather than as expenses. The effect of the restatement was to increase property and equipment by \$416,075 as of December 31, 2015 and to increase the change in net assets by \$379,137 for the year ended December 31, 2015. The financial statements for 2015 have been restated to reflect these adjustments.