

**RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.**  
FORT MYERS, FLORIDA  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015



## TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	2-3
FINANCIAL STATEMENTS	
Statements of Financial Position .....	4
Statement of Activities .....	5-6
Statements of Cash Flows .....	7-8
Statement of Functional Expenses.....	9-10
Notes to Financial Statements .....	11-18

## **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 statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

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

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, 2016 and 2015, 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.



MYERS, BRETT HOLTZ & COMPANY, PA  
Fort Myers, Florida  
July 20, 2017

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

	2016	2015
<b>ASSETS</b>		
Cash and cash equivalents	\$ 928,824	\$ 913,029
Certificates of deposit	318,453	467,259
Investments	1,567,196	1,134,261
Accounts receivable	44,767	70,766
Prepaid expenses	42,367	34,160
Property and equipment, net	1,783,596	589,127
Total assets	\$ 4,685,203	\$ 3,208,602
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 56,330	\$ 41,280
Deferred revenue	104,150	50,604
Total liabilities	160,480	91,884
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	1,936,203	2,022,363
Board designated	144,155	144,155
Equity in property and equipment	1,783,596	589,127
Total unrestricted	3,863,954	2,755,645
Temporarily restricted	422,621	352,977
Permanently restricted	238,148	8,096
Total net assets	4,524,723	3,116,718
Total liabilities and net assets	\$ 4,685,203	\$ 3,208,602

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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>				
Gross proceeds from fund raising events	\$ 481,959	\$ 27,225	\$ -	\$ 509,184
Less direct costs	<u>267,756</u>	<u>-</u>	<u>-</u>	<u>267,756</u>
Net proceeds from fund raising events	214,203	27,225	-	241,428
Contributions - general	425,134	200,033	-	625,167
Contributions - restaurant canisters	193,736	-	-	193,736
Contributions - Happy Meals	34,295	-	-	34,295
Guest donations	-	5,500	-	5,500
In-kind contributions	1,141,286	-	230,052	1,371,338
Interest and dividends	46,835	-	-	46,835
Unrealized gain on investments	36,420	-	-	36,420
Realized gain on investments	2,584	-	-	2,584
Net assets released from restrictions	<u>163,114</u>	<u>(163,114)</u>	<u>-</u>	<u>-</u>
 Total revenues	 <u>2,257,607</u>	 <u>69,644</u>	 <u>230,052</u>	 <u>2,557,303</u>
<b>EXPENSES</b>				
Program services	616,748	-	-	616,748
General and administrative	180,106	-	-	180,106
Fund raising	312,508	-	-	312,508
Unallocated payments to RMHC				
Global	<u>39,936</u>	<u>-</u>	<u>-</u>	<u>39,936</u>
 Total expenses	 <u>1,149,298</u>	 <u>-</u>	 <u>-</u>	 <u>1,149,298</u>
 Increase in net assets	 1,108,309	 69,644	 230,052	 1,408,005
 NET ASSETS - January 1, 2016	 <u>2,755,645</u>	 <u>352,977</u>	 <u>8,096</u>	 <u>3,116,718</u>
 NET ASSETS - December 31, 2016	 <u>\$ 3,863,954</u>	 <u>\$ 422,621</u>	 <u>\$ 238,148</u>	 <u>\$ 4,524,723</u>

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RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>				
Gross proceeds from fund raising events	\$ 635,942	\$ 59,950	\$ -	\$ 695,892
Less direct costs	<u>295,250</u>	<u>-</u>	<u>-</u>	<u>295,250</u>
Net proceeds from fund raising events	340,692	59,950	-	400,642
Contributions - general	340,532	134,999	-	475,531
Contributions - restaurant canisters	192,153	-	-	192,153
Contributions - Happy Meals	36,832	-	-	36,832
Guest donations	-	4,580	-	4,580
In-kind contributions	47,645	-	-	47,645
Interest and dividends	23,587	-	-	23,587
Unrealized loss on investments	(20,167)	-	-	(20,167)
Realized gain on investments	14,907	-	-	14,907
Net assets released from restrictions	<u>70,670</u>	<u>(70,670)</u>	<u>-</u>	<u>-</u>
 Total revenues	 <u>1,046,851</u>	 <u>128,859</u>	 <u>-</u>	 <u>1,175,710</u>
<b>EXPENSES</b>				
Program services	532,345	-	-	532,345
General and administrative	131,576	-	-	131,576
Fund raising	149,033	-	-	149,033
Unallocated payments to RMHC				
Global	<u>39,851</u>	<u>-</u>	<u>-</u>	<u>39,851</u>
 Total expenses	 <u>852,805</u>	 <u>-</u>	 <u>-</u>	 <u>852,805</u>
 Increase in net assets	 194,046	 128,859	 -	 322,905
 NET ASSETS - January 1, 2015	 <u>2,561,599</u>	 <u>224,118</u>	 <u>8,096</u>	 <u>2,793,813</u>
 NET ASSETS - December 31, 2015	 <u>\$ 2,755,645</u>	 <u>\$ 352,977</u>	 <u>\$ 8,096</u>	 <u>\$ 3,116,718</u>

