

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.
FORT MYERS, FLORIDA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013



Myers, Brettholtz & Company, PA

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

OFFICES IN FORT MYERS AND NAPLES

12671 Whitehall Drive, Fort Myers, Florida 33907-3626
239.939.5775 · Fax: 239.939.3032 · mbcopa@mbcopa.com

THE EXCEPTION TO THE RULE

999 Vanderbilt Beach Road, Suite 200, Naples, Florida 34108
239.919.5086 · Fax: 239.790.1701 · mbcopa@mbcopa.com

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	2-3
FINANCIAL STATEMENTS	
Statement of Financial Position.....	4
Statement of Activities	5
Statement of Cash Flows.....	6-7
Statement of Functional Expenses.....	8
Notes to Financial Statements	9-14



Myers, Brettholtz & Company, PA
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Ronald McDonald House Charities of Southwest Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OFFICES IN FORT MYERS AND NAPLES

12671 Whitehall Drive, Fort Myers, Florida 33907-3626
239.939.5775 · Fax: 239.939.3032 · mbcopa@mbcopa.com

999 Vanderbilt Beach Road, Suite 200, Naples, Florida 34108
239.919.5086 · Fax: 239.790.1701 · mbcopa@mbcopa.com

THE EXCEPTION TO THE RULE

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

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 Southwest Florida, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



MYERS, BRETT HOLTZ & COMPANY, PA
Fort Myers, Florida
June 25, 2014

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

ASSETS	
Cash and cash equivalents	\$ 757,459
Certificates of deposit	525,991
Investments	837,515
Accounts receivable	71,336
Prepaid expenses	29,146
Property and equipment, net	<u>641,123</u>
Total assets	<u><u>\$ 2,862,570</u></u>
 LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable and accrued expenses	\$ 54,447
Deferred revenue	<u>43,579</u>
Total liabilities	<u>98,026</u>
 NET ASSETS	
Unrestricted:	
Undesignated	1,817,378
Board designated	144,155
Property and equipment	<u>641,123</u>
Total unrestricted	2,602,656
Temporarily restricted	153,792
Permanently restricted	<u>8,096</u>
Total net assets	<u>2,764,544</u>
Total liabilities and net assets	<u><u>\$ 2,862,570</u></u>

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT				
Gross proceeds from fund raising events	\$ 508,124	\$ 35,760	\$ -	\$ 543,884
Less direct costs	<u>190,805</u>	<u>-</u>	<u>-</u>	<u>190,805</u>
Net proceeds from fund raising events	317,319	35,760	-	353,079
Contributions - general	385,018	9,734	-	394,752
Contributions - restaurant canisters	176,552	-	-	176,552
Contributions - Happy Meals	42,523	-	-	42,523
Guest donations	2,580	-	-	2,580
In-kind contribution	28,563	-	-	28,563
Interest and dividends	22,052	-	-	22,052
Unrealized gain on investments	111,248	-	-	111,248
Realized loss on investments	(505)	-	-	(505)
Loss on sale of assets	(1,524)	-	-	(1,524)
Net assets released from restrictions	<u>17,610</u>	<u>(17,610)</u>	<u>-</u>	<u>-</u>
 Total revenues	 <u>1,101,436</u>	 <u>27,884</u>	 <u>-</u>	 <u>1,129,320</u>
EXPENSES				
Program services	549,868	-	-	549,868
General and administrative	97,019	-	-	97,019
Fund raising	<u>197,353</u>	<u>-</u>	<u>-</u>	<u>197,353</u>
 Total expenses	 <u>844,240</u>	 <u>-</u>	 <u>-</u>	 <u>844,240</u>
 Increase in net assets	 257,196	 27,884	 -	 285,080
 NET ASSETS - January 1, 2013	 <u>2,345,460</u>	 <u>125,908</u>	 <u>8,096</u>	 <u>2,479,464</u>
 NET ASSETS - December 31, 2013	 <u>\$ 2,602,656</u>	 <u>\$ 153,792</u>	 <u>\$ 8,096</u>	 <u>\$ 2,764,544</u>

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Fund raising revenue received	\$ 557,238
Contributions received	612,960
Guest donations received	2,580
Interest and dividends received	22,052
Cash paid to vendors and employees	<u>(1,016,583)</u>
Net cash provided by operating activities	<u>178,247</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(5,371)
Purchases of certificates of deposit	(3,047)
Proceeds from redemptions of certificates of deposit	412,233
Purchases of investments	(353,601)
Proceeds from sales of investments	<u>248,718</u>
Net cash provided by investing activities	<u>298,932</u>
Net increase in cash	477,179
CASH AND CASH EQUIVALENTS - January 1, 2013	<u>280,280</u>
CASH AND CASH EQUIVALENTS - December 31, 2013	<u><u>\$ 757,459</u></u>

