

**RONALD MCDONALD HOUSE  
CHARITIES® OF JACKSONVILLE, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2018 and 2017**



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**Ronald McDonald House Charities of Jacksonville, Inc.**  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Ronald McDonald House Charities® of Jacksonville, Inc.

We have audited the accompanying financial statements of Ronald McDonald House Charities® of Jacksonville, 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.

### **Auditors' 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 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 Jacksonville, 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.

### Emphasis of Matter- Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, management has adopted Financial Accounting Standards Board ASU 2016-14, *Not-for-Profit Entities* (Topic 958); this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to this matter.

*Carly Riggs & Ingram, L.L.C.*

Jacksonville, Florida

June 19, 2019

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Statements of Financial Position**

<i>December 31,</i>	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 795,491	\$ 1,002,493
Contributions and other receivables	54,082	36,637
Pledges receivable (Note 4)	141,713	746,973
Prepaid expenses and other	24,714	18,355
Investments, at fair value (Note 5)	4,652,801	6,070,747
Property and equipment, net of depreciation (Note 8)	17,087,793	17,841,649
<b>TOTAL ASSETS</b>	<b>\$ 22,756,594</b>	<b>\$ 25,716,854</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 113,790	\$ 232,531
Deferred revenue	4,587	60,000
Bank line of credit (Note 9)	268,701	1,698,025
Capital lease obligation (Note 10)	4,183	7,245
<b>Total liabilities</b>	<b>391,261</b>	<b>1,997,801</b>
<b>Net assets:</b>		
Without donor restrictions (Note 7)	20,219,017	21,255,302
With donor restrictions (Note 11)	2,146,316	2,463,751
<b>Total net assets</b>	<b>22,365,333</b>	<b>23,719,053</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 22,756,594</b>	<b>\$ 25,716,854</b>

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

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Statement of Activities**

<i>Year Ended December 31, 2018</i>	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contributions and grants	\$ 1,262,661	\$ -	\$ 1,262,661
Capital campaign contributions	31,148	-	31,148
Room contributions	133,828	-	133,828
In-kind contributions	154,260	-	154,260
Gross revenues from special events	712,007	-	712,007
Less costs of direct benefits to donors	(243,769)	-	(243,769)
Net revenues from special events	468,238	-	468,238
Investment income, net of fees	64,693	41,523	106,216
Net realized investment gains	341,215	96,948	438,163
Net unrealized investment losses	(597,532)	(278,937)	(876,469)
Other income	3,914	-	3,914
<b>Total revenues, gains and other support before net assets released from restrictions</b>	<b>1,862,425</b>	<b>(140,466)</b>	<b>1,721,959</b>
Net assets released from restrictions -- satisfaction of donor restrictions (Note 12)	176,969	(176,969)	-
<b>Total revenues, gains and other support</b>	<b>2,039,394</b>	<b>(317,435)</b>	<b>1,721,959</b>
<b>EXPENSES</b>			
Program services	2,304,044	-	2,304,044
Supporting services:			
Management and general	328,713	-	328,713
Fundraising	442,922	-	442,922
Total supporting services	771,635	-	771,635
<b>Total expenses</b>	<b>3,075,679</b>	<b>-</b>	<b>3,075,679</b>
<b>Change in net assets</b>	<b>(1,036,285)</b>	<b>(317,435)</b>	<b>(1,353,720)</b>
Net assets, beginning of year	21,255,302	2,463,751	23,719,053
<b>Net assets, end of year</b>	<b>\$ 20,219,017</b>	<b>\$ 2,146,316</b>	<b>\$ 22,365,333</b>

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

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Statement of Activities**

<i>Year Ended December 31, 2017</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contributions and grants	\$ 1,258,057	\$ -	\$ 1,258,057
Capital campaign contributions	-	746,504	746,504
United Way contributions	19,764	-	19,764
Room contributions	80,085	-	80,085
In-kind contributions	215,278	-	215,278
Gross revenues from special events	760,455	-	760,455
Less costs of direct benefits to donors	(273,562)	-	(273,562)
Net revenues from special events	486,893	-	486,893
Investment income, net of fees	99,910	56,938	156,848
Net realized investment gains (losses)	174,310	8,012	182,322
Net unrealized investment gains	257,835	161,559	419,394
Loss on disposal of property and equipment	(40,152)	-	(40,152)
Other income	4,534	-	4,534
<b>Total revenues, gains and other support before net assets released from restrictions</b>	<b>2,556,514</b>	<b>973,013</b>	<b>3,529,527</b>
Net assets released from restrictions -- satisfaction of donor restrictions (Note 12)	1,299,670	(1,299,670)	-
<b>Total revenues, gains and other support</b>	<b>3,856,184</b>	<b>(326,657)</b>	<b>3,529,527</b>
<b>EXPENSES</b>			
Program services	2,316,444	-	2,316,444
Supporting services:			
Management and general	326,566	-	326,566
Fundraising	423,245	-	423,245
Total supporting services	749,811	-	749,811
<b>Total functional expenses</b>	<b>3,066,255</b>	<b>-</b>	<b>3,066,255</b>
Payments to RMHC Global, net of refund	12,609	-	12,609
<b>Total expenses</b>	<b>3,078,864</b>	<b>-</b>	<b>3,078,864</b>
<b>Change in net assets</b>	<b>777,320</b>	<b>(326,657)</b>	<b>450,663</b>
Net assets, beginning of year	20,477,982	2,790,408	23,268,390
<b>Net assets, end of year</b>	<b>\$ 21,255,302</b>	<b>\$ 2,463,751</b>	<b>\$ 23,719,053</b>

