



Financial Statements  
December 31, 2018 and 2017

**Ronald McDonald House Charities,  
Upper Midwest**

Ronald McDonald House Charities, Upper Midwest

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December 31, 2018 and 2017

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## Independent Auditor's Report

The Board of Directors  
Ronald McDonald House Charities, Upper Midwest  
Minneapolis, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of Ronald McDonald House Charities, Upper Midwest (the Organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Change in Accounting Principle**

As discussed in Note 11 to the financial statements, the Organization has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, the December 31, 2017 financial statements have been restated to adopt this standard. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Minneapolis, Minnesota  
July 23, 2019

Ronald McDonald House Charities, Upper Midwest  
Statements of Financial Position  
December 31, 2018 and 2017

	2018	2017 (Restated)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 3,338,249	\$ 2,091,839
Accounts receivable, net	413,457	292,822
Operating investments	1,169,370	760,804
Promises to give	-	67,690
Promises to give, in-kind rent	280,389	280,389
Prepaid expenses and other assets	158,296	75,401
Total current assets	5,359,761	3,568,945
Noncurrent Assets		
Cash restricted to capital projects	-	10,111
Cash surrender value of life insurance policies	138,239	129,751
Promises to give, in-kind rent	239,658	518,411
Property and equipment, net	6,191,930	6,430,137
Endowment		
Investments	7,691,006	8,591,444
Total noncurrent assets	14,260,833	15,679,854
Total assets	\$ 19,620,594	\$ 19,248,799
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 51,865	\$ 14,841
Payable to affiliate	16,095	18,731
Accrued expenses and other liabilities	169,475	162,202
Total current liabilities	237,435	195,774
Total liabilities	237,435	195,774
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	6,429,365	6,625,911
Board-designated operating reserve	4,221,754	2,406,211
Board-designated endowment	1,772,494	1,898,749
	12,423,613	10,930,871
With donor restrictions		
Purpose and time restricted	1,041,034	1,429,459
Accumulated investment gains on endowment	2,368,923	3,190,398
Perpetual in nature	3,549,589	3,502,297
	6,959,546	8,122,154
Total net assets	19,383,159	19,053,025
Total liabilities and net assets	\$ 19,620,594	\$ 19,248,799

See Notes to Financial Statements

Ronald McDonald House Charities, Upper Midwest  
Statements of Activities  
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Gains</b>			
Canister donations	\$ 523,569	\$ -	\$ 523,569
Less unallocated payments to RMHC Global	(106,733)	-	(106,733)
Less canister collection expenses	(96,635)	-	(96,635)
Canister donations, net	<u>320,201</u>	<u>-</u>	<u>320,201</u>
Estates	1,055,680	-	1,055,680
Organizations, corporations, and foundations	1,531,887	72,183	1,604,070
Individuals	699,648	20,233	719,881
Grant revenue	148,740	-	148,740
In-kind contributions	1,501,289	-	1,501,289
Special events revenue	1,021,030	20,560	1,041,590
House fee revenue	96,403	-	96,403
School reimbursement revenue	42,616	-	42,616
Net investment loss	(227,704)	(461,332)	(689,036)
Pop tab income and other revenue	222,681	-	222,681
Net assets released from restrictions pursuant to endowment spending-rate distribution formula	337,291	(337,291)	-
Net assets released from restrictions	<u>476,961</u>	<u>(476,961)</u>	<u>-</u>
Total revenue, support, and gains	<u>7,226,723</u>	<u>(1,162,608)</u>	<u>6,064,115</u>
<b>Expenses and Losses</b>			
Program services	4,589,509	-	4,589,509
Fundraising	519,290	-	519,290
Administration	400,869	-	400,869
Cost of direct benefits to donors	224,313	-	224,313
Total expenses and losses	<u>5,733,981</u>	<u>-</u>	<u>5,733,981</u>
Change in Net Assets	1,492,742	(1,162,608)	330,134
Net Assets, Beginning of Year	<u>10,930,871</u>	<u>8,122,154</u>	<u>19,053,025</u>
Net Assets, End of Year	<u>\$ 12,423,613</u>	<u>\$ 6,959,546</u>	<u>\$ 19,383,159</u>

