

***RONALD McDONALD HOUSE
OF
CHARLOTTE, INC.***

***FINANCIAL STATEMENTS
DECEMBER 31, 2019***

Ronald McDonald House of Charlotte, Inc.

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December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Ronald McDonald House of Charlotte, Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of Ronald McDonald House of Charlotte, Inc. (the "Organization" - a nonprofit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Ronald McDonald House of Charlotte, Inc., as of December 31, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and our report dated April 25, 2019, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

C. DeWitt Foard & Company, P.A.
April 17, 2020

Ronald McDonald House of Charlotte, Inc.
Statement of Financial Position
December 31, 2019, With Prior Year Comparative Totals

	2019	2018
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 2,188,578	\$ 2,278,196
Pledges receivable, net - current portion	263,766	192,699
Contributions receivable for use of land and services - current portion	76,440	76,440
Prepaid expenses and other assets	42,513	59,716
Total Current Assets	2,571,297	2,607,051
Restricted cash, endowment	138,585	114,673
Pledges receivable, net - noncurrent portion	9,354	123,191
Contributions receivable for use of land and services - noncurrent portion	1,340,087	1,416,530
Investments, certificate of deposit	1,252,376	1,225,489
Investments, board designated endowment	130,725	111,004
Investments, endowment	1,014,706	826,764
Property and equipment, net of accumulated depreciation of \$2,343,117	6,106,703	6,194,490
TOTAL ASSETS	\$ 12,563,833	\$ 12,619,192
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 19,907	\$ 32,935
Accrued expenses	101,327	60,581
Capital lease obligation - current portion	6,485	6,277
Total Current Liabilities	127,719	99,793
Capital lease obligation, noncurrent portion	10,035	17,439
Total Liabilities	137,754	117,232
Net Assets:		
Without donor restrictions:		
Undesignated	6,428,997	6,759,617
Operating reserve	2,642,191	2,382,863
Maintenance reserve	483,143	509,888
Board designated endowment	130,725	111,004
Total Net Assets Without Donor Restrictions	9,685,056	9,763,372
With donor restrictions	2,741,023	2,738,588
Total Net Assets	12,426,079	12,501,960
TOTAL LIABILITIES AND NET ASSETS	\$ 12,563,833	\$ 12,619,192

Ronald McDonald House of Charlotte, Inc.**Statement of Activities****Year Ended December 31, 2019, With Prior Year Comparative Totals**

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2019	2018
<u>SUPPORT AND REVENUE</u>				
Contributions	\$ 840,005	\$ 124,624	\$ 964,629	\$ 969,335
In-kind contributions	118,046	-	118,046	49,532
Special events and fundraiser revenues	586,456	-	586,456	635,291
Investment earnings (losses)	52,130	187,942	240,072	(52,709)
Net assets released from restrictions:				-
Satisfaction of program restrictions	76,443	(76,443)	-	-
Satisfaction of time restrictions	233,688	(233,688)	-	-
<i>TOTAL SUPPORT AND REVENUE</i>	<i>1,906,768</i>	<i>2,435</i>	<i>1,909,203</i>	<i>1,601,449</i>
<u>EXPENSES</u>				
Program services	1,187,129	-	1,187,129	1,139,415
Management and general	338,424	-	338,424	250,052
Fund raising	459,531	-	459,531	301,408
<i>TOTAL EXPENSES</i>	<i>1,985,084</i>	<i>-</i>	<i>1,985,084</i>	<i>1,690,875</i>
<i>CHANGE IN NET ASSETS</i>	<i>(78,316)</i>	<i>2,435</i>	<i>(75,881)</i>	<i>(89,426)</i>
<i>NET ASSETS, BEGINNING</i>	<i>9,763,372</i>	<i>2,738,588</i>	<i>12,501,960</i>	<i>12,591,386</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 9,685,056</i>	<i>\$ 2,741,023</i>	<i>\$ 12,426,079</i>	<i>\$ 12,501,960</i>