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

**Ronald McDonald House Charities of Jacksonville, Inc.  
Statement of Functional Expenses**

Year Ended December 31, 2018	Program Services	Management and General	Fundraising	Total Functional Expenses	Costs of Direct Benefits to Donors	Total Expenses
<b>Salaries and related expenses:</b>						
Salaries	\$ 780,425	\$ 184,902	\$ 257,376	\$ 1,222,703	\$ -	\$ 1,222,703
Payroll taxes and benefits	144,019	34,463	38,757	217,239	-	217,239
Total salaries and related expenses	924,444	219,365	296,133	1,439,942	-	1,439,942
<b>Other expenses:</b>						
Program supplies and expense	189,348	1,036	153	190,537	-	190,537
Professional fees	9,346	7,608	27,945	44,899	-	44,899
Contract services	99,721	-	-	99,721	-	99,721
Printing and publications	7,304	1,461	5,844	14,609	-	14,609
Office supplies and expense	7,209	3,848	1,820	12,877	-	12,877
Postage and shipping	595	976	4,027	5,598	-	5,598
Computer and information technology	20,298	20,439	35,665	76,402	-	76,402
Occupancy	121,985	1,243	1,243	124,471	-	124,471
Maintenance and repairs	28,290	64	-	28,354	-	28,354
Telephone	26,153	1,076	600	27,829	-	27,829
Travel and lodging	2,276	11,865	2,906	17,047	-	17,047
Meetings, training and seminars	1,694	10,203	3,220	15,117	-	15,117
Insurance	91,463	1,905	1,905	95,273	-	95,273
Fundraising expenses - indirect	56	452	40,422	40,930	-	40,930
Fundraising expenses - special events	-	-	-	-	243,769	243,769
Interest	339	33,767	73	34,179	-	34,179
Bank and merchant service fees	1,335	50	10,376	11,761	-	11,761
Dues and subscriptions	583	4,891	2,365	7,839	-	7,839
Taxes and licenses - other	703	351	361	1,415	-	1,415
Depreciation	765,760	7,814	7,814	781,388	-	781,388
Miscellaneous	5,142	299	50	5,491	-	5,491
Total other expenses	1,379,600	109,348	146,789	1,635,737	243,769	1,879,506
Total expenses including costs of direct benefits to donors	2,304,044	328,713	442,922	3,075,679	243,769	3,319,448
Less cost of direct benefits to donors netted against special event revenues on the statement of activities	-	-	-	-	(243,769)	(243,769)
<b>Total functional expenses</b>	<b>\$ 2,304,044</b>	<b>\$ 328,713</b>	<b>\$ 442,922</b>	<b>\$ 3,075,679</b>	<b>\$ -</b>	<b>\$ 3,075,679</b>

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



**Ronald McDonald House Charities of Jacksonville, Inc.  
Statement of Functional Expenses**

Year Ended December 31, 2017	Program Services	Management and General	Fundraising	Total Functional Expenses	Costs of Direct Benefits to Donors	Total Expenses
<b>Salaries and related expenses:</b>						
Salaries	\$ 670,556	\$ 172,249	\$ 265,929	\$ 1,108,734	\$ -	\$ 1,108,734
Payroll taxes and benefits	132,397	36,187	28,309	196,893	-	196,893
Total salaries and related expenses	802,953	208,436	294,238	1,305,627	-	1,305,627
<b>Other expenses:</b>						
Program supplies and expense	323,619	4,123	249	327,991	-	327,991
Professional fees	10,782	13,194	29,413	53,389	-	53,389
Contract services	95,467	1,276	2,287	99,030	-	99,030
Printing and publications	7,452	1,491	5,962	14,905	-	14,905
Office supplies and expense	2,145	3,052	1,718	6,915	-	6,915
Postage and shipping	631	947	3,544	5,122	-	5,122
Computer and information technology	10,647	7,986	7,986	26,619	-	26,619
Occupancy	126,887	1,295	1,295	129,477	-	129,477
Maintenance and repairs	80,439	-	-	80,439	-	80,439
Telephone	25,889	1,680	600	28,169	-	28,169
Travel and lodging	5,707	4,086	1,910	11,703	-	11,703
Meetings, training and seminars	1,064	6,486	1,258	8,808	-	8,808
Insurance	81,493	1,698	1,698	84,889	-	84,889
Rent	2,890	-	-	2,890	-	2,890
Fundraising expenses - indirect	-	310	49,937	50,247	-	50,247
Fundraising expenses - special events	-	-	-	-	273,562	273,562
Bank charges and interest	1,892	57,382	10,910	70,184	-	70,184
Dues and subscriptions	777	5,118	2,034	7,929	-	7,929
Taxes and licenses - other	1,262	325	430	2,017	-	2,017
Depreciation	733,017	7,480	7,480	747,977	-	747,977
Miscellaneous	1,431	201	296	1,928	-	1,928
Total other expenses	1,513,491	118,130	129,007	1,760,628	273,562	2,034,190
Total expenses including costs of direct benefits to donors	2,316,444	326,566	423,245	3,066,255	273,562	3,339,817
Less cost of direct benefits to donors netted against special event revenues on the statement of activities	-	-	-	-	(273,562)	(273,562)
<b>Total functional expenses</b>	<b>\$ 2,316,444</b>	<b>\$ 326,566</b>	<b>\$ 423,245</b>	<b>\$ 3,066,255</b>	<b>\$ -</b>	<b>\$ 3,066,255</b>