Ronald McDonald House Charities, Upper Midwest  
Statements of Activities  
Year Ended December 31, 2017 (Restated)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Canister donations	\$ 645,080	\$ -	\$ 645,080
Less unallocated payments to RMHC Global	(124,413)	-	(124,413)
Less canister collection expenses	(109,230)	-	(109,230)
Canister donations, net	<u>411,437</u>	<u>-</u>	<u>411,437</u>
Estates	52,000	-	52,000
Organizations, corporations, and foundations	1,507,016	355,675	1,862,691
Individuals	788,787	42,609	831,396
Grant revenue	94,000	-	94,000
In-kind contributions	1,093,777	-	1,093,777
Special events revenue	1,004,719	-	1,004,719
House fee revenue	129,665	-	129,665
School reimbursement revenue	54,163	-	54,163
Net investment return	235,131	1,035,446	1,270,577
Pop tab income and other revenue	277,767	-	277,767
Net assets released from restrictions	<u>405,200</u>	<u>(405,200)</u>	<u>-</u>
Total revenue, support, and gains	<u>6,053,662</u>	<u>1,028,530</u>	<u>7,082,192</u>
Expenses and Losses			
Program services	3,700,148	-	3,700,148
Fundraising	662,757	-	662,757
Administration	567,285	-	567,285
Costs of direct benefits to donors	<u>258,569</u>	<u>-</u>	<u>258,569</u>
Total expenses and losses	<u>5,188,759</u>	<u>-</u>	<u>5,188,759</u>
Change in Net Assets	864,903	1,028,530	1,893,433
Net Assets, Beginning of Year	<u>10,065,968</u>	<u>7,093,624</u>	<u>17,159,592</u>
Net Assets, End of Year	<u>\$ 10,930,871</u>	<u>\$ 8,122,154</u>	<u>\$ 19,053,025</u>

Ronald McDonald House Charities, Upper Midwest  
Statements of Functional Expenses  
Year Ended December 31, 2018

	Program Services				Fundraising	Administration	Cost of Direct Benefits to Donors	Total
	Lodging and Other Subsidies	Family Services	Volunteer Services	Total Program				
Expenses								
Salaries and benefits	\$ 1,497,068	\$ 59,750	\$ 369,321	\$ 1,926,139	\$ 282,276	\$ 196,068	\$ -	\$ 2,404,483
Insurance expense	33,083	500	2,040	35,623	1,316	-	-	36,939
Supplies and food	762,866	1,342	1,719	765,927	1,135	2,370	-	769,432
Professional and consulting	11,001	-	-	11,001	-	88,552	-	99,553
Bank fees	-	-	-	-	66,362	3,834	-	70,196
Utilities	153,096	200	480	153,776	1,830	4,754	-	160,360
Postage and printing	11,235	888	1,428	13,551	47,653	8,664	-	69,868
Facilities expense	458,556	-	-	458,556	-	8,469	-	467,025
House operations	638,665	12,657	640	651,962	1,413	6,022	-	659,397
Event expense	483	69	-	552	18,182	-	-	18,734
Books and staff development	2,624	-	2,296	4,920	1,560	4,466	-	10,946
Donor directed gifts	-	-	-	-	5,920	2,225	-	8,145
Recognition expense	1,555	569	3,886	6,010	1,154	1,170	-	8,334
Marketing	-	-	-	-	1,257	-	-	1,257
Mileage	2,514	591	377	3,482	4,662	1,966	-	10,110
Computer - software	14,364	2,567	11,195	28,126	31,579	31,094	-	90,799
Direct benefit to donors	-	-	-	-	-	-	224,313	224,313
Loss on disposal of fixed asset	30,678	-	-	30,678	-	-	-	30,678
Unallocated payments to								
RMHC Global	-	-	-	-	-	106,733	-	106,733
Canister collection expense	-	-	-	-	96,635	-	-	96,635
Depreciation	446,215	41,215	11,776	499,206	52,991	41,215	-	593,412
<b>Total expenses by function</b>	<b>4,064,003</b>	<b>120,348</b>	<b>405,158</b>	<b>4,589,509</b>	<b>615,925</b>	<b>507,602</b>	<b>224,313</b>	<b>5,937,349</b>
Less expenses included with revenues on the statement of activities								
Unallocated payments to								
RMHC Global	-	-	-	-	-	(106,733)	-	(106,733)
Canister collection expenses	-	-	-	-	(96,635)	-	-	(96,635)
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 4,064,003</b>	<b>\$ 120,348</b>	<b>\$ 405,158</b>	<b>\$ 4,589,509</b>	<b>\$ 519,290</b>	<b>\$ 400,869</b>	<b>\$ 224,313</b>	<b>\$ 5,733,981</b>

See Notes to Financial Statements



Ronald McDonald House Charities, Upper Midwest  
Statements of Functional Expenses  
Year Ended December 31, 2017

