



RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

**RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ronald McDonald House of Dallas, Inc. and Affiliates
Dallas, Texas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Ronald McDonald House of Dallas, Inc. and Affiliates (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House of Dallas, Inc. and Affiliates as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the 2019 and 2018 consolidated financial statements as a whole. The accompanying 2019 and 2018 supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Emphasis of Matter

As discussed in Note 19 to the financial statements, in May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Additionally in June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. The implementation of these standards had no impact on the financial statements. Our opinion is not modified with respect to that matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
May 28, 2020

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,115,119	\$ 10,360,208
Accounts Receivable	224,471	43,680
Pledges Receivable, Net	813,255	2,397,723
Short-Term Investments	1,528,471	4,479,969
Prepaid Expenses and Other Assets	55,866	49,045
Total Current Assets	7,737,182	17,330,625
NONCURRENT ASSETS		
Pledges Receivable, Net	467,156	1,221,694
Investments	19,430,825	12,887,147
Property and Equipment, Net	21,338,487	14,622,359
Beneficial Interest Held in Trust	314,756	212,027
Total Noncurrent Assets	41,551,224	28,943,227
Total Assets	\$ 49,288,406	\$ 46,273,852
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 447,831	\$ 503,993
Accrued Liabilities	463,354	155,171
Deferred Revenue	21,921	54,084
Total Current Liabilities	933,106	713,248
NET ASSETS		
Without Donor Restrictions	37,129,319	33,920,915
With Donor Restrictions	11,225,981	11,639,689
Total Net Assets	48,355,300	45,560,604
Total Liabilities and Net Assets	\$ 49,288,406	\$ 46,273,852

See accompanying Notes to Consolidated Financial Statements.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Public Support:			
Contributions and Grants	\$ 1,256,028	\$ 630,265	\$ 1,886,293
In-Kind Contributions	656,263	-	656,263
Special Events Cash Contributions	1,234,748	-	1,234,748
Special Events In-Kind Contributions	215,908	-	215,908
Total Gross Special Events Contributions	<u>1,450,656</u>	<u>-</u>	<u>1,450,656</u>
Total Public Support	<u>3,362,947</u>	<u>630,265</u>	<u>3,993,212</u>
Other Revenue:			
Program Service Fees	135,590	-	135,590
Other Income	3,142	-	3,142
Net Assets Released from Restrictions	1,151,432	(1,151,432)	-
Total Other Revenue	<u>1,290,164</u>	<u>(1,151,432)</u>	<u>138,732</u>
 Total Revenue and Support	 4,653,111	 (521,167)	 4,131,944
EXPENSES			
Program Expenses	2,676,136	-	2,676,136
Costs of Direct Benefits to Donors	167,690	-	167,690
Supporting Services	88,825	-	88,825
Fundraising	824,472	-	824,472
Total Expenses	<u>3,757,122</u>	<u>-</u>	<u>3,757,122</u>
 CHANGE IN NET ASSETS FROM OPERATIONS	 895,989	 (521,167)	 374,822
 CHANGE IN FAIR VALUE OF BENEFICIAL INTEREST HELD IN TRUST	 -	 102,729	 102,729
 INVESTMENT INCOME (LOSS), NET	 <u>2,312,415</u>	 <u>4,730</u>	 <u>2,317,145</u>
 CHANGE IN NET ASSETS	 3,208,404	 (413,708)	 2,794,696
Net Assets - Beginning of Year	<u>33,920,915</u>	<u>11,639,689</u>	<u>45,560,604</u>
 NET ASSETS - END OF YEAR	 <u>\$ 37,129,319</u>	 <u>\$ 11,225,981</u>	 <u>\$ 48,355,300</u>

See accompanying Notes to Consolidated Financial Statements.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Public Support:			
Contributions and Grants	\$ 1,137,871	\$ 7,945,689	\$ 9,083,560
In-Kind Contributions	36,605	-	36,605
Special Events Cash Contributions	1,202,662	-	1,202,662
Special Events In-Kind Contributions	133,520	-	133,520
Total Gross Special Events Contributions	<u>1,336,182</u>	<u>-</u>	<u>1,336,182</u>
Total Public Support	<u>2,510,658</u>	<u>7,945,689</u>	<u>10,456,347</u>
Other Revenue:			
Program Service Fees	354,018	-	354,018
Other Income	5,301	-	5,301
Net Assets Released from Restrictions	1,357,474	(1,357,474)	-
Total Other Revenue	<u>1,716,793</u>	<u>(1,357,474)</u>	<u>359,319</u>
 Total Revenue and Support	 4,227,451	 6,588,215	 10,815,666
EXPENSES			
Program Expenses	2,544,397	-	2,544,397
Costs of Direct Benefits to Donors	147,987	-	147,987
Supporting Services	154,264	-	154,264
Fundraising	914,659	-	914,659
Total Expenses	<u>3,761,307</u>	<u>-</u>	<u>3,761,307</u>
 CHANGE IN NET ASSETS FROM OPERATIONS	 466,144	 6,588,215	 7,054,359
 CHANGE IN FAIR VALUE OF BENEFICIAL INTEREST HELD IN TRUST	 -	 (136,032)	 (136,032)
 INVESTMENT INCOME, NET	 <u>(725,008)</u>	 <u>1,139</u>	 <u>(723,869)</u>
 CHANGE IN NET ASSETS	 (258,864)	 6,453,322	 6,194,458
Net Assets - Beginning of Year	<u>34,179,779</u>	<u>5,186,367</u>	<u>39,366,146</u>
 NET ASSETS - END OF YEAR	 <u>\$ 33,920,915</u>	 <u>\$ 11,639,689</u>	 <u>\$ 45,560,604</u>