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

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Statements of Cash Flows**

<i>Year Ended December 31,</i>	<b>2018</b>	<b>2017</b>
<b>Cash flow from operating activities:</b>		
Change in net assets	<b>\$ (1,353,720)</b>	\$ 450,663
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	<b>781,388</b>	747,977
Loss on disposal of property and equipment	-	40,152
Decrease in provision for uncollectible pledges	<b>(20,000)</b>	-
Donated securities	<b>(58,123)</b>	(49,969)
Proceeds from sale of donated securities	<b>57,853</b>	55,902
Donated property and equipment	<b>(5,140)</b>	(25,585)
Net realized and unrealized losses (gains) on investments	<b>438,306</b>	(601,716)
(Increase) decrease in operating assets:		
Contributions and other receivables	<b>(17,445)</b>	(18,175)
Pledges receivable	<b>625,260</b>	350,813
Prepaid expenses and other	<b>(6,359)</b>	16,121
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	<b>(118,741)</b>	26,165
Deferred revenue	<b>(55,413)</b>	(40,000)
<b>Net cash provided by operating activities</b>	<b>267,866</b>	952,348
<b>Cash flow from investing activities:</b>		
Acquisition of property and equipment	<b>(22,392)</b>	(1,419,191)
Proceeds from sale of investments	<b>5,256,273</b>	2,392,099
Purchase of investments	<b>(4,276,363)</b>	(2,156,532)
<b>Net cash provided by (used for) investing activities</b>	<b>957,518</b>	(1,183,624)
<b>Cash flow from financing activities:</b>		
Net (repayments) borrowings under bank line of credit	<b>(1,429,324)</b>	79,025
Principal payments on capital lease obligation	<b>(3,062)</b>	(2,819)
<b>Net cash (used for) provided by financing activities</b>	<b>(1,432,386)</b>	76,206
<b>Net decrease in cash and cash equivalents</b>	<b>(207,002)</b>	(155,070)
Cash and cash equivalents, beginning of year	<b>1,002,493</b>	1,157,563
<b>Cash and cash equivalents, end of year</b>	<b>\$ 795,491</b>	\$ 1,002,493

**Supplemental disclosure of cash flow information:** See Note 20.

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

## Ronald McDonald House Charities of Jacksonville, Inc. Notes to Financial Statements

### NOTE 1: ORGANIZATION AND NATURE OF ACTIVITIES

Ronald McDonald House Charities® of Jacksonville, Inc. (the “Organization”) is a nonprofit corporation established to support the health and well-being of children by providing lodging and other services for critically ill, chronically ill and seriously injured children and their families. The Organization is licensed by McDonald’s Corporation as an independent chapter of Ronald McDonald House Charities®, Inc.

The Organization operates a Ronald McDonald House® (the “House”) in Jacksonville, Florida which provides lodging and other support services to families who have children with serious illnesses or injuries admitted to Jacksonville area hospitals. The Organization also operates a Ronald McDonald Family Room® at Wolfson Children’s Hospital, which is volunteer-staffed and has a kitchenette for families to use while visiting the hospital.

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and accompanying notes are representations of the Organization’s management. Accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the presentation of the financial statements.

#### Financial Statement Presentation

In accordance with the *Not-for-Profit Entities* Topic 958 of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) the Organization is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

- **Without donor restrictions** represent funds available for grants and expenses which are not otherwise limited by donor restrictions.
- **With donor restrictions** consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time. 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.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

*Investments*

The Organization's investments in equity and marketable securities with readily determinable fair values and all debt securities are recorded at fair value based upon quoted market prices. Investment income or loss (including gains and losses on investments and interest and dividends less external and direct internal investment expenses) is accounted for as a change in net assets without donor restrictions, unless previously restricted by donor specifications or law. Realized gains and losses on disposition of investments are determined by comparison to specific cost of acquisition to proceeds at the time of disposal. Unrealized gains and losses are calculated by comparing cost to market values at the statement of financial position date, and are reported as a change in the appropriate net assets class dependent on restrictions, if any. Investments donated to the Organization are recorded at their fair value on the date of the gift. It is the Organization's policy to sell donated securities immediately upon receipt, and accordingly, for purposes of the statement of cash flows, the proceeds from the sale of donated securities are reported as cash flows from operating activities.

*Contributions, Pledges and Unconditional Promises to Give*

Contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time-restriction ends or a purpose-restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Pledges receivable and unconditional promises to give are recognized as revenue when the donor commits the gift or pledge. Conditional promises to give are recognized as revenue when the specified conditions are substantially met and the promises become unconditional. 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 future years are recorded at the present value of their estimated future cash flows using a credit risk adjusted discount rate of return appropriate for the expected term of the promise to give.

An allowance for uncollectible pledges is provided when, in the opinion of management, collection of pledges is considered doubtful based on such factors as historical losses, existing economic conditions, and the financial stability of its donors. At December 31, 2018 and 2017, an allowance for uncollectible pledges of \$20,000 and \$40,000 was recorded, respectively.

