

**RONALD McDONALD HOUSE CHARITIES OF
SOUTH LOUISIANA, INC.
FINANCIAL STATEMENTS AS OF AND FOR
THE YEARS ENDED DECEMBER 31, 2018 AND 2017
AND INDEPENDENT AUDITORS' REPORT**

**RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
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GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ronald McDonald House Charities of South Louisiana, Inc.
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Ronald McDonald House Charities of South Louisiana, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, 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 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 the financial statements that are free of 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 from material misstatement.

GARRETY & ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities of South Louisiana, Inc. 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.



August 17, 2019
Mandeville, Louisiana

RONALD MCDONALD CHARITIES OF SOUTH LOUISIANA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,340,862	\$ 3,257,145
Investments	101,785	106,977
Insurance claim receivable	-	75,438
Prepays and other assets	230	230
Total Current Assets	3,442,877	3,439,790
Restricted cash and investments	3,843,403	3,870,286
PROPERTY AND EQUIPMENT		
Building and improvements	917,282	901,621
Collection canister boxes	257,306	257,306
Vehicle	36,737	36,737
Equipment and appliances	145,447	143,312
	1,356,772	1,338,976
Less accumulated depreciation	(1,099,544)	(1,056,387)
	257,228	282,589
Land	209,501	209,501
Total property and equipment, net	466,729	492,090
TOTAL ASSETS	\$ 7,753,009	\$ 7,802,166
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 6,781	\$ 111,087
Total current liabilities	6,781	111,087
NET ASSETS		
Without donor restrictions		
Undesignated	680,998	685,278
Designated		
Property and equipment	696,827	637,398
New house construction	2,000,000	2,000,000
Grants	100,000	100,000
House operations	425,000	425,000
Total unrestricted net assets	3,902,825	3,847,676
With donor restrictions	3,843,403	3,843,403
Total net assets	7,746,228	7,691,079
TOTAL LIABILITIES AND NET ASSETS	\$ 7,753,009	\$ 7,802,166

See accompanying independent auditor's report and notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Ronald McDonald House operations	\$ 13,205	\$ -	\$ 13,205	\$ 9,243	\$ -	\$ 9,243
Fundraising, net of direct costs	162,152	-	162,152	51,891	-	51,891
Interest and dividends	2,425	81,666	84,091	404	77,044	77,448
Gain/(loss) on sale of investments	-	-	-	-	-	-
Unrealized gain/(loss) on investments	(7,456)	(54,597)	(62,053)	16,520	291,101	307,621
Contributions, net of direct costs	283,971	-	283,971	466,462	-	466,462
In-kind contributions	85,644	-	85,644	92,304	-	92,304
Other	159,885	-	159,885	-	-	-
Net assets released from restrictions	27,069	(27,069)	-	39,474	(39,474)	-
Total revenues and other support	726,895	-	726,895	676,298	328,671	1,004,969
EXPENSES						
Program services	550,595	-	550,595	581,629	-	581,629
Supporting services	121,151	-	121,151	120,078	-	120,078
Total expenses	671,746	-	671,746	701,707	-	701,707
	\$ 55,149	\$ -	\$ 55,149	\$ (25,409)	\$ 328,671	\$ 303,262

See accompanying independent auditor's report and notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
General Expenses			
Automobile	\$ 2,515	\$ -	\$ 2,515
Advertising	6,744	-	6,744
Bank charges	2,865	-	2,865
Depreciation	43,157	-	43,157
Dues and subscriptions	2,226	-	2,226
In-kind donations	85,644	-	85,644
Insurance	60,338	17,018	77,356
Laundry	2,779	-	2,779
Legal and professional	-	6,750	6,750
Miscellaneous	-	4,330	4,330
Office	7,478	7,478	14,956
Payroll taxes	18,366	4,032	22,398
Postage and printing	2,892	2,891	5,783
Repairs and maintenance	14,643	-	14,643
Salaries	222,075	48,748	270,823
Security	58,409	-	58,409
Supplies	963	62	1,025
Telephone	3,760	3,761	7,521
Travel and seminars	-	10,340	10,340
Utilities	15,741	15,741	31,482
	<u>\$ 550,595</u>	<u>\$ 121,151</u>	<u>\$ 671,746</u>

See accompanying independent auditor's report and notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Supporting Services	Total
General Expenses			
Automobile	\$ 3,424	\$ -	\$ 3,424
Bank charges	2,289	-	2,289
Care mobile program	-	-	-
Depreciation	41,569	-	41,569
Grants	20,000	-	20,000
In-kind donations	92,304	-	92,304
Insurance	64,362	17,870	82,232
Laundry	7,257	-	7,257
Legal and professional	-	5,750	5,750
Miscellaneous	-	71	71
Office	7,756	7,756	15,512
Payroll taxes	18,126	3,954	22,080
Postage and printing	2,054	2,055	4,109
Repairs and maintenance	19,621	-	19,621
Salaries	220,446	48,141	268,587
Security	59,527	-	59,527
Supplies	2,534	156	2,690
Telephone	1,275	1,274	2,549
Travel and seminars	-	13,966	13,966
Utilities	19,085	19,085	38,170
	\$ 581,629	\$ 120,078	\$ 701,707