Ronald McDonald House of Charlotte, Inc.**Statement of Functional Expenses****Year Ended December 31, 2019, With Prior Year Comparative Totals**

	Program Services	Management and General	Fund Raising	Totals	
				2019	2018
Salaries and benefits	\$ 811,815	\$ 231,227	\$ 183,270	\$ 1,226,312	\$ 876,060
Utilities	75,094	16,198	21,994	113,286	109,006
Maintenance	59,319	12,795	17,374	89,488	113,097
Office supplies	43,733	10,505	84,772	139,010	135,703
Printing	192	338	14,506	15,036	27,266
Special events	-	-	83,793	83,793	99,881
Depreciation	119,372	25,749	34,963	180,084	171,526
Insurance	15,078	9,152	-	24,230	23,674
Travel	1,402	752	1,454	3,608	4,740
Other	61,124	31,708	17,405	110,237	129,922
TOTAL EXPENSES	\$ 1,187,129	\$ 338,424	\$ 459,531	\$ 1,985,084	\$ 1,690,875

Ronald McDonald House of Charlotte, Inc.**Statement of Cash Flows****Year Ended December 31, 2019, With Prior Year Comparative Totals**

	2019	2018
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ (75,881)	\$ (89,426)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	180,084	171,526
Net unrealized and realized (gains) losses on investments	(150,030)	106,917
Change in provision for uncollectible pledges receivable	(63)	(11,884)
Change in discount on pledges receivable	(4,018)	(5,526)
Contributions for endowment	(34,866)	(102,601)
In-kind contribution of property and equipment	(90,238)	-
(Increase) decrease in operating assets:		
Pledges receivable	(11,927)	375,920
Contributions receivable for use of land and services	76,443	76,443
Prepaid expenses and other assets	17,203	2,202
Increase (decrease) in operating liabilities:		
Accounts payable	(13,028)	(36,047)
Accrued expenses	40,746	13,756
<i>Cash Flows From Operating Activities</i>	<i>(65,575)</i>	<i>501,280</i>
<u>INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(2,059)	(42,406)
Net purchase of investments	(49,654)	(139,619)
Change in restricted cash	(23,912)	(20,158)
<i>Cash Flows From Investing Activities</i>	<i>(75,625)</i>	<i>(202,183)</i>
<u>FINANCING ACTIVITIES</u>		
Payments on capital lease obligation	(7,196)	(6,988)
Contributions for endowment	34,866	102,601
Collections on endowment pledges receivable	23,912	20,158
<i>Cash Flows From Financing Activities</i>	<i>51,582</i>	<i>115,771</i>
<i>CHANGE IN CASH AND CASH EQUIVALENTS</i>	<i>(89,618)</i>	<i>414,868</i>
<i>CASH AND CASH EQUIVALENTS - CURRENT, BEGINNING</i>	<i>2,278,196</i>	<i>1,863,328</i>
<i>CASH AND CASH EQUIVALENTS - CURRENT, ENDING</i>	<i>\$ 2,188,578</i>	<i>\$ 2,278,196</i>

Ronald McDonald House of Charlotte, Inc.

Notes to Financial Statements

December 31, 2019

NOTE A - ORGANIZATION AND NATURE OF OPERATIONS

Ronald McDonald House of Charlotte, Inc. (the Organization) is a North Carolina nonprofit organization incorporated on March 27, 2006. The purpose of the Organization is to provide a home for seriously ill children and their families while the children are receiving treatment at nearby medical facilities, primarily Atrium Health's Levine Children's Hospital and Novant Health's Hemby Children's Hospital. The Organization operates under a license agreement with McDonald's Corporation by which the right to use certain trade and service marks relating to Ronald McDonald House is granted, subject to compliance with the terms of the agreement. The Organization's primary sources of funding are contributions from individuals and businesses, and special events and fundraiser revenues.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization uses the accrual basis of accounting; therefore, revenues are recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to U.S. generally accepted accounting principles (GAAP).

Basis of Presentation

Under GAAP the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions are those currently available for use in the day-to-day operations of the Organization and those resources invested in property and equipment. Designated net assets represent amounts designated by the Board of Directors for purposes other than operations.