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

*Property and Equipment*

The Organization capitalizes all expenditures for property, equipment and improvements in excess of \$1,000. Purchased property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the respective assets. Ordinary repairs and maintenance are charged to expense when incurred. Donations of property and equipment are recorded as support at their estimated fair value on the date of receipt. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions.

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 at that time.

The Organization evaluates the carrying value of its long-lived assets for impairment. Recoverability is measured by the expected undiscounted future cash flows of the assets compared to their net book value. If the expected undiscounted future cash flows are less than the net book value of the assets, the excess of the net book value over the estimated fair value is charged to current earnings. Fair value is based on discounted cash flows of the assets at a rate determined to be reasonable for the type of asset and prevailing market conditions, appraisals, and, if appropriate, current estimated net sales proceeds from pending offers. The Organization evaluates the carrying value based on its present plans for the long-lived assets. No impairments were recognized during 2018 or 2017.

*Contributed Materials and Services*

The Organization records various types of in-kind contributions. Contributed materials and services are recognized at fair market value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment (See Note 13).

Additionally, a substantial number of unpaid volunteers donate significant amounts of their time to the Organization's fundraising campaigns and House program activities. No amounts have been reflected in the financial statements for such contributed services since these services did not create or enhance non-financial assets or require specialized skills. During the years ended December 31, 2018 and 2017, volunteers contributed approximately 19,750 and 17,000 hours, respectively.

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

*Deferred Revenue*

Revenues received in advance related to fundraising events or program services to be provided are recorded as deferred revenue. The revenue is recognized as earned in the period which the event takes place or the program services are provided.

*Functional Expenses*

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Expenses not charged to a specific program or supporting function require allocation on a reasonable basis that is consistently applied as follows: depreciation, insurance, occupancy (including utilities), and communications expense (telephone and cable), are allocated on an estimated square footage basis. Office equipment expense, including interest on equipment leases, certain office supplies, general postage and printing, certain professional fees, and information technology are allocated based on full-time equivalents or estimated program and support functions benefiting from the expenditures. Salaries and wages, payroll taxes and employee benefits are allocated on the basis of estimates of time and effort.

*Income Taxes*

The Organization is a non-profit corporation exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

*Use of Estimates*

The preparation of financial statements in conformity 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 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.

*Reclassifications*

Certain items reported in the prior year financial statements have been reclassified, where appropriate, to conform to the current year presentation related to investment income net of fees, net assets with donor restrictions, endowment funds, and net assets released from restrictions due to the satisfaction of donor restrictions.

*New Accounting Pronouncement*

Effective January 1, 2018, the Organization adopted FASB's Accounting Standards Update ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. There was no impact to net asset balances.

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 3: LIQUIDITY**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization receives contributions restricted by donors, and considers contributions restricted for programs, which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization maintains financial assets, consisting of cash and investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are reallocated if necessary. As part of its liquidity management, the Organization invests cash in excess of daily requirements in various investments. In addition, the Organization maintains a board-designated fund that allows for annual spending of income and appreciation approved by the board. Distributions are made annually from donor-restricted perpetual endowment funds based on the endowment spending policy (See Note 6).

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

<i>December 31,</i>	<b>2018</b>	<b>2017</b>
Cash and cash equivalents	\$ <b>795,491</b>	\$ 1,002,493
Contributions and other receivables	<b>54,082</b>	36,637
Pledges receivable, due in less than one year	<b>114,920</b>	609,169
Prepaid expenses	<b>23,939</b>	16,450
Investments	<b>4,652,801</b>	6,070,747
<b>Total financial assets</b>	<b>5,641,233</b>	7,735,496
Less amounts not available to be used within one year:		
Board designated funds	<b>3,006,485</b>	4,192,366
Donor- restricted perpetual endowment	<b>1,646,316</b>	1,898,751
<b>Total financial assets not available to be used within one year</b>	<b>4,652,801</b>	6,091,117
 Financial assets available to meet cash needs for general expenditures within one year	 <b>\$ 988,432</b>	 <b>\$ 1,644,379</b>

As more fully described in Note 9, the Organization also has a committed line of credit in the amount of \$500,000, which it could draw upon in the event of an unanticipated liquidity need.

In addition, although the Organization does not intend to spend from its board-designated fund, other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation, amounts from its board-designated fund could be made available if necessary.

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 4: PLEDGES RECEIVABLE**

During the year ended December 31, 2014, the Organization entered into a capital campaign to expand and renovate its facilities to meet the increased need for its services. Pledges receivable related to the capital campaign and operations consists of the following:

<i>December 31,</i>	<b>2018</b>	2017
Due in less than one year	\$ 114,920	\$ 609,169
Due in one to five years	49,000	187,332
Total restricted pledges	<b>163,920</b>	796,501
Less fair value adjustments:		
Allowance for uncollectible pledges	<b>(20,000)</b>	(40,000)
Discount to present value	<b>(2,207)</b>	(9,528)
Pledges receivable, net	<b>\$ 141,713</b>	\$ 746,973

Pledges receivable with due dates extending beyond one year have been discounted at an annual rate of 3.75% for both years ended December 31, 2018 and 2017.

**NOTE 5: INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments are reported at fair value as defined by FASB ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. Accordingly, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of the fair value hierarchy are described as follows:

- **Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- **Level 2:** Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- **Level 3:** Values measured using significant unobservable inputs that are supported by little or no market activity.