RECONCILIATION OF INCREASE IN NET
ASSETS TO NET CASH PROVIDED BY
OPERATING ACTIVITIES

Increase in net assets	\$ 285,080
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	62,011
In-kind contributions	(28,563)
Unrealized gain on investments	(111,248)
Realized loss on investments	505
Loss on sale of assets	1,524
Changes in:	
Accounts receivable	(14,867)
Prepaid expenses	(10,704)
Accounts payable and accrued expenses	(32,845)
Deferred revenue	27,354
Total adjustments	<u>(106,833)</u>
Net cash provided by operating activities	<u>\$ 178,247</u>

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services	General and Administrative	Fund Raising	Total
Payroll and benefits	\$ 136,995	\$ 48,941	\$ 56,716	\$ 242,652
Payroll taxes	10,752	6,637	3,362	20,751
Total salaries and related expenses	<u>147,747</u>	<u>55,578</u>	<u>60,078</u>	<u>263,403</u>
Fund raising	5,782	-	69,938	75,720
Canister collections	-	-	29,767	29,767
RMHC Global	6,898	-	29,799	36,697
Insurance	20,760	5,675	2,357	28,792
Office	15,728	420	2,445	18,593
Outside service contracts	15,839	1,866	-	17,705
Professional fees	8,710	14,162	-	22,872
Repair and maintenance	15,660	1,241	-	16,901
Supplies	10,928	246	11	11,185
Travel and entertainment	1,657	3,589	392	5,638
Utilities	17,968	3,973	1,984	23,925
Volunteer	1,289	967	582	2,838
Grants	99,295	-	-	99,295
Miscellaneous	2,898	-	-	2,898
Children's hospital	126,000	-	-	126,000
Depreciation	52,709	9,302	-	62,011
Total expenses	<u>\$ 549,868</u>	<u>\$ 97,019</u>	<u>\$ 197,353</u>	<u>\$ 844,240</u>

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - THE ORGANIZATION

Ronald McDonald House Charities of Southwest Florida, Inc. (the "Organization") is a not-for-profit corporation organized on September 23, 2003. The mission of the Organization is to provide temporary housing for seriously ill children and their families while the children are receiving treatment at nearby hospitals and to make grants to other nonprofit organizations for the benefit of children in and around the local area.

NOTE 2 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 25, 2014, the date that the financial statements were available to be issued.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Investments

Investments in equity securities and mutual funds with readily determinable fair values, and all investments in debt securities are reported at their fair values on the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets on the statement of activities.

Accounts Receivable

All receivables are considered collectible; therefore no allowance for uncollectible accounts has been recorded. Expense is recognized during the period in which a specific account is determined to be uncollectible. There was no bad debt expense for the year ended December 31, 2013.

Contributed Services and Materials

Contributed services and materials are recorded as contributions in the accompanying financial statements at their estimated current value on the date of receipt. Contributions of services are recognized only if services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by the individual possessing those skills, and would typically be purchased if not provided by donation. For the year ended December 31, 2013, the value of contributed services has not been recorded in the financial statements. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost. Donated assets are recorded at their fair market value at the time of donation. Additions and major renewals in excess of \$500 are capitalized. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The cost of maintenance and repairs is charged to operations as incurred. See Note 7 for additional information.

Income Taxes

Management has analyzed its various federal filing positions and believes that the Organization's income tax filing positions and deductions are well documented, supported and contain no uncertain tax positions. Additionally, management believes that no accruals for tax liabilities, interest or penalties are required. Therefore, no reserves for uncertain income tax positions have been recorded. Further, no interest or penalties have been included since no reserves were recorded. When applicable, such interest and penalties will be reported as income tax expense. The years 2010 through 2013 remain open to examination under federal statute limitations.

The Organization has been granted a ruling that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The Organization is a non-profit Florida corporation, and therefore, is not subject to state income taxes. Accordingly, no provision for income taxes has been made. The Organization is not considered a private foundation within the meaning of Section 509(a) of the Code.

Compensated Absences

The Organization accumulates and records a liability for compensated absences accrued by employees. Unused vacation leave as of December 31, 2013, has been accrued as a liability in the amount of \$7,605.

Fair Value of Financial Instruments

Substantially all of the Organization's assets and liabilities, excluding prepaid expenses, property and equipment, and deferred revenue, are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying amounts that approximate fair value because of the short maturity of the instrument. Investments are valued based on the classification as further described in the investment policy above.

Revenues and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Flows

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, excluding certificates of deposit.

The Organization made no cash payments for income tax or interest during the year ended December 31, 2013.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on a time study of employee duties and utilization of the facility.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances and certificates of deposit at several financial institutions. Accounts and certificates of deposit at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC"). As of December 31, 2013, there were no uninsured balances, based on the bank statement balances, less the FDIC insurance. Cash balances and cash equivalents at investment services companies totaling \$62,963 as of December 31, 2013, are not insured by the FDIC.

