

Ronald McDonald House Charities of Richmond, Virginia, Inc.

Financial Statements

December 31, 2015 and 2014



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RONALD MCDONALD HOUSE CHARITIES OF RICHMOND, VIRGINIA, INC.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
Ronald McDonald House Charities of Richmond, Virginia, Inc.
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Ronald McDonald House Charities of Richmond, Virginia, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, 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; 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. Those standards require that we plan and perform the audits 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 Richmond, Virginia, Inc. as of December 31, 2015 and 2014, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

A handwritten signature in black ink, appearing to read "Keita", with a long, sweeping horizontal stroke extending to the right.

September 15, 2016
Glen Allen, Virginia

RONALD MCDONALD HOUSE CHARITIES OF RICHMOND, VIRGINIA, INC.

Statements of Financial Position
December 31, 2015 and 2014

<u>Assets</u>	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 335,835	\$ 355,933
Contributions receivable	<u>56,688</u>	<u>72,738</u>
Total current assets	392,523	428,671
Investments	2,072,156	2,048,516
Property and equipment - net	<u>574,740</u>	<u>595,272</u>
Total assets	<u>\$ 3,039,419</u>	<u>\$ 3,072,459</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 28,890	\$ 23,109
Grant payable	<u>-</u>	<u>51,000</u>
Total current liabilities	<u>28,890</u>	<u>74,109</u>
Net assets:		
Unrestricted	1,593,982	1,579,807
Temporarily restricted	897,797	899,793
Permanently restricted	<u>518,750</u>	<u>518,750</u>
Total net assets	<u>3,010,529</u>	<u>2,998,350</u>
Total liabilities and net assets	<u>\$ 3,039,419</u>	<u>\$ 3,072,459</u>

See accompanying notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF RICHMOND, VIRGINIA, INC.

Statement of Activities
Year Ended December 31, 2015, with Comparative Totals for 2014

	2015			2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and other support:				
Gross revenue from special events	\$ 239,885	\$ -	\$ -	\$ 239,885
Less cost of direct benefits to donors	(65,811)	-	-	(65,811)
Net revenue from special events	174,074	-	-	174,074
Contributions	539,405	-	-	539,405
Room donations	5,191	-	-	5,191
In-kind contributions	81,622	-	-	81,622
Investment income	43,084	32,885	-	75,969
Unrealized and realized (losses) gains on investments - net	(64,523)	(1,057)	-	(65,580)
Other income	19,030	-	-	19,030
Total revenues, gains, and other support	<u>797,883</u>	<u>31,828</u>	<u>-</u>	<u>829,711</u>
Net assets released from restriction	<u>33,824</u>	<u>(33,824)</u>	<u>-</u>	<u>-</u>
Expenses:				
Program services	567,493	-	-	567,493
Supporting services:				
Management and general	29,443	-	-	29,443
Fund-raising	200,236	-	-	200,236
Unallocated payments to RMHC Global	20,360	-	-	20,360
Total expenses	<u>817,532</u>	<u>-</u>	<u>-</u>	<u>817,532</u>
Change in net assets	14,175	(1,996)	-	12,179
Net assets, beginning of year	<u>1,579,807</u>	<u>899,793</u>	<u>518,750</u>	<u>2,998,350</u>
Net assets, end of year	<u>\$ 1,593,982</u>	<u>\$ 897,797</u>	<u>\$ 518,750</u>	<u>\$ 2,998,350</u>

See accompanying notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF RICHMOND, VIRGINIA, INC.

Statement of Activities
Year Ended December 31, 2014

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, gains, and other support:				
Gross revenue from special events	\$ 243,202	\$ -	\$ -	\$ 243,202
Less cost of direct benefits to donors	(62,741)	-	-	(62,741)
Net revenue from special events	180,461	-	-	180,461
Contributions	385,888	-	-	385,888
Room donations	3,587	-	-	3,587
In-kind contributions	90,447	-	-	90,447
Investment income	31,053	42,619	-	73,672
Unrealized and realized gains on investments - net	7,691	33,667	-	41,358
Other income	9,500	-	-	9,500
Total revenues, gains, and other support	708,627	76,286	-	784,913
Net assets released from restriction	25,962	(25,962)	-	-
Expenses:				
Program services	523,503	-	-	523,503
Supporting services:				
Management and general	59,693	-	-	59,693
Fund-raising	107,257	-	-	107,257
Unallocated payments to RMHC Global	20,358	-	-	20,358
Total expenses	710,811	-	-	710,811
Change in net assets	23,778	50,324	-	74,102
Net assets, beginning of year	1,556,029	849,469	518,750	2,924,248
Net assets, end of year	\$ 1,579,807	\$ 899,793	\$ 518,750	\$ 2,998,350

See accompanying notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF RICHMOND, VIRGINIA, INC.

Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 12,179	\$ 74,102
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	64,823	60,316
Unrealized and realized losses (gains) on investments - net	65,580	(41,358)
Capitalized in-kind contributions	(14,021)	(3,597)
Changes in operating assets and liabilities:		
Contributions receivable	16,050	29,223
Accounts payable and accrued liabilities	5,781	11,288
Grant payable	<u>(51,000)</u>	<u>(52,000)</u>
Net cash provided by operating activities	<u>99,392</u>	<u>77,974</u>
Cash flows from investing activities:		
Purchases of investments	(600,220)	(34,137)
Proceeds from sale and maturities of investments	511,000	174,000
Purchases of property and equipment	<u>(30,270)</u>	<u>(4,722)</u>
Net cash (used in) provided by investing activities	<u>(119,490)</u>	<u>135,141</u>
Net change in cash and cash equivalents	(20,098)	213,115
Cash and cash equivalents, beginning of year	<u>355,933</u>	<u>142,818</u>
Cash and cash equivalents, end of year	<u>\$ 335,835</u>	<u>\$ 355,933</u>

See accompanying notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF RICHMOND, VIRGINIA, INC.

Statement of Functional Expenses
Year Ended December 31, 2015, with Comparative Totals for 2014

	2015			2014	
	Program Services	Management and General	Fund-raising	Total Expenses	Total Expenses
Personnel	\$ 304,194	\$ 24,335	\$ 49,249	\$ 377,778	\$ 345,847
Advertising	13,188	-	23,047	36,235	20,478
Household and administrative expenses	67,177	1,488	36,574	105,239	104,246
Repairs and maintenance	6,857	119	240	7,216	13,224
Depreciation	64,823	-	-	64,823	60,316
Scholarships	30,426	-	-	30,426	28,213
Professional services	15,691	1,255	2,541	19,487	18,747
Utilities	21,375	-	-	21,375	19,733
Contractual services	-	-	84,041	84,041	44,471
Insurance	6,363	509	1,030	7,902	7,742
Household supplies	7,646	-	-	7,646	6,822
Travel and conference	8,999	687	1,390	11,076	11,303
Telephone	2,976	5	10	2,991	2,610
Miscellaneous	15,022	1,045	2,114	18,181	3,160
Volunteer	2,756	-	-	2,756	3,541
	<u>567,493</u>	<u>29,443</u>	<u>200,236</u>	<u>797,172</u>	<u>690,453</u>
Unallocated payments to RMHC Global	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,360</u>	<u>20,358</u>
Total expenses	<u>\$ 567,493</u>	<u>\$ 29,443</u>	<u>\$ 200,236</u>	<u>\$ 817,532</u>	<u>\$ 710,811</u>

See accompanying notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF RICHMOND, VIRGINIA, INC.

Statement of Functional Expenses
Year Ended December 31, 2014

	Program Services	Management and General	Fund-raising	Total Expenses
Personnel	\$ 270,474	\$ 36,771	\$ 38,602	\$ 345,847
Advertising	14,090	3,108	3,280	20,478
Household and administrative expenses	74,986	14,238	15,022	104,246
Repairs and maintenance	13,224	-	-	13,224
Depreciation	60,316	-	-	60,316
Scholarships	28,213	-	-	28,213
Professional services	12,899	2,846	3,002	18,747
Utilities	19,733	-	-	19,733
Contractual services	-	-	44,471	44,471
Insurance	7,742	-	-	7,742
Household supplies	6,822	-	-	6,822
Travel and conference	7,777	1,716	1,810	11,303
Telephone	2,030	282	298	2,610
Miscellaneous	2,761	194	205	3,160
Volunteer	2,436	538	567	3,541
	523,503	59,693	107,257	690,453
Unallocated payments to RMHC Global	-	-	-	20,358
Total expenses	\$ 523,503	\$ 59,693	\$ 107,257	\$ 710,811

See accompanying notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF RICHMOND, VIRGINIA, INC.