**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 5: INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

- **Common stocks:** Valued at the closing price reported on the active market on which the individual securities are traded.
- **Mutual funds:** Valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV) which is the price at which units can be traded at the measurement date.
- **Corporate and municipal bonds:** Valued using pricing models maximizing the use of observable inputs for similar securities which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- **U.S. government securities:** Valued using pricing models maximizing the use of observable inputs for similar securities.
- **Alternative funds and master limited partnership funds:** Valued using pricing models or other valuation methodologies maximizing the use of observable inputs.
- **Real estate investment trusts:** Valued at the daily closing price as reported by the real estate investment trust ("REIT"). These REIT's are required to publish their daily net asset value (NAV) which is the price at which units can be traded at the measurement date.

The underlying investments in marketable securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, and the level of uncertainty related to changes in the value of the marketable securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the statement of financial position and the statement of activities.

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 5: INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

The following summarizes investments carried by level within the fair value hierarchy:

<i>December 31, 2018</i>	<b>Assets at Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Money market funds</b>	\$ 186,792	\$ -	\$ -	\$ 186,792
<b>Mutual funds:</b>				
Domestic equity funds	1,628,634	-	-	1,628,634
International equity funds	500,790	-	-	500,790
Domestic bond funds	1,161,152	-	-	1,161,152
International bond funds	403,927	-	-	403,927
Alternative and managed futures funds	109,284	-	135,803	245,087
Real estate funds	233,410	-	-	233,410
Real estate investment trusts	1,561	-	-	1,561
<b>Total mutual funds</b>	<b>4,038,758</b>	<b>-</b>	<b>135,803</b>	<b>4,174,561</b>
<b>Equities:</b>				
Domestic equities	88,736	-	-	88,736
International equities	11,626	-	-	11,626
<b>Total equities</b>	<b>100,362</b>	<b>-</b>	<b>-</b>	<b>100,362</b>
<b>Fixed income:</b>				
Corporate bonds	107,970	-	-	107,970
U.S. government securities	83,116	-	-	83,116
<b>Total fixed income</b>	<b>191,086</b>	<b>-</b>	<b>-</b>	<b>191,086</b>
<b>Total investments</b>	<b>\$ 4,516,998</b>	<b>\$ -</b>	<b>\$ 135,803</b>	<b>\$ 4,652,801</b>

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 5: INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

<i>December 31, 2017</i>	Assets at Fair Value			Total
	Level 1	Level 2	Level 3	
<b>Money market funds</b>	\$ 317,668	\$ -	\$ -	\$ 317,668
<b>Mutual funds:</b>				
Domestic equity funds	1,854,027	-	-	1,854,027
International equity funds	1,387,189	-	-	1,387,189
Domestic bond funds	808,318	-	-	808,318
International bond funds	52,117	-	-	52,117
Alternative and managed futures funds	430,446	-	122,611	553,057
Real estate funds	493,244	-	-	493,244
Master limited partnership funds	131,470	-	-	131,470
<b>Total mutual funds</b>	5,156,811	-	122,611	5,279,422
<b>Equities:</b>				
Domestic equities	175,400	-	-	175,400
International equities	21,249	-	-	21,249
<b>Total equities</b>	196,649	-	-	196,649
<b>Fixed income:</b>				
Corporate bonds	116,115	-	-	116,115
Municipal bonds	86,966	-	-	86,966
U.S. government securities	73,927	-	-	73,927
<b>Total fixed income</b>	277,008	-	-	277,008
<b>Total investments</b>	<b>\$ 5,948,136</b>	<b>\$ -</b>	<b>\$ 122,611</b>	<b>\$ 6,070,747</b>

The following is a reconciliation of investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

<i>Year Ended December 31,</i>	2018	2017
Fair value, beginning of year	\$ 122,611	\$ 300,824
Level 3 investments sold	-	(198,991)
Unrealized gains	13,192	20,778
Fair value, end of year	<b>\$ 135,803</b>	<b>\$ 122,611</b>

There were no transfers between Level 1, Level 2 or Level 3 investment categories during the years ended December 31, 2018 and 2017.

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 5: INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

The Organization's investment income is summarized as follows:

<i>Year Ended December 31,</i>	<b>2018</b>	<b>2017</b>
Interest and dividend income, net of investment fees	\$ 106,216	\$ 156,848
Net realized gains	438,163	182,322
Net unrealized (losses) gains	(876,469)	419,394
Net investment (loss) income	\$ (332,090)	\$ 758,564

Investment fees totaled \$54,627 and \$63,831 for the years ended December 31, 2018 and 2017, respectively.

**NOTE 6: ENDOWMENT FUND**

The Organization has a written investment policy to which it closely adheres. The Organization engages professional investment advisors to handle the investment of endowed and other funds. Additionally, a committee of qualified individuals meets regularly to review investment performance and strategies.

*Implementation of Accounting Standards*

The State of Florida enacted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") effective July 31, 2012, the provisions of which apply to endowment funds existing on or established after that date. Accordingly, the Board of Directors has determined that a portion of the Organization's investments meet the definition of endowment funds under FUPMIFA.