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RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Fund raising revenue received	\$ 562,730	\$ 656,222
Contributions received	905,122	712,899
Guest donations received	5,500	4,580
Interest and dividends received	11,006	20,261
Cash paid for expenditures	(1,212,964)	(1,101,153)
Net cash provided by operating activities	271,394	292,809
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(46,303)	(980)
Proceeds from redemption of bond	50,000	-
Proceeds from redemption of certificates of deposit	150,000	125,805
Purchase of certificate of deposit	-	(150,000)
Purchases of investments	(411,601)	(381,125)
Proceeds from sale of investments	2,305	16,348
Net cash used by investing activities	(255,599)	(389,952)
Net increase (decrease) in cash	15,795	(97,143)
CASH AND CASH EQUIVALENTS - January 1,	913,029	1,010,172
CASH AND CASH EQUIVALENTS - December 31,	\$ 928,824	\$ 913,029



	<u>2016</u>	<u>2015</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase in net assets	<u>\$ 1,408,005</u>	<u>\$ 322,905</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	167,085	48,311
Loss on disposal of fixed assets	30,162	-
Non cash contributions of assets	(1,345,413)	(37,412)
Unrealized (gain) loss on investments	(36,420)	20,167
Realized gain on investments	(2,584)	(14,907)
Interest reinvestment	(1,195)	(3,325)
Dividends reinvestment	(34,634)	-
Changes in:		
Accounts receivable	25,999	(1,851)
Prepaid expenses	(8,207)	(2,488)
Accounts payable and accrued expenses	15,050	1,079
Deferred revenue	53,546	(39,670)
Total adjustments	<u>(1,136,611)</u>	<u>(30,096)</u>
Net cash provided by operating activities	<u><u>\$ 271,394</u></u>	<u><u>\$ 292,809</u></u>

SUPPLEMENTAL INFORMATION

Non cash contributions	<u><u>\$ 1,371,338</u></u>	<u><u>\$ 47,645</u></u>
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RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	General and Administrative	Fund Raising	Total
Payroll and benefits	\$ 122,175	\$ 104,419	\$ 86,853	\$ 313,447
Payroll taxes	9,993	7,306	6,470	23,769
Total salaries and related expenses	<u>132,168</u>	<u>111,725</u>	<u>93,323</u>	<u>337,216</u>
Fund raising	5,303	15,900	92,067	113,270
Canister collections	-	-	33,990	33,990
Insurance	31,026	3,855	-	34,881
Office	18,737	400	5,920	25,057
Outside service contracts	19,218	3,348	-	22,566
Professional fees	10,769	14,013	-	24,782
Repair and maintenance	18,064	1,112	40	19,216
Supplies	28,507	-	-	28,507
Travel and entertainment	2,405	1,039	98	3,542
Utilities	19,186	3,327	1,556	24,069
Volunteer	4,580	-	160	4,740
Grants	143,641	-	3,440	147,081
Project design	9,351	-	75,945	85,296
Miscellaneous	1,609	324	5,969	7,902
Depreciation	142,022	25,063	-	167,085
Loss on disposal of fixed assets	30,162	-	-	30,162
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses	<u>\$ 616,748</u>	<u>\$ 180,106</u>	<u>\$ 312,508</u>	<u>\$ 1,109,362</u>

