

**RONALD MCDONALD HOUSE CHARITIES  
OF IDAHO, INC.**

**BOISE, IDAHO**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.  
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**CRANDALL-SWENSON, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Ronald McDonald House Charities of Idaho, Inc.  
Boise, Idaho

We have audited the accompanying statements of financial position of the Ronald McDonald House Charities of Idaho, Inc., as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses and cash flows and the related notes to the financial statements for the years then ended.

***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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risk 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 organization's preparation and fair presentation of the financial statements in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the 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 Ronald McDonald House Charities of Idaho, Inc. as of December 31, 2016 and 2015, and the changes in its net assets, functional expenses and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Crandall-Swenson, PLLC*

Boise, Idaho  
July 20, 2017

**RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 424,985	\$ 251,838
Prepaid Expenses	12,353	12,908
Investments	5,108,020	4,819,245
Property and Equipment, Net	958,140	1,043,706
 Total Assets	 \$ 6,503,498	 \$ 6,127,697
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 44,086	\$ 36,319
Total Liabilities	44,086	36,319
<b>NET ASSETS</b>		
Unrestricted	5,713,212	5,345,178
Temporarily Restricted	250,000	250,000
Permanently Restricted	496,200	496,200
Total Net Assets	6,459,412	6,091,378
 Total Liabilities and Net Assets	 \$ 6,503,498	 \$ 6,127,697

See accompanying Notes to Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES AND OTHER SUPPORT</b>				
Contributions, grants & bequests	\$ 636,626	\$ -	\$ -	\$ 636,626
Special Events Revenue	343,159	-	-	343,159
Less Direct Benefit Costs	(99,209)	-	-	(99,209)
Net Revenue from Special Events	243,950	-	-	243,950
RMH Room Donation/Fees	9,547	-	-	9,547
In-kind contributions received	94,548	-	-	94,548
Other Income	287	-	-	287
Net Assets Released from Restrictions	-	-	-	-
Total Revenues and Other Support	<u>984,958</u>	<u>-</u>	<u>-</u>	<u>984,958</u>
<b>EXPENSES</b>				
Program Services	559,990	-	-	559,990
Supporting Services:				
Management and General Administration	167,709	-	-	167,709
Fundraising	156,303	-	-	156,303
Unallocated Payments to RMHC Global	21,871	-	-	21,871
Total Expenses	<u>905,873</u>	<u>-</u>	<u>-</u>	<u>905,873</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	79,085	-	-	79,085
<b>INVESTMENT INCOME, NET</b>	<u>288,949</u>	<u>-</u>	<u>-</u>	<u>288,949</u>
<b>CHANGE IN NET ASSETS</b>	368,034	-	-	368,034
Net Assets - Beginning of Year	<u>5,345,178</u>	<u>250,000</u>	<u>496,200</u>	<u>6,091,378</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 5,713,212</u>	<u>\$ 250,000</u>	<u>\$ 496,200</u>	<u>\$ 6,459,412</u>

See accompanying Notes to Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF [INSERT NAME]  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>				
Contributions, grants & bequests	\$ 677,744	\$ -	\$ -	\$ 677,744
Special Events Revenue	297,411	-	-	297,411
Less Direct Benefit Costs	<u>(96,372)</u>	<u>-</u>	<u>-</u>	<u>(96,372)</u>
Net Revenue from Special Events	201,039	-	-	201,039
RMH Room Donation/Fees	10,924	-	-	10,924
In-kind contributions received	101,414	-	-	101,414
Other Income	586	-	-	586
Net Assets Released from Restrictions	-	-	-	-
Total Revenues and Other Support	<u>991,707</u>	<u>-</u>	<u>-</u>	<u>991,707</u>
<b>EXPENSES</b>				
Program Services	648,181	-	-	648,181
Supporting Services:				
Management and General Administration	188,959	-	-	188,959
Fundraising	115,937	-	-	115,937
Unallocated Payments to RMHC Global	<u>20,453</u>	<u>-</u>	<u>-</u>	<u>20,453</u>
Total Expenses	<u>973,530</u>	<u>-</u>	<u>-</u>	<u>973,530</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	18,177	-	-	18,177
<b>INVESTMENT INCOME, NET</b>	<u>117,700</u>	<u>-</u>	<u>-</u>	<u>117,700</u>
<b>CHANGE IN NET ASSETS</b>	135,877	-	-	135,877
Net Assets - Beginning of Year	<u>5,209,301</u>	<u>250,000</u>	<u>496,200</u>	<u>5,955,501</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 5,345,178</u>	<u>\$ 250,000</u>	<u>\$ 496,200</u>	<u>\$ 6,091,378</u>