	Program Services				Fundraising	Administration	Cost of Direct Direct Benefits to Donors	Total
	Lodging and Other Subsidies	Family Services	Volunteer Services	Total Program				
Expenses								
Salaries and benefits	\$ 1,074,139	\$ 84,882	\$ 225,748	\$ 1,384,769	\$ 434,673	\$ 299,263	\$ -	\$ 2,118,705
Insurance expense	28,896	3,142	1,058	33,096	14,563	4,956	-	52,615
Supplies and food	1,070,606	759	619	1,071,984	463	5,653	-	1,078,100
Professional and consulting	19,293	-	148	19,441	1,096	165,948	-	186,485
Bank fees	-	-	-	-	35,260	3,557	-	38,817
Utilities	120,732	1,816	200	122,748	2,337	3,579	-	128,664
Postage and printing	2,209	2,719	5,370	10,298	46,320	11,717	-	68,335
Facilities expense	479,748	314	96	480,158	382	5,751	-	486,291
House operations	33,617	9,829	384	43,830	18,132	6,095	-	68,057
Event expense	1,655	507	-	2,162	21	11	-	2,194
Store expense	-	-	-	-	-	-	-	-
Books and staff development	1,069	-	265	1,334	115	5,705	-	7,154
Grant awards	-	-	-	-	-	-	-	-
Donor directed gifts	-	-	-	-	7,000	100	-	7,100
Recognition expense	1,236	-	2,107	3,343	2,323	1,620	-	7,286
Marketing	-	-	-	-	204	-	-	204
Mileage	1,939	531	576	3,046	2,440	838	-	6,324
Computer - software	11,184	751	8,864	20,799	48,964	14,798	-	84,561
Direct benefit to donors	-	-	-	-	-	-	258,569	258,569
Loss on inventory	4,437	-	-	4,437	-	-	-	4,437
Unallocated payments to RMHC Global	-	-	-	-	-	124,413	-	124,413
Canister collection expense	-	-	-	-	109,230	-	-	109,230
Depreciation	450,239	37,694	10,770	498,703	48,464	37,694	-	584,861
<b>Total expenses by function</b>	<b>3,300,999</b>	<b>142,944</b>	<b>256,205</b>	<b>3,700,148</b>	<b>771,987</b>	<b>691,698</b>	<b>258,569</b>	<b>5,422,402</b>
Less expenses included with revenues on the statement of activities								
Unallocated payments to RMHC Global	-	-	-	-	-	(124,413)	-	(124,413)
Canister collection expenses	-	-	-	-	(109,230)	-	-	(109,230)
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 3,300,999</b>	<b>\$ 142,944</b>	<b>\$ 256,205</b>	<b>\$ 3,700,148</b>	<b>\$ 662,757</b>	<b>\$ 567,285</b>	<b>\$ 258,569</b>	<b>\$ 5,188,759</b>

See Notes to Financial Statements

Ronald McDonald House Charities, Upper Midwest

Statements of Cash Flows

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 330,134	\$ 1,893,433
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	593,412	584,861
Realized and unrealized (gain) loss on operating investments	148,943	(759)
Loss on disposal of property and equipment	30,678	4,437
In-kind contributions - capital projects	(19,454)	(291,763)
Change in promises to give, in-kind rent	278,753	282,026
Contributions restricted to endowment	(24,440)	(35,925)
Change in cash surrender value of life insurance policies	(8,488)	(12,542)
Endowment net investment return	610,439	(1,248,088)
Change in operating assets and liabilities		
Accounts receivable	(120,635)	(102,463)
Promises to give	67,690	73,987
Prepaid expenses and other assets	(82,895)	(26,583)
Accounts payable	37,024	(11,060)
Payable to affiliate	(2,636)	(12,438)
Accrued expenses and other liabilities	7,273	20,160
Net Cash from Operating Activities	<u>1,845,798</u>	<u>1,117,283</u>
Cash Flows from Investing Activities		
Purchase of operating investments	(220,215)	(37,121)
Proceeds from sales of operating investments	-	36,452
Purchase of property and equipment	(366,432)	(383,863)
Withdrawal from cash restricted to capital projects	10,111	-
Addition to endowment	289,999	(122,738)
Net Cash used for Investing Activities	<u>(286,537)</u>	<u>(507,270)</u>
Cash Flows from Financing Activities		
Collection of contributions restricted to endowment	24,440	35,925
Net Cash from Financing Activities	<u>24,440</u>	<u>35,925</u>
Net Change in Cash and Cash Equivalents	1,583,701	645,938
Cash and Cash Equivalents, Beginning of Year	<u>2,091,839</u>	<u>1,445,901</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,675,540</u>	<u>\$ 2,091,839</u>
Supplemental Disclosures of Cash Flow Information		
Stock donations	<u>\$ 36,720</u>	<u>\$ 30,660</u>

## **Note 1 - Principal Activity and Significant Accounting Policies**

### **Organization**

Ronald McDonald House Charities, Upper Midwest (RMHC, the Organization, or the House) is a nonprofit organization which owns and operates the Ronald McDonald House (RMH) of the Twin Cities that creates and supports programs that provide a supportive community for families with seriously ill children and which increase children's access to health care services.