See accompanying Notes to Consolidated Financial Statements.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program	Supporting Services	Fundraising	Cost of Direct Benefits to Donors	Total
Payroll and Related	\$ 1,109,259	\$ 66,539	\$ 356,891	\$ -	\$ 1,532,689
Depreciation	797,586	227	53,707	-	851,520
Events and Catering	8,283	-	105,407	164,773	278,463
Facility Maintenance and Repairs	192,298	-	361	-	192,659
Professional Fees	139,746	14,100	32,055	-	185,901
Utilities	142,324	164	8,710	-	151,198
Miscellaneous	4,987	-	6,397	2,917	14,302
Volunteer Program	11,071	-	428	-	11,499
Family Assistance	12,351	-	-	-	12,351
Bank and Merchant Fees	2,148	43	31,727	-	33,919
Marketing	5,712	-	24,085	-	29,797
Staff and Board Development	13,432	2,249	8,449	-	24,130
Groceries and Household Supplies	118,279	-	19	-	118,298
Insurance	62,047	3,447	3,447	-	68,941
Office Expenses	28,250	336	63,099	-	91,685
Program Supplies	12,133	-	106	-	12,239
Bad Debts	(129,764)	-	-	-	(129,764)
In-Kind Expenses	145,993	1,720	129,583	-	277,296
Total Expenses	\$ 2,676,136	\$ 88,825	\$ 824,472	\$ 167,690	\$ 3,757,122

See accompanying Notes to Consolidated Financial Statements.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program	Supporting Services	Fundraising	Cost of Direct Benefits to Donors	Total
Payroll and Related	\$ 1,078,077	\$ 61,176	\$ 381,401	\$ -	\$ 1,520,654
Depreciation	727,929	246	69,902	-	798,077
Events and Catering	8,603	108	84,213	147,837	240,761
Facility Maintenance and Repairs	193,754	-	-	-	193,754
Professional Fees	131,941	12,035	122,720	-	266,696
Utilities	135,486	178	6,843	-	142,507
Miscellaneous	4,282	1	5,004	150	9,437
Volunteer Program	14,038	-	1,260	-	15,298
Family Assistance	12,352	-	-	-	12,352
Bank and Merchant Fees	253	90	26,181	-	26,524
Marketing	3,040	-	35,485	-	38,525
Staff and Board Development	14,922	2,548	8,441	-	25,911
Groceries and Household Supplies	101,455	-	-	-	101,455
Insurance	64,157	3,512	3,512	-	71,181
Office Expenses	26,755	1,400	73,926	-	102,081
Program Supplies	10,922	-	-	-	10,922
Bad Debts	15,047	-	-	-	15,047
In-Kind Expenses	1,384	72,970	95,771	-	170,125
Total Expenses	<u>\$ 2,544,397</u>	<u>\$ 154,264</u>	<u>\$ 914,659</u>	<u>\$ 147,987</u>	<u>\$ 3,761,307</u>

See accompanying Notes to Consolidated Financial Statements.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,794,696	\$ 6,194,458
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	851,520	798,077
Amortization of Discount on Pledges Receivable	(126,517)	1,940
Bad Debt (Recoveries) Expense	(129,764)	15,047
Donated Fixed Assets	(576,155)	-
Contributions With Donor Restrictions	(6,100)	(7,923,401)
Net Realized and Unrealized (Gains) Losses on Investments	(1,575,639)	1,485,487
Beneficial Interest Held in Trust	(102,729)	136,032
(Increase) Decrease in Assets:		
Accounts Receivable	(180,791)	14,570
Pledges Receivable	(100,128)	(102,948)
Prepaid Expenses and Other Assets	(6,821)	(341)
Increase (Decrease) in Liabilities:		
Accounts Payable	(56,162)	417,868
Accrued Liabilities	(4,210)	98,752
Deferred Revenue	(32,163)	22,784
Net Cash Provided by Operating Activities	749,037	1,158,325
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	5,656,654	44,549
Purchase of Investments	(7,573,138)	(834,322)
Purchase of Property and Equipment	(6,679,101)	(1,269,490)
Net Cash Used in Investing Activities	(8,595,585)	(2,059,263)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of Contributions With Donor Restrictions	2,601,458	7,622,472
Net Cash Provided by Financing Activities	2,601,458	7,622,472
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,245,090)	6,721,534
Cash and Cash Equivalents - Beginning of Year	10,360,208	3,638,674
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,115,119	\$ 10,360,208
SUPPLEMENTAL CASH FLOW INFORMATION		
Donated Securities Held as of December 31, 2019	\$ 100,057	\$ -
Donated Securities Held as of December 31, 2018	\$ -	\$ 99,058
Donated Fixed Assets	\$ 576,155	\$ -
Assets Acquired Through Retainage Payable	\$ 404,165	\$ 91,772

See accompanying Notes to Consolidated Financial Statements.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ronald McDonald House of Dallas, Inc. (RMHD) was incorporated in the state of Texas on June 5, 1978, as a nonprofit organization. RMHD provides a home-away-from-home for families of injured or seriously ill children through the age of 21 who are undergoing treatment at area hospitals. RMHD is primarily supported by contributions from the general public.