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RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	General and Administrative	Fund Raising	Total
Payroll and benefits	\$ 190,409	\$ 87,269	\$ 23,345	\$ 301,023
Payroll taxes	13,903	6,860	2,001	22,764
Total salaries and related expenses	<u>204,312</u>	<u>94,129</u>	<u>25,346</u>	<u>323,787</u>
Fund raising	2,483	-	72,936	75,419
Cannister collections	-	-	32,669	32,669
Insurance	29,022	4,008	-	33,030
Office	18,464	-	4,657	23,121
Outside service contracts	16,065	1,708	-	17,773
Professional fees	11,385	17,126	-	28,511
Repair and maintenance	15,556	1,283	-	16,839
Supplies	30,769	-	73	30,842
Travel and entertainment	3,372	2,004	787	6,163
Utilities	15,614	4,000	4,388	24,002
Volunteer	3,006	71	775	3,852
Grants	138,949	-	-	138,949
Miscellaneous	2,284	-	7,402	9,686
Depreciation	41,064	7,247	-	48,311
Total expenses	<u>\$ 532,345</u>	<u>\$ 131,576</u>	<u>\$ 149,033</u>	<u>\$ 812,954</u>

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part of the financial statements.

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**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 July 20, 2017, 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 accounting principles generally accepted in the United States of America. 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 in the statement of financial position. Fair value of mutual funds with a community foundation and with significant unobservable inputs is based on the allocation of the Organization’s investment in their agency endowment fund. Realized and unrealized gains and losses are included in the change in net assets in the statement of activities. Gains or losses on securities sold are based on the specific identification method.

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 years ended December 31, 2016 or 2015.

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributed Services, Materials and Land

Contributed services, materials and land 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 years ended December 31, 2016 and 2015, the Organization's estimate of the fair value of in-kind services totaled \$726,877 and \$0, respectively. For the years ended December 31, 2016 and 2015, the Organization's estimate of the fair value of in-kind contributions totaled \$414,409 and \$47,645, respectively. For the years ended December 31, 2016 and 2015, the Organization's estimate of the fair value of donated land totaled \$230,052 and \$0, respectively.

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.

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment charge is recognized when the fair market value of the asset is less than the carrying value.

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 Association's federal income tax returns remain subject to examination by the Internal Revenue Service for three years from the date of filing.

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 leave as of December 31, 2016 and 2015, has been accrued as a liability in the amount of \$13,321 and \$12,171, respectively, and is included in accounts payable and accrued expenses.

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 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.

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 years ended December 31, 2016 or 2015.

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.

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**NOTE 4 - CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances and certificates of deposit at various financial institutions. Accounts and certificates of deposit at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. As of December 31, 2016 and 2015, 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 \$2,162 and \$1,605, as of December 31, 2016 and 2015, respectively, are not insured by the FDIC.

**NOTE 5 - INVESTMENTS**

Investments consisted of the following as of December 31,

	2016	2015
Equity securities	\$ 222,655	\$ 205,312
Mutual funds	1,340,320	874,152
Bonds	4,221	54,797
	<u>\$ 1,567,196</u>	<u>\$ 1,134,261</u>

The following are the major categories of assets measured at fair value on a recurring basis during the years ended December 31, 2016 and 2015, 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, 2016
Equity securities	\$ 222,655	\$ -	\$ -	\$ 222,655
Mutual funds	1,307,593	-	32,727	1,340,320
Bonds	-	4,221	-	4,221
	<u>\$ 1,530,248</u>	<u>\$ 4,221</u>	<u>\$ 32,727</u>	<u>\$ 1,567,196</u>

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**NOTE 5 - INVESTMENTS (Continued)**

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, 2015
Equity securities	\$ 205,312	\$ -	\$ -	\$ 205,312
Mutual funds	842,102	-	32,050	874,152
Bonds	-	54,797	-	54,797
	<u>\$ 1,047,414</u>	<u>\$ 54,797</u>	<u>\$ 32,050</u>	<u>\$ 1,134,261</u>

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

	2016	2015
Beginning balance	\$ 32,050	\$ 33,724
Total gains or losses (realized and unrealized) included in earnings	781	(1,172)
Interest	642	374
Fees	(746)	(876)
Ending balance	<u>\$ 32,727</u>	<u>\$ 32,050</u>

Investment fees were \$234 and \$551 for the years ended December 31, 2016 and 2015, respectively, and are included in office expense on the statement of functional expenses.