See accompanying Notes to Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2016**

	Program Services			Supporting Services		
	Ronald McDonald House	Grants to Other Organizations	Total	Management and General	Fundraising	Total
	\$	\$	\$	\$	\$	\$
Salaries	171,389	-	171,389	90,499	90,623	352,511
Employee Health and Retirement Benefits	28,833	-	28,833	15,412	15,245	59,490
Payroll Taxes	14,012	-	14,012	7,490	7,408	28,910
Donated Services	63,168	-	63,168	-	-	63,168
<b>Total Salaries and Related Expenses</b>	<b>277,402</b>	<b>-</b>	<b>277,402</b>	<b>113,401</b>	<b>113,276</b>	<b>504,079</b>
Automobile Expenses	162	-	162	-	-	162
Carister Expense	-	-	-	-	13,145	13,145
Community Partnership Expense	18,855	-	18,855	-	-	18,855
Depreciation	85,565	-	85,565	-	-	85,565
Loss on disposal of fixed assets	-	-	-	-	-	-
Direct Mail	-	-	-	-	10,977	10,977
House Supplies	16,137	-	16,137	-	-	16,137
Insurance	25,758	-	25,758	750	-	26,508
Grants	-	-	-	-	-	-
Maintenance and Repair	70,235	-	70,235	-	-	70,235
Meetings, Training, and Seminars	-	-	-	4,491	-	4,491
Office Supplies & Expense	-	-	-	9,306	-	9,306
Other Expenses	12,283	-	12,283	2,461	8,955	23,699
Postage	1,686	-	1,686	843	843	3,372
Printing and Publishing	7,882	-	7,882	10,508	7,881	26,271
Professional Fees	-	-	-	19,629	-	19,629
Technology	-	-	-	5,094	-	5,094
Telephone	3,677	-	3,677	1,226	1,226	6,129
Travel, Meals, and Entertainment	13,218	-	13,218	-	-	13,218
Utilities	21,760	-	21,760	-	-	21,760
Volunteer Recognition	5,370	-	5,370	-	-	5,370
	<b>\$ 559,990</b>	<b>\$ -</b>	<b>\$ 559,990</b>	<b>\$ 167,709</b>	<b>\$ 156,303</b>	<b>\$ 884,002</b>
Unallocated Payments to RMHC Global						21,871
<b>Total Expenses</b>						<b>\$ 905,873</b>

See accompanying Notes to Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2015**

	Program Services		Supporting Services		Total
	Ronald McDonald House	Grants to Other Organizations	Management and General	Fundraising	
Salaries	\$ 175,884	\$ -	\$ 98,029	\$ 60,086	\$ 333,999
Employee Health and Retirement Benefits	29,572	-	16,482	10,102	56,156
Payroll Taxes	15,115	-	8,427	5,164	28,706
Donated Services	60,377	-	-	-	60,377
<b>Total Salaries and Related Expenses</b>	<b>280,948</b>	<b>-</b>	<b>122,938</b>	<b>75,352</b>	<b>479,238</b>
Automobile Expenses	1,010	-	-	-	1,010
Canister Expense	-	-	-	18,721	18,721
Community Partnership Expense	43,920	-	-	-	43,920
Depreciation	88,946	-	-	-	88,946
Loss on disposal of fixed assets	591	-	-	-	591
Direct Mail	-	-	-	4,910	4,910
House Supplies	24,955	-	-	-	24,955
Insurance	22,722	-	750	-	23,472
Grants	-	57,570	-	-	57,570
Maintenance and Repair	54,104	-	-	-	54,104
Meetings, Training, and Seminars	-	-	7,327	-	7,327
Office Supplies & Expense	-	-	13,931	-	13,931
Other Expenses	15,554	-	3,107	6,134	24,795
Postage	3,452	-	1,726	1,726	6,904
Printing and Publishing	7,990	-	10,654	7,990	26,634
Professional Fees	-	-	22,027	-	22,027
Technology	-	-	9,515	-	9,515
Telephone	3,310	-	1,104	1,104	5,518
Travel, Meals, and Entertainment	10,378	-	-	-	10,378
Utilities	22,331	-	-	-	22,331
Volunteer Recognition	6,280	-	-	-	6,280
	<b>\$ 586,491</b>	<b>\$ 57,570</b>	<b>\$ 193,079</b>	<b>\$ 115,937</b>	<b>\$ 953,077</b>
Unallocated Payments to RMHC Global					20,453
<b>Total Expenses</b>					<b>\$ 973,530</b>

See accompanying Notes to Financial Statements.



**RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 368,034	\$ 135,877
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	85,565	88,946
Disposal of fixed assets	-	591
Net Realized and Unrealized (Gains) Losses on Investments	(134,092)	47,107
(Increase) Decrease in Assets:		
Prepaid Expenses	555	3,002
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	7,767	(11,552)
Net Cash Provided (Used) by Operating Activities	327,829	263,971
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments-Net	(154,682)	(626,338)
Proceeds from Sale of Investments	-	308,033
Purchases of Property and Equipment- Net	-	-
Proceeds from Sale of Property and Equipment	-	-
Net Cash Provided (Used) by Investing Activities	(154,682)	(318,305)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Notes Payable	-	-
Payments on Capital Lease Obligation	-	-
Collection of Permanently Restricted Contributions	-	-
Net Cash Provided (Used) by Financing Activities	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	173,147	(54,334)
Cash and Cash Equivalents - Beginning of Year	251,838	306,172
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 424,985	\$ 251,838
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ -	\$ -
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Noncash Investing and Financing Activities	\$ -	\$ -

See accompanying Notes to Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Ronald McDonald House Charities of Idaho, Inc. (Organization) is a nonprofit charitable corporation formed in the State of Idaho. The mission of Ronald McDonald House Charities (RMHC) is to create, find and support programs that directly improve the health and well-being of children. Collectively, RMHC and the network of local Chapters ascribe to five core values: we are focused on the critical needs of children, we lead with compassion, we celebrate the diversity of our people and our programs, we value our heritage and we operate with accountability and transparency.

We fulfill our mission through the operation of sustainable programs that enable family-centered care to bridge access to quality health care that is a vital part of the health care continuum and to strengthen families during difficult times. The following program is operated by the Organization and represents the core function of Ronald McDonald House Charities of Idaho:

**Ronald McDonald House**

When children must travel long distances to access top medical care, accommodations and support for families can be expensive or not readily available. The Organization helps families stay close to their ill or injured child through the Ronald McDonald House program located in Boise, Idaho, and surrounding communities, which provides temporary lodging, meals and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers' ability to spend more time with their child, to interact with their clinical care team and to participate in critical medical care decisions.

**Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. All other net assets, including board designated or appropriated amounts, are unrestricted and are reported as part of the unrestricted class.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Organization to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash Equivalents**

Cash equivalents include money market funds and all highly liquid investments with a maturity date of less than three months from the date of purchase. The Organization's cash balances that are maintained in bank accounts may exceed Federal Deposit Insurance Corporation limits from time to time. The Organization has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash.

**Accounts Receivable**

Accounts receivable, when they arise, are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

**Contributions Receivable**

Contributions receivable are unconditional promises to give. The Organization had no contributions receivable/unconditional promises to give at either December 31, 2016 or 2015.

**Investments**

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses and income are included in the statements of activities.

**Property and Equipment**

The Organization capitalizes purchases of property, furniture, fixtures, and equipment having costs of \$5,000 or more. Purchases of less than the capital minimum of \$5,000 are recorded as operating expenses. Donations of property and equipment are recorded as in-kind contributions at their estimated value. Such contributions are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used only to acquire property or equipment are reported as restricted support. In the absence of donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies restricted net assets to unrestricted net assets at that time. Capital assets are depreciated using the straight-line method based on estimated useful lives of individual assets. Asset classification and estimated useful lives are as follows:

	<u>Estimated Useful Lives</u>
Buildings and improvements	30 years
Land improvements	15 years

**RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Signs	15 years
Furniture and fixtures	7 years
Office equipment	5 years
Vehicles	5 years

**Donated Assets, Property and Equipment, and Services**

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

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 Organization. The Organization also receives donated services from other contributors and volunteers that are not measurable, and therefore, are excluded from the financial statements.

**Net Assets**

The Organization's net assets and changes therein are classified and reported as follows:

**Unrestricted**

Net assets that are not subject to donor-imposed restrictions or law.

