

**RONALD MCDONALD HOUSE CHARITIES OF OUTSTATE
MICHIGAN, INC**

GRAND RAPIDS, MICHIGAN

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

RONALD MCDONALD HOUSE CHARITIES OF OUTSTATE MICHIGAN, INC
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENTS OF FUNCTIONAL EXPENSES	5
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ronald McDonald House Charities of Outstate Michigan, Inc.
Grand Rapids, MI

Report on the Financial Statements

We have audited the accompanying statements of financial position of the Ronald McDonald House Charities of Outstate Michigan, Inc. (a not-for-profit organization) as of December 31, 2018 and 2017, and the related statements of activities, net assets, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted my 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 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 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 do not express such an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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

We believe, the financial statements referred to above present fairly, in all material aspects, the financial position of the Ronald McDonald House Charities of Outstate Michigan, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

William T Morgan
Morgan and Associates CPAs
Grand Rapids, Michigan

May 14, 2019

RONALD MCDONALD HOUSE CHARITIES OF OUTSTATE MICHIGAN INC
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Cash and Cash Equivalents	\$ 269,194	\$ 370,912
Contributions Receivable, Net (Note 3)	257,894	294,635
Canisters Support Receivable	81,760	80,978
Investments (Note 4)	312,289	327,542
Property and Equipment, Net (Note 5)	-	-
Total Assets	\$ 921,137	\$ 1,074,067
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 24,685	\$ 23,081
Grants Payable	-	100,000
Scholarships Payable (Note 6)	21,607	36,000
Total Current Liabilities	46,292	159,081
Long-Term Liabilities		
Grants Payable	-	100,000
Scholarships Payable (Note 6)	-	18,000
Total Long-Term Liabilities	-	118,000
Total Liabilities	46,292	277,081
NET ASSETS (Note 8)		
Without Donor Restrictions	614,715	497,763
With Donor Restrictions	260,130	299,223
Total Net Assets	874,845	796,986
Total Liabilities and Net Assets	\$ 921,137	\$ 1,074,067

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF OUTSTATE MICHIGAN INC
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 683,441	\$ -	\$ 683,441
Other Income	-	-	-
Net Assets Released from Restrictions	39,093	(39,093)	-
Total Revenues and Other Support	722,534	(39,093)	683,441
EXPENSES			
Program Services	366,431	-	366,431
Supporting Services:			
Management and General Administration	62,862	-	62,862
Fundraising	980	-	980
Unallocated Payments to RMHC Global	160,056	-	160,056
Total Expenses	590,329	-	590,329
CHANGE IN NET ASSETS FROM OPERATIONS	132,205	(39,093)	93,112
INVESTMENT INCOME, NET	(15,253)	-	(15,253)
CHANGE IN NET ASSETS	116,952	(39,093)	77,859
Net Assets - Beginning of Year	497,763	299,223	796,986
NET ASSETS - END OF YEAR	\$ 614,715	\$ 260,130	\$ 874,845

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF OUTSTATE MICHIGAN INC
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 923,485	\$ 7,500	\$ 930,985
Other Income	-	-	-
Net Assets Released from Restrictions	38,072	(38,072)	-
Total Revenues and Other Support	961,557	(30,572)	930,985
EXPENSES			
Program Services	420,758	-	420,758
Supporting Services:			
Management and General Administration	68,680	-	68,680
Fundraising	98,588	-	98,588
Unallocated Payments to RMHC Global	191,047	-	191,047
Total Expenses	779,073	-	779,073
CHANGE IN NET ASSETS FROM OPERATIONS	182,484	(30,572)	151,912
INVESTMENT INCOME, NET	32,478	-	32,478
CHANGE IN NET ASSETS	214,962	(30,572)	184,390
Net Assets - Beginning of Year	282,801	329,795	612,596
NET ASSETS - END OF YEAR	\$ 497,763	\$ 299,223	\$ 796,986