Notes to Financial Statements

1. Organization and Nature of Activities:

Ronald McDonald House Charities of Richmond, Virginia, Inc. (the "Organization") was incorporated as a nonprofit organization in 1978 for charitable purposes to provide temporary housing at the Richmond, Virginia Ronald McDonald House and other assistance to families of children with serious illnesses or other health issues.

2. Summary of Significant Accounting Policies:

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

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

Cash and Cash Equivalents: For purposes of the statements 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.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Dividends and interest are recorded as revenue when earned. Gains and losses on sales of securities are calculated using the specific identification method and recorded on the trade date.

Property and Equipment: Property and Equipment are recorded at cost or, if donated, at fair market value at the date of gift. Depreciation is provided for using the straight-line method over the estimated useful lives as follows for the major classes of assets:

Buildings and improvements	25 – 39 years
Furniture, fixtures, and equipment	3 – 15 years

Impairment of Long-Lived Assets: The Organization reviews the carrying value of its long-lived assets whenever significant events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recovery is evaluated by measuring the carrying value of the assets against the associated estimated undiscounted cash flows. The Organization did not record any impairment charge for 2015 or 2014.

RONALD MCDONALD HOUSE CHARITIES OF RICHMOND, VIRGINIA, INC.

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Donor-Restricted Gifts: Unconditional promises to give cash or other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Advertising: Advertising costs are expensed as incurred and totaled \$36,235 for 2015 and \$20,478 for 2014.

Contributed Materials and Services: The value of contributed materials and the value of contributed services that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and would typically need to be purchased if they had not been contributed, amounted to \$81,622 in 2015 and \$90,447 in 2014 and have been recognized in the financial statements.

Grants: Grants are recognized as expenses in the period they are awarded. If the grant award is subject to certain performance conditions, the expense is recognized as the performance conditions are satisfied.

Income Tax: The Organization has been approved as a tax-exempt organization under the Internal Revenue Code Section 501(c)(3) and the tax statutes of the Commonwealth of Virginia.

Income Tax Uncertainties: The Organization follows the Financial Accounting Standards Board ("FASB") guidance related to accounting for uncertainty in income taxes, which clarifies the accounting for income taxes by prescribing the minimum recognition threshold that a tax position is required to meet before being recognized in the Organization's financial statements.

In accordance with the guidance, the Organization discloses the expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the facts and the Organization's position and records unrecognized tax benefits or liabilities for known, or anticipated tax issues based on the Organization's analysis of whether additional taxes would be due to the authority given their full knowledge of the tax position. The Organization has completed its assessment and determined that there were no tax positions which would require recognition under the guidance. The Organization is not currently under audit by any tax jurisdiction.

RONALD MCDONALD HOUSE CHARITIES OF RICHMOND, VIRGINIA, INC.

Notes to Financial Statements, Continued

2. Summary of Significant Accounting Policies, Continued:

Net Assets: The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The Organization reports amounts separately as follows.

Unrestricted – Net assets currently available at the discretion of the Organization’s Board of Directors for use in the Organization’s operations and those resources invested in property or equipment.

Temporarily restricted – Net assets resulting from support and revenue whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those donor-imposed stipulations.

Permanently restricted – Net assets include donor-restricted contributions that neither expire with the passage of time nor can be fulfilled or otherwise removed by the actions of the Organization.

Concentration of Credit Risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents and investments. The Organization places its cash and cash equivalents and investments with high credit quality financial institutions whose credit ratings are monitored by management to minimize credit risk. Investments consist primarily of marketable equity securities and government and corporate obligations which are not concentrated in any one company or industry. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the near term would affect the investment balances and the amount reported in the financial statements.

3. Investments:

Investments are carried at fair value. The aggregate carrying amounts of investments by major type are summarized as follows at December 31:

	2015	2014
Corporate debt securities	\$ 68,944	\$ 150,346
Equity securities	451,091	392,857
Government securities	513,318	514,505
Long-term certificates of deposit	79,983	25,055
Mutual funds	958,820	965,753
	<u>\$ 2,072,156</u>	<u>\$ 2,048,516</u>

RONALD MCDONALD HOUSE CHARITIES OF RICHMOND, VIRGINIA, INC.

