

**RONALD McDONALD HOUSE OF FORT WORTH, INC.
AND
1004 7TH AVENUE HOLDING CORPORATION**

**CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

YEARS ENDED DECEMBER 31, 2016 AND 2015

**RONALD McDONALD HOUSE OF FORT WORTH, INC.
AND
1004 7TH AVENUE HOLDING CORPORATION
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DECEMBER 31, 2016 AND 2015**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ronald McDonald House of Fort Worth, Inc.
Fort Worth, Texas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Ronald McDonald House of Fort Worth, Inc. and 1004 7th Avenue Holding Corporation which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities, 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 entity'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 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 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 consolidated financial position of Ronald McDonald House of Fort Worth, Inc. and 1004 7th Avenue Holding Corporation as of December 31, 2016 and 2015, and the consolidated changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization adopted a recently issued accounting standard related to the accounting for debt issuance costs. The new standard requires entities to present debt issuance costs as a direct deduction from the face amount of the related borrowings, amortize debt issuance costs using the effective interest method over the life of the debt, and record the amortization as a component of interest expense. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Fort Worth, Texas

May 18, 2017
A member of



RONALD McDONALD HOUSE OF FORT WORTH, INC.
AND 1004 7TH AVENUE HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	2016	2015
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 788,594	\$ 906,436
Certificates of deposit	107,532	107,149
Accounts receivable	3,300	2,000
Contributions receivable, net	19,457	48,063
Prepaid expenses	38,642	45,387
Total Current Assets	957,525	1,109,035
<u>LAND, BUILDINGS AND EQUIPMENT</u>		
Land	1,898,233	1,898,233
Buildings	13,668,283	13,339,608
Furniture, fixtures and equipment	1,137,513	1,122,558
Vehicles	33,582	33,582
Total Land, Buildings and Equipment	16,737,611	16,393,981
Less: Accumulated depreciation	(6,868,696)	(6,094,110)
Net Land, Buildings and Equipment	9,868,915	10,299,871
<u>OTHER ASSETS</u>		
Contributions receivable, net	43,906	53,429
Note receivable	7,665,100	7,665,100
Investments - board designated endowment funds - at market	3,119,673	3,142,139
Investments - permanently restricted endowment funds - at market	1,101,901	789,941
Total Other Assets	11,930,580	11,650,609
<u>TOTAL ASSETS</u>	\$ 22,757,020	\$ 23,059,515

LIABILITIES AND NET ASSETS

	<u>2016</u>	<u>2015</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 40,965	\$ 17,479
Deferred revenue	5,375	5,464
Line of credit note	-	122,113
Total Current Liabilities	<u>46,340</u>	<u>145,056</u>
<u>LONG-TERM DEBT</u>		
Notes payable	10,590,000	10,590,000
Less: Unamortized debt issuance costs	<u>(494,599)</u>	<u>(533,460)</u>
Total Long-Term Debt	<u>10,095,401</u>	<u>10,056,540</u>
<u>TOTAL LIABILITIES</u>	<u>10,141,741</u>	<u>10,201,596</u>
<u>NET ASSETS</u>		
Unrestricted		
Unexpended	279,463	336,025
Board designated - Repair & replacement	134,987	134,538
Board designated - Construction	63,363	101,492
Board designated - Endowment	3,119,673	3,142,139
Expended - Land, Buildings and Equipment, net of debt	<u>7,438,614</u>	<u>7,908,431</u>
Total Unrestricted Net Assets	<u>11,036,100</u>	<u>11,622,625</u>
Temporarily restricted		
Ronald Room at Cook Children's Hospital	36,237	35,893
Bed mattresses and linens	274,804	248,687
Texas Rangers/Rusty Greer	15,700	15,700
House equipment/remodel/other	2,785	1,139
Kroc - House operations	95,267	95,267
Meals from the Heart	<u>52,485</u>	<u>48,667</u>
Total Temporarily Restricted Net Assets	<u>477,278</u>	<u>445,353</u>
Permanently restricted - Endowment	<u>1,101,901</u>	<u>789,941</u>
Total Net Assets	<u>12,615,279</u>	<u>12,857,919</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 22,757,020</u>	<u>\$ 23,059,515</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

**RONALD McDONALD HOUSE OF FORT WORTH, INC.
AND 1004 7TH AVENUE HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2016 AND 2015**