See accompanying independent auditor's report and notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 30, 2018 AND 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
NET ASSETS, January 1, 2017	\$ 3,873,085	\$ 3,514,732	\$ 7,387,817
CHANGES IN NET ASSETS	<u>(25,409)</u>	<u>328,671</u>	<u>303,262</u>
NET ASSETS, December 31, 2017	3,847,676	3,843,403	7,691,079
CHANGES IN NET ASSETS	<u>55,149</u>	<u>-</u>	<u>55,149</u>
NET ASSETS, December 31, 2018	<u>\$ 3,902,825</u>	<u>\$ 3,843,403</u>	<u>\$ 7,746,228</u>

See accompanying independent auditor's report and notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 55,149	\$ 303,262
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	43,157	41,569
Unrealized (gain)/loss on investments, net	62,053	(307,621)
Changes in operating assets and liabilities:		
Insurance claim receivable	75,438	(75,438)
Accounts payable and accrued liabilities	<u>(104,306)</u>	<u>(3,710)</u>
Net cash provided by/(used in) operating activities	131,491	(41,938)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (purchases)/sales of investments	(29,979)	(35,981)
Purchase of property and equipment	<u>(17,795)</u>	<u>(37,846)</u>
Net cash provided by/(used in) financing activities	<u>(47,774)</u>	<u>(73,827)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	83,717	(115,765)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>3,257,145</u>	<u>3,372,910</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 3,340,862</u>	<u>\$ 3,257,145</u>

See accompanying independent auditor's report and notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE A – NATURE OF OPERATIONS

Ronald McDonald House Charities of South Louisiana, Inc. (the Organization) changed its name from Ronald McDonald House Charities of Greater New Orleans, Inc. on July 18, 2016. It is a nonprofit organization which provides a “home-away-from-home” to families of seriously ill children and provides programs that give comfort, compassion, and care to children and their families.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when they are earned, and expenses are recognized when they are incurred. Effective January 1, 2018, the Organization adopted ASU 2016-14, “*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.*” The Organization retroactively changed its method of presentation and disclosures in its financial statements to conform with the recent pronouncement.

Basis of Presentation

The Organization reports information regarding its financial positions and activities according to two classes of net assets:

- Without donor restrictions – net assets whose use by the Organization is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. There were Board designated net assets in the amount of \$3,221,827 and \$3,162,398 as of December 31, 2018 and 2017, respectively.
- With donor restrictions – net assets whose use by the Organization has been limited by donors (a) to later periods of time or other specific dates, or (b) for specified purposes, relating to scholarships awarded to disabled individuals. There were donor restricted net assets in the amount of \$3,843,403 as of December 31, 2018 and 2017, respectively.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Management's estimates include, but are not limited to, collectability of receivables and the accrued pension liability. Management's estimates are derived from and are continually evaluated based upon available information, judgment, and experience. Because of inherent uncertainties in estimating collectability of loans receivable and future pension obligations, it is at least reasonably possible that the estimates used will change within the near term.

Fair Value Measurements

The Organization is required to report its investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair market values in the statements of financial position. Unrealized gains and losses are included in the statements of activities.

ASC 820-10 "*Fair Value Measurements and Disclosures*" adopts a hierarchy approach for ranking the quality and reliability of the information used to determine fair values in one of three categories to increase consistency and comparability in fair value measurements and disclosures. The highest priority (Level 1) is given to quoted prices in active markets for identical assets. Level 2 assets are valued based on inputs other than quoted prices that are "observable." For example, quoted prices for similar securities or quoted prices in inactive markets would be both observable. In Level 3, the inputs used for valuation are not observable or transparent and assumptions have to be made about how market participants would price the underlying assets. Investments are classified based on the lowest level of input that is significant to the fair value measurement.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted, highly liquid investments with original maturities of three months or less to be cash equivalents.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Revenue Recognition

Contributions received, including conditional promises to give, are measured at their fair value and recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. In the absence of donor restrictions, donated assets are reported as unrestricted assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no contributions received or conditional promises to give for the years ended December 31, 2018 and 2017.