NOTE 5 - INVESTMENTS

Investments consisted of the following as of December 31, 2013:

Equity securities	\$ 191,858
Mutual funds	588,249
Bonds	57,408
	<u>\$ 837,515</u>

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 5 - INVESTMENTS (Continued)

The following are the major categories of assets measured at fair value on a recurring basis during the year ended December 31, 2013, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total as of December 31, 2013
Equity securities	\$ 191,858	\$ -	\$ -	\$ 191,858
Mutual funds	555,453	-	32,796	588,249
Bonds	-	57,408	-	57,408
	<u>\$ 747,311</u>	<u>\$ 57,408</u>	<u>\$ 32,796</u>	<u>\$ 837,515</u>

Fair value measurements using significant unobservable inputs (Level 3) consisted of the following as of December 31, 2013:

Beginning balance	\$ -
Transfers into Level 3	(a) 28,974
Purchases	1,111
Total gains or losses (realized and unrealized) included in earnings	2,711
Ending balance	<u>\$ 32,796</u>

(a) Transferred from Level 1 to Level 3 because of lack of observable market data.

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of December 31, 2013:

Golf Sponsorship	\$ 7,400
McHappy Day Funds	25,000
Cannister Collections	19,904
“365” Fundraising Event	4,032
Three Wishes	15,000
	<u>\$ 71,336</u>

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2013:

	Estimated Useful Lives	Amount
Building	15-39 years	\$ 905,468
Furniture and equipment	3-10 years	238,861
Leasehold improvements	7-15 years	129,623
Vehicle	5 years	48,069
		1,322,021
Less: accumulated depreciation		(680,898)
		\$ 641,123

Depreciation expense for the year ended December 31, 2013 was \$62,011, and is allocated between program services and general and administrative expenses.

NOTE 8 - BOARD DESIGNATED NET ASSETS

Board designated net assets consist of amounts designated by the Board in prior years for a capital reserve fund.

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of December 31, 2013:

Purpose	Amount
Building expansion	\$ 128,184
Share-A-Night	23,952
Coca-Cola products	1,656
	\$ 153,792

NOTE 10 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of funds of which the principal is required to be held in perpetuity for the benefit of the Organization. Income from these funds may be used for operating expenses.

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 11 - FUND RAISING EVENTS

Revenues and direct costs associated with fund raising events during the year ended December 31, 2013 consisted of the following:

	Revenues	Direct Costs	Net Proceeds
Storybook Ball	\$ 221,141	\$ 115,141	\$ 106,000
Golf tournament	56,156	23,952	32,204
Pennies from the Heart	100,648	1,489	99,159
Offshore Rodeo and Reggae	78,220	37,695	40,525
Miscellaneous events	87719	12,528	75,191
	\$ 543,884	\$ 190,805	\$ 353,079

NOTE 12 - LICENSING AGREEMENT

The Organization entered into an agreement with McDonald’s Corporation (the “Corporation”) on December 8, 2003 to obtain a license to use the trademarks and copyrights of the Corporation for the purpose of raising funds from public and private sources and making grants to other nonprofit organizations for the benefit of children in the local area. The term of the license shall continue until terminated by either party, with or without cause, upon 30 days’ written notice. The annual fee due under the license is \$1.

Under the terms of the license, the Organization is required to remit to RMHC Global 25% of contributions received through local McDonald’s restaurants as a result of national fundraising campaigns. For the year ended December 31, 2013, these contributions are recorded as contributions - restaurant canister and contributions - Happy Meals on the statement of activities. Amounts remitted under the agreement are recorded as RMHC Global expenses on the statement of functional expenses.

NOTE 13 - COMMITMENTS

The Organization has an agreement with RMHC Global and Healthcare Network of Southwest Florida (“HCNSWFL”) for the support of the Ronald McDonald Care Mobile (the “Care Mobile”). Under the terms of the agreement, the Organization will contribute an amount equal to the lesser of 20% of the annual expenses incurred by HCNSWFL in operating the Care Mobile or \$120,000. During the year ended December 31, 2013, \$82,295 was contributed to the Care Mobile and is included in grants. The agreement will terminate upon either the termination of the licensing agreement for the Care Mobile between HCNSWFL and RMHC Global or the termination of the agreement between the Organization and RMHC Global.

The Organization has an agreement with CLA Landscaping, Inc. for lawn care service, expiring on September 30, 2016.

NOTE 14 - SIMPLE IRA PLAN

The Organization has established a Simple IRA Plan for eligible employees. The Organization makes a dollar-for-dollar match of employee elective deferrals up to 3% of the employee’s compensation. For the year ended December 31, 2013, the Organization contributed \$4,758 in matching contributions which is included in payroll and benefits on the statement of functional expenses.