The Ronald McDonald House provides a home-away-from-home for families who have children being treated for life-threatening illness, injury, or disease. Several different program areas support the mission of RMHC:

#### Lodging and Other Subsidies

The Lodging program is responsible for the maintenance and staffing of the Ronald McDonald House – Oak Street facility and three locations located within hospitals in the Twin Cities. At Oak Street, RMHC subsidizes the cost of accommodating up to 48 families staying at the House each day who live farther than 40 miles from the Twin Cities. RMHC does not request a set fee from guests, but, when able to, bills counties for Children's Special Health Care Services Fund.

Included within the Lodging program are the following three programs that serve families who do not have to live more than 40 miles away from the Twin Cities:

*The Ronald McDonald House – Chicago Avenue (or House Inside Hospital) serves families whose child is receiving treatment in an Intensive Care Unit at Children's Hospitals and Clinics, Minneapolis. For families in need of overnight lodging, the House offers 15 private rooms, each with its own bathroom.*

*The Ronald McDonald Family Room at Gillette Children's Specialty Healthcare in St. Paul provides a home-like setting for families of a child who is receiving medical treatment for a serious condition or disability. The facility provides four private rooms and bathrooms.*

*The Ronald McDonald Family Room – St. Paul serves families whose children are receiving treatment in an Intensive Care Unit at Children's Hospitals and Clinics, St. Paul. For families in need of overnight lodging, the facility offers four private rooms, each with its own bathroom.*

#### Family Services

A variety of supportive services are provided to help ease the burden associated for families coping with pediatric illness. There are evening activities, after school programs, and summer programs available for RMH residents. A full-time Minneapolis Public School's Alternative School is available for siblings and children who are patients while staying at RMH.

### Volunteer Services

Many people volunteer time and services to help support RMH. The Cooks for Kids program provides evening meals for families at all four lodging facilities. Volunteers also work as House Volunteers, Friends of Families, Ambassadors, and in development projects to provide vital support for the RMH mission.

The Organization has an independently operated license agreement with Ronald McDonald House Charities, Global (RMHC Global). RMHC Global receives 25% of canister income after expenses incurred for providing and maintaining the canisters in the restaurants.

### **Cash and Cash Equivalents**

RMHC considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of RMHC are excluded from this definition.

### **Receivables and Credit Policies**

Accounts receivable consist primarily of uncollateralized obligations due from county medical assistance billed on a monthly basis while families are still in the facility and amounts due for coverage of operating expenses of programs. Receivables do not bear any interest on unpaid balances. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. RMHC also occasionally bills insurance companies if there is coverage and it will not adversely impact the families' other medical benefits.

Management determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At December 31, 2018 and 2017, the allowance was \$4,260.

### **Promises to Give**

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At December 31, 2018 and 2017, all promises to give were determined to be fully collectible.

**Promises to Give – In-Kind Rent**

In-kind rent promises to give are reported as a contribution receivable and net assets with donor restrictions at the lower of fair rental value of the property or the fair value of the property at the time the unconditional promise to give is received. Promises to give for in-kind rent are released from restriction and an expense recorded on a straight-line basis over the life of the agreements. The terms of the agreements are included in Note 5.

**Property and Equipment**

Property and equipment additions over \$3,500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 25 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

RMHC reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. RMHC has determined that there were no indications of impairment during the years ended December 31, 2018 and 2017.

**Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for an operating reserve and Board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors 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, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

### **Revenue and Revenue Recognition**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

For the years ended December 31, 2018 and 2017, canister donation revenue is recorded at gross revenue. Canister collection expenses of \$96,600 and \$109,200 and unallocated payments to RMHC Global of \$106,700 and \$124,400 are reported separately as a reduction of this revenue on the statement of activities. \$16,100 and \$18,700 was payable to RMHC Global as of December 31, 2018 and 2017, respectively. \$63,600 and \$74,900 was receivable from RMHC Global as of December 31, 2018 and 2017.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to RMHC's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets, or (b) specialized skills are performed by people with those skills and would otherwise be purchased by RMHC. Contributed goods are reflected as support and expenses in the financial statements at their respective fair values at the date of donation.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation which are allocated on a square footage basis, as well as salaries and benefits, insurance expense, professional and consulting, facilities expenses, marketing, utilities, and other, which are allocated on the basis of estimates of time and effort.

### **Income Taxes**

Ronald McDonald House Charities, Upper Midwest is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 those differences could be material.

### **Financial Instruments and Credit Risk**

RMHC manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, RMHC has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due organizations and individuals supportive of RMHC's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Finance Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Finance Committee believe that the investment policies and guidelines are prudent for the long-term welfare of RMHC.