Contributed Assets and Services

The Organization records non-cash donations as contributions at their estimated fair values at the date of donation. The Organization recognizes donated services, if significant in amount, which create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions consisting of both time and resources for the years ended December 31, 2018 and 2017 were \$85,644 and \$92,304, respectively. In addition, a substantial number of volunteers have contributed significant amounts of their time in the Organization's program services. However, these volunteer services do not meet all of the applicable requirements of financial accounting standards necessary to be recorded in the financial statements.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the useful lives of the assets, which range as follows:

- Building and improvements 5-39 years
- Equipment 3-10 years
- Canister boxes 5 years

Expenditures for major additions of property and equipment in excess of \$1,000 whose useful lives extend beyond a one-year period and betterments which naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Functional Allocation of Expenses

The costs of providing the various programs and 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 benefitted based on records and estimates made by the Organization's management.

With Donor Restrictions on Net Assets

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Donor-restricted contributions are reported as increases in with donor restrictions net assets, depending on the nature of the restrictions. When a restriction expires, with donor restrictions net assets are reclassified to without donor restrictions net assets. Contributions received with restrictions that are met during the year received are included in the financial statements as without donor restrictions contributions. The with donor restrictions revenue and net assets are primarily composed of interest and dividends earned, donations from third parties, Ronald McDonald House Charity Organizations, cash, McDonald's, Inc. stock, and various fixed income and equity securities. The donors specifically stipulated that only the dividends and earnings received from the investments may be used to fund current period operations relative to the house program that the funds be used to help the Organization rebuild its facility and recover from Hurricane Katrina. As the Organization uses these funds for the stipulated purpose, they are released from restriction.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity other than a private foundation within the meaning of Section 509(a). Accordingly, no provision has been made for income taxes.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Organization was to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors. Generally, tax returns may be examined for three years from the filing date, and the current and prior three years remain subject to examination as of December 31, 2018.

NOTE C – RESTRICTED CASH AND INVESTMENTS

Restricted cash is primarily composed of savings and money market accounts and are with donor restrictions for the general operations of the Organization. Restricted cash was \$4,455,865 and \$4,417,322 at December 31, 2018 and 2017, respectively.

The restricted investments consist of marketable equity securities, which are comprised of McDonald's, Inc. stock and various other securities, and were valued using the New York Stock Exchange closing price as of December 31, 2018 and 2017. During the years ended December 31, 2018 and 2017, the Organization received dividends from McDonald's Corporation equity securities totaling \$20,950 and \$19,150, respectively.

Investments consisted of equities and stocks at December 31, 2018 and 2017 in the amounts of \$1,490,813 and \$1,055,923, respectively. These financial instruments, as described in Note B, are considered Level 1.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE D – PROPERTY AND EQUIPMENT

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

	<u>2018</u>	<u>2017</u>
Land	\$ 209,501	\$ 209,501
Building and improvements	917,282	901,621
Vehicle	36,737	36,737
Collection canister boxes	257,306	257,306
Equipment and appliances	<u>145,447</u>	<u>143,312</u>
	1,566,273	1,548,477
Accumulated depreciation	<u>(1,099,544)</u>	<u>(1,056,387)</u>
Property and equipment, net	<u>\$ 466,729</u>	<u>\$ 492,090</u>

Under the rules of the Organization, all property of the Organization is held for the use and benefit of the Ronald McDonald House Charities of South Louisiana, Inc. Depreciation expense for the years ended December 31, 2018 and 2017 was \$43,157 and \$41,569, respectively.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE E – CONCENTRATIONS OF CREDIT RISK AND CONTINGENCIES

Deposits held in noninterest-bearing transaction accounts are aggregated with any interest-bearing deposits the owner may hold in the same ownership category and the combined total is insured up to \$250,000. As of December 31, 2018 and 2017, the Organization's cash balances exceeded the FDIC insurance by \$480,664 and \$2,405,164, respectively. The Organization has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk.

The Organization maintains a brokerage account with a national brokerage firm. Account holders are insured by the Securities Investor Protection Program (SIPC) up to \$500,000. As of December 31, 2018 and 2017, the Organization's mutual funds and fixed income balances exceeded the insured limit by \$55,920 and \$509,220, respectively. The brokerage firm allocates investments such that all investments are covered by SIPC limits thus management believes the investment policy is being followed as stated in the by-laws. Management has not experienced any losses historically in such accounts and believes it is not exposed to any significant risk to investments.

For the years ended December 31, 2018 and 2017, three donors accounted for approximately 21% and 7% of 2018 and 2017 revenues, respectively.

NOTE F – ENDOWMENTS

Net assets associated with endowments are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization has 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 donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets, at (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE F – ENDOWMENTS, (continued)

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

- Duration and preservation of the fund
- Purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from income and the appreciation of investments
- Other resources of the organization
- Investment policies of the organization

As of December 31, 2018 and 2017, the endowment net asset composition was composed of donor restricted funds of \$2,777,771 and \$2,777,771, respectively.

Funds with 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 of the Organization to retain as a fund of perpetual duration. The Organization did not have any net deficiencies of this nature as of December 31, 2018 and 2017.