Net assets with donor restrictions are those which are stipulated by donors for specific operating purposes or programs, those with time restrictions, or those not currently available for use until commitments regarding their use have been fulfilled. Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization are also included as a component of net assets with restrictions.

Cash and Cash Equivalents

Cash and cash equivalents include cash in checking and money market accounts.

Restricted Cash

Restricted cash represents funds held for endowments that have not yet been invested.

Contributions

The Organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Ronald McDonald House of Charlotte, Inc.

Notes to Financial Statements

December 31, 2019

Contributions, continued

Endowment contributions are recorded as increases in net assets with donor restrictions. Earnings on endowment investments that are available for distribution are recorded as net assets with donor restrictions until the earnings are appropriated for expenditure or until certain purpose-related restrictions are met. As the earnings are appropriated for expenditure or after purpose-related restrictions are met, the earnings are released into net assets without donor restrictions.

New Accounting Pronouncement

During the year ended December 31, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2014-09, "*Revenue from Contracts with Customers*" (ASU 2014-09). The core principle of this standard is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization was not affected by the implementation of this standard.

Pledges Receivable

Unconditional pledges receivable are recognized as support in the period the promise is received. Conditional pledges receivable are recognized when the conditions on which they depend are substantially met. Contributions that are expected to be collected in future years are recorded at the present value of their estimated cash flows and are recorded net of an allowance for uncollectible pledges, which is based on an evaluation of the pledges receivable, past experience, current economic conditions, and other inherent risks. The Organization applies the fair value option for valuing all pledges, thereby applying the rate commensurate with credit risk and borrowing to discount its pledges. Amortization of the resulting discount is taken into income as a contribution in subsequent years.

Investments

Investments are comprised of money market funds, equities, mutual funds, exchange traded funds, and a certificate of deposit, and are reported at fair value in accordance with GAAP. Changes in the fair value of investments are reflected as investment income in the accompanying statement of activities. Endowment income is subject to time restrictions until appropriated for expenditure by the Board of Directors.

Donated Investments

The Organization sells any donated investments as soon as practicable after receipt. Such revenue is recorded at the fair value of the investment at the date of receipt.

Ronald McDonald House of Charlotte, Inc.

Notes to Financial Statements

December 31, 2019

Property and Equipment

Property and equipment are stated at cost when purchased, and at estimated fair value when donated, subject to a \$1,000 capitalization policy. The Organization records depreciation of its property and equipment using the straight-line method over the estimated useful lives of the related assets, which are as follows:

Building and building improvements	50 years
Land improvements	10 years
Vehicles	7 years
Furniture, fixtures, and office equipment	5 years
Computers and software	3 years

The costs of major improvements are capitalized, while the costs of maintenance and repairs are expensed. The cost and related accumulated depreciation of property and equipment are eliminated from the accounts upon disposal, and any resulting gain or loss is included in the change in net assets of the Organization. Long-lived assets held and used by the Organization are reviewed for impairment whenever changes in circumstances indicate the carrying value of an asset may not be recoverable.

Equipment acquired under a capital lease is stated at the estimated fair value at the date of the lease. Amortization of the capital lease asset is provided using the straight-line method over the estimated useful life and is included in depreciation expense.

Donated Services and Equipment

Donated services are reported as contributions when the services (a) create or enhance non-financial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated services related to landscaping and other building maintenance and repair services that would have otherwise been purchased are included as in-kind contributions on the statement of activities. Donated goods, if significant, are included in support at fair value. During the year, the Organization recorded \$27,808 of contributed services, \$90,238 of donated property and equipment, and no donated goods.

A number of volunteers, including members of the Board of Directors, contribute significant amounts of time to the Organization. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected as support in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Ronald McDonald House of Charlotte, Inc.

Notes to Financial Statements

December 31, 2019

Functional Allocation of Expenses

The Organization's activities are focused in three functional areas. Program services represent the primary focus of the Organization's activities. Supporting services are fund raising and management and general activities. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort. Utilities, maintenance, and depreciation expense are allocated based on an estimate of each function's share of these expenses. Special events expense is allocated completely to fundraising. Office supplies, printing, insurance, travel, and other expenses are directly allocated to the appropriate function based on the nature of the expense.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) and is classified as a public charity under Section 509(a)(1) of the Internal Revenue Code.

Prior-Year Comparative Totals

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization's 2018 financial statements from which the summarized information was derived. Certain prior-year amounts have been reclassified to conform to current year presentation.

NOTE C - PLEDGES RECEIVABLE

Pledges receivable are expected to be collected as follows:

Year ended December 31:	
2020	\$ 273,305
2021	10,000
	<hr/>
	283,305
Deduct:	
Allowance for uncollectible pledges	9,839
Discount for present value	346
	<hr/>
	\$ 273,120

Pledges receivable are recorded at their present value of future cash flows using a credit adjusted risk free discount rate of 1.78%, depending on when the payments are expected to be received.

Ronald McDonald House of Charlotte, Inc.
Notes to Financial Statements
December 31, 2019

NOTE D - INVESTMENTS

Investments as of year-end are comprised of the following:

Certificate of deposit	\$ 1,252,376
Cash fund	29,980
Mutual Funds – Fixed income	374,472
Equities	740,980
	<u>2,397,808</u>
Less investments – Board designated endowment	130,725
Less investments - endowment	<u>1,014,707</u>
Investments – Unrestricted, designated for operating reserve	<u>\$ 1,252,376</u>

The certificate of deposit is invested with a local financial institution, has an initial term of 18 months, and bears interest at a rate of 2.2 percent.

NOTE E - CONTRIBUTION RECEIVABLE FOR USE OF LAND AND SERVICES

The Organization entered into a ground lease in January 2010 for property on which the facility was built. The initial term of the lease is fifty years following the commencement date. The Organization estimated the fair value of the lease at \$1,700,000 based on factors such as the estimated fair value of land and related fair value lease rates. In accordance with GAAP, the Organization recorded the use of land as an unconditional promise to give and as restricted support at its fair value. In the initial and future years, the receivable will be reduced and lease expense will be recorded in an amount equal to the estimated annual lease value of the land.

During 2011, the Organization received in-kind gifts for telecommunication services for ten years. The Organization estimated the fair value of the gifts at approximately \$430,000 based on estimated fair value monthly charges. In accordance with GAAP, the Organization recorded the gift of services as an unconditional promise to give and as restricted support at its fair value. In the initial and future years, the receivable will be reduced and utility expense will be recorded in an amount equal to the estimated annual value of services.

A summary of the contribution receivable as of year-end is as follows:

Receivable for use of land	\$ 1,359,960
Receivable for telecommunication services	56,567
	<u>1,416,527</u>
Less current portion	76,440
Noncurrent portion	<u>\$ 1,340,087</u>

Ronald McDonald House of Charlotte, Inc.
Notes to Financial Statements
December 31, 2019

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment as of year-end is comprised of the following:

Buildings	\$ 7,049,261
Computers and software	468,622
Furniture and fixtures	736,075
Vehicles	24,111
Office equipment	54,199
Leasehold improvements	<u>117,552</u>
Total Property and Equipment	8,449,820
Less - accumulated depreciation	<u>2,343,117</u>
Net Property and Equipment	<u><u>\$ 6,106,703</u></u>

The above amounts include office equipment held under a capital lease.

NOTE G – CAPITAL LEASE OBLIGATION

During 2017 the Organization entered into a non-cancellable capital lease for three copiers. The lease is payable in 63 monthly installments of \$582 through October 2022, including interest at approximately 3%. The lease obligation and related assets have been capitalized for financial reporting purposes. Future minimum rental payments due under the lease at year-end are as follows:

Year ending December 31,	
2020	\$ 6,988
2021	6,988
2022	<u>3,409</u>
Total lease payments	17,385
Less amount representing interest	<u>865</u>
Present value of net minimum lease payments	<u><u>\$ 16,520</u></u>

Ronald McDonald House of Charlotte, Inc.
Notes to Financial Statements
December 31, 2019

NOTE H - FAIR VALUE MEASUREMENTS

Current accounting standards require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The certificate of deposit is classified as a Level 2 asset. All other investments held at year-end are classified as Level 1 assets.