**Change in Accounting Policy**

As of January 1, 2018, the Organization adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for the Organization's donor restricted endowment funds and underwater endowments. The ASU introduces new disclosure requirements to provide information about what is included or excluded from the Organization's intermediate measure of operations as well as disclosures to improve a financial statement user's ability to assess the Organization's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses. The ASU is effective for the Organization and has been adopted for the year ended December 31, 2017, resulting in a restatement as a result of the adoption (Note 11).

The amendments should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the disclosure about liquidity and availability of resources. The Organization has elected not to present comparative information for this amendment.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

**Subsequent Events**

The Organization has evaluated subsequent events through July 23, 2019, the date which the financial statements were issued.

**Note 2 - Liquidity and Availability**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization strives to maintain liquid financial assets sufficient to cover 150 days of general expenditures or \$1,563,270. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds and other short-term investments.

For purposes of analyzing resources available to meet general expenditures over a five-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. In addition to financial assets available to meet general expenditures over the next five months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.



As of December 31, 2018, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2018</u>
Cash and cash equivalents	\$ 3,338,249
Accounts receivable, net	413,457
Operating investments	<u>1,169,370</u>
	<u>\$ 4,921,076</u>

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from the donor-restricted endowments is for general use. Donor-restricted endowment funds are not available for general expenditure.

A Board-designated endowment of \$1,772,494, is subject to the same investment policy that the donor-restricted endowment is subject to. While the Organization does not intend to spend from this endowment, these amounts can be made available if necessary. Additionally, an operating reserve fund totaling \$4,221,754 was created for unexpected needs and can also be made available if necessary.

### **Note 3 - Fair Value Measurements**

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that RMHC can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, RMHC develops inputs using the best information available in the circumstances.

# Ronald McDonald House Charities, Upper Midwest

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In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to RMHC's assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of RMHC's investment assets are classified within Level 1 because they are comprised of marketable equity securities, mutual funds, and municipal bonds with readily determinable fair values based on daily redemption values. RMHC invests in corporate bonds that are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at December 31, 2018:

	Fair Value Measurements at Report Date Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Operating investments</b>				
Money market (at cost)	\$ -	\$ -	\$ -	\$ 46,354
Corporate bonds	-	1,862	-	1,862
Municipal bonds	14,720	-	-	14,720
Marketable equity securities	701,104	-	-	701,104
Mutual funds	405,330	-	-	405,330
	<u>\$ 1,121,154</u>	<u>\$ 1,862</u>	<u>\$ -</u>	<u>\$ 1,169,370</u>
<b>Endowment investments</b>				
Money market (at cost)	\$ -	\$ -	\$ -	\$ 238,293
Corporate bonds	-	14,518	-	14,518
Marketable equity securities	5,467,616	-	-	5,467,616
Mutual funds	1,970,579	-	-	1,970,579
	<u>\$ 7,438,195</u>	<u>\$ 14,518</u>	<u>\$ -</u>	<u>\$ 7,691,006</u>

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The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at December 31, 2017:

	Fair Value Measurements at Report Date Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Operating investments				
Cash (at cost)	\$ -	\$ -	\$ -	\$ 224,618
Corporate bonds	-	267,773	-	267,773
Mutual funds	268,413	-	-	268,413
	<u>\$ 268,413</u>	<u>\$ 267,773</u>	<u>\$ -</u>	<u>\$ 760,804</u>
Endowment investments				
Money market (at cost)	\$ -	\$ -	\$ -	\$ 376,380
Marketable equity securities	6,261,773	-	-	6,261,773
Mutual funds	1,953,291	-	-	1,953,291
	<u>\$ 8,215,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,591,444</u>

**Note 4 - Property and Equipment**

Property and equipment consists of the following at December 31, 2018 and 2017:

	2018	2017
Land	\$ 1,197,489	\$ 1,197,489
Buildings	11,773,813	11,679,046
Furniture and fixtures	1,660,058	1,597,396
Computers and software	338,337	271,490
Vehicles	68,281	57,180
	<u>15,037,978</u>	<u>14,802,601</u>
Less accumulated depreciation	<u>(8,846,048)</u>	<u>(8,372,464)</u>
	<u>\$ 6,191,930</u>	<u>\$ 6,430,137</u>

Depreciation expense totaled approximately \$593,000 and \$585,000 for the years ended December 31, 2018 and 2017, respectively.

**Note 5 - Leases and Other Agreements**

In July 2008, the Organization signed an agreement with Children's Health Care d/b/a Children's Hospitals and Clinics of Minnesota, to operate a Ronald McDonald House (RMH) within Children's Hospital in Minneapolis, Minnesota. Under the terms of the agreement, RMHC and Children's Hospital worked cooperatively to raise the funds required to operate the RMH during the first five-year term of the agreement. The agreement was extended for an additional five-year period, expiring in 2020. The future lease expense and related in-kind receivable is \$156,960 in 2019 and \$130,800 in 2020.

