

**RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017



HOULDSWORTH, RUSSO & COMPANY

8675 S. Eastern Avenue | Las Vegas, Nevada 89123 | P: 702.269.9992 | F: 702.269.9993 | www.trustHRC.com

**RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.**

**DECEMBER 31, 2018 AND 2017
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Ronald McDonald House Charities
of Greater Las Vegas, Inc.

We have audited the accompanying financial statements of Ronald McDonald House Charities of Greater Las Vegas, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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 Greater Las Vegas, Inc. as of December 31, 2018 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants
20 YEARS & COUNTING

HOULDSWORTH, RUSSO & COMPANY

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Report on Summarized Comparative Information

We have previously audited Ronald McDonald House Charities of Greater Las Vegas, Inc.'s 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 23, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it was derived.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
July 19, 2019

**RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 676,575	\$ 826,551
Cash and cash equivalents, restricted	41,977	126,154
Investments	2,390,434	2,555,003
Accounts receivable	107,607	41,352
Unconditional promises to give, current	72,649	75,398
Prepaid expenses	33,159	137,281
Gift cards	2,359	3,443
	3,324,760	3,765,182
OTHER ASSETS		
Property and equipment, net	1,795,145	1,809,395
Unconditional promises to give, less current portion, net	43,120	89,842
	\$ 5,163,025	\$ 5,664,419
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 13,947	\$ 75,707
Accrued expenses	45,977	36,309
Deferred revenue	5,000	94,247
Scholarships payable	78,750	68,525
	143,674	274,788
NET ASSETS		
Without donor restrictions	4,861,605	5,098,237
With donor restrictions	157,746	291,394
	5,019,351	5,389,631
	\$ 5,163,025	\$ 5,664,419

See accompanying notes to financial statements.

**RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
UNRESTRICTED NET ASSETS		
Revenue, gains and other support:		
Contributions	\$ 1,322,509	\$ 1,772,830
Special events		
Special event revenue	\$ 474,174	\$ 414,177
Cost of direct benefits to donors	<u>(148,585)</u>	<u>(124,462)</u>
Net revenues from special events	325,589	289,715
Room donations	12,441	14,132
In-kind contributions	162,008	284,146
Investment income, net of expenses	32,343	64,153
Realized/unrealized gain (loss) on investments	(196,113)	192,157
Miscellaneous revenue	-	5,000
Released from restrictions	<u>148,035</u>	<u>55,419</u>
	<u>1,806,812</u>	<u>2,677,552</u>
Expenses and losses:		
Program expenses:		
Ronald McDonald House	934,998	793,138
Ronald McDonald Family Room	210,128	198,380
Scholarships	332,479	382,719
Lunch is On Us	129,540	111,639
Care Mobile	56,203	51,641
Supporting services:		
Fundraising	204,984	219,007
Management and general	<u>167,890</u>	<u>146,972</u>
	2,036,222	1,903,496
Loss on disposal of assets	7,222	3,430
Unallocated payments to affiliated organization	<u>-</u>	<u>53,249</u>
	<u>2,043,444</u>	<u>1,960,175</u>
Increase (decrease) in net assets without donor restrictions	<u>(236,632)</u>	<u>717,377</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	14,387	15,051
Released from restrictions:		
Satisfied by purpose and/or time	<u>(148,035)</u>	<u>(55,419)</u>
Decrease in net assets with donor restrictions	<u>(133,648)</u>	<u>(40,368)</u>

See accompanying notes to financial statements.

**RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
INCREASE (DECREASE) IN NET ASSETS	(370,280)	677,009
NET ASSETS, BEGINNING OF YEAR	<u>5,389,631</u>	<u>4,712,622</u>
NET ASSETS, END OF YEAR	<u>\$ 5,019,351</u>	<u>\$ 5,389,631</u>

See accompanying notes to financial statements.

**RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017)**

	Program Services					Supporting Services				
	Ronald McDonald House	Ronald McDonald Family Room	Scholarships	Lunch is On Us	Care Mobile	Fundraising	Management and General	Special Event Direct Benefits	2018 Totals	2017 Totals
Salaries and related	\$ 417,050	\$ 87,366	\$ 64,527	\$ 47,631	\$ 4,415	\$ 117,932	\$ 110,120	\$ -	\$ 849,041	\$ 738,286
Advertising	4,470	4,470	4,470	-	-	2,554	-	-	15,964	43,988
Auto and travel	6,930	1,452	1,072	792	73	1,960	1,831	-	14,110	18,690
Bank fees	-	-	-	-	-	-	12,659	-	12,659	12,335
Accounting	-	-	-	-	-	-	16,550	-	16,550	16,152
Canister fees and supplies	-	-	-	-	-	3,439	-	-	3,439	36,245
Conference fees	17,055	3,573	2,639	1,948	181	4,823	4,502	-	34,721	7,120
Depreciation	115,983	12,591	1,031	1,642	339	1,560	2,537	-	135,683	137,153
Direct mail expenses	-	-	-	-	-	52,771	-	-	52,771	47,540
Facilities and equipment rental	1,606	336	248	183	17	454	425	110,310	113,579	87,144
Guest services supplies	178,744	25,649	-	-	-	-	-	-	204,393	155,177
Insurance	28,338	3,076	252	401	83	381	620	-	33,151	24,793
Meals and entertainment	6,379	1,337	987	729	68	1,804	1,686	-	12,990	6,058
Occupancy	15,460	48,990	-	-	-	-	-	-	64,450	48,990
Office and supplies	19,231	4,029	2,976	2,196	204	5,438	5,078	23,036	62,188	44,159
Postage and printing	6,500	1,362	1,006	742	69	1,838	1,717	-	13,234	19,386
Professional fees	31,380	6,574	4,855	3,584	332	8,874	8,286	15,239	79,124	93,511
Food expenses	-	-	-	68,477	-	-	-	-	68,477	60,711
Repairs and maintenance	33,724	3,661	300	477	99	454	738	-	39,453	39,157
Professional dental services	-	-	-	-	50,170	-	-	-	50,170	46,134
Scholarships	-	-	247,653	-	-	-	-	-	247,653	301,528
Security	13,970	1,517	124	198	41	188	306	-	16,344	-
Utilities	38,178	4,145	339	540	112	514	835	-	44,663	43,701
	<u>\$ 934,998</u>	<u>\$ 210,128</u>	<u>\$ 332,479</u>	<u>\$ 129,540</u>	<u>\$ 56,203</u>	<u>\$ 204,984</u>	<u>\$ 167,890</u>	148,585	2,184,807	2,027,958
Less: Direct benefits to donors								(148,585)	(148,585)	(124,462)
								<u>\$ -</u>	<u>\$ 2,036,222</u>	<u>\$ 1,903,496</u>

See accompanying notes to financial statements.

**RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (370,280)	\$ 677,009
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	135,683	137,153
Change in discount to present value	(2,268)	(3,160)
Realized/unrealized (gain) loss on investments	196,113	(192,157)
Donated property and equipment	(3,000)	(141,118)
Loss on disposal of fixed assets	7,222	3,430
Donated gift cards	1,084	(2,732)
(Increase) decrease in operating assets:		
Accounts receivable	(66,255)	(9,496)
Unconditional promises to give	51,739	51,940
Prepaid expenses	104,122	(122,699)
Increase (decrease) in operating liabilities:		
Accounts payable	(61,760)	14,213
Accrued expenses	9,668	(2,850)
Deferred revenue	(89,247)	94,247
Scholarships payable	10,225	225
	(76,954)	504,005
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	120,385	506,169
Purchases of investments	(151,929)	(869,415)
Purchases of property and equipment	(125,655)	(120,269)
	(157,199)	(483,515)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(234,153)	20,490
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	952,705	932,215
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 718,552	\$ 952,705

See accompanying notes to financial statements.

**RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
SUMMARY OF CASH ACCOUNTS		
Cash and cash equivalents	\$ 676,575	\$ 826,551
Cash and cash equivalents, restricted	<u>41,977</u>	<u>126,154</u>
	<u>\$ 718,552</u>	<u>\$ 952,705</u>
SUPPLEMENTAL DISCLOSURES		
Property and equipment acquired through accounts payable	<u>\$ -</u>	<u>\$ 6,281</u>

See accompanying notes to financial statements.

**RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Ronald McDonald House Charities of Greater Las Vegas, Inc. (“RMHC” or the “House”) is a nonprofit corporation under the laws of the State of Nevada. This “home away from home” provides temporary housing, meals, transportation, and other support services for families who must travel to Las Vegas to seek critical medical treatment for their children. RMHC also operates a Ronald McDonald Family Room right on the grounds of Sunrise Children’s Hospital, offering free meals, a comfortable lounge, hot showers, sleeping and napping accommodations, and computer access to family members with infants in the Neonatal Intensive Care Unit. RMHC’s unique “Lunch Is On Us!” program delivers healthy sack lunches daily to families sitting bedside with their children at Sunrise Children’s Hospital and University Medical Center (UMC). RMHC also awards annual scholarships to local high school seniors, as well as qualifying continuing college students in Clark and Nye Counties. Another RMHC program, the Ronald McDonald Care Mobile, is a mobile state-of-the-art dental van that travels to rural communities and inner-city neighborhoods throughout Nevada to serve children from low-income families who have little to no access to critical dental care. Financial support for RMHC comes from individual donors, foundations, local companies and corporations, as well as fundraising events.

Basis of Accounting

The financial statements of the House have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The House reports information regarding its financial position and activities according to two classes of net assets: those with and those without donor restrictions.

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in net assets with or without restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by their donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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.

**RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the House considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Estimates

Timely 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 certain reported amounts, some of which may require revision in future periods.

Income Tax Status

The House is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method. The House capitalizes items that have a cost of \$1,000 or more and a useful life of greater than one year.

Impairment of Long-Lived Assets

The House reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount which the carrying amount of the assets exceeds the fair value of the assets.

Accounts Receivable

Accounts receivable consist of revenue due from newspapers and canister collections. Accounts receivable are stated at the amount management expects to collect from outstanding balances. It is the House's policy to charge off uncollectable accounts receivable when management determines the receivables will not be collected. There was no allowance at December 31, 2018 and 2017 as all accounts receivable were determined to be collectable.

**RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

The costs of providing the various programs and supporting services have been summarized in the statements of activities on a functional basis. Some expenses can be directly allocated to one of the programs or supporting functions. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Some expenses were allocated on the basis of a salary allocation percentage, which is calculated based on the employees' salaries and timesheet data. The expenses in this category include salaries and related, auto and travel, conference fees, facilities and equipment rental, meals and entertainment, office and supplies, postage and printing, and professional fees. Other expenses were allocated on the basis of a square footage allocation, based off of the estimated square footage occupied by each activity. The expenses in this category include depreciation, insurance, repairs and maintenance, security and utilities.

Promises to Give

Unconditional promises to give, from Southern Nevada contributors and the national Ronald McDonald House Charities, are reported at their estimated net realizable value. There was no allowance at December 31, 2018 or 2017 as all promises to give were determined to be collectable.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the House. The value of donated services included in the financial statements for the years ended December 31, 2018 and 2017, consists of services to the House totaling \$26,408 and \$17,149, respectively. The types of services provided include cab services for houseguests and utility and maintenance services for the House.

A portion of the House's functions and programs are supported by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the services do not meet the criteria as set forth in the FASB ASC 958, *Not-for-Profit Entities*. These volunteers donated 22,508 and 23,279 hours, which at an hourly rate determined by the Independent Sector Research would be valued at \$25 per hour, or \$562,700 and \$581,975, for the years ended December 31, 2018 and 2017, respectively.

Gift Cards

Gift card inventory consisted of donated gift cards and vouchers, recorded at approximate fair value at the date of donation, which are used for the House's various programs.

Advertising

The House uses advertising for the programmatic, scholarship, and fundraising functions. Advertising is expensed as incurred.

**RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Event attendance fees or sponsorships collected in advance are included in deferred revenue in the accompanying statements of financial position. This deferred revenue is expected to be recognized within one year.