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Temporarily restricted net assets available at year-end are to be used for the following purposes:

Pledges receivable:	
For capital purposes	\$ 106,354
Time restricted	64,851
Donated telecommunication services	56,567
Estimated fair value of the use of land	1,359,960
Accumulated earnings on endowment funds	211,235
	<u>\$ 1,798,967</u>

The purpose of the permanently restricted net assets is to provide cash to fund current programs. Permanently restricted net assets are comprised of the following at year end:

Restricted cash	\$ 138,585
Endowment investments	803,471
	<u>\$ 942,056</u>

Ronald McDonald House of Charlotte, Inc.

Notes to Financial Statements

December 31, 2019

NOTE J - ENDOWMENT

The Organization's endowment consists of two funds established to provide current programs with a predictable and stable stream of revenue. The endowment includes donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of 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 the 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 (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 in permanently restricted net assets is classified as temporarily restricted net assets until those funds are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

The Organization expects its investment strategy to provide an annualized rate of return to grow its endowment over the long-term to provide programs with a predictable and stable stream of revenue. Endowed assets are invested in money market funds, mutual funds, bonds, ETF's, and closed ended funds, as approved by the Board of Directors.

Spending Policy

The Board of Directors has also approved an annual endowment earnings spending policy of 5% of the average total fair value of investments for the trailing three-year period ending December 31. In the event the annualized total return does not equal or exceed 5%, the policy provides for a spending limitation of only interest, dividends, and other income receipts from investments less expenses. The Board of Directors has elected to postpone spending until the total fair value of endowment investments equals or exceeds \$1 million.

Ronald McDonald House of Charlotte, Inc.
Notes to Financial Statements
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Net asset composition by type of fund for endowed investments at year-end are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ 211,235	\$ 803,471	\$ 1,014,706
Board-designated	130,725	-	-	130,725
Total endowment funds	<u>\$ 130,725</u>	<u>\$ 211,235</u>	<u>\$ 803,471</u>	<u>\$ 1,145,431</u>

NOTE K - RETIREMENT PLAN

The Organization maintains a defined contribution retirement plan for its employees qualifying under Sections 401(k) of the Internal Revenue Code. The benefits are provided based on salary and hours worked for each year of service. In order to be eligible, employees must be at least twenty-one years of age and have provided at least one year of service. The plan provides for employer matching contributions of 100% of elective deferrals, up to 4% of compensation. The Organization's contribution to this plan totaled \$23,508 for the year.

NOTE L - CONCENTRATIONS OF CREDIT RISK

Cash and Cash Equivalents and Certificate of Deposit

Cash and cash equivalents and certificates of deposit held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The total cash and cash equivalents and certificate of deposit held by the Organization at year-end include \$3,362,656 in excess of insured limits covered by the FDIC.

Support

The Organization's top 5 donors contributed 19 percent of cash contributions during the year.

NOTE M - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$2,452,344 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures, consisting of cash of \$2,188,578 and pledges receivable of \$263,766, which are expected to be received within one year. As part of its liquidity management, the Organization invests cash in excess of daily requirements in various investments, including money market accounts or certificates of deposit.

Ronald McDonald House of Charlotte, Inc.

Notes to Financial Statements

December 31, 2019

NOTE N - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the independent auditors' report, which is the date the audited financial statements were available to be issued. During this period, no material recognizable subsequent events were identified, except for the COVID-19 pandemic, which has caused cancellation of the use of in-person volunteers for an unknown period of time, and has negatively impacted financial markets. At this point, the direct impact of this pandemic is unknown, but management believes that it could negatively impact the Organization's support and revenue in 2020.