Ronald McDonald House of Dallas Endowment Foundation (EF) is a nonprofit organization established on December 9, 1998, to support and benefit RMHD by investing and managing gifts, grants, contributions, and bequests intended to benefit the long-term goals of RMHD, and by holding, managing, and investing an endowment fund for RMHD. Under EF's Articles of Incorporation and Bylaws, RMHD's Board of Directors has the authority to elect a simple majority of EF's trustees. Notwithstanding this relationship, EF is not required by its articles or bylaws to make annual grants or distributions to RMHD.

Ronald McDonald House of Dallas Family Assistance Foundation (FAF) is a nonprofit organization established on December 9, 1998, to support and benefit RMHD and its families by owning, maintaining, and improving the house facility, as well as maintaining an assistance fund to benefit the needs of these families. Under FAF's Articles of Incorporation and Bylaws, RMHD's Board of Directors has the authority to elect a simple majority of FAF's trustees. Notwithstanding this relationship, FAF is not required by its articles or bylaws to make annual grants or distributions to RMHD.

Basis of Presentation and Consolidation

The accompanying consolidated financial statements include the accounts of RMHD, EF, and FAF, and 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). All significant intercompany transactions and balances have been eliminated in consolidation. The consolidated entities are collectively referred to as the "Organization."

Measure of Operations

The Organization's change in net assets from operations on the consolidated statement of activities and changes in net assets includes all operating revenues and expenses that are an integral part of its program and supporting activities, net assets released from donor restrictions to support operating expenditures and other non-operating funds to support current operating activities. The measure of operations excludes investment return on investments.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these consolidated financial statements include those assumed in recording depreciation, allocation of functional expenses, valuation allowances for pledges receivable, and fair value of beneficial interest held in trust. Actual results could vary from these estimates.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

All short-term investments with original maturities of ninety days or less are considered to be cash equivalents.

Pledges Receivable and Promises to Give

Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires or is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give that are due more than one year beyond the statement of financial position date are discounted to a net present value using an estimated discount factor for risk-free borrowing.

Pledges receivable are considered past due when payments are not made under the terms of the pledge agreement. There were no past due pledges receivable at December 31, 2019 and 2018. FAF had bad debt recovery of \$129,764 and bad debt expense of \$15,047 for uncollectible receivables for the years ended December 31, 2019 and 2018, respectively. The allowance for doubtful accounts is established through a provision for bad debts charged to expense and represents management's best estimate of possible losses that may occur within the pledges receivable portfolio; however, its establishment involves an element of uncertainty and future events may cause significant fluctuations. Allocations of the allowance may be made for specific pledges receivable, but the entire allowance is available for any receivable that, in management's judgment, should be written off.

Investments

Investments, which consist of marketable equity securities and debt securities, are reported at their fair values in the consolidated statements of financial position. Securities that have been donated are recorded at the fair value as of the date of the gift. Increases or decreases in fair value are recorded as unrealized gains and losses and are reflected on the consolidated statement of activities and changes in net assets along with all realized gains and losses under the caption "Investment Income, Net."

Split Interest Agreements

The Organization accepts gifts subject to split interest agreements. These gifts are generally in the form of externally managed charitable remainder annuity trusts (CRATs) and charitable remainders unitrusts (CRUTs). At the time the trust is determined to be irrevocable, the beneficial interest held in trust is recorded at fair value which constitutes the present value of estimated future cash receipts to be received from the assets of the trust.

These trusts are revalued annually and the beneficial interest adjusted accordingly. Funds subject to split interest agreements are classified as net assets with donor restrictions based upon donor designations and the passage of time.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost, when purchased, or at fair value as of the date of the gift, when donated. All donations of and expenditures for property and equipment in excess of \$2,000 are capitalized. Major expenditures and expenditures which substantially increase useful lives are capitalized. Maintenance, repairs, and replacements, which do not improve or extend the lives of the respective assets, are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed, and any gain or loss is included in operations.

Depreciation is calculated using the straight-line method at rates sufficient to amortize the related costs over the estimated useful lives of the respective assets. Estimated useful lives as of December 31, 2019 and 2018 are as follows:

	<u>Years</u>
Building	25
Furniture and Fixtures, Playground Equipment, and Train Exhibit	3 to10
Transportation Equipment	3 to 5

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 net assets without donor restrictions 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 net assets with donor restrictions to net assets without donor restrictions 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.