Comparative Financial Information and Reclassifications

The statement of functional expenses includes certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the House's financial statements for the year ended December 31, 2017, from which the summarized information was derived. Additionally, certain reclassifications have been made to the 2017 financial statements to conform to the 2018 presentation.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued 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. The Organization has adopted the provisions of ASU-2016-14 and has retroactively applied this standard to the financial statements as of and for the year ending December 31, 2017.

Subsequent Events

Management has evaluated subsequent events through July 19, 2019, which is the date the financial statements were available to be issued.

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Organization is substantially supported by contribution revenues, and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To help manage unanticipated liquidity needs, the Organization has a line of credit for a total of \$150,000, which could be drawn upon, as discussed in Note 12.

**RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017**

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY (CONTINUED)

The following table reflects the Organization's financial assets as of December 31, 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

	<u>2018</u>
Cash and cash equivalents	\$ 718,552
Investments	2,390,434
Accounts receivable	107,607
Unconditional promises to give, current	<u>23,659</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,240,252</u>

NOTE 3. INVESTMENTS

Investments are stated at their fair market value and related gains and losses on investments are reported as increases or decreases in net assets without donor restrictions. The following is a summary of investments at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Equities	\$ 1,365,679	\$ 1,518,017
Certificate of deposit	-	109,050
Money market funds	409,655	297,227
Bonds	430,065	452,119
Other mutual funds	<u>185,035</u>	<u>178,590</u>
	<u>\$ 2,390,434</u>	<u>\$ 2,555,003</u>

NOTE 4. FAIR VALUE OF ASSETS

The following are quantitative disclosures about the fair value measurements of assets. Fair value measurements are categorized on three levels:

Level 1 inputs are quoted market prices in active markets for identical assets.

Level 2 inputs are inputs other than quoted prices within Level 1; for example, quoted prices for similar assets.

Level 3 inputs are unobservable inputs for the assets.

**RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017**

NOTE 4. FAIR VALUE OF ASSETS (CONTINUED)

The House's only assets valued at fair value are its investments. The House's investment holdings are as follows:

	<u>2018</u>	<u>Level 1</u>
Equities	\$ 1,365,679	\$ 1,365,679
Money market funds	409,655	409,655
Bonds	430,065	430,065
Other mutual funds	<u>185,035</u>	<u>185,035</u>
Total	<u>\$ 2,390,434</u>	<u>\$ 2,390,434</u>
	<u>2017</u>	<u>Level 1</u>
Equities	\$ 1,518,017	\$ 1,518,017
Certificate of deposit	109,050	109,050
Money market funds	297,227	297,227
Bonds	452,119	452,119
Other mutual funds	<u>178,590</u>	<u>178,590</u>
Total	<u>\$ 2,555,003</u>	<u>\$ 2,555,003</u>

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2018</u>	<u>2017</u>
Building and improvements	\$ 2,763,108	\$ 2,602,268
Land	75,000	75,000
Furniture and equipment	265,021	247,294
Website and database	60,000	60,000
Vehicles	79,379	79,379
Construction in progress	<u>-</u>	<u>89,458</u>
	3,242,508	3,153,399
Less: accumulated depreciation	<u>(1,447,363)</u>	<u>(1,344,004)</u>
	<u>\$ 1,795,145</u>	<u>\$ 1,809,395</u>

**RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017**

NOTE 6. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Unconditional promises to give	\$ 117,557	\$ 169,296
Less: unamortized discount	<u>1,788</u>	<u>4,056</u>
Net unconditional promises to give	115,769	165,240
Less: receivable in less than one year	<u>72,649</u>	<u>75,398</u>
Receivable in one to five years, net	<u>\$ 43,120</u>	<u>\$ 89,842</u>

Unconditional promises to give are recorded at the present value of estimated future cash flows using a discount rate of 1.93%. Amounts are recorded net assets with donor restrictions until released from restriction.