The Board of Directors has interpreted the law as requiring the preservation of the fair value of the original gift as of the date of the donation of the endowment funds with donor restrictions in perpetuity, absent any explicit donor stipulations to the contrary. As a result, the Organization would consider the fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gifts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instruments. The Organization has interpreted FUPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fund is underwater in the amount of \$118,090 for the year ended December 31, 2018. The fund was not underwater for the year ended December 31, 2017. The fair value of the fund at years ended December 31, 2018 and 2017 was \$1,646,316 and \$1,898,751, respectively. The original funds amount restricted in perpetuity is \$1,764,406 for both years ended December 31, 2018 and 2017.

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 6: ENDOWMENT FUND (continued)**

The remaining portion of the donor-restricted endowment fund that is not restricted in perpetuity is considered restricted until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standards prescribed by FUPMIFA. In accordance with FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions: (1) the duration and preservation of the various funds; (2) the purpose of the endowment funds with donor restrictions; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the Organization; and (7) the Organization's investment policies.

Spending Policy and Investment Return Objectives

The Organization has adopted investment and spending policies as determined and recommended by the Finance Committee, and approved by the Board of Directors, for endowment assets. Such policies are designed to invest the Organization's cash assets in securities and depositories that will yield the maximum total return consistent with the safety of principal and liquidity needs. The Organization's spending and investment policies collectively work to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term objective is in line with not-for-profit industry management and investment of endowment funds. Actual returns in any given year may vary. Management believes that the investment philosophy of the Organization is generally conservative in nature and balances its return of the investment along with liquidity.

Endowment net asset composition by type of fund as of December 31, 2018 is as follows:

<i>Year Ended December 31, 2018</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment net assets in perpetuity	\$ -	\$ 1,764,406	\$ 1,764,406
Accumulated deficit on donor-restricted endowment net assets available for expenditure	-	(118,090)	(118,090)
<b>Total donor-restricted endowment net assets</b>	<b>\$ -</b>	<b>\$ 1,646,316</b>	<b>\$ 1,646,316</b>

Changes in endowment net assets as of December 31, 2018 are as follows:

<i>Year Ended December 31, 2018</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ -	\$ 1,898,751	\$ 1,898,751
Investment income	-	59,189	59,189
Net depreciation on investments	-	(181,989)	(181,989)
Investment management fees	-	(17,666)	(17,666)
Amounts appropriated for expenditures	-	(111,969)	(111,969)
<b>Endowment net assets, end of year</b>	<b>\$ -</b>	<b>\$ 1,646,316</b>	<b>\$ 1,646,316</b>

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 6: ENDOWMENT FUND (continued)**

Endowment net asset composition by type of fund as of December 31, 2017 is as follows:

<i>Year Ended December 31, 2017</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment net assets in perpetuity	\$ -	\$ 1,764,406	\$ 1,764,406
Accumulated income on donor-restricted endowment net assets available for expenditure	-	134,345	134,345
<b>Total donor-restricted endowment net assets</b>	<b>\$ -</b>	<b>\$ 1,898,751</b>	<b>\$ 1,898,751</b>

Changes in endowment net assets as of December 31, 2017 are as follows:

<i>Year Ended December 31, 2017</i>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ -	\$ 1,764,406	\$ 1,764,406
Investment income	-	76,088	76,088
Net appreciation on investments	-	169,572	169,572
Investment management fees	-	(19,150)	(19,150)
Amounts appropriated for expenditures	-	(92,165)	(92,165)
<b>Endowment net assets, end of year</b>	<b>\$ -</b>	<b>\$ 1,898,751</b>	<b>\$ 1,898,751</b>

**NOTE 7: BOARD-DESIGNATED NET ASSETS**

The Organization's governing Board of Directors has designated net assets without donor restrictions to support the mission and operations of the Organization totaling \$3,006,485 and \$4,192,366 for the years ended December 31, 2018 and 2017, respectively.

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 8: PROPERTY AND EQUIPMENT**

Property and equipment are summarized as follows:

<i>December 31,</i>		<b>2018</b>	<b>2017</b>
	<u>Use Life</u>		
Land	n/a	\$ 1,576,142	\$ 1,576,142
Buildings and improvements	7 - 39 years	<b>18,484,024</b>	18,354,643
Furniture, fixtures and equipment	3 - 10 years	<b>1,685,997</b>	1,670,696
Transportation equipment	5 years	<b>25,734</b>	25,734
Construction in progress	n/a	-	122,449
		<b>21,771,897</b>	21,749,664
Less accumulated depreciation		<b>(4,684,104)</b>	(3,908,015)
Total property and equipment		<b>17,087,793</b>	17,841,649
Less restricted land		<b>(450,000)</b>	(450,000)
		<b>\$ 16,637,793</b>	\$ 17,391,649

Depreciation expense was \$781,388 and 747,977 for the years ended December 31, 2018 and 2017, respectively.

The Organization began a capital campaign in 2014 to expand and renovate the House facilities. The expansion was substantially completed in 2016. Renovations to the existing facility were completed during the year ended December 31, 2018 with \$123,684 and \$1,229,854 capitalized during the years ended December 31, 2018 and 2017, respectively.

There were no construction in progress costs for the renovations of the existing facility at December 31, 2018 and \$122,449 as of December 31, 2017. The renovation costs are capitalized upon completion and depreciated beginning with the date placed in service.

See Note 11 for details on the restricted land.