In November 2010, the Organization signed an agreement with Gillette's Children's Specialty Healthcare, to operate a Ronald McDonald Family Room (RMFR) within Gillette Children's Hospital in St. Paul, Minnesota. Under the terms of the agreement, RMHC and Gillette Children's Hospital worked cooperatively to raise the funds required to build out and furnish the space and to operate the RMFR during its first year of operation. The agreement was in place for a five-year period, and expired during 2016. This agreement was extended for an additional five-year period, expiring in 2021. The future lease expense and related in-kind receivable is \$51,429 in 2019 and 2020 and \$21,430 in 2021.

In July 2015, the Organization signed an agreement with Children's Health Care d/b/a Children's Hospitals and Clinics of Minnesota, to operate a Ronald McDonald Family Room (RMFR) within Children's Hospital in St. Paul, Minnesota. Under the terms of the agreement, RMHC and Children's Hospital worked cooperatively to raise the funds required to build out and furnish the space and to operate the RMFR during its five years of operation. The agreement is in place for a five-year period, expiring in 2020. The future lease expense and related in-kind receivable is \$72,000 in 2019 and \$36,000 in 2020.

RMHC leases office equipment under operating leases expiring in January 2022. Total future payments under the equipment lease arrangement will be \$52,725. Rent expense for the 11 months ending December 31, 2018, under this lease was \$5,742. Similar equipment was leased under a previous lease arrangement in 2016 and those rent payments totaled \$7,600.

The Organization has various operating leases expiring at various dates through 2022.

Future minimum lease payments are as follows:

<u>For the year ended December 31,</u>	<u>Amount</u>
2019	\$ 17,100
2020	17,100
2021	17,100
2022	1,425
	<u>\$ 52,725</u>

**Note 6 - Endowment**

RMHC's endowment (the Endowment) consists of approximately 37 individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions designated for endowment by the Board of Directors. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

RMHC's Board of Directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2018 and 2017, there were no such donor stipulations. As a result of this interpretation, RMHC classifies net assets perpetual in nature based on (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts), and (c) accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment is classified as net assets with donor restrictions accumulated investment gains on investments until those amounts are appropriated for expenditure by RMHC in a manner consistent with the standard of prudence prescribed by UPMIFA. RMHC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Ronald McDonald House Charities, Upper Midwest

Notes to Financial Statements

December 31, 2018 and 2017

As of December 31, 2018 and 2017, RMHC had the following endowment net asset composition by type of fund:

<u>December 31, 2018</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 3,549,589	\$ 3,549,589
Accumulated investment gains	-	2,368,923	2,368,923
Board-designated endowment funds	<u>1,772,494</u>	<u>-</u>	<u>1,772,494</u>
	<u>\$ 1,772,494</u>	<u>\$ 5,918,512</u>	<u>\$ 7,691,006</u>
<u>December 31, 2017 (Restated)</u>			
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 3,502,297	\$ 3,502,297
Accumulated investment gains	-	3,190,398	3,190,398
Board-designated endowment funds	<u>1,898,749</u>	<u>-</u>	<u>1,898,749</u>
	<u>\$ 1,898,749</u>	<u>\$ 6,692,695</u>	<u>\$ 8,591,444</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Minnesota UPMIFA requires RMHC to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2018 and 2017.

**Investment and Spending Policies**

During the year ended December 31, 2015, the Board of Directors approved an endowment spending policy for RMHC. The Board of Directors of RMHC recognizes its fiduciary responsibility to prudently manage its endowment fund (the Fund). The Fund is intended to benefit the Organization in perpetuity; therefore, the spending policy is intended to achieve a balance between preserving the purchasing power of the Endowment's principal and using the Fund to support the related programs.

The Board of Directors affirms the following goals for its endowment spending policy:

- To preserve the charitable impact and intergenerational equity of donor funds;
- To protect the real value of endowment principal;
- To strive for reasonable stability and predictability of distributed amounts from year to year;
- To assure contributors that donated funds will be prudently managed to maintain the intended charitable impact of their donations; and
- To conceptually match the Endowment's proceeds with support of the capital replacement program of RMHC.

A scheduled annual "Target Spend" will be calculated prior to each fiscal year. Upon approval by the Board of Directors, that amount will be released from the Endowment over the course of that fiscal year.