Return Objectives

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Actual returns in any given year may vary from this amount.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE F – ENDOWMENTS, (continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). From time to time, the Organization updates the Investment Policy to target a diversified asset allocation that can achieve its long-term objectives within prudent risk constraints.

Spending Policy

The accumulated realized gains in excess of the corpus may be used for house operations.

The following tables represent a roll forward of the endowment funds at December 31, 2018 and 2017:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total December 31, 2018</u>
Endowment, net assets,			
beginning of year	\$ -	\$2,777,771	\$2,777,771
Investment income	-	81,666	81,666
Unrealized gain/(loss)	-	(54,597)	(54,597)
Board restricted/(released)	<u>-</u>	<u>(27,069)</u>	<u>(27,069)</u>
Total endowment funds	<u>\$ -</u>	<u>\$2,777,771</u>	<u>\$2,777,771</u>

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE F – ENDOWMENTS, (continued)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total December 31, 2017</u>
Endowment, net assets,			
beginning of year	\$ -	\$2,449,070	\$2,449,070
Investment income	-	77,074	77,074
Unrealized gain/(loss)	-	291,101	291,101
Board restricted/(released)	<u>-</u>	<u>(39,474)</u>	<u>(39,474)</u>
Total endowment funds	<u>\$ -</u>	<u>\$2,777,771</u>	<u>\$2,777,771</u>

NOTE G – FUNDRAISING AND CONTRIBUTIONS EXPENSE

Total fundraising expense for the years ended December 31, 2018 and 2017 was \$31,899 and \$57,877, respectively, and are included in the fundraising, net of direct costs line item on the statements of activities.

Total contributions expense for the years ended December 31, 2018 and 2017 was \$0 and \$88,104, respectively, and is included in the contributions, net of direct costs line item on the statements of activities. Effective January 1, 2018, RMHC National elected to have all cannister collections submitted directly to RMHC National. The costs related to collection of cannister funds are deducted from the amount sent to the Organization.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE F – ENDOWMENTS, (continued)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total December 31, 2017</u>
Endowment, net assets,			
beginning of year	\$ -	\$2,449,070	\$2,449,070
Investment income	-	77,074	77,074
Unrealized gain/(loss)	-	291,101	291,101
Board restricted/(released)	<u>-</u>	<u>(39,474)</u>	<u>(39,474)</u>
Total endowment funds	<u>\$ -</u>	<u>\$2,777,771</u>	<u>\$2,777,771</u>

NOTE G – FUNDRAISING AND CONTRIBUTIONS EXPENSE

Total fundraising expense for the years ended December 31, 2018 and 2017 was \$31,899 and \$57,877, respectively, and are included in the fundraising, net of direct costs line item on the statements of activities.

Total contributions expense for the years ended December 31, 2018 and 2017 was \$0 and \$88,104, respectively, and is included in the contributions, net of direct costs line item on the statements of activities. Effective January 1, 2018, RMHC National elected to have all cannister collections submitted directly to RMHC National. The costs related to collection of cannister funds are deducted from the amount sent to the Organization.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE H – CARE MOBILE PROGRAM

In conjunction with Children’s Hospital, the Organization supports the Ronald McDonald Care Mobile Program which delivers immunizations directly to underserved children in both rural and urban areas. The agreement between Children’s Hospital and the Organization began in May 2008 and will continue until either party decides to terminate the agreement. As outlined in the agreement, the Organization shall contribute to Children’s Hospital 20% of the annual expenses incurred in operating the Ronald McDonald Care Mobile Program.

For the year ended December 31, 2018, the Organization and Children’s Hospital entered into an agreement to terminate the contract. As part of the termination agreement, the Organization recorded a reversal of the accrual from December 31, 2016 in the amount of \$100,000 and recognized as other revenue for the year ended December 31, 2018.

NOTE I – RELATED PARTIES

Ronald McDonald House Charities, Inc. (RMHC National) provides ongoing program grants to all of its Chapters around the world. These program grants are pre-authorized by the board of RMHC National for the benefit of all Chapters. The grants are available to all Chapters that meet the program parameters; as such, the individual grants do not require any additional board action. During years ended December 31, 2018 and 2017, revenues totaling \$91,105 and \$133,744 were from RMHC National.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
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NOTE J – NEW ACCOUNTING PRONOUNCEMENTS

In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows* (Topic 230): Restricted Cash. The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update do not provide a definition of restricted cash or restricted cash equivalents.

This ASU will be effective for the year ending December 31, 2019. The Organization has not elected to early adopt this standard.

NOTE M – SUBSEQUENT EVENTS

Management of the Organization has evaluated all subsequent events through August 16, 2019, the date the financial statements were available to be issued. As a result, the Organization noted no subsequent events that required adjustment to, or disclosure in, these financial statements.