**NOTE 9: BANK LINE OF CREDIT**

Effective January 22, 2015, the Organization secured financing with a bank for maximum borrowings of \$3.5 million to fund the costs of expansion and renovation of the House. The debt was secured by the Organization's capital campaign pledges receivable, cash accounts with the bank into which restricted capital campaign pledges and donations were deposited, and certain other assets as defined in the security agreement. Interest on outstanding borrowings was payable monthly at the bank's prime rate. The debt was satisfied on April 13, 2017. Interest expense incurred totaled \$18,236 for the year ended December 31, 2017.

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 9: BANK LINE OF CREDIT (continued)**

Effective April 11, 2017, the Organization secured new financing with a bank as follows:

- **Facility 1:** \$3 million non-revolving line of credit to refinance the existing bank loan of \$1.6 million and to provide funding for the remaining House expansion and renovation expenditures. Interest is payable monthly at a variable rate based on the 30-day LIBOR index rate, and the principal balance is due at maturity on April 30, 2021. The maximum loan amount will step-down to \$2.5 million effective December 31, 2018, and remain at that amount until maturity. The outstanding balance was \$268,701 and \$1,698,025 at December 31, 2018 and 2017, respectively. Interest expense incurred on the note totaled \$33,695 and \$35,685 for the years ended December 31, 2018 and 2017, respectively.
- **Facility 2:** \$500,000 revolving line of credit to provide funding for general operating purposes. Interest is payable monthly at a variable rate based on the 30-day LIBOR index rate, with the principal balance due at maturity on April 30, 2019, with a two-year extension option. No amounts have been borrowed under this loan through the date of this report.

The lines of credit are secured by a letter agreement not to encumber the House campus with additional debt, a first assignment of the Organization's current and future capital campaign pledges receivable, and a first assignment of the capital campaign collection account held with the bank. The Organization must maintain its primary depository relationship with the bank and a minimum of \$3 million in unrestricted liquidity (cash and investments). The investments are not required to be held by the bank.

**NOTE 10: LEASES**

The Organization has a capital lease agreement for copier equipment which requires monthly payments of \$296 through March 28, 2020. The cost and accumulated depreciation of the equipment under capital lease was \$15,051 and \$12,041, respectively, at December 31, 2018. The Organization also leases certain office equipment under a noncancelable operating lease agreement which requires quarterly payments of \$380 through September 30, 2019. Rent expense under the operating lease totaled \$1,520 for each of the years ended December 31, 2018 and 2017.

The following summarizes future minimum lease payments under noncancelable operating and capital leases for years succeeding December 31, 2018:

<i>Year Ending December 31,</i>	<b>Operating Lease</b>	<b>Capital Lease</b>
2019	\$ 1,140	\$ 3,546
2020	-	871
Total minimum lease payments	1,140	4,417
Less amount representing interest	-	(234)
Present value of minimum lease payments	\$ 1,140	\$ 4,183



**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods:

<i>Year Ended December 31,</i>	<b>2018</b>	<b>2017</b>
Subject to expenditure for specific purpose:		
Program activities:		
House operations	\$ 50,000	\$ 115,000
Beneficial use of land	450,000	450,000
<b>Total donor-restricted net assets for specific purpose</b>	<b>500,000</b>	<b>565,000</b>
Subject to the Organization's spending policy and appropriation:		
Original donor-restricted gift amount and amount required to be maintained by donor	1,764,406	1,764,406
Accumulated (loss) gain	(118,090)	134,345
<b>Total donor-restricted net assets in perpetuity</b>	<b>1,646,316</b>	<b>1,898,751</b>
<b>Total net assets with donor restrictions</b>	<b>\$ 2,146,316</b>	<b>\$ 2,463,751</b>

Net assets with donor restrictions are reclassified to net assets without donor restrictions when the time restrictions expires or the funds are utilized for the restricted purpose.

Net assets with donor restrictions that are perpetual in nature consist of endowment contributions to be held in perpetuity. Funds include the Children's Legacy Fund and the Kroc Endowment Fund. Contributions to these funds were recorded at fair market value at the time of receipt, \$1,231,574 and \$532,832, respectively. Income from the funds is intended to support House program expenditures and are distributed in accordance with the Organization's endowment spending policy.

The Organization received land with donor restrictions that are perpetual in nature that was recorded at its fair market value at the date of contribution. The land is part of the property on which the facility is built and is donor restricted in perpetuity to be used as the site for the Ronald McDonald House facility. In accordance with the terms of the donor agreement, ownership of the land will revert back to the donor if the land is used for any other purpose and it may not be sold.

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 12: NET ASSETS RELEASED FROM DONOR RESTRICTION**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows:

<i>Year Ended December 31,</i>	<b>2018</b>	<b>2017</b>
Purpose restrictions accomplished:		
House operations	\$ 176,969	\$ 1,299,670
<b>Total net assets released from donor restrictions</b>	<b>\$ 176,969</b>	<b>\$ 1,299,670</b>

**NOTE 13: DONATED MATERIALS, PROPERTY AND SERVICES**

The estimated fair market value of donated materials, property and services included in the financial statements are as follows:

<i>Year Ended December 31,</i>	<b>2018</b>	<b>2017</b>
Fundraising services and expenses	\$ 44,489	\$ 66,264
House program supplies and expenses	129,767	153,184
Property and equipment donations	5,140	25,585
Professional services	9,000	9,466
Other management and general	3,566	3,841
<b>Total donated materials, property and services</b>	<b>\$ 191,962</b>	<b>\$ 258,340</b>