Deferred Revenue

Income from sponsorships received in advance of future special events, which the resource provider is receiving commensurate value in return or a right of return exists if the event does not occur, is deferred and recognized over the periods to which the sponsorships relate.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions or law. The governing boards have designated, from net assets without donor restrictions, net assets for operating reserve, capital reserve, and board designated endowment.

With Donor Restrictions

Net assets subject to donor-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.

Revenue Recognition

Contribution and Grants

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. 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.

Conditional grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as Deferred Revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Sponsorship Revenue

The portion of sponsorship revenue that relates to the commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met.

Special Event Revenue – Ticket Sales

The portion of ticket sales that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: salaries and wages, employee benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort; depreciation, insurance, maintenance and repairs, rent, utilities, meetings, education, training and travel, office supplies, technology and telephone, which are allocated based on professional judgment.

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 RMHD, EF, or FAF'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 organizations other than a private foundation under Section 509(a)(2).

RMHD, EF, and FAF each believe 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.

Concentrations of Credit Risk

Financial instruments exposed to concentrations of credit risk consisted primarily of cash, cash equivalents, pledges receivable, and investments. Cash in excess of federally insured limits is maintained in financial institutions which management considers to be of high credit quality. The Organization did not incur and do not anticipate incurring losses related to these balances. The Organization has a formal investment policy of placing investments in financial institutions and limiting the size of any investment with any single entity or type of investment. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term which could materially affect investment balances.

NOTE 2 LIQUIDITY

The Organization has \$4,543,297 and \$11,323,754 of financial assets, as of December 31, 2019 and 2018, respectively, available to meet cash needs for general expenditures within one year of the statement of financial position date, which consists of total current assets per the statement of financial position, reduced by \$813,255 and \$2,397,723 of current pledges receivable, as of December 31, 2019 and 2018, respectively, not available for general use because of contractual or donor-imposed restrictions, and reduced by board-designated reserve amounts totaling \$2,324,764 and \$3,560,103, respectively, and prepaid expenses totaling \$55,866 and \$49,045, respectively, as of December 31, 2019 and 2018.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 2 LIQUIDITY (CONTINUED)

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 180 days of normal operating expenses, which are, on average, approximately \$1,450,000.

The Board of Directors designates a portion of any operating surplus to its reserves. These board-designated reserves have been set aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities.

NOTE 3 PLEDGES RECEIVABLE

The pledges receivable at December 31, 2019 and 2018, are expected to be realized in the following periods:

	2019	2018
Amounts due in:		
Less than One Year	\$ 813,255	\$ 2,397,723
One to Five Years	610,642	1,621,461
Total	1,423,897	4,019,184
Less:		
Allowance for Uncollectible Pledges	71,195	200,959
Unamortized Discount	72,291	198,808
Total Pledges Receivable	\$ 1,280,411	\$ 3,619,417

The discount rate used for the years ended December 31, 2019 and 2018 was 5%.

NOTE 4 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 OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The fair values of assets measured on a recurring basis as of December 31 are as follows:

	2019			Total
	Level 1	Level 2	Level 3	
Beneficial Interest Held in Trust	\$ -	\$ -	\$ 314,756	\$ 314,756
Class of Investments:				
Mutual Funds - Equities	\$ 17,396,278	\$ -	\$ -	\$ 17,396,278
Mutual Funds - Bonds	1,526,013	-	-	1,526,013
Equities	1,922,444	-	-	1,922,444
Total	<u>\$ 20,844,735</u>	<u>\$ -</u>	<u>\$ -</u>	20,844,735
Investment Cash Equivalents				114,561
Total Investments				<u>\$ 20,959,296</u>
	2018			Total
	Level 1	Level 2	Level 3	
Beneficial Interest Held in Trust	\$ -	\$ -	\$ 212,027	\$ 212,027
Class of Investments:				
Mutual Funds - Equities	\$ 11,435,327	\$ -	\$ -	\$ 11,435,327
Mutual Funds - Bonds	4,474,508	-	-	4,474,508
Equities	1,391,134	-	-	1,391,134
Total	<u>\$ 17,300,969</u>	<u>\$ -</u>	<u>\$ -</u>	17,300,969
Investment Cash Equivalents				66,147
Total Investments				<u>\$ 17,367,116</u>

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 3 investments are determined from valuation techniques in which one or more inputs are unobservable. The Organization reviewed and evaluated the values and assumptions used in determining the fair value for Level 3 financial instruments, which is determined by calculating the present value of future distributions expected to be received using published Internal Revenue Service life expectancy tables and discount rates of 1.92% and 2.4% as of December 31, 2019 and 2018, respectively.