<u>SUPPORT AND REVENUE</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2016 TOTAL</u>
Support:				
Contributions				
General support	\$ 1,053,671	\$ 90,781	\$ 311,960	\$ 1,456,412
Ronald McDonald House Charities	140,650	-	-	140,650
Gifts in kind	286,898	-	-	286,898
Loss on uncollectible accounts	(27,363)	-	-	(27,363)
Special events - gross revenues of \$756,053 (2016) and \$680,797 (2015) and direct costs of \$328,160 (2016) and \$359,974 (2015)	427,893	-	-	427,893
Total Support	<u>1,881,749</u>	<u>90,781</u>	<u>311,960</u>	<u>2,284,490</u>
Revenue:				
Program service fees	179,553	-	-	179,553
Interest and dividend income - net	58,918	-	-	58,918
Net appreciation (depreciation) of investments	96,165	-	-	96,165
Interest on note receivable	206,804	-	-	206,804
Total Revenue	<u>541,440</u>	<u>-</u>	<u>-</u>	<u>541,440</u>
Net Assets Released From Restrictions	<u>58,856</u>	<u>(58,856)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>2,482,045</u>	<u>31,925</u>	<u>311,960</u>	<u>2,825,930</u>
<u>EXPENSES</u>				
Program services	2,392,588	-	-	2,392,588
Fundraising	337,064	-	-	337,064
General and administrative	338,918	-	-	338,918
Total Functional Expenses	<u>3,068,570</u>	<u>-</u>	<u>-</u>	<u>3,068,570</u>
<u>CHANGE IN NET ASSETS</u>	<u>(586,525)</u>	<u>31,925</u>	<u>311,960</u>	<u>(242,640)</u>
<u>NET ASSETS</u> - Beginning of Year	<u>11,622,625</u>	<u>445,353</u>	<u>789,941</u>	<u>12,857,919</u>
<u>NET ASSETS</u> - End of Year	<u>\$ 11,036,100</u>	<u>\$ 477,278</u>	<u>\$ 1,101,901</u>	<u>\$ 12,615,279</u>

<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2015 TOTAL</u>
\$ 885,189	\$ 180,160	\$ 200,000	\$ 1,265,349
100,000	-	-	100,000
318,184	-	-	318,184
-	-	-	-
<u>320,823</u>	<u>-</u>	<u>-</u>	<u>320,823</u>
<u>1,624,196</u>	<u>180,160</u>	<u>200,000</u>	<u>2,004,356</u>
171,328	-	-	171,328
52,431	-	-	52,431
(116,808)	-	-	(116,808)
<u>206,804</u>	<u>-</u>	<u>-</u>	<u>206,804</u>
<u>313,755</u>	<u>-</u>	<u>-</u>	<u>313,755</u>
<u>135,205</u>	<u>(135,205)</u>	<u>-</u>	<u>-</u>
<u>2,073,156</u>	<u>44,955</u>	<u>200,000</u>	<u>2,318,111</u>
2,319,749	-	-	2,319,749
297,950	-	-	297,950
<u>339,605</u>	<u>-</u>	<u>-</u>	<u>339,605</u>
<u>2,957,304</u>	<u>-</u>	<u>-</u>	<u>2,957,304</u>
(884,148)	44,955	200,000	(639,193)
<u>12,506,773</u>	<u>400,398</u>	<u>589,941</u>	<u>13,497,112</u>
<u>\$ 11,622,625</u>	<u>\$ 445,353</u>	<u>\$ 789,941</u>	<u>\$ 12,857,919</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

**RONALD McDONALD HOUSE OF FORT WORTH, INC.
AND 1004 7TH AVENUE HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>PROGRAM SERVICES</u>	<u>FUND RAISING</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>2016 TOTAL</u>
Salaries and wages	\$ 578,213	\$ 195,805	\$ 125,751	\$ 899,769
Payroll taxes and employee benefits	117,316	36,234	16,574	170,124
Total Personnel Expense	695,529	232,039	142,325	1,069,893
Professional fees	-	-	68,646	68,646
Supplies and meals	337,861	5,138	3,798	346,797
Telephone	11,562	-	104	11,666
Postage and printing	10,430	37,403	727	48,560
Occupancy	249,680	4,805	-	254,485
Repairs and maintenance	92,013	-	-	92,013
Transportation	11,382	109	54	11,545
Conferences, training and recruitment	5,490	1,506	15,226	22,222
Dues and subscriptions	2,634	10,696	5,428	18,758
Insurance	63,817	382	-	64,199
Capital campaign - various	-	-	-	-
Interest	210,042	-	38,861	248,903
Miscellaneous	5,020	6,257	25,020	36,297
Total Functional Expenses Before Depreciation	1,695,460	298,335	300,189	2,293,984
Depreciation	697,128	38,729	38,729	774,586
Total Functional Expenses	<u>\$ 2,392,588</u>	<u>\$ 337,064</u>	<u>\$ 338,918</u>	<u>\$ 3,068,570</u>

<u>PROGRAM SERVICES</u>	<u>FUND RAISING</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>2015 TOTAL</u>
\$ 515,797	\$ 183,867	\$ 118,328	\$ 817,992
123,041	30,211	20,469	173,721
638,838	214,078	138,797	991,713
-	2,000	65,879	67,879
337,338	1,467	5,103	343,908
10,579	-	240	10,819
6,042	12,649	2,148	20,839
248,013	11,250	791	260,054
101,970	-	-	101,970
1,867	227	153	2,247
9,471	2,669	21,732	33,872
1,375	6,163	3,872	11,410
71,379	5,266	4,733	81,378
-	4,000	-	4,000
210,867	-	38,861	249,728
1,575	379	19,494	21,448
1,639,314	260,148	301,803	2,201,265
680,435	37,802	37,802	756,039
<u>\$ 2,319,749</u>	<u>\$ 297,950</u>	<u>\$ 339,605</u>	<u>\$ 2,957,304</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

**RONALD McDONALD HOUSE OF FORT WORTH, INC.
AND 1004 7TH AVENUE HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (242,640)	\$ (639,193)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	774,586	756,039
Amortization	38,861	38,861
Loss on uncollectible accounts	27,363	-
Investment security donation received	-	(5,502)
Net (appreciation) depreciation of investments	(96,165)	116,808
Permanently restricted endowment fund contribution revenue	(311,960)	(200,000)
(Increase) decrease in operating assets:		
Accounts receivable	(1,300)	14,402
Prepaid expenses	6,745	(42,049)
Increase (decrease) in operating liabilities:		
Accounts payable	23,486	11,030
Deferred revenue	(89)	5,464
	218,887	55,860
Net Cash Provided by Operating Activities		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of land, buildings and equipment	(343,630)	(144,746)
Purchases of certificates of deposit	(107,730)	(26,246)
Proceeds from maturities of certificates of deposit	107,347	25,444
Purchases of marketable securities	(1,719,938)	(692,854)
Proceeds from sale of marketable securities	1,526,609	436,425
	(537,342)	(401,977)
Net Cash Used in Investing Activities		
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payment on line of credit	(122,113)	(300,000)
Temporarily restricted capital campaign contributions received	10,766	81,475
Permanently restricted endowment fund contributions received	311,960	200,000
	200,613	(18,525)
Net Cash Provided by (Used in) Financing Activities		
<u>NET DECREASE IN CASH AND CASH EQUIVALENTS</u>	(117,842)	(364,642)
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	906,436	1,271,078
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	\$ 788,594	\$ 906,436
<u>NONCASH INVESTING AND FINANCING ACTIVITIES</u>		
Interest paid	\$ 210,042	\$ 210,867

The accompanying notes to consolidated financial statements are an integral part of these statements.

**RONALD McDONALD HOUSE OF FORT WORTH, INC.
AND 1004 7TH AVENUE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 - ORGANIZATION AND OPERATIONS

Ronald McDonald House of Fort Worth, Inc. (“the Organization”) is a Texas nonprofit corporation that provides low cost lodging for families from out of town whose children are undergoing treatment for serious illnesses in Fort Worth hospitals. The Organization operates as an authorized Medicaid provider. Approved guests are charged nominal lodging costs. These costs are partially reimbursed to the Organization by Medicaid. The Organization receives the majority of its support from contributions.

1004 7th Avenue Holding Corporation (“the Holding Corporation”) is a Texas not-for-profit corporation, organized to support its sole member, Ronald McDonald House of Fort Worth, Inc. by providing financial and other resources to assist the Organization in achieving the fulfillment of its mission. Specifically, the Holding Corporation will develop and lease certain real property to the Organization to be used for administration and programs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management who are responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles (U.S. GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements include the accounts of Ronald McDonald House of Fort Worth, Inc. and 1004 7th Avenue Holding Corporation (collectively, “the Organization”), since they are financially interrelated organizations. Significant intercompany transactions and balances have been eliminated in the consolidation.

FINANCIAL STATEMENT PRESENTATION

The Organization is required by U.S. GAAP to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the Organization is required to present a consolidated statement of functional expenses and a consolidated statement of cash flows. The fund groups are reported in the three classes of net assets as follows:

Unrestricted Net Assets – These funds have no external restrictions and can be used for any purpose designated by the Board.

Temporarily Restricted Net Assets – These funds generally represent funds for which the donor has limited the use of the funds by stipulating how or when the funds are to be used. The restrictions are satisfied either by passage of time or by actions of the Organization.

Permanently Restricted Net Assets – These are funds that have been restricted by the donor and cannot be satisfied by the passage of time or by actions of the Organization.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RONALD MCDONALD HOUSE OF FORT WORTH, INC.
AND 1004 7TH AVENUE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

CASH AND CASH EQUIVALENTS

For purposes of the consolidated statements of cash flows, the Organization considers any short-term investment convertible to cash within three months or less with little or no change in the principal amount to be a cash equivalent. Money market accounts and short-term investments of permanently restricted monies are not considered to be cash equivalents since these funds are of a permanent nature. The Organization did not have any cash equivalents as of December 31, 2016 or 2015.

CONCENTRATION OF CREDIT RISK

During the years ended December 31, 2016 and 2015, the Organization's deposits occasionally exceeded Federal Deposit Insurance. The Federal Deposit Insurance Corporation currently insures the deposits up to \$250,000 per financial institution. The excess above \$250,000 is backed only by the soundness of the financial institution. Management believes the risk of incurring material losses related to this credit risk is remote.

INVESTMENTS

The Organization is required by U.S. GAAP to report its investments at fair value. Unrealized gains and losses on appreciation or depreciation in fair value due to market fluctuations are recorded in the consolidated statements of activities.

FASB ASC No. 820-10, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The three levels of fair value hierarchy defined by FASB ASC No. 820-10 are as follows:

Level 1 Fair Value Measurements – Quoted prices are available in active markets for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Fair Value Measurements – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Level 3 Fair Value Measurements – Pricing inputs include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 instruments include those that may be more structured or otherwise tailored to the Organization's needs.

As required by U.S. GAAP financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement with the fair value hierarchy levels.

**RONALD MCDONALD HOUSE OF FORT WORTH, INC.
AND 1004 7TH AVENUE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ACCOUNTS RECEIVABLE

The Organization's accounts receivable consists principally of lodging fees from the state government. The Organization utilizes the allowance method for recognition of bad debts. As of December 31, 2016 and 2015, no allowance for doubtful accounts was deemed necessary based upon past experience.

Financial instruments that potentially subject the Organization to credit risk consist principally of accounts receivable. The Organization provides services primarily to families who reside outside of Tarrant County.

DONATED ASSETS AND SERVICES

Donated assets and services are recorded at market value on the date of receipt. In the absence of donor restrictions, donated assets are reported as unrestricted support. Necessary services donated by persons with specialized skills are reported as unrestricted contributions at the fair value of those services. Services donated by persons without specialized skills are not recorded due to the difficulty of objectively determining their value.

IMPAIRMENT OF LONG-LIVED ASSETS

Management evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

PROPERTY AND EQUIPMENT

Expenditures for land, buildings and equipment are capitalized and recorded in the Organization's consolidated financial statements at cost. The Organization generally capitalizes all expenditures for property and equipment in excess of \$1,000 having a useful life of one year or more. Donations of significant property and equipment are recorded as support at their estimated fair value.

Depreciation using the straight-line method is provided over the following estimated useful lives:

Buildings	20 years
Furniture, fixtures and equipment	3-7 years
Vehicles	5 years

Depreciation expense for the years ended December 31, 2016 and 2015 was \$774,586 and \$756,039, respectively.

UNAMORTIZED DEBT ISSUANCE COSTS

Debt issuance costs are being amortized over the term of the loan using the straight-line method and are carried at cost, less accumulated amortization. The amortization of these debt issuance costs for each of the years ended December 31, 2016 and 2015 was \$38,861 and are reflected in interest expense on the statements of activities and functional expenses.

DEFERRED REVENUE

Income from sponsorships received in advance of future special events is deferred and recognized over the periods to which the sponsorships relate.

LODGING AND PROGRAM FEES

Lodging and program fees are recorded in the period in which the lodging and program services were provided.

**RONALD MCDONALD HOUSE OF FORT WORTH, INC.
AND 1004 7TH AVENUE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

RESTRICTED CONTRIBUTIONS AND TEMPORARILY RESTRICTED NET ASSETS

The Organization reports contributions with donor-imposed restrictions as restricted support. These contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the program services, fundraising and general and administrative expenses have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among these program and supporting services.

FEDERAL INCOME TAX

The Organization is organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. This section exempts the Organization from taxes on income. Accordingly, no provision for income taxes has been made in the consolidated financial statements. Taxes are paid on net income earned from sources unrelated to the exempt purposes. There was no net income from unrelated business for the years ended December 31, 2016 and 2015. The Organization has recognized no liability for uncertain tax positions.

The Organization files as a tax-exempt organization. The Organization's tax returns are subject to review and examination by federal and state authorities. Tax returns are open for audit by these authorities for three years from the due date of the return of the date actually filed.

RECLASSIFICATIONS

Certain reclassifications have been made to the 2015 consolidated financial statements to conform to the 2016 consolidated financial statement presentation. Such reclassifications had no effect on the change in total net assets as previously reported.

CHANGE IN ACCOUNTING PRINCIPLE

The Organization has adopted the accounting guidance in FASB Accounting Standards Update (ASU) No. 2015-03, Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. ASU 2015-03 requires organizations to present debt issuance costs as a direct deduction from the face amount of the related borrowings, amortize debt issuance costs using the effective interest method over the life of the debt, and record the amortization as a component of interest expense. The effect of adopting the new standard decreased the debt issuance costs asset to zero and decreased the Notes Payable debt by \$494,599 and \$533,460 as of December 31, 2016 and 2015, respectively. The adoption of the standard had no effect on previously reported net assets. The ASU is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. The ASU is retrospectively applied.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 18, 2017, the date on which the consolidated financial statements were available to be issued.

**RONALD MCDONALD HOUSE OF FORT WORTH, INC.
AND 1004 7TH AVENUE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 3 - INVESTMENTS

Investments are stated at fair value, using quoted market prices. If quoted market prices are not available, estimated fair values are determined based on quoted market prices of similar financial instruments. Realized and unrealized gains and losses are reflected in the statements of activities.

Investments as of December 31, 2016 consisted of the following:

<u>Investment Description</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Cumulative Unrealized Gain (Loss)</u>
Money Market Mutual Funds	\$ 624,658	\$ 624,658	\$ -
Fixed Income Mutual Funds	1,475,296	1,499,091	(23,795)
Equity Mutual Funds- Domestic	1,299,364	1,112,758	186,606
Equity Mutual Funds- International	822,256	852,183	(29,927)
Total Investments - Level 1 Inputs	<u>\$ 4,221,574</u>	<u>\$ 4,088,690</u>	<u>\$ 132,884</u>

The consolidated statements of financial position reflect the unrestricted designated endowment portion of these investments in the amount of \$3,119,673 and the permanently restricted endowment portion in the amount of \$1,101,901. See Note 9, concerning certain investments used as collateral for the line of credit note.

Investments as of December 31, 2015 consisted of the following:

<u>Investment Description</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Cumulative Unrealized Gain (Loss)</u>
Money Market Mutual Funds	\$ 786,374	\$ 786,374	\$ -
Fixed Income Mutual Funds	850,185	869,694	(19,509)
Hedge Mutual Funds	476,158	504,235	(28,077)
Equity Mutual Funds- Domestic	1,028,835	950,241	78,594
Equity Mutual Funds- International	790,528	809,962	(19,434)
Total Investments	<u>\$ 3,932,080</u>	<u>\$ 3,920,506</u>	<u>\$ 11,574</u>

The consolidated statements of financial position reflect the unrestricted designated endowment portion of these investments in the amount of \$3,142,139 and the permanently restricted endowment portion in the amount of \$789,941. See Note 9, concerning certain investments used as collateral for the line of credit note.

The total investment return from investments and certificates of deposit for the years ended December 31, 2016 and 2015 is as follows:

<u>Description</u>	<u>2016</u>	<u>2015</u>
Interest and Dividend Income	\$ 77,832	\$ 70,449
Fiduciary Fees Paid	(18,914)	(18,018)
Total Interest and Dividend Income - Net	58,918	52,431
Gain (Loss) on Sale of Investments	(25,145)	(4,693)
Unrealized Appreciation (Depreciation) on Investments	121,310	(112,115)
Total Return on Investment and Certificates of Deposit	<u>\$ 155,083</u>	<u>\$ (64,377)</u>

**RONALD MCDONALD HOUSE OF FORT WORTH, INC.
AND 1004 7TH AVENUE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 4 - CONTRIBUTIONS RECEIVABLE

The Organization recognizes unconditional pledges as support in the period the pledge is made and reports them as contributions in the statement of activities. Contributions receivable at December 31, 2016 and 2015 are expected to be received as follows:

	<u>2016</u>	<u>2015</u>
Year Ending December 31,2016	\$ -	\$ 48,063
Year Ending December 31,2017	19,457	15,500
Year Ending December 31,2018	10,500	10,500
Year Ending December 31,2019	10,500	10,000
Year Ending December 31,2020	10,000	17,429
Year Ending December 31,2021	<u>12,906</u>	<u>-</u>
Contributions Receivables- Gross	63,363	101,492
Less: Allowance for Uncollectible Accounts	<u>-</u>	<u>-</u>
Contributions Receivables- Net	<u>\$ 63,363</u>	<u>\$ 101,492</u>

The contribution receivable at December 31, 2016 and 2015 is reflected on the statements of financial position as follows:

<u>Description</u>	<u>2016</u>	<u>2015</u>
Within Current Assets	\$ 19,457	\$ 48,063
Within Other Assets	<u>43,906</u>	<u>53,429</u>
Contributions Receivables- Net	<u>\$ 63,363</u>	<u>\$ 101,492</u>

Loss on uncollectible accounts and bad debt expense for the years ended December 31, 2016 and 2015 was \$27,363 and \$4,000, respectively.

NOTE 5 – NOTE RECEIVABLE

At December 31, 2016 and 2015, the Organization has a note receivable from Chase NMTC RMH-FW Investment Fund, LLC in the amount of \$7,665,100 with interest payable quarterly at 2.698% through March 10, 2021. Principal and interest payments of the note are to commence in year 2021 with final payment due December 2037. The note is unsecured. This note receivable originated with the issuance of certain debt instruments reflected in Note 11 to the consolidated financial statements. However, there is not a right of offset with these debt instruments.

NOTE 6 - DONATED PROPERTY, GOODS AND SERVICES

A number of local individuals and businesses have donated goods and services to the Organization to assist in its operations. These donations have been recorded at the fair value of goods or services received. Donated goods and services for operations of \$286,898 and \$318,184, respectively, for the years ended December 31, 2016 and 2015, are reflected in the consolidated statements of activities.

Additionally, the Organization received donated goods and services for their special events. This amounted to \$68,751 and \$132,624 for the years ended December 31, 2016 and 2015, respectively. See Note 8 for additional details.

**RONALD MCDONALD HOUSE OF FORT WORTH, INC.
AND 1004 7TH AVENUE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 7 – EMPLOYEE BENEFIT PLAN

During 2000 the Organization started a Simple IRA Plan whereby the employees may elect to make contributions pursuant to a salary reduction agreement upon meeting certain service requirements. Employees could elect to contribute up to \$12,500 per year (exclusive of additional \$3,000 for those aged 50 or over) to the Plan for the years ended December 31, 2016 and 2015. The Company's contribution obligation is 2.5 percent of the employee's gross pay for the employees who participated in the Plan. During the years ended December 31, 2016 and 2015 the Organization made contributions in the amounts of \$15,947 and \$12,444, respectively. Contribution expense is included in payroll taxes and employee benefits expense on the consolidated statements of functional expenses.

NOTE 8 – SPECIAL EVENTS

The Organization held the following special events during the year ended December 31, 2016.

A summary of these activities is as follows:

Description of Event	Support	Direct Costs	Gross Profit
Wild Game	\$ 416,216	\$ 115,339	\$ 300,877
Wild Game - Donated goods and services	26,529	26,529	-
Roadhouse	271,086	144,070	127,016
Roadhouse - Donated goods and services	42,222	42,222	-
Special Events - Net	<u>\$ 756,053</u>	<u>\$ 328,160</u>	<u>\$ 427,893</u>

The Organization held the following special events during the year ended December 31, 2015.

A summary of these activities is as follows:

Description of Event	Support	Direct Costs	Gross Profit
Wild Game	\$ 352,794	\$ 115,289	\$ 237,505
Wild Game - Donated goods and services	78,332	78,332	-
Roadhouse	195,379	112,061	83,318
Roadhouse - Donated goods and services	54,292	54,292	-
Special Events - Net	<u>\$ 680,797</u>	<u>\$ 359,974</u>	<u>\$ 320,823</u>

NOTE 9 – LINE OF CREDIT NOTE

The Organization established a line of credit on July 31, 2013 with a financial institution for a maximum amount of \$2,000,000. Interest is payable monthly at the LIBOR rate plus 2.00%. The line of credit is secured by one of the Organization's sub-investment accounts. The balance of the investments securing this line of credit was \$3,719,690 at December 31, 2016. The outstanding balance on the line of credit as of December 31, 2016 and 2015 was \$-0- and \$122,113, respectively. The line of credit matures on October 31, 2017. The LIBOR rate was 0.7164% at December 31, 2016.

Interest expense for the years ended December 31, 2016 and 2015 on this line of credit note was \$2,372 and \$3,197, respectively.

RONALD MCDONALD HOUSE OF FORT WORTH, INC.
AND 1004 7TH AVENUE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 10 - ENDOWMENT FUNDS - PERMANENTLY RESTRICTED AND BOARD DESIGNATED NET ASSETS

PERMANENTLY RESTRICTED ENDOWMENTS

Permanently restricted net assets represent investments in perpetuity, the income from which is expendable to support ongoing programmatic operations of the Organization. Income on these investments is unrestricted and composed of interest, dividends, realized and unrealized gains or losses. The majority of the permanently restricted assets originated from the \$496,250 donation of McDonald's common stock by Mrs. Kroc in 1993. Total permanently restricted contributions received as of December 31, 2016 and 2015 was \$1,101,901 and \$789,941, respectively.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 as 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 amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, 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.

BOARD-DESIGNATED ENDOWMENTS

As of December 31, 2016 and 2015, the Board of Directors has designated \$3,119,673 and \$3,142,139 respectively, of unrestricted net assets as a general endowment to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

RETURN OBJECTIVES AND RISK PARAMETERS

The Organization has a spending policy available of appropriating for distribution each year 5% of the rolling average of the previous five fiscal years' (September 30th) investment balance of the Board-Designated Endowment. In establishing this policy, the Organization considered the long-term expected investment return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment funds to grow at an average of 5% (adjusted for inflation) annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

**RONALD MCDONALD HOUSE OF FORT WORTH, INC.
AND 1004 7TH AVENUE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 10 - ENDOWMENT FUNDS - PERMANENTLY RESTRICTED AND BOARD DESIGNATED NET ASSETS

- Continued

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To achieve these objectives, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level 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 5% (if desired), while growing the fund if possible. Accordingly, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 5% (adjusted for inflation) annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment funds; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Following is a progression of the permanently restricted and board designated endowment funds:

Description	Permanently Restricted	Board Designated	Total
Balance – December 31, 2014	\$ 589,941	\$ 3,202,518	\$ 3,792,459
Interest and dividend income, net of fees	7,922	43,005	50,927
Realized loss on investments	(730)	(3,963)	(4,693)
Unrealized depreciation on investments	(17,440)	(94,675)	(112,115)
Total Investment Return	(10,248)	(55,633)	(65,881)
Contributions	200,000	-	200,000
Donated investment security	-	5,502	5,502
Allocation of earnings to board designated	10,248	(10,248)	-
Balance – December 31, 2015	789,941	3,142,139	3,932,080
Interest and dividend income, net of fees	11,567	46,012	57,579
Realized loss on investments	(5,052)	(20,093)	(25,145)
Unrealized appreciation on investments	24,371	96,939	121,310
Total Investment Return	30,887	122,857	153,744
Contributions	311,960	-	311,960
Transfer out for approved expenses	-	(176,210)	(176,210)
Allocation of earnings to board designated	(30,887)	30,887	-
Balance – December 31, 2016	\$ 1,101,901	\$ 3,119,673	\$ 4,221,574

**RONALD MCDONALD HOUSE OF FORT WORTH, INC.
AND 1004 7TH AVENUE HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 11 – NOTES PAYABLE

The Organization, specifically 1004 7th Avenue Holding Corporation, was obligated on the following notes payable as of December 31, 2016 and 2015:

<u>Payable To and Terms:</u>	<u>Amount</u>
NDC New Markets Investments LXXXVI, (Loan A) interest accrued monthly, paid quarterly, at 1.961% until 1/1/2021, then principal and interest is due quarterly until maturity at 12/31/2043.	\$ 4,788,700
NDC New Markets Investments LXXXVI, (Loan B) interest accrued monthly, paid quarterly, at 1.961% until 1/1/2021, then principal and interest is due quarterly until maturity at 12/31/2043.	2,001,300
Community Development Funding XVII, LLC, (Loan A) interest accrued monthly, paid quarterly, at 1.961% until 1/1/2021, then principal and interest is due quarterly until maturity at 12/31/2043.	2,876,400
Community Development Funding XVII, LLC, (Loan B) interest accrued monthly, paid quarterly, at 1.961% until 1/1/2021, then principal and interest is due quarterly until maturity at 12/31/2043.	<u>923,600</u>
Total Notes Payable	<u><u>\$ 10,590,000</u></u>

All of the above notes are secured by the deed of trust on the Organization's property.

The two "Loan B" notes payable, may be paid off early in year 2021, at a discount of \$2,001,300 and \$923,600, respectively, to the principal balance above.

Interest expense for each of the years ended December 31, 2016 and 2015 on the above notes payable was \$207,670.

NOTE 12 – FAIR VALUE HIERARCHY MEASUREMENTS OF INVESTMENTS

The Organization uses fair value measurements to record fair value adjustments and disclosures. For additional information on how the Organization measures fair value, refer to Note 2 – Summary of Significant Accounting Policies. The investments of the Organization were classified at December 31, 2015 as follows:

<u>Investment Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market Mutual Funds	\$ 786,374	\$ -	\$ -
Fixed Income Mutual Funds	850,185	-	-
Hedge Mutual Funds	476,158	-	-
Equity Mutual Funds- Domestic	1,028,835	-	-
Equity Mutual Funds- International	724,715	-	-
International equity - Private placement	<u>-</u>	<u>-</u>	<u>65,813</u>
Total Investments	<u><u>\$ 3,866,267</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 65,813</u></u>

The level 3 investment was purchased during 2015 at a cost of \$65,000. It was sold in February 2016 for \$54,760. It was the only level 3 investment owned by the Organization during 2016 and 2015. All of the Organization's investments at December 31, 2016 were level 1 investments.

AUDITED CONSOLIDATING FINANCIAL STATEMENTS



CliftonLarsonAllen

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INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING INFORMATION

Board of Directors
Ronald McDonald House of Fort Worth, Inc.
Fort Worth, Texas

We have audited the consolidated financial statements of Ronald McDonald House of Fort Worth, Inc. and 1004 7th Avenue Holding Corporation as of and for the year ended December 31, 2016, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for the purpose of additional analysis and are 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 consolidating 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 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
May 18, 2017

RONALD McDONALD HOUSE OF FORT WORTH, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
SEE INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY INFORMATION

	Ronald McDonald House of Fort Worth, Inc.	1004 7th Avenue Holding Corporation	Eliminations	Total
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	\$ 516,621	\$ 271,973	\$ -	\$ 788,594
Certificates of deposit	107,532	-	-	107,532
Accounts receivable	19,989	-	(16,689)	3,300
Contributions receivable, net	19,457	-	-	19,457
Prepaid expenses	38,642	-	-	38,642
	<u>702,241</u>	<u>271,973</u>	<u>(16,689)</u>	<u>957,525</u>
<u>LAND, BUILDINGS AND EQUIPMENT</u>				
Land	-	1,898,233	-	1,898,233
Buildings	481,714	13,186,569	-	13,668,283
Furniture, fixtures and equipment	1,137,513	-	-	1,137,513
Vehicles	33,582	-	-	33,582
	<u>1,652,809</u>	<u>15,084,802</u>	<u>-</u>	<u>16,737,611</u>
Less: Accumulated depreciation	<u>(832,166)</u>	<u>(6,036,530)</u>	<u>-</u>	<u>(6,868,696)</u>
	<u>820,643</u>	<u>9,048,272</u>	<u>-</u>	<u>9,868,915</u>
<u>OTHER ASSETS</u>				
Contributions receivable, net	43,906	-	-	43,906
Note receivable	7,665,100	-	-	7,665,100
Investments - board designated	3,119,673	-	-	3,119,673
Investments - permanently restricted	1,101,901	-	-	1,101,901
	<u>11,930,580</u>	<u>-</u>	<u>-</u>	<u>11,930,580</u>
<u>TOTAL ASSETS</u>	<u>\$ 13,453,464</u>	<u>\$ 9,320,245</u>	<u>\$ (16,689)</u>	<u>\$ 22,757,020</u>
<u>CURRENT LIABILITIES</u>				
Accounts payable	\$ 39,415	\$ 18,239	\$ (16,689)	\$ 40,965
Deferred revenue	5,375	-	-	5,375
	<u>44,790</u>	<u>18,239</u>	<u>(16,689)</u>	<u>46,340</u>
<u>LONG-TERM DEBT</u>				
Notes payable	-	10,590,000	-	10,590,000
Loan origination fees, net	-	(494,599)	-	(494,599)
<u>TOTAL LIABILITIES</u>	<u>44,790</u>	<u>10,113,640</u>	<u>(16,689)</u>	<u>10,141,741</u>
<u>NET ASSETS</u>				
Unrestricted	11,829,495	(793,395)	-	11,036,100
Temporarily restricted	477,278	-	-	477,278
Permanently restricted	1,101,901	-	-	1,101,901
	<u>13,408,674</u>	<u>(793,395)</u>	<u>-</u>	<u>12,615,279</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 13,453,464</u>	<u>\$ 9,320,245</u>	<u>\$ (16,689)</u>	<u>\$ 22,757,020</u>

RONALD McDONALD HOUSE OF FORT WORTH, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016
SEE INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY INFORMATION

	Ronald McDonald House of Fort Worth, Inc.	1004 7th Avenue Holding Corporation	Eliminations	Total
<u>SUPPORT AND REVENUE</u>				
Support:				
Contributions				
Unrestricted - general support	\$ 1,053,671	\$ -	\$ -	\$ 1,053,671
Ronald McDonald House Charities	140,650	-	-	140,650
Gifts in kind	286,898	-	-	286,898
Other - Restricted	90,781	-	-	90,781
Endowment	311,960	-	-	311,960
Loss on uncollectible accounts	(27,363)	-	-	(27,363)
Fundraising activities and special events - net	427,893	-	-	427,893
Total Support	2,284,490	-	-	2,284,490
Revenue:				
Program service fees	179,553	-	-	179,553
Interest and dividend income - net	58,651	267	-	58,918
Net appreciation of investments	96,165	-	-	96,165
Rental income	-	208,000	(208,000)	-
Interest on note receivable	206,804	-	-	206,804
Total Revenue	541,173	208,267	(208,000)	541,440
Total Support and Revenue	2,825,663	208,267	(208,000)	2,825,930
<u>EXPENSES</u>				
Program services	1,806,412	794,176	(208,000)	2,392,588
Fundraising	298,335	38,729	-	337,064
General and administrative	225,278	113,640	-	338,918
Total Functional Expenses	2,330,025	946,545	(208,000)	3,068,570
<u>CHANGE IN NET ASSETS</u>	495,638	(738,278)	-	(242,640)
<u>NET ASSETS</u> - Beginning of Year	12,913,036	(55,117)	-	12,857,919
<u>NET ASSETS</u> - End of Year	\$ 13,408,674	\$ (793,395)	\$ -	\$ 12,615,279