**NOTE 6 - ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following as of December 31,

	2016	2015
Hearts for the House	\$ 5,195	\$ 48,434
Canister collections	16,688	18,397
Lovin McHappy Day	19,249	-
“365” fund raising event	3,635	3,935
	<u>\$ 44,767</u>	<u>\$ 70,766</u>



RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**NOTE 7 - PROPERTY AND EQUIPMENT**

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

	Estimated Useful Lives	2016	2015
Land	N/A	\$ 230,052	\$ -
Building and improvements	7-39 years	2,098,827	1,035,090
Furniture and equipment	3-10 years	168,205	293,264
Vehicles	5 years	42,847	48,069
Artwork	7 years	11,025	-
		<u>2,550,956</u>	<u>1,376,423</u>
Less: accumulated depreciation		<u>(767,360)</u>	<u>(787,296)</u>
		<u>\$ 1,783,596</u>	<u>\$ 589,127</u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$167,085 and \$48,311, respectively, and is allocated between program services and general and administrative expenses. Loss on disposal of fixed assets for the years ended December 31, 2016 and 2015 was \$30,162 and \$0, respectively.

**NOTE 8 - DEFERRED REVENUE**

Deferred revenue consists of 2017 and 2016 fund raising sponsorships received by the Organization prior to January 1, 2017 and 2016, respectively.

**NOTE 9 - BOARD DESIGNATED NET ASSETS**

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

**NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS**

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

Purpose	2016	2015
Building expansion	\$ 132,584	\$ 132,584
Share-A-Night	163,477	136,757
Coca-Cola products	1,782	1,054
Care Mobile - Lee County	109,991	54,086
Family room	3,660	3,410
Project design	11,127	11,301
Care Mobile - Collier County	-	13,785
	<u>\$ 422,621</u>	<u>\$ 352,977</u>

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2016 AND 2015

**NOTE 11 - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets consist of donated land and funds for which the principal is required to be held in perpetuity for the benefit of the Organization. Income from these restricted funds may be used for operating expenses. The Organization received donated land during the year ended December 31, 2016 that must be used for the Ronald McDonald House. The deed contains a repurchase option restricting the Organization from selling the land or leasing the land for more than 10 years without prior consent of the donor.

Permanently restricted net assets consist of the following as of December 31,

	<u>2016</u>	<u>2015</u>
Restricted funds	\$ 8,096	\$ 8,096
Donated land	230,052	-
	<u>\$ 238,148</u>	<u>\$ 8,096</u>

**NOTE 12 - FUND RAISING EVENTS**

Revenues and direct costs associated with fund raising events during the year ended December 31, 2016 consisted of the following:

	<u>Revenues</u>	<u>Direct Costs</u>	<u>Net Proceeds</u>
Storybook Ball	\$ 265,855	\$ 154,661	\$ 111,194
Golf tournament	72,656	32,920	39,736
Offshore Rodeo and Reggae	133,625	65,778	67,847
Brew Ha Ha	26,683	8,247	18,436
Miscellaneous events	10,365	6,150	4,215
	<u>\$ 509,184</u>	<u>\$ 267,756</u>	<u>\$ 241,428</u>

Revenues and direct costs associated with fund raising events during the year ended December 31, 2015 consisted of the following:

	<u>Revenues</u>	<u>Direct Costs</u>	<u>Net Proceeds</u>
Storybook Ball	\$ 403,516	\$ 164,574	\$ 238,942
Golf tournament	84,724	38,878	45,846
Offshore Rodeo and Reggae	156,605	74,363	82,242
Brew Ha Ha	29,709	10,382	19,327
Miscellaneous events	21,338	7,053	14,285
	<u>\$ 695,892</u>	<u>\$ 295,250</u>	<u>\$ 400,642</u>

RONALD McDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

**NOTE 13 - 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 years ended December 31, 2016 and 2015, these contributions are recorded as contributions - restaurant canisters and contributions - Happy Meals in the statement of activities. Amounts remitted under the agreement are recorded as unallocated payments to RMHC Global expenses in the statement of activities.

**NOTE 14 - 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 years ended December 31, 2016 and 2015, \$105,681 and \$73,234, respectively, was contributed to the Care Mobile and is included in grants in the statement of functional expenses. 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, 2019. The agreement automatically renews on a monthly basis thereafter.

**NOTE 15 - 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 years ended December 31, 2016 and 2015, the Organization contributed \$6,876 and \$7,534, respectively, in matching contributions which is included in payroll and benefits in the statement of functional expenses.

**NOTE 16 - ECONOMIC DEPENDENCY**

During the year ended December 31, 2016, the Organization received approximately 10% of its revenue from the Storybook Ball event. During the year ended December 31, 2015, the Organization received approximately 27%, 11% and 13% of its revenue from the Storybook Ball event, the Offshore Rodeo event and canister collections, respectively.