The changes in the balances of Level 3 financial assets were as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Beneficial Interest Held in Trust		
Beginning Balance	\$ 212,027	\$ 348,059
Change in Fair Value	102,729	(136,032)
Ending Balance	<u>\$ 314,756</u>	<u>\$ 212,027</u>

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 5 PROPERTY AND EQUIPMENT

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

	<u>2019</u>	<u>2018</u>
Land	\$ 2,547,147	\$ 2,547,147
Building	23,033,514	16,749,809
Furniture and Fixtures	2,756,564	1,727,910
Train Exhibit	1,049,033	973,379
Transportation Equipment	99,772	99,772
Construction in Progress	1,325,631	1,145,994
Total, at Cost	<u>30,811,661</u>	<u>23,244,011</u>
Less: Accumulated Depreciation	9,473,174	8,621,652
Total Property and Equipment	<u>\$ 21,338,487</u>	<u>\$ 14,622,359</u>

NOTE 6 BENEFICIAL INTEREST IN TRUST

RMHD is named as a beneficiary in an irrevocable charitable remainder annuity trust held by a third-party trustee. At the date the remainder trust was established, a beneficial interest in trust and restricted contribution revenue was recognized for the present value of the estimated future benefits to be received when the trust assets are distributed. The beneficial interest is adjusted during the term of the trust for changes in the value of the assets. The beneficial interest in the remainder trust is calculated using discount rates of 1.92% and 2.4% at December 31, 2019 and 2018, respectively, a rate of return of 5%, and Internal Revenue Service (IRS) mortality tables.

RMHD's beneficial interest in the trust is \$314,756 and \$212,027 as of December 31, 2019 and 2018, respectively.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	2019	2018
Subject to expenditure for specific purpose:		
Family Room	\$ 62,510	\$ 73,963
Cooking Groups	4,549	5,625
Salad Bar	5,128	9,500
Capital Campaign	10,347,163	10,846,579
	10,419,350	10,935,667
Subject to passage of time:		
Beneficial interest held in trust	314,756	212,027
For periods after December 31	-	120
	314,756	212,147
Subject to Organization spending policy and appropriation:		
Ronald McDonald House Operations:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	491,875	491,875
Total - Ronald McDonald House Operations	491,875	491,875
Total Net Assets With Donor Restrictions	\$ 11,225,981	\$ 11,639,689

NOTE 8 NET ASSETS RELEASED FROM DONOR RESTRICTIONS

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 donors as follows for the year ended December 31:

	2019	2018
Purpose restrictions accomplished:		
Family Room	\$ 11,453	\$ 6,437
Play Tables	-	25,635
Dressers for Resident Rooms	-	8,000
Electronic Access System	-	1,138
Cooking Groups	3,750	3,077
Summer Intern	2,750	2,750
Salad Bar	4,372	-
Capital Campaign	1,128,987	1,283,154
	1,151,312	1,330,191
Time restrictions expired:		
Passage of specified time	120	27,283
Total restrictions released	\$ 1,151,432	\$ 1,357,474

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 9 NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's governing Boards have designated net assets without donor restrictions for the following purposes as of December 31:

	<u>2019</u>	<u>2018</u>
Board-Designated Endowment	\$ 18,243,731	\$ 8,791,394
Board-Designated Operating Reserve	1,528,470	3,005,209
Board-Designated Capital Reserve	796,294	554,894
Total	<u>\$ 20,568,495</u>	<u>\$ 12,351,497</u>

NOTE 10 REVENUE RECOGNITION

The following table shows the Organization's revenue disaggregated according to the timing of the transfer of goods or services:

	<u>2019</u>	<u>2018</u>
Revenue Recognized at a Point in Time		
Medicaid Payments	\$ 122,922	\$ 236,762
Special Event Sponsorships	358,777	369,519
Special Event Ticket Sales	243,086	305,274
Total Revenue Recognized at a Point in Time	<u>\$ 724,785</u>	<u>\$ 911,555</u>

There is no contract revenue recognized over time.

The Organization's contract assets and liabilities consist of:

	<u>2019</u>	<u>2018</u>
Accounts Receivable		
Medicaid Payments	\$ 9,215	\$ -
Total Accounts Receivable	<u>\$ 9,215</u>	<u>\$ -</u>
Deferred Revenue		
Special Events	\$ 21,921	\$ 54,084
Total Deferred Revenue	<u>\$ 21,921</u>	<u>\$ 54,084</u>

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 11 DONATED ASSETS AND SERVICES

The Organization received donated materials, investments, equipment, and services for the following purposes for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Operations	\$ 80,108	\$ 36,605
Furnishings for New Construction	576,155	-
Special Events	215,908	133,520
Total	<u>\$ 872,171</u>	<u>\$ 170,125</u>

These amounts are included in revenue as contributions without donor restrictions which are reflected in the consolidated statements of activities and changes in net assets. Additionally, the Organization received \$100,057 of donated stock in payment of pledges received in previous years.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Operating Leases

RMHD has obligations under noncancelable lease agreements for the use of office equipment expiring in 2019 and 2022. Total lease expense was approximately \$5,300 and \$5,100 for the years ended December 31, 2019 and 2018, respectively. Future minimum lease payments required under the agreement are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 6,065
2021	7,278
2022	1,213
Total	<u>\$ 14,556</u>

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 13 ENDOWMENTS

The Organization's endowment consists of the following:

- One individual fund established by a donor to provide annual funding for specific activities and general operations.
- One individual fund of certain net assets without donor restrictions designated by the Boards of the Organization.