NOTE 7. NET ASSETS

Net assets with donor restrictions at December 31 are restricted for the following purposes:

	<u>2018</u>	<u>2017</u>
Scholarships	\$ 12,540	\$ 111,103
Lunch is On Us	29,437	15,051
Time restricted	<u>115,769</u>	<u>165,240</u>
	<u>\$ 157,746</u>	<u>\$ 291,394</u>

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 the donors as follows for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Satisfaction of purpose restrictions:		
Scholarships	\$ 98,564	\$ 6,639
Expiration of time restriction		
Time restricted	<u>49,471</u>	<u>48,780</u>
	<u>\$ 148,035</u>	<u>\$ 55,419</u>

Net assets with donor restrictions consisted of the following:

	<u>2018</u>	<u>2017</u>
Cash	\$ 41,977	\$ 126,154
Unconditional promises to give	<u>115,769</u>	<u>165,240</u>
	<u>\$ 157,746</u>	<u>\$ 291,394</u>

**RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018 AND 2017**

NOTE 8. CONCENTRATIONS

The House maintains cash balances at several commercial banks. The cash held by the banking institutions is insured up to the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The total uninsured cash balances in these accounts were \$154,470 and \$432,860 as of December 31, 2018 and 2017, respectively.

NOTE 9. TRANSACTIONS WITH AFFILIATE

In 2017, the House was required to pay 25% of donations collected in canisters maintained in local McDonald's restaurants less certain qualified expenses to the national Ronald McDonald House. In 2018, these donations were collected by a third party and remitted to the House net of the 25% fee. Total payments to the national Ronald McDonald House Charities were \$0 and \$53,249 in 2018 and 2017, respectively.

In addition, the House receives grants and other donations from the national Ronald McDonald House Charities. The House received income totaling \$52,522 and \$137,368 in 2018 and 2017, respectively. A total of \$23,659 and \$17,908 were included in unconditional promises to give in 2018 and 2017, respectively.

NOTE 10. OPERATING LEASE

The House entered into an operating lease for office equipment that expires in October 2021. Lease expenses totaled \$2,532 and \$2,048 in 2018 and 2017, respectively.

Future minimum rentals under this operating lease is as follows:

2019	\$	2,023
2020		2,023
2021		<u>1,686</u>
	<u>\$</u>	<u>5,732</u>

In December 2015, the House entered into a below-market lease for 1,380 square feet of space, the Family Room, located inside Sunrise Hospital. This lease, which expires in November 2020, has an annual base rent of \$1. To recognize the fair market value of this lease, an unconditional promise to give and related in-kind contribution revenue of \$244,950 were recognized with a discount to present value using a rate of 1.93%. The unconditional promise to give will be amortized over the 5-year term of the lease and the corresponding amortization of the discount will be recognized as in-kind contribution expense. For the years ending December 31, 2018 and 2017, rent expense in the amount of \$48,990 and \$48,990 respectively, related to this lease was recognized.

**RONALD MCDONALD HOUSE CHARITIES
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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NOTE 11. EMPLOYEE BENEFIT PLAN

The House participates in a multiple employer defined contribution plan covering all employees who have completed more than three months of service and contribute to the plan. The House offers a matching contribution to the plan up to 4% of all participants' compensation. The matching contributions are vested on a graded five-year schedule. Total expense for the years ended December 31, 2018 and 2017 is \$19,729 and \$19,474 respectively.

NOTE 12. LINE OF CREDIT

The House opened a \$150,000 line of credit in July 2012 expiring in July 2021 with an interest rate of LIBOR plus 2.948%. At December 31, 2018, the LIBOR rate was 2.50%. The line of credit is collateralized by the House's investments. The line of credit had not been used during the years ended December 31, 2018 and 2017.

NOTE 13. CONTINGENT LIABILITIES

In July 2018 the House entered into a contract to raise and reset the tile roof for an amount of \$43,574. This work was performed and paid for in 2019.

NOTE 14. PRIOR PERIOD RECLASSIFICATION OF NET ASSETS

As discussed in Note 1, the Organization has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ending December 31, 2017.

	Beginning of Year	End of Year
As originally stated:		
Unrestricted	\$ 4,380,860	\$ 5,098,237
Temporarily restricted	<u>331,762</u>	<u>291,394</u>
	<u>\$ 4,712,622</u>	<u>\$ 5,389,631</u>
As stated:		
Without donor restrictions	\$ 4,380,860	\$ 5,098,237
With donor restrictions	<u>331,762</u>	<u>291,394</u>
	<u>\$ 4,712,622</u>	<u>\$ 5,389,631</u>