**Temporarily Restricted**

Net assets subject to restrictions imposed by donor or law that may be met either by actions of the Organization or the passage of time.

**Permanently Restricted**

Net assets subject to donor-imposed restrictions that the principal be maintained in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for unrestricted purposes.

**Impairment of Long-Lived Assets**

The Organization reviews long-lived assets, including property and equipment, for impairment whenever business circumstances indicate that the carrying value of those assets may not be recoverable. An impairment loss would result when asset values are determined to be less than the carrying amount of those assets. The Organization has not recognized any impairment of long-lived assets during either 2016 or 2015.

**RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

When unconditional promises to give are received by the Organization, they are recognized as revenue in the period the promise is made. Conditional promises are recorded as revenue when the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. When restrictions are met in the same period as the contribution is received, the Organization records the contribution revenue as unrestricted.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Tax Status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income, if any, from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**NOTE 2- FAIR VALUE MEASUREMENTS**

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. A hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Levels within the hierarchy are based on the reliability of inputs as follows:

*Level 1* - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

*Level 2* - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

**RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 2- FAIR VALUE MEASUREMENTS (CONTINUED)**

The fair values of assets and liabilities measured on a recurring basis as of December 31, 2016 and 2015 are as follows:

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value of Level 2 investments are determined by reference to quoted prices for similar assets in less active markets. Fair value of Level 3 investments are determined from valuation techniques in which one or more inputs are unobservable.

The Organization has no Level 3 financial instruments. The carrying amounts of all other assets and liabilities reflected in the statements of financial position for the Organization's financial instruments approximates their respective fair value due to the short-term maturities of those instruments. There have been no changes in valuation techniques and related inputs.

**NOTE 3- SUMMARY OF PROPERTY AND EQUIPMENT**

A summary of property and equipment follows:

	2016	2015
Land	\$ 65,744	\$ 65,744
Buildings	1,610,275	1,610,275
Building improvements	321,147	321,147
Landscaping	72,506	72,506
Furniture and fixtures	238,913	248,582
Office furniture	97,772	98,923
Signs	11,706	11,706
Vehicles	16,081	16,081
	2,434,144	2,444,964
Less accumulated depreciation	1,476,004	1,401,258
	\$ 958,140	\$ 1,043,706

**NOTE 4- INVESTMENTS**

The Organization's investment objectives are to provide a long-term annual rate of return in excess of 5.8% over a 25 year period. The investment policy requires that, to achieve diversification, portfolio asset allocations will be 65% equity and 35% fixed income and non-equity investments. A range of + or – 10% has been identified as an acceptable degree of variation in the portfolio's equity/non-equity mix. The policy also requires that no one stock will comprise more than 5% of the equity allocation with the exception of McDonald's Corporation, which can have a maximum limit of 15%. The Organization participates in the McDonald's Charity Investment Program, which allows for low cost investment management.

**RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 AND 2015**

**NOTE 4- INVESTMENTS (CONTINUED)**

The Organization's operating reserve spending policy allows for all budgeted contributions to be available for spending unless otherwise directed. Investment income and earnings are available for spending, with maximum spending based on 5% of the Operating reserve market value. If the maximum spending limit exceeds the current year's investment income and earnings, a portion of the investment portfolio can be liquidated to make up for the difference. Investments consist of debt and equity securities and cash invested in managed accounts through a brokerage house. In addition, there is a timeshare investment that was donated to the house several years ago. The following is a summary of investments:

	<u>2016</u>	<u>2015</u>
Cash in money market account	\$ 186,380	\$ 181,809
Bond mutual funds	1,591,660	1,902,948
Equity mutual funds	2,738,269	2,173,021
McDonald's Corporation stock	588,546	558,330
Other stock	166	138
Timeshare	<u>2,999</u>	<u>2,999</u>
	<u>\$ 5,108,020</u>	<u>\$ 4,819,245</u>

Investment income from cash and investments is comprised of the following:

	<u>2016</u>	<u>2015</u>
Dividends and interest	\$ 151,857	\$ 166,967
Net gains (losses) on investments	<u>137,092</u>	<u>(49,267)</u>
	<u>\$ 288,949</u>	<u>\$ 117,700</u>

**NOTE 5- SIMPLE RETIREMENT PLAN**

The Organization has a Simple Retirement Plan covering employees who elect to participate in that plan. Tax-deferred contributions are made by participating employees as a percentage of their gross salary. The Organization makes a matching contribution for participants up to 3% of their gross salary. Organization contributions were \$7,184 and \$5,758, for the years ended December 31, 2016 and 2015, respectively.

**NOTE 6- CAPITAL AND OPERATING LEASES**

The Organization had no capital nor operating leases at either December 31, 2016 or 2015.

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**NOTE 7- TRANSACTIONS WITH RELATED ENTITIES**

Ronald McDonald House Charities (RMHC) is a system of independent, separately registered public benefit organizations, referred to as "Chapters" within the global organization. The Organization is an independent operating Chapter within the RMHC system. Each Chapter is licensed by McDonald's Corporation and Ronald McDonald House Charities, Inc. to use RMHC related trademarks in conjunction with fundraising activities and the operation of its programs; the License Agreement also sets standards of operations for programs, governance, finance, branding and reporting.

Ronald McDonald House Charities, Inc. (RMHC Global), a separately registered nonprofit organization, ensures delivery of the mission across the globe. As a center of excellence, RMHC Global builds and sustains a robust infrastructure of support to the network of Chapters, including operations, licensing and compliance, finance, risk management, communications, marketing and development. The Organization remits to RMHC Global 25% of its revenues from all national fundraising efforts facilitated by RMHC Global, as defined by the license agreement. During the years ended December 31, 2016 and 2015, the Organization paid \$ 21,871 and \$20,453, respectively, from these revenue streams.

**NOTE 8- RESTRICTED AND BOARD DESIGNATED ASSETS**

Permanently restricted net assets consist of endowment fund investments in the amount of \$496,200 and are to be held indefinitely. The income from permanently restricted net assets is expendable to support the operations of the House. (See also Note 9).

In addition to the above donor-implied restrictions, the Board has designated a portion of the House's unrestricted net assets for specific purposes. The designations are as follows:

	<u>2016</u>	<u>2015</u>
Operating reserve	\$ 2,000,000	\$ 1,500,000
Future expansion	1,250,000	978,785
Capital improvements	<u>200,000</u>	<u>200,000</u>
	<u>\$ 3,450,000</u>	<u>\$ 2,678,785</u>



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**NOTE 9- PERMANENTLY RESTRICTED ENDOWMENT**

The endowment consists of a donation from the Kroc Family for House operations. Terms of the endowment allow for all earnings to be used for operations of the House. The original endowment, in the amount of \$496,200, is reported as permanently restricted net assets. Originally, the endowment consisted of McDonald's Corporation stock. However, in the interest of diversification, the Organization has sold some of the McDonald's Corporation stock and invested in debt and equity mutual funds.

Endowment net asset composition by type of fund as of December 31, 2016, is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment	<u>\$ -</u>	<u>\$ 496,200</u>	<u>\$ 496,200</u>
Net assets December 31, 2015	\$ -	\$ 496,200	\$ 496,200
2016 activity-			
Contributions	-	-	-
Investment returns:			
Investment income	17,140	-	-
Net appreciation	<u>13,076</u>	<u>-</u>	<u>-</u>
Total Investment return	<u>30,216</u>	<u>-</u>	<u>-</u>
Appropriation of endowment net assets for expenditures	<u>(30,216)</u>	<u>-</u>	<u>-</u>
Net assets December 31, 2016	<u>\$ -</u>	<u>\$ 496,200</u>	<u>\$ 496,200</u>

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**NOTE 10- IN-KIND CONTRIBUTIONS**

During 2016 and 2015 the House received no donations of equipment; however, the House recognized contribution revenue for certain services and supplies at their fair value. Those services and supplies included the following:

	2016	2015
House operations-		
Receptionist and cleaning services	\$ 63,168	\$ 60,377
Cable & W-Fi service	2,950	2,560
Cleaning and maintenance supplies	7,383	3,125
Minor furniture and equipment items	2,400	9,240
Lawn care and other maintenance services	9,169	12,366
	85,070	87,668
Management and general-		
Accounting & other professional services	5,369	8,262
Legal services	-	-
Travel	-	-
	5,369	8,262
Special events-		
Event food and other expense	2,363	5,484
	\$ 92,802	\$ 101,414

In addition, the Organization received a significant amount of donated services from unpaid volunteers who assisted in fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition has not been met.

**NOTE 11- SUBSEQUENT EVENTS**

Management evaluated subsequent events through July 20, 2017, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.