Absent explicit donor restrictions to the contrary, the Boards of the Organization have interpreted the 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. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, 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 to the fund.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Boards, for endowment assets that attempt to protect the related assets and provide a reasonable return until authorized use. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 3.5%, while growing the funds if possible. The Organization expects its endowment assets, over time, to produce an average rate of return greater than the annual distribution amount. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 13 ENDOWMENTS (CONTINUED)

Changes in endowment net assets and net assets by type of fund were as follows for the year ended December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets at December 31, 2018	\$ 9,389,576	\$ 491,875	\$ 9,881,451
Investment Income, net	2,069,926	-	2,069,926
Contributions	7,613,861	-	7,613,861
Other Changes	(1,639)	-	(1,639)
Other Expenses	(72,484)	-	(72,484)
Endowment Net Assets at December 31, 2019	<u>\$ 18,999,240</u>	<u>\$ 491,875</u>	<u>\$ 19,491,115</u>
Board-designated endowment funds	\$ 18,243,731	\$ -	\$ 18,243,731
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be retained by donor	-	491,875	491,875
Portion subject to appropriation under UPMIFA	<u>755,509</u>	<u>-</u>	<u>755,509</u>
Total funds	<u>\$ 18,999,240</u>	<u>\$ 491,875</u>	<u>\$ 19,491,115</u>

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 13 ENDOWMENTS (CONTINUED)

Changes in endowment net assets and net assets by type of fund were as follows for the year ended December 31, 2018:

	Donor Restrictions	Donor Restrictions	Total
Endowment Net Assets at December 31, 2017	\$ 10,451,746	\$ 491,875	\$ 10,943,621
Investment Return, net	(759,175)	-	(759,175)
Contributions	146,422	-	146,422
Other Changes	(15,935)	-	(15,935)
Distributions to RMHD	(360,000)	-	(360,000)
Other Expenses	(73,482)	-	(73,482)
Endowment Net Assets at December 31, 2018	<u>\$ 9,389,576</u>	<u>\$ 491,875</u>	<u>\$ 9,881,451</u>
Board-designated endowment funds	\$ 8,791,394	\$ -	\$ 8,791,394
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be retained by donor	-	491,875	491,875
Portion subject to appropriation under UPMIFA	598,182	-	598,182
Total funds	<u>\$ 9,389,576</u>	<u>\$ 491,875</u>	<u>\$ 9,881,451</u>

Fund Deficiencies

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 UPMIFA requires to be retained as a fund of perpetual duration. There were no such deficiencies as of December 31, 2019 and 2018.

Spending Policy

The spending policy for one of the board-designated endowments of RMHD and Affiliates may be at the rate of 3.5% of the average value of the fund over the previous 16 rolling quarters. The amount available to be distributed for the year will be determined by the average quarterly asset value for the 16 quarters ending as of June 30 of the previous year. This allows time for the proposed available distribution to be used in the budgeting process. However, distributions will not be made unless requested. Additional amounts over 3.5% are available, but must be approved by the EF Board of Trustees first. Investment income from assets held in perpetuity are for general operations and not subject to the spending policy.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 14 RETIREMENT PLAN

RMHD has a 401(k) defined contribution retirement plan covering all employees meeting specified eligibility requirements. RMHD contributed \$80,655 and \$84,904 to the plan for the years ended December 31, 2019 and 2018 respectively.

NOTE 15 RELATIONSHIPS WITH AFFILIATES

The board of trustees of EF adopted a Total Return Policy (the Policy) to guide in the distribution of funds from EF to RMHD. Under the terms of the Policy, EF may distribute annually (if requested) up to, but not more than, 3.5% of the average value of its investment assets over the previous 16 rolling quarters to RMHD. During 2019, the board of directors of RMHD voted to forgive the accrued distribution receivable from EF. The prior practice was that if a distribution to RMHD was less than 3.5%, the difference would remain available for distribution in the future. During the years ended December 31, 2019 and 2018, distributions accrued to RMHD amounted to \$-0- and \$360,000, respectively.

RMHD maintains individual administrative agreements with FAF and EF, wherein RMHD agrees to provide personnel and office facilities for the management of the administrative and business affairs of FAF and EF. In exchange, FAF and EF agree to pay fees to RMHD to be determined by the parties in accordance with procedures set forth in the agreements. The agreements will continue year-to-year until terminated by mutual agreement or with 30 days written notice from any one of the three parties. During 2019 and 2018, no fees were allocated to FAF or EF by RMHD.

NOTE 16 PUBLIC SUPPORT REVENUE

Public support revenue consisted of the following at December 31:

	2019	2018
Contributions	\$ 2,542,556	\$ 9,120,165
Special Events:		
Annual Gala	395,101	305,505
Young Friends' Party	93,574	68,658
The Trains at Northpark	961,981	962,019
Total Special Events	<u>1,450,656</u>	<u>1,336,182</u>
 Total Public Support	 <u>\$ 3,993,212</u>	 <u>\$ 10,456,347</u>

NOTE 17 RELATED PARTY TRANSACTIONS

At December 31, 2019 and 2018, pledges receivable due from related parties for both the capital campaign and operations were \$46,078 and \$276,842, respectively. These amounts are included in pledges receivable in the Statements of Financial Position.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 18 CONCENTRATIONS

For the year ended December 31, 2019, RMHD did not received significant pledges from specific donors. For the year ended December 31, 2018, RMHD received significant pledges from two donors that equated to 55% of total revenues. Should the payments for these pledges not materialize in future years, the financial statements could be materially impacted.