The annual Target Spend for a fiscal year will be 4% of the average fair market value of the Fund, according to the financial statements from the most recent 12 quarters. This calculation will be performed once a year, setting the Target Spend for the upcoming fiscal year's budget. The Finance Committee of the Board is charged with managing this process, including the following:

- To study and recommend the appropriate level of annual contribution needed to maintain, and replace when needed, the buildings and facilities owned and operated by RMHC-UM in carrying out its mission;
- To annually recommend to the Board the appropriate amount to adopt as its Endowment Target, reflecting the annual contributions described above;
- To set an appropriate annual date for the Target Spend calculation, as close to the end of the fiscal year as feasible, while still allowing time for Board action and inclusion in the budget process; and
- To perform the Target Spend calculation, and recommend the result for approval by the Board, subject to the following:

If, at the time of the calculation, the balance of the Endowment Fund is less than the Board-set Endowment Target, the Finance Committee will evaluate the situation and make a recommendation to the Board on: (1) whether or how the Target Spend for the following year should be modified when setting the budget, and (2) other recommended actions (whether financial or operational) which might be prudent, to address the reduced endowment.

The Board's chosen Target Spend will be transferred from the Endowment into operating accounts as operating income, except to the extent the transfer represents funds with specific donor restrictions.

Ronald McDonald House Charities, Upper Midwest

Notes to Financial Statements

December 31, 2018 and 2017

Changes in endowment net assets for the year ending December 31, 2018 and 2017, are as follows:

<u>December 31, 2018</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,898,749	\$ 6,692,695	\$ 8,591,444
Net investment loss	(126,255)	(484,184)	(610,439)
Required allocation of investment earnings	-	22,852	22,852
Contributions	-	24,440	24,440
Appropriation of endowment assets pursuant to spending-rate policy	-	(337,291)	(337,291)
Endowment net assets, end of year	<u>\$ 1,772,494</u>	<u>\$ 5,918,512</u>	<u>\$ 7,691,006</u>
 <u>December 31, 2017 (Restated)</u>			
Endowment net assets, beginning of year	\$ 1,686,107	\$ 5,621,324	\$ 7,307,431
Net investment return	212,642	1,010,712	1,223,354
Required allocation of investment earnings	-	24,734	24,734
Contributions	-	35,925	35,925
Endowment net assets, end of year	<u>\$ 1,898,749</u>	<u>\$ 6,692,695</u>	<u>\$ 8,591,444</u>



Ronald McDonald House Charities, Upper Midwest

Notes to Financial Statements

December 31, 2018 and 2017

**Note 7 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes and periods as of December 31, 2018 and 2017:

	2018	2017 (Restated)
	<u>2018</u>	<u>(Restated)</u>
Subject to Expenditure for Specified Purpose		
Children's family room St. Paul	\$ 350,145	\$ 277,152
Event sponsorships	130,060	241,320
Children's HIH Minneapolis	-	23,163
Marketing projects	-	24,539
Room sponsorships	6,667	13,334
TC Gillette pantry	4,298	4,298
Capital projects	-	10,111
Appliances and linens	3,047	5,647
Food St. Paul sites	18,078	9,595
Oak grief services	3,000	3,000
Emergency fund	1,400	1,400
Children's HIH appliances	-	500
School/family services	2,292	16,600
Children's HIH Storage Unit	2,000	-
	<u>520,987</u>	<u>630,659</u>
Subject to the passage of time	<u>520,047</u>	<u>798,800</u>
	<u>1,041,034</u>	<u>1,429,459</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Available for general use	3,549,589	3,502,297
Subject to endowment spending policy and appropriation		
General use	<u>2,368,923</u>	<u>3,190,398</u>
Total endowments	<u>5,918,512</u>	<u>6,692,695</u>
	<u>\$ 6,959,546</u>	<u>\$ 8,122,154</u>

Ronald McDonald House Charities, Upper Midwest

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December 31, 2018 and 2017

Net assets were released from donor restrictions as follows during the years ended December 31, 2018 and 2017:

	2018	2017 (Restated)
Expiration of time restrictions	\$ 278,753	\$ 282,026
Satisfaction of purpose restrictions		
Children's HIH Minneapolis	23,163	69,996
Room Sponsorships	6,667	-
Marketing projects	24,539	41,835
TC Gillette pantry	-	7,713
Capital projects	10,111	-
Appliances and linens	2,600	-
Life insurance policy	-	3,630
Event Sponsorships	116,320	-
Children's HIH appliances	500	-
School/family services	14,308	-
	<u>\$ 476,961</u>	<u>\$ 405,200</u>

**Note 8 - Donated Professional Services and Materials**

RMHC received donated professional services and materials as follows during the years ended December 31, 2018 and 2017:

	2018	2017
Food donation	\$ 366,052	\$ 474,266
Renovation assets	19,454	291,763
Utilities	15,000	14,640
House supplies	664,594	120,608
Canister box	-	2,375
Entertainment tickets	135,601	103,606
Legal fees	3,375	16,560
House maintenance	71,591	11,289
Computer	-	2,500
Furniture	6,745	56,170
Vehicles	11,000	-
Toys	147,877	-
Other	60,000	-
	<u>\$ 1,501,289</u>	<u>\$ 1,093,777</u>

Net assets released from restriction for in-kind rent for the years ended December 31, 2018 and 2017, was \$278,753 and \$282,026, respectively.

## Ronald McDonald House Charities, Upper Midwest

Notes to Financial Statements

December 31, 2018 and 2017

Volunteers contributed approximately 68,000 and 62,000 hours of service to Ronald McDonald House Charities during the years ended December 31, 2018 and 2017, respectively.

### Note 9 - Special Events

Net special event revenue consisted of the following for the years ended December 31, 2018 and 2017:

2018	Revenue	Contributions	Gross Special Event Revenue	Direct Expenses	Net Special Event Revenue
The Classic	\$ 32,200	\$ 134,280	\$ 166,480	\$ 38,988	\$ 127,492
Annual Gala	57,200	469,318	526,518	144,118	382,400
Brew Love	32,550	85,917	118,467	34,955	83,512
RBC Race	-	157,062	157,062	5,106	151,956
Skate with Greats	47,000	26,063	73,063	1,146	71,917
	<u>\$ 168,950</u>	<u>\$ 872,640</u>	<u>\$ 1,041,590</u>	<u>\$ 224,313</u>	<u>\$ 817,277</u>
<u>2017</u>					
The Classic	\$ 25,450	\$ 148,606	\$ 174,056	\$ 41,716	\$ 132,340
Annual Gala	58,100	453,260	511,360	164,907	346,453
Brew Love	33,660	102,090	135,750	31,781	103,969
RBC Race	-	112,128	112,128	4,785	107,343
Skate with Greats	44,025	27,400	71,425	15,380	56,045
	<u>\$ 161,235</u>	<u>\$ 843,484</u>	<u>\$ 1,004,719</u>	<u>\$ 258,569</u>	<u>\$ 746,150</u>

### Note 10 - Employee Benefits

RMHC sponsors a 401(k) defined contribution retirement plan, which matches contributions at 50% of the first 6% of an employee's salary contributed to the plan. RMHC also contributes a discretionary amount allocated to participating employees employed at year end. Expenses under this plan were \$47,900 and \$45,500 for the years ended December 31, 2018 and 2017, respectively.

### Note 11 - Restatement Resulting from Change in Accounting Policy

As disclosed in Note 1, the Organization adopted the provisions of ASU 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, as of January 1, 2018. As part of the adoption, changes were made to the presentation of the financial statements and the classification of net assets. Following is a summary of the effects of the change in accounting policy in the Organization's December 31, 2017, net assets.

Ronald McDonald House Charities, Upper Midwest

Notes to Financial Statements

December 31, 2018 and 2017

The effect on the Organization's statement of financial position and statement of activities as of and for the year ended December 31, 2017, is as follows:

Statement of Financial Position	As Previously Reported	Adoption of ASU 2016-14	As Restated
Unrestricted			
Undesignated	\$ 195,774	\$ (195,774)	\$ -
Board-designated operating reserve	2,406,211	(2,406,211)	-
Board-designated endowment	1,898,749	(1,898,749)	-
Invested in property and equipment	6,430,137	(6,430,137)	-
Temporarily restricted net assets	4,619,857	(4,619,857)	-
Permanently restricted net assets	3,502,297	(3,502,297)	-
Net assets without donor restrictions			
Undesignated	-	6,625,911	6,625,911
Board-designated operating reserve	-	2,406,211	2,406,211
Board-designated endowment	-	1,898,749	1,898,749
Net assets with donor restrictions			
Purpose and time restricted	-	1,429,459	1,429,459
Accumulated investment gains on endowment	-	1,429,459	3,190,398
Perpetual in nature	-	3,190,398	3,502,297
Statement of Activities	As Previously Reported	Adoption of ASU 2016-14	As Restated
Revenue, support, and gains			
Individuals			
Temporarily restricted	\$ 6,684	\$ (6,684)	\$ -
Permanently restricted	35,925	(35,925)	-
With donor restrictions	-	42,609	42,609
Net investment return			
Temporarily restricted	1,010,712	(1,010,712)	-
Permanently restricted	24,734	(24,734)	-
With donor restrictions	-	1,035,446	1,035,446
Net assets released from restrictions			
Temporarily restricted	(405,200)	405,200	-
With donor restrictions	-	(405,200)	(405,200)
Change in net assets			
Temporarily restricted	967,871	(967,871)	-
Permanently restricted	60,659	(60,659)	-
With donor restrictions	-	1,028,530	1,028,530