Notes to Financial Statements, Continued

4. Property and Equipment:

Property and equipment consist of the following as of December 31:

	<u>2015</u>	<u>2014</u>
Land	\$ 30,000	\$ 30,000
Buildings and improvements	961,941	939,942
Furniture and fixtures	291,595	289,316
Equipment	<u>105,003</u>	<u>84,989</u>
	1,388,539	1,344,247
Less accumulated depreciation	<u>(813,799)</u>	<u>(748,975)</u>
	<u><u>\$ 574,740</u></u>	<u><u>\$ 595,272</u></u>

Depreciation expense was \$64,823 for 2015 and \$60,316 for 2014.

5. Fair Value Measurements:

The Organization has adopted FASB guidance on fair value measurements. The provisions of the guidance provides a framework for measuring fair value under generally accepted accounting principles and defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This guidance requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. This guidance also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of three levels:

- 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 Quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.

- Level 3 Inputs to the valuation methodology are unobservable for the instrument and significant to the fair value measurement. There were no assets or liabilities classified as Level 3 at December 31, 2015 and 2014.

RONALD MCDONALD HOUSE CHARITIES OF RICHMOND, VIRGINIA, INC.

Notes to Financial Statements, Continued

5. Fair Value Measurements, Continued:

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for investments carried or disclosed at fair value:

Equity securities – Common and preferred stock are valued at the closing price reported on a national exchange.

Corporate debt and government securities – Commercial and governmental notes and bonds are valued at the closing price on a national exchange.

Long-term certificates of deposit – Valued at cost plus accrued interest at year end. At December 31, 2015, the certificates of deposit have various maturity dates through May 2016.

Mutual funds – Funds invested in mutual funds are valued at the closing price reported on a national exchange.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments measured at fair value:

	<u>Investments at Fair Value as of December 31, 2015:</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments:			
Corporate debt securities	\$ 68,944	\$ -	\$ 68,944
Equity securities	451,091	-	451,091
Government securities	513,318	-	513,318
Long-term certificates of deposit	-	79,983	79,983
Mutual funds	<u>958,820</u>	<u>-</u>	<u>958,820</u>
Total	<u>\$ 1,992,173</u>	<u>\$ 79,983</u>	<u>\$ 2,072,156</u>

RONALD MCDONALD HOUSE CHARITIES OF RICHMOND, VIRGINIA, INC.

Notes to Financial Statements, Continued

5. Fair Value Measurements, Continued:

	Investments at Fair Value as of December 31, 2014:		
	Level 1	Level 2	Total
Investments:			
Corporate debt securities	\$ 150,346	\$ -	\$ 150,346
Equity securities	392,857	-	392,857
Government securities	514,505	-	514,505
Long-term certificates of deposit	-	25,055	25,055
Mutual funds	965,753	-	965,753
	<u> </u>	<u> </u>	<u> </u>
Total	\$ <u>2,023,461</u>	\$ <u>25,055</u>	\$ <u>2,048,516</u>

6. Grant Payable:

During 2012, the Organization pledged \$175,000 to another non-profit organization to support its efforts in enhancing care provided to pediatric patients and their families. An initial \$20,000 was paid with the remaining portion to be paid over three years as follows: \$52,000 in 2013, \$52,000 in 2014 and \$51,000 in 2015. The Organization made the final payment during 2015. At December 31, 2014, the balance was \$51,000, and is reported as grant payable on the 2014 statement of financial position.

7. Endowment Funds:

The Organization's endowment consists of two individual funds. These funds are donor-restricted endowment funds and were established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The management of donor-restricted endowment funds is governed by state law under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as adopted by the Virginia legislature in 2008. The law gives guidance for investments and spending practices, giving consideration of donor-intent and the Organization's overall resources and charitable purpose. Based on management's interpretation of law and in compliance with donor-intent, the Organization classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The portion of the donor-restricted endowment that is not classified as permanently restricted net asset is classified as unrestricted net assets as there are no donor restrictions on earnings. Amounts are periodically withdrawn appropriated for expenditure.