NOTE 19 SUBSEQUENT EVENTS

Management evaluated subsequent events through May 28, 2020, which is the date the financial statements were available to be issued.

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2020 operations and financial results, including investment returns and the ability of donors to give. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

NOTE 20 CHANGE IN ACCOUNTING PRINCIPLE

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Organization's financial statements reflect the application of ASC 606 guidance on a modified retrospective basis beginning in 2018. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 21 RECENT ACCOUNTING PRONOUNCEMENTS

Additionally in June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The implementation of this standard had no impact on the financial statements.

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Organization's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance will be effective for the year ending December 31, 2021. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Organization's financial statements.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Ronald McDonald House of Dallas, Inc.	Ronald McDonald House of Dallas Endowment Foundation	Ronald McDonald House of Dallas Family Assistance Foundation	Consolidated Balance
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,475,586	\$ 59,726	\$ 3,579,807	\$ 5,115,119
Accounts Receivable	224,471	-	-	224,471
Pledges Receivable, Net	-	-	813,255	813,255
Short-Term Investments	1,528,471	-	-	1,528,471
Prepaid Expenses and Other Assets	55,866	-	-	55,866
Total Current Assets	<u>3,284,394</u>	<u>59,726</u>	<u>4,393,062</u>	<u>7,737,182</u>
NONCURRENT ASSETS				
Pledges Receivable, Net	-	-	467,156	467,156
Investments	1,247,385	18,183,440	-	19,430,825
Intercompany Receivable (Payable)	288,303	565	(288,868)	-
Property and Equipment, Net	239,153	-	21,099,334	21,338,487
Beneficial Interest Held in Trust	314,756	-	-	314,756
Total Noncurrent Assets	<u>2,089,597</u>	<u>18,184,005</u>	<u>21,277,622</u>	<u>41,551,224</u>
Total Assets	<u>\$ 5,373,991</u>	<u>\$ 18,243,731</u>	<u>\$ 25,670,684</u>	<u>\$ 49,288,406</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 79,501	\$ -	\$ 368,330	\$ 447,831
Accrued Liabilities	57,347	-	406,007	463,354
Deferred Revenue	21,921	-	-	21,921
Total Current Liabilities	<u>158,769</u>	<u>-</u>	<u>774,337</u>	<u>933,106</u>
NET ASSETS				
Without Donor Restrictions:	4,325,170	18,243,731	14,560,420	37,129,321
With Donor Restrictions	890,052	-	10,335,927	11,225,979
Total Net Assets	<u>5,215,222</u>	<u>18,243,731</u>	<u>24,896,347</u>	<u>48,355,300</u>
Total Liabilities and Net Assets	<u>\$ 5,373,991</u>	<u>\$ 18,243,731</u>	<u>\$ 25,670,684</u>	<u>\$ 49,288,406</u>

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Ronald McDonald House of Dallas, Inc.	Ronald McDonald House of Dallas Endowment Foundation	Ronald McDonald House of Dallas Family Assistance Foundation	Consolidated Balance
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 2,679,847	\$ 57,970	\$ 7,622,391	\$ 10,360,208
Accounts Receivable	43,680	-	-	43,680
Pledges Receivable, Net	-	-	2,397,723	2,397,723
Short-Term Investments	1,474,760	-	3,005,209	4,479,969
Prepaid Expenses and Other Assets	49,045	-	-	49,045
Total Current Assets	<u>4,247,332</u>	<u>57,970</u>	<u>13,025,323</u>	<u>17,330,625</u>
NONCURRENT ASSETS				
Pledges Receivable, Net	-	-	1,221,694	1,221,694
Investments	1,090,057	11,797,090	-	12,887,147
Intercompany Receivable (Payable)	3,365,581	(3,063,666)	(301,915)	-
Property and Equipment, Net	237,542	-	14,384,817	14,622,359
Beneficial Interest Held in Trust	212,027	-	-	212,027
Total Noncurrent Assets	<u>4,905,207</u>	<u>8,733,424</u>	<u>15,304,596</u>	<u>28,943,227</u>
Total Assets	<u>\$ 9,152,539</u>	<u>\$ 8,791,394</u>	<u>\$ 28,329,919</u>	<u>\$ 46,273,852</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 70,810	\$ -	\$ 433,183	\$ 503,993
Accrued Liabilities	57,467	-	97,704	155,171
Deferred Revenue	54,084	-	-	54,084
Total Current Liabilities	<u>182,361</u>	<u>-</u>	<u>530,887</u>	<u>713,248</u>
NET ASSETS				
Without Donor Restrictions	8,165,832	8,791,394	16,963,689	33,920,915
With Donor Restrictions	804,346	-	10,835,343	11,639,689
Total Net Assets	<u>8,970,178</u>	<u>8,791,394</u>	<u>27,799,032</u>	<u>45,560,604</u>
Total Liabilities and Net Assets	<u>\$ 9,152,539</u>	<u>\$ 8,791,394</u>	<u>\$ 28,329,919</u>	<u>\$ 46,273,852</u>