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 14: SPECIAL EVENTS ACTIVITIES**

Special events activities, including donated revenues and expenses (Note 13), consist of the following:

<i>Year Ended December 31,</i>	<b>2018</b>	<b>2017</b>
<b>Revenues</b>		
McGala	\$ 413,871	\$ 427,708
Golf Tournament	210,509	225,999
Steins & Vines (formerly Fries with that Wine)	20,089	56,104
Light Up the House 5k (formerly Children's Way 5K)	67,538	50,644
Total revenues	<b>712,007</b>	760,455
<b>Expenses</b>		
Total direct expenses	<b>(243,769)</b>	(273,562)
Net special events activities	<b>\$ 468,238</b>	\$ 486,893

**NOTE 15: COMMUNITY FOUNDATION FOR NORTHEAST FLORIDA ENDOWMENTS**

The Community Foundation for Northeast Florida, Inc. (the "Foundation"), a non-profit charitable foundation, previously received donations totaling \$690,775 in the Organization's name. Earnings from these funds are to be used for the benefit and support of the Organization. Amounts available for granting and received by the Organization from the Foundation for the years ended December 31, 2018 and 2017 totaled \$33,276 and \$34,000, respectively.

**NOTE 16: RONALD MCDONALD FAMILY ROOM®**

Expenses in salaries for the coordination of volunteers related to the Ronald McDonald Family Room® licensed ancillary program operations (Note 1) include \$15,050 and \$11,200 for the years ended December 31, 2018 and 2017, respectively.

**NOTE 17: PAYMENTS TO GLOBAL ORGANIZATION**

Effective November 1, 2017, donation box collections were centralized and are being processed by RMHC Global. Donations, net of fees and deductions, are remitted monthly to the Organization via electronic fund transfer. Prior to this, 25% of the Organization's share of donation box net revenue from the area cooperative of McDonald's restaurants (after 50% split with RMHC of North Central Florida, Inc.) was paid to RMH Global on a quarterly basis.

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 17: PAYMENTS TO GLOBAL ORGANIZATION (continued)**

The Organization's revenues raised by donation box promotions totaled \$41,590 and \$71,400 for the years ended December 31, 2018 and 2017, respectively. No amount was paid to RMHC Global under the agreement for the year ended December 31, 2018 and \$12,609 was paid for the year ended December 31, 2017.

**NOTE 18: RETIREMENT PLAN**

The Organization has a defined contribution retirement plan (the "Plan") which covers substantially all eligible employees who have completed one year of service and are at least 21 years of age. The Organization matches 50% of the amount contributed by the employee, up to a maximum of 6% of the employee's gross wages. Employees become 20% vested in the Organization's contribution for each year of service, up to five years. For the years ended December 31, 2018 and 2017, the Organization's contributions to the Plan totaled \$17,404 and \$15,987, respectively.

**NOTE 19: CONCENTRATIONS OF CREDIT RISK**

Financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments and pledges receivable. The Organization maintains its cash in bank deposits and money market accounts. At times, cash balances may be in excess of Federal Deposit Insurance Corporation (FDIC) insured limits which provides for full deposit coverage for noninterest-bearing accounts and insures up to \$250,000 for each interest-bearing deposit account. Management does not believe there is any significant credit risk relative to these deposits.

Concentration of credit risk with respect to pledges receivable is generally limited due to the large number of contributors comprising the Organization's donor base. At December 31, 2018, pledge receivables are no longer material and have no concentrations of credit risk. Pledges outstanding from three donors represented approximately 44% of total pledges receivable at December 31, 2017.

The Organization's credit risk is inherent principally in its investments. Adverse economic conditions either domestically or internationally may result in a reduction of the investments' carrying amount. Market risk of the Organization's investment portfolio is monitored through ongoing review of asset allocations and evaluation by independent investment advisers.

**NOTE 20: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

***Noncash Investing and Financing Activities***

Construction in progress costs totaling \$122,449 and \$118,021 related to the expansion of the House which was completed during the years ended December 31, 2018 and 2017, respectively, were reclassified to property and equipment.

**Ronald McDonald House Charities of Jacksonville, Inc.**  
**Notes to Financial Statements**

**NOTE 20: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION *(continued)***

***Supplemental Cash Flow Disclosure***

Cash paid in interest totaled \$34,180 and \$54,648 for the years ended December 31, 2018 and 2017, respectively.

**NOTE 21: UNCERTAIN TAX POSITIONS**

The Organization evaluates its tax positions taken for any uncertainties in accordance with authoritative guidance. The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be upheld upon examination by taxing authorities. Management believes that it has appropriate support for any tax positions taken and does not have any uncertain tax positions that would require recognition of a liability or disclosure in the financial statements as of December 31, 2018 and 2017.

The Organization files an annual *Return of Organization Exempt from Income Tax* (Form 990). Information tax returns for tax years 2015 through 2017 remain open to examination by federal and state taxing authorities, generally for three years after being filed.

**NOTE 22: COMMITMENTS AND CONTINGENCIES**

**Contingencies**

The Organization is subject to various state and federal laws and regulations, which among other things, require licensing and other qualifications.

**NOTE 23: SUBSEQUENT EVENTS**

The Organization's management has evaluated subsequent events through June 19, 2019, the date which the financial statements were available to be issued.