RONALD MCDONALD HOUSE CHARITIES OF RICHMOND, VIRGINIA, INC.

Notes to Financial Statements, Continued

7. Endowment Funds, Continued:

A summary of the activity in endowment funds for the years ended December 31, 2015 and 2014 is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets -			
January 1, 2014	\$ 36,103	\$ 518,750	\$ 554,853
Investment return:			
Investment income	32,769	-	32,769
Net realized and unrealized gains	31,506	-	31,506
Amounts appropriated for expenditure	<u>(25,962)</u>	<u>-</u>	<u>(25,962)</u>
Endowment net assets -			
December 31, 2014	74,416	518,750	593,166
Investment return:			
Investment income	32,329	-	32,329
Net realized and unrealized losses	(14,771)	-	(14,771)
Amounts appropriated for expenditure	<u>(33,824)</u>	<u>-</u>	<u>(33,824)</u>
Endowment net assets -			
December 31, 2015	<u>\$ 58,150</u>	<u>\$ 518,750</u>	<u>\$ 576,900</u>

At December 31, 2015 and 2014, the fair value of assets was above the level required to be held as permanently restricted. The temporarily restricted amount at December 31, 2015 and 2014 represents un-appropriated endowment earnings.

Endowment Investing and Spending Policies: The Organization has adopted investment and spending policies for endowment asset that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to provide long-term capital appreciation and total return. The Organization utilizes diversified investment classes that provide the opportunity to achieve the return objective without exposing the funds to unnecessary risk.

RONALD MCDONALD HOUSE CHARITIES OF RICHMOND, VIRGINIA, INC.

Notes to Financial Statements, Continued

8. Net Assets:

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

	<u>2015</u>	<u>2014</u>
Operator's fund	\$ 514,125	\$ 515,972
Investment fund	174,831	159,070
Kroc bequest	150,691	150,335
Un-appropriated endowment earnings	<u>58,150</u>	<u>74,416</u>
	<u>\$ 897,797</u>	<u>\$ 899,793</u>

Net Assets within the Operator's fund have been provided by various McDonald restaurant owners/operators. The Organization must obtain approval from the owners/operators for expenditure of these funds. The Investment fund is restricted for improvements and expansion of the current house. Kroc bequest net assets are restricted for construction of a new house.

Temporarily restricted net assets released from restriction amounting to \$33,824 for 2015 and \$25,962 for 2014 consisted of amounts appropriated for expenditure from endowment funds.

Permanently restricted net assets are as follows at December 31:

	<u>2015</u>	<u>2014</u>
Pickard fund	\$ 15,000	\$ 15,000
Kroc fund	<u>503,750</u>	<u>503,750</u>
	<u>\$ 518,750</u>	<u>\$ 518,750</u>

9. Retirement Plan:

The Organization maintains a 403(b) plan for all employees who have met the applicable eligibility requirements and elect to participate. Employees are eligible to receive employer matching contributions upon completion of six months of full-time service. The Organization makes matching contributions, subject to service requirements, for participants in an amount equal to 100 percent of the first 4 percent of eligible compensation contributed to the plan. Both employee and employer contributions are subject to Internal Revenue Service maximum limits. The total expenses recorded for the Organization's match was \$3,597 for 2015 and \$2,028 for 2014.

RONALD MCDONALD HOUSE CHARITIES OF RICHMOND, VIRGINIA, INC.

Notes to Financial Statements, Continued

10. Related Party Transactions:

During 2015 and 2014, the Organization received funding for scholarships in the amount of \$10,000 from the national organization. In addition, during 2015, the Organization received two grants from the national organization amounting to \$56,000. Each month, the Organization remits 25% of McCoin collections to the national organization. The amount remitted was \$20,360 in 2015 and \$20,358 in 2014.

11. Subsequent Events:

Management has evaluated subsequent events through September 15, 2016, the date the financial statements were available to be issued, and has determined that other than then item disclosed below, there are no other subsequent events to be reported in the accompanying financial statements.

In February 2016, the Organization pledged \$250,000 to another nonprofit organization to provide support for a children's hospital. The pledge agreement states the Organization will pay five annual payments of \$50,000, with the first payment scheduled for October 2016.