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Ronald McDonald House of Dallas, Inc.	Ronald McDonald House of Dallas Endowment Foundation	Ronald McDonald House of Dallas Family Assistance Foundation	Consolidated Balance
REVENUE AND SUPPORT				
Public Support:				
Contributions and Grants	\$ 1,326,891	\$ 361,074	\$ 198,328	\$ 1,886,293
In-Kind Contributions	63,073	-	593,190	656,263
Special Event Cash Contributions	1,234,748	-	-	1,234,748
Special Event In-Kind Contributions	215,908	-	-	215,908
Total Gross Special Events Contributions	<u>1,450,656</u>	<u>-</u>	<u>-</u>	<u>1,450,656</u>
Total Public Support	<u>2,840,620</u>	<u>361,074</u>	<u>791,518</u>	<u>3,993,212</u>
Other Revenue:				
Program Service Fees	135,590	-	-	135,590
Other Income	3,143	-	-	3,143
Intercompany Contributions (Distributions)	<u>(4,135,560)</u>	<u>7,248,736</u>	<u>(3,113,176)</u>	<u>-</u>
Total Other Revenue	<u>(3,996,827)</u>	<u>7,248,736</u>	<u>(3,113,176)</u>	<u>138,733</u>
Total Revenue and Support	(1,156,207)	7,609,810	(2,321,658)	4,131,945
EXPENSES				
Program Expenses	1,909,931	63,581	702,624	2,676,136
Costs of Direct Benefits to Donors	167,690	-	-	167,690
Supporting Services	82,901	2,247	3,677	88,825
Fundraising	754,780	1,580	68,112	824,472
Total Expenses	<u>2,915,302</u>	<u>67,408</u>	<u>774,413</u>	<u>3,757,123</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(4,071,509)	7,542,402	(3,096,071)	374,822
CHANGE IN FAIR VALUE OF BENEFICIAL INTEREST HELD IN TRUST	102,729	-	-	102,729
INVESTMENT INCOME (LOSS), NET	<u>213,824</u>	<u>1,909,935</u>	<u>193,386</u>	<u>2,317,145</u>
CHANGE IN NET ASSETS	(3,754,956)	9,452,337	(2,902,685)	2,794,696
Net Assets - Beginning of Year	<u>8,970,178</u>	<u>8,791,394</u>	<u>27,799,032</u>	<u>45,560,604</u>
NET ASSETS - END OF YEAR	<u>\$ 5,215,222</u>	<u>\$ 18,243,731</u>	<u>\$ 24,896,347</u>	<u>\$ 48,355,300</u>

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

	Ronald McDonald House of Dallas, Inc.	Ronald McDonald House of Dallas Endowment Foundation	Ronald McDonald House of Dallas Family Assistance Foundation	Consolidated Balance
REVENUE AND SUPPORT				
Public Support:				
Contributions and Grants	\$ 1,121,516	\$ 37,707	\$ 7,924,337	\$ 9,083,560
In-Kind Contributions	36,180	-	425	36,605
Special Event Cash Contributions	1,202,662	-	-	1,202,662
Special Event In-Kind Contributions	133,520	-	-	133,520
Total Gross Special Events Contributions	<u>1,336,182</u>	<u>-</u>	<u>-</u>	<u>1,336,182</u>
Total Public Support	<u>2,493,878</u>	<u>37,707</u>	<u>7,924,762</u>	<u>10,456,347</u>
Other Revenue:				
Program Service Fees	354,018	-	-	354,018
Other Income	5,303	-	(2)	5,301
Intercompany Contributions (Distributions)	290,000	(360,000)	70,000	-
Total Other Revenue	<u>649,321</u>	<u>(360,000)</u>	<u>69,998</u>	<u>359,319</u>
Total Revenue and Support	3,143,199	(322,293)	7,994,760	10,815,666
EXPENSES				
Program Expenses	1,702,482	64,393	777,521	2,544,396
Costs of Direct Benefits to Donors	147,987	-	-	147,987
Supporting Services	147,493	2,426	4,345	154,264
Fundraising	720,628	1,707	192,325	914,660
Total Expenses	<u>2,718,590</u>	<u>68,526</u>	<u>974,191</u>	<u>3,761,307</u>
CHANGE IN NET ASSETS FROM OPERATIONS	424,609	(390,819)	7,020,569	7,054,359
CHANGE IN FAIR VALUE OF BENEFICIAL INTEREST HELD IN TRUST	(136,032)	-	-	(136,032)
INVESTMENT INCOME, NET	<u>(50,405)</u>	<u>(701,991)</u>	<u>28,527</u>	<u>(723,869)</u>
CHANGE IN NET ASSETS	238,172	(1,092,810)	7,049,096	6,194,458
Net Assets - Beginning of Year	<u>8,732,006</u>	<u>9,884,204</u>	<u>20,749,936</u>	<u>39,366,146</u>
NET ASSETS - END OF YEAR	<u>\$ 8,970,178</u>	<u>\$ 8,791,394</u>	<u>\$ 27,799,032</u>	<u>\$ 45,560,604</u>