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF OUTSTATE MICHIGAN INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services		Supporting Services		Total
	Other Program Services	Total	Management and General	Fundraising	
Salaries	\$ -	\$ -	\$ 40,000	\$ -	\$ 40,000
Payroll Taxes	-	-	3,068	-	3,068
Total Salaries and Related Expenses	-	-	43,068	-	43,068
Awareness	-	-	-	-	-
Bank Charges	-	-	1,679	-	1,679
Collection Canisters	-	-	-	980	980
Depreciation	-	-	-	-	-
Insurance	-	-	4,087	-	4,087
Grants	366,431	366,431	-	-	366,431
Office Supplies	-	-	1,462	-	1,462
Other Expenses	-	-	217	-	217
Payroll Processing	-	-	1,091	-	1,091
Professional Fees	-	-	6,100	-	6,100
Scholarships	-	-	-	-	-
Technology	-	-	335	-	335
Telephone	-	-	1,675	-	1,675
Travel, Meals, and Entertainment	-	-	3,148	-	3,148
	<u>\$ 366,431</u>	<u>\$ 366,431</u>	<u>\$ 62,862</u>	<u>\$ 980</u>	<u>430,273</u>
Unallocated Payments to RMHC Global					<u>160,056</u>
Total Expenses					<u>\$ 590,329</u>

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF OUTSTATE MICHIGAN INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services		Supporting Services		Total
	Other Program Services	Total	Management and General	Fundraising	
Salaries	\$ -	\$ -	\$ 40,110	\$ -	\$ 40,110
Payroll Taxes	-	-	3,068	-	3,068
Total Salaries and Related Expenses	-	-	43,178	-	43,178
Awareness	-	-	844	-	844
Bank Charges	-	-	2,416	-	2,416
Collection Canisters	-	-	-	98,588	98,588
Depreciation	-	-	235	-	235
Insurance	-	-	4,223	-	4,223
Grants	364,758	364,758	-	-	364,758
Office Supplies	-	-	955	-	955
Other Expenses	-	-	214	-	214
Payroll Processing	-	-	1,098	-	1,098
Professional Fees	-	-	7,420	-	7,420
Scholarships	56,000	56,000	-	-	56,000
Technology	-	-	2,369	-	2,369
Telephone	-	-	1,480	-	1,480
Travel, Meals, and Entertainment	-	-	4,248	-	4,248
	<u>\$ 420,758</u>	<u>\$ 420,758</u>	<u>\$ 68,680</u>	<u>\$ 98,588</u>	<u>588,026</u>
Unallocated Payments to RMHC Global					<u>191,047</u>
Total Expenses					<u>\$ 779,073</u>

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF OUTSTATE MICHIGAN INC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 77,859	\$ 184,390
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	-	235
Net Unrealized Losses (Gains) on Investments	28,548	(16,233)
(Increase) Decrease in Assets:		
Canister Support Receivable	(782)	(19,727)
Contributions Receivable	36,741	35,160
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	1,604	(28,045)
Grants Payable	(200,000)	(100,000)
Scholarships Payable	(32,393)	(14,000)
Net Cash Provided (Used) by Operating Activities	(88,423)	41,780
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(13,295)	(16,246)
Proceeds from Sale of Investments	-	-
Purchases of Property and Equipment	-	-
Net Cash Provided (Used) by Investing Activities	(13,295)	(16,246)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(101,718)	25,534
Cash and Cash Equivalents - Beginning of Year	370,912	345,378
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 269,194	\$ 370,912

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF OUTSTATE MICHIGAN, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ronald McDonald House Charities of Outstate Michigan, Inc. (the Organization) is a Michigan nonprofit charitable corporation formed in 1996. The mission of Ronald McDonald House Charities is to create, find and support programs that directly improve the health and well-being of children. Collectively, RMHC and the network of local Chapters ascribe to five core values: we are focused on the critical needs of children, we lead with compassion, we celebrate the diversity of our people and our programs, we value our heritage and we operate with accountability and transparency.

The Organization supports other select organizations engaged in activities that benefit children. The Organization does not contemplate pecuniary gain or profit to the members thereof. The Organization's primary source of income comes from the National Ronald McDonald House fundraisers and from participating McDonald's restaurants throughout the state of Michigan.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets. Expirations of temporarily restricted net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Organization to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

RONALD MCDONALD HOUSE CHARITIES OF OUTSTATE MICHIGAN, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

Cash equivalents include money market funds and all highly liquