

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

**FINANCIAL STATEMENTS
WITH INDEPENDENT
AUDITORS' REPORT**

DECEMBER 31, 2015 and 2014

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

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

ORGANIZATION DATA

DECEMBER 31, 2015

Incorporation	Under Chapter 181, laws of the State of Wisconsin, as a not-for-profit and non-stock Corporation
Location	Marshfield, Wisconsin
Purpose	Ronald McDonald House Charities of Marshfield, Inc. is organized to establish and operate a "Ronald McDonald House" in Marshfield, Wisconsin which provides a temporary residential facility that serves as a home away from home for the parents and families of children being treated for serious illnesses. It also makes grants to other organizations for the benefit of children in and around the local area.

OFFICERS

President	Carol Adler
Vice-President	Pamela Acker
Secretary	Carol Willfahrt
Treasurer	Ronald Fish

BOARD OF DIRECTORS

Carol Adler	Heidi Giese
Jim Bartelt	Pamela Acker
Joe Dolezal	Patti Shafto-Carlson
Ronald Fish	Carol Willfahrt
Lisa Roy	Elizabeth Kracht
Dr. Adrienne Cruz	Kevin Krautkramer
Heidi Fish	

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ronald McDonald House Charities of Marshfield, Inc.
Marshfield, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Ronald McDonald House Charities of Marshfield, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 Marshfield, Inc. as of December 31, 2015 and 2014, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The components of operating revenue graphs presented on page 19 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
July 1, 2016

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

FINANCIAL STATEMENTS

RONALD MCDONALD HOUSE CHARITIES OF MARSHFIELD, INC.
STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	DECEMBER 31,	
	2015	2014
Cash and cash equivalents	\$ 33,979	\$ 51,109
Accrued interest	122	64
Beneficial interest in assets held by others	24,294	25,908
Property and equipment, net	318,530	311,690
Endowment investments	1,719,447	1,741,597
TOTAL ASSETS	\$ 2,096,372	\$ 2,130,368
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ 2,737	\$ 10,811
Accrued payroll and payroll withholdings	8,508	2,841
TOTAL LIABILITIES	11,245	13,652
NET ASSETS		
Unrestricted	341,259	349,143
Temporarily restricted	1,243,868	1,267,573
Permanently restricted	500,000	500,000
TOTAL NET ASSETS	2,085,127	2,116,716
TOTAL LIABILITIES AND NET ASSETS	\$ 2,096,372	\$ 2,130,368

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

RONALD MCDONALD HOUSE CHARITIES OF MARSHFIELD, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT AND REVENUE				
Public Support				
Cash contributions	\$ 261,831	\$ -	\$ -	\$ 261,831
Non-cash contributions	43,424	-	-	43,424
Other Revenue				
Room rental, net	5,910	-	-	5,910
Investment return	1,624	(4,591)	-	(2,967)
Change in value of beneficial interest	-	(1,614)	-	(1,614)
Promotional items	462	-	-	462
Vending machine income	854	-	-	854
Fundraising	5,699	-	-	5,699
Loss on disposition of assets	(26)	-	-	(26)
Net assets released from restrictions	17,500	(17,500)	-	-
TOTAL SUPPORT AND REVENUE	<u>337,278</u>	<u>(23,705)</u>	<u>-</u>	<u>313,573</u>
 EXPENSES				
Program services	291,462	-	-	291,462
General and administrative	29,831	-	-	29,831
Fundraising	9,016	-	-	9,016
Unallocated payments to RMHC Global	14,853	-	-	14,853
TOTAL EXPENSES	<u>345,162</u>	<u>-</u>	<u>-</u>	<u>345,162</u>
 CHANGE IN NET ASSETS	<u>(7,884)</u>	<u>(23,705)</u>	<u>-</u>	<u>(31,589)</u>
 NET ASSETS, BEGINNING OF YEAR	<u>349,143</u>	<u>1,267,573</u>	<u>500,000</u>	<u>2,116,716</u>
 NET ASSETS, END OF YEAR	<u>\$ 341,259</u>	<u>\$ 1,243,868</u>	<u>\$ 500,000</u>	<u>\$ 2,085,127</u>

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

RONALD MCDONALD HOUSE CHARITIES OF MARSHFIELD, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
SUPPORT AND REVENUE				
Public Support				
Cash contributions	\$ 216,653	\$ -	\$ -	\$ 216,653
Non-cash contributions	46,459	-	-	46,459
Other Revenue				
Room rental, net	5,635	-	-	5,635
Investment return	1,623	75,734	-	77,357
Change in value of beneficial interest	-	(517)	-	(517)
Promotional items	438	-	-	438
Vending machine income	1,529	-	-	1,529
Fundraising	4,418	-	-	4,418
Net assets released from restrictions	17,500	(17,500)	-	-
TOTAL SUPPORT AND REVENUE	<u>294,255</u>	<u>57,717</u>	<u>-</u>	<u>351,972</u>
 EXPENSES				
Program services	280,181	-	-	280,181
General and administrative	29,056	-	-	29,056
Fundraising	9,591	-	-	9,591
Unallocated payments to RMHC Global	14,233	-	-	14,233
TOTAL EXPENSES	<u>333,061</u>	<u>-</u>	<u>-</u>	<u>333,061</u>
 CHANGE IN NET ASSETS	<u>(38,806)</u>	<u>57,717</u>	<u>-</u>	<u>18,911</u>
 NET ASSETS, BEGINNING OF YEAR	<u>387,949</u>	<u>1,209,856</u>	<u>500,000</u>	<u>2,097,805</u>
 NET ASSETS, END OF YEAR	<u>\$ 349,143</u>	<u>\$ 1,267,573</u>	<u>\$ 500,000</u>	<u>\$ 2,116,716</u>

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

RONALD MCDONALD HOUSE CHARITIES OF MARSHFIELD, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	<u>PROGRAM SERVICES</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and wages	\$ 122,372	\$ 5,782	\$ 1,236	\$ 129,390
Awards	-	1,448	-	1,448
Dues and subscriptions	496	-	-	496
Depreciation	27,218	-	-	27,218
Donated services and supplies	25,402	1,351	270	27,023
Grants	35,000	-	-	35,000
Insurance	9,049	-	-	9,049
Licenses	50	-	-	50
Miscellaneous	275	423	-	698
Purchased supplies	5,362	1,073	715	7,150
Postage	402	268	670	1,340
Professional fees	-	17,595	-	17,595
Promotion	4,782	1,196	5,979	11,957
Rent	20,887	-	-	20,887
Repairs and maintenance	17,768	-	-	17,768
Social security taxes	9,555	442	95	10,092
Travel, conference, and meetings	201	253	51	505
Utilities	<u>12,643</u>	<u>-</u>	<u>-</u>	<u>12,643</u>
SUBTOTAL	<u>\$ 291,462</u>	<u>\$ 29,831</u>	<u>\$ 9,016</u>	330,309
Unallocated payments to RMHC Global				<u>14,853</u>
				<u>\$ 345,162</u>

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

RONALD MCDONALD HOUSE CHARITIES OF MARSHFIELD, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014

	<u>PROGRAM SERVICES</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and wages	\$ 118,539	\$ 5,616	\$ 1,204	\$ 125,359
Awards	-	964	-	964
Dues and subscriptions	339	-	-	339
Depreciation	27,316	-	-	27,316
Donated services and supplies	28,766	1,411	282	30,459
Grants	17,500	-	-	17,500
Insurance	8,902	-	-	8,902
Licenses	104	-	-	104
Miscellaneous	103	770	-	873
Purchased supplies	3,783	757	504	5,044
Postage	319	213	532	1,064
Professional fees	-	17,010	-	17,010
Promotion	5,500	1,375	6,875	13,750
Rent	23,868	-	-	23,868
Repairs and maintenance	21,275	-	-	21,275
Social security taxes	9,068	430	92	9,590
Travel, conference, and meetings	408	510	102	1,020
Utilities	<u>14,391</u>	<u>-</u>	<u>-</u>	<u>14,391</u>
SUBTOTAL	<u>\$ 280,181</u>	<u>\$ 29,056</u>	<u>\$ 9,591</u>	318,828
Unallocated payments to RMHC Global				<u>14,233</u>
				<u>\$ 333,061</u>

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

RONALD MCDONALD HOUSE CHARITIES OF MARSHFIELD, INC.
STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (31,589)	\$ 18,911
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	27,218	27,316
Loss on disposal of property	26	-
Change in value of beneficial interest	1,614	517
Unrealized loss on investments	104,916	109,595
Realized (gain) on investments	(80,942)	(164,120)
Changes in assets and liabilities:		
(Increase) in operating assets		
Accrued Interest	(58)	(54)
(Decrease) increase in operating liabilities		
Accounts payable	(8,074)	3,119
Accrued payroll taxes	5,667	260
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	18,778	(4,456)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of long-term investments	357,728	788,986
Purchases of long-term investments	(359,552)	(792,638)
Purchases of property and equipment	(34,084)	-
NET CASH (USED IN) INVESTING ACTIVITIES	(35,908)	(3,652)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(17,130)	(8,108)
BEGINNING CASH AND CASH EQUIVALENTS	51,109	59,217
ENDING CASH AND CASH EQUIVALENTS	\$ 33,979	\$ 51,109

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

**RONALD MCDONALD HOUSE
CHARITIES OF MARSHFIELD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 1 - Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization - Ronald McDonald House Charities of Marshfield, Inc. (the "Organization") operates a "Ronald McDonald House" in Marshfield, Wisconsin. The Ronald McDonald House provides a temporary residential facility that serves as a home away from home for the parents and families of children being treated for serious illnesses.

The Organization also provides grants to other exempt organizations for the benefit of children in and around the local area. The majority of its support is derived from contributions from the public.

Summary of Significant Accounting Policies:

Basis of Accounting - The accompanying financial statements have been prepared on an accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation and Net Assets - The accompanying financial statements are presented in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP).

Under U.S. GAAP, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

Unrestricted Net Assets - Unrestricted net assets include expendable resources over which the Organization has discretionary control and are used to carry out the operations in accordance with its by-laws. Included in unrestricted net assets are funds used to account for property, plant and equipment.

Temporarily Restricted Net Assets - Temporarily restricted net assets include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied by the passage of time or by actions of the Organization.

Permanently Restricted Net Assets - Permanently restricted net assets include resources subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Use of Estimates - The preparation of financial statements in conformity with U.S. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers all unrestricted, short-term securities with an initial maturity of three months or less to be cash equivalents. Any cash that is restricted in their use are considered long-term and excluded from operating cash and cash equivalents.

**RONALD MCDONALD HOUSE
CHARITIES OF MARSHFIELD, INC.**
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015 AND 2014

NOTE 1 - Nature of Organization and Summary of Significant Accounting Policies - Continued

Property and Equipment - Ronald McDonald House Charities of Marshfield, Inc. has recorded property and equipment items at cost, or appraised value if donated. The Organization's capitalization policy is to capitalize property and equipment with a cost or appraised value greater than \$2,500. Maintenance and repair costs are charged to expense as incurred. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets. The estimated lives used in computing the depreciation provision range from 5 to 20 years.

Valuation of Long-Lived Assets - U.S. GAAP requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. No impairment loss has been recognized during the years ended December 31, 2015 and 2014.

Revenue Recognition - The Organization's primary revenue source is from contributions. Revenue is recognized when earned and contributions are recognized when received. In accordance with U.S. GAAP, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the report period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Room Rental Revenue - Room rental revenue is presented on the statements of activities net of uncollected rent of \$6,975 and \$7,095 for the years ended December 31, 2015 and 2014, respectively.

Donated Services, Material and Facilities - Donated property and other non-cash donations are reflected as contributions in the financial statements at their estimated values at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria was not met. Donated materials, equipment, and professional services, if applicable, are reflected as contributions in the financial statements at their estimated values at date of receipt. The donated services are included in non-cash contributions and expenses in the statements of activities and totaled \$0- and \$1,695 for the years ended December 31, 2015 and 2014, respectively.

The Organization leases its home from St. Joseph's Hospital, Marshfield, Wisconsin for \$1 per year with a lease through 2033. Renewal of this lease arrangement will be negotiated at the end of the lease. The estimated rental fair value of the house included in program expenses in the statements of activities was \$16,000 for 2015 and 2014.

**RONALD MCDONALD HOUSE
CHARITIES OF MARSHFIELD, INC.**
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015 AND 2014

NOTE 1 - Nature of Organization and Summary of Significant Accounting Policies - Continued

Investments - Investments consist primarily of assets invested in marketable equity and debt securities, commodities, and money-market accounts. The Organization accounts for investments in accordance with U.S. GAAP. U.S. GAAP requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statements of financial position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the statements of activities.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

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

U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense, if incurred. The Organization is no longer subject to Federal tax examinations by tax authorities for years before 2012 and state examinations for years before 2011.

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

Subsequent Events - The Organization has evaluated subsequent events through July 1, 2016, date which the financial statements were available to be issued.

NOTE 2 - Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities in accordance with the provisions of U.S. GAAP, which provides a framework for measuring fair value under generally accepted accounting principles.

U.S. GAAP defines fair value as 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 on the measurement date. U.S. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. U.S. GAAP also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

**RONALD MCDONALD HOUSE
CHARITIES OF MARSHFIELD, INC.**
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015 AND 2014

NOTE 2 - Fair Value Measurements - Continued

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

The following table sets forth by level, with in the fair value hierarchy, the Organization's assets at fair value at December 31, 2015 and 2014:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>December 31, 2015</u>				
Investments				
Equity securities	\$ 1,058,173	\$ 1,058,173	\$ -	\$ -
Fixed income funds	640,436	640,436	-	-
Money market funds	20,838	20,838	-	-
Beneficial interest in assets held by others	24,294	-	-	24,294
TOTAL ASSETS	<u>\$ 1,743,741</u>	<u>\$ 1,719,447</u>	<u>\$ -</u>	<u>\$ 24,294</u>
<u>December 31, 2014</u>				
Investments				
Equity securities	\$ 1,060,439	\$ 1,060,439	\$ -	\$ -
Fixed income funds	656,685	656,685	-	-
Money market funds	24,473	24,473	-	-
Beneficial interest in assets held by others	25,908	-	-	25,908
TOTAL ASSETS	<u>\$ 1,767,505</u>	<u>\$ 1,741,597</u>	<u>\$ -</u>	<u>\$ 25,908</u>

The fair value for trading securities, money market funds, and the beneficial interest in assets held by others are determined by reference to quoted market prices and other relevant information generated by market transactions.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

	<u>2015</u>	<u>2014</u>
<u>Beneficial interest in assets held by others</u>		
Balance, beginning of year	\$ 25,908	\$ 26,425
Investment return	1,624	1,623
Change in value	(1,614)	(517)
Distributions	(1,624)	(1,623)
BALANCE, END OF YEAR	<u>\$ 24,294</u>	<u>\$ 25,908</u>

**RONALD MCDONALD HOUSE
CHARITIES OF MARSHFIELD, INC.**
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015 AND 2014

NOTE 3 - Investments

The Organization received a donation of 10,000 shares of McDonald's stock in 1993 that was invested in a trust fund. The investment is restricted by the donor to be held in perpetuity; however, the income earned by the investment is to be used for house operating expenses.

The following is a summary of the investment securities measured at fair value on a recurring basis:

	<u>2015</u>	<u>2014</u>
Money Market Funds	\$ 20,838	\$ 24,473
Fixed Income Funds	640,436	656,685
Equity Securities	<u>1,058,173</u>	<u>1,060,439</u>
	<u>\$ 1,719,447</u>	<u>\$ 1,741,597</u>

The following schedule summarizes the investment return for the above investments and its classification in the statements of activities.

	<u>2015</u>	<u>2014</u>
Investment interest and dividends	\$ 26,377	\$ 28,043
Unrealized (loss)	(104,916)	(109,595)
Realized gain	80,942	164,120
Investment fees	<u>(6,994)</u>	<u>(6,834)</u>
TOTAL INVESTMENT RETURN	<u>\$ (4,591)</u>	<u>\$ 75,734</u>

NOTE 4 - Beneficial Interest in Assets Held by Others

Ronald McDonald House Charities of Marshfield, Inc. was named as a beneficiary in an irrevocable trust maintained by WoodTrust Bank that was set up by Louise J. Desper in 1999 and will terminate in 2029. The Organization's share is 10 percent of the trust. The Organization receives an annual income distribution and after the termination of the trust, they will also receive a portion of the remaining assets according to the trust provisions which is expected to approximate 10 percent of the trust. The fair market value of the trust at December 31, 2015 and 2014 was \$24,294 and \$25,908, respectively. The financial statements include investment income of \$1,624 and \$1,623 in 2015 and 2014, respectively, and a change in value of (\$1,614) and (\$517) in 2015 and 2014, respectively.

NOTE 5 - Property and Equipment

A summary of property and equipment balances are as follows:

	<u>DECEMBER 31,</u>	
	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 976,396	\$ 943,019
Furniture and fixtures	61,334	63,267
Equipment	<u>24,744</u>	<u>25,386</u>
	1,062,474	1,031,672
Less accumulated depreciation	<u>743,944</u>	<u>719,982</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 318,530</u>	<u>\$ 311,690</u>

**RONALD MCDONALD HOUSE
CHARITIES OF MARSHFIELD, INC.**
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015 AND 2014

NOTE 6 - Net Assets

Unrestricted - Unrestricted net assets consist of all net assets not temporarily or permanently restricted by donors, estates or endowment funds.

	2015	2014
Undesignated	\$ 22,729	\$ 37,453
Designated for property and equipment	318,530	311,690
TOTAL UNRESTRICTED	<u>\$ 341,259</u>	<u>\$ 349,143</u>

Temporarily Restricted - Temporarily restricted net assets consist of the earnings from the Joan Kroc Operating Endowment that are restricted for current house operations that have not yet been spent or appropriated for expenditure by the Board of Directors and the beneficial interest in assets held by others.

	2015	2014
Restricted for current house operations	\$ 1,219,574	\$ 1,241,665
Louise J. Desper Irrevocable Trust	24,294	25,908
TOTAL TEMPORARILY RESTRICTED	<u>\$ 1,243,868</u>	<u>\$ 1,267,573</u>

Permanently Restricted - Permanently restricted net assets are restricted investments held in perpetuity.

	2015	2014
Joan Kroc Operating Endowment	<u>\$ 500,000</u>	<u>\$ 500,000</u>

NOTE 7 - Endowment Fund

The Organization's endowment fund consists of a donor-restricted endowment fund. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restriction.

Interpretation of the Law - The Board of Directors of the Organization has interpreted the Wisconsin 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 any 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 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 MARSHFIELD, INC.**
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015 AND 2014

NOTE 7 - Endowment Fund - Continued

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

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

Investment Policy - The Organization has adopted an investment policy for endowment assets that gives the Board of Directors the responsibility for directing and monitoring the investment fund management. The fund should be invested with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund. Investments should be diversified as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so. Reasonable efforts should be taken to preserve capital and the purchasing power after spending, understanding that losses may occur in individual securities. Risk is present in all types of securities and investment styles and the Board of Directors recognizes some risk is necessary to produce long-term investment results. However, reasonable effort should be made to control risk. An evaluation will be done regularly to ensure that risk assumed is commensurate with the given investment style and objective.

Spending Policy - The spending policy used by the Organization is approved annually by the Board of Directors. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow over time. This is consistent with the Organization's objective to maintain the endowment assets held in perpetuity as well as to provide additional real growth through the annual investment return.

Nature of Restricted Net Assets - The amount listed as permanently restricted is required to be retained permanently either by explicit donor stipulation or by UPMIFA. The temporarily restricted amounts are the portion of the perpetual endowment fund subject to a time restriction. The amounts will be released from restriction when appropriation is made by the Board of Directors.

Endowment Net Assets Composition by Type of Fund as of December 31, 2015

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment	<u>\$ 1,219,574</u>	<u>\$ 500,000</u>	<u>\$ 1,719,574</u>

Endowment Net Assets Composition by Type of Fund as of December 31, 2014

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment	<u>\$ 1,241,665</u>	<u>\$ 500,000</u>	<u>\$ 1,741,665</u>

**RONALD MCDONALD HOUSE
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NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015 AND 2014

NOTE 7 - Endowment Fund - Continued

Changes in Endowment Net Assets for the Year Ended December 31, 2015

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets beginning of year	\$ 1,241,665	\$ 500,000	\$ 1,741,665
Investment return:			
Net investment income	19,383	-	19,383
Net (depreciation) (realized and unrealized)	<u>(23,974)</u>	<u>-</u>	<u>(23,974)</u>
Total investment income	<u>(4,591)</u>	<u>-</u>	<u>(4,591)</u>
Appropriation of endowment asset for expenditure	<u>(17,500)</u>	<u>-</u>	<u>(17,500)</u>
Endowment net assets end of year	<u>\$ 1,219,574</u>	<u>\$ 500,000</u>	<u>\$ 1,719,574</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2014

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets beginning of year	\$ 1,183,431	\$ 500,000	\$ 1,683,431
Investment return:			
Net investment income	21,209	-	21,209
Net appreciation (realized and unrealized)	<u>54,525</u>	<u>-</u>	<u>54,525</u>
Total investment income	<u>75,734</u>	<u>-</u>	<u>75,734</u>
Appropriation of endowment asset for expenditure	<u>(17,500)</u>	<u>-</u>	<u>(17,500)</u>
Endowment net assets end of year	<u>\$ 1,241,665</u>	<u>\$ 500,000</u>	<u>\$ 1,741,665</u>

Funds With Deficiencies - From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in unrestricted net assets. The deficiencies result from unfavorable market fluctuations that have occurred. The Organization did not have such deficiencies as of December 31, 2015 and 2014.

NOTE 8 - Operating Lease

The Organization has a copier lease, which expires in 2017. Expenses under this lease for the years ended December 31, 2015 and 2014 were \$648.

Future minimum payments by year consisted of the following at December 31, 2015:

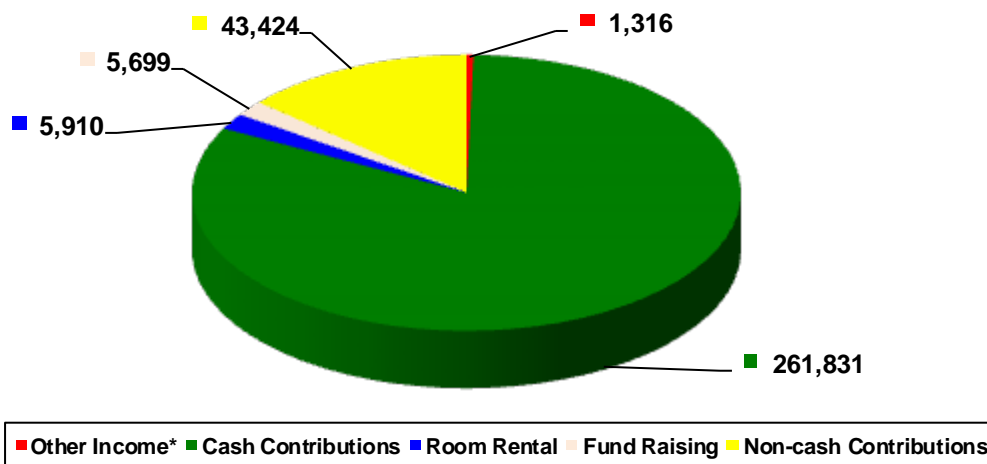
2016	\$ 648
2017	<u>324</u>
	<u>\$ 972</u>

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

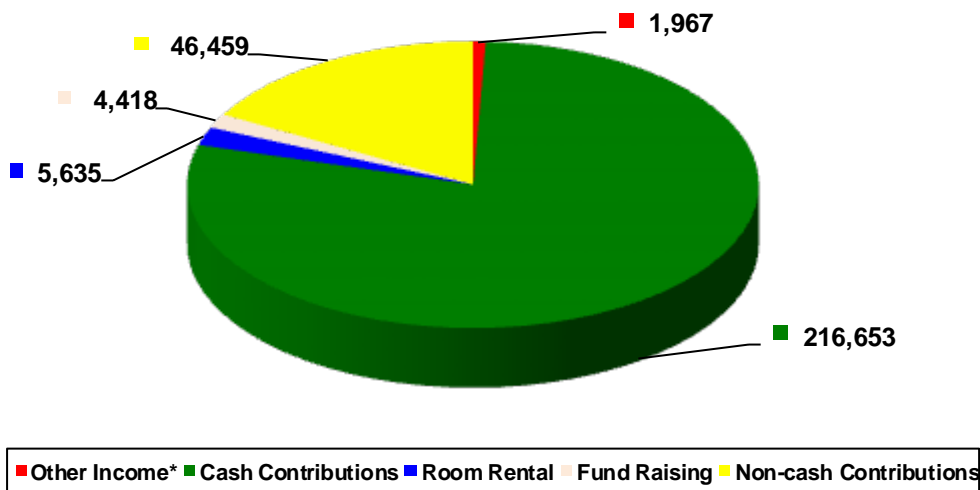
SUPPLEMENTARY INFORMATION

RONALD McDONALD HOUSE CHARITIES OF MARSHFIELD, INC. COMPONENTS OF OPERATING REVENUE GRAPHS

FOR THE YEAR ENDED DECEMBER 31, 2015



FOR THE YEAR ENDED DECEMBER 31, 2014



*Other income includes promotional items and vending machine income. Investment return of (\$2,967) and \$ 77,357 in 2015 and 2014, respectively, and change in value of beneficial interest of (\$1,614) and \$ (\$517) in 2015 and 2014, respectively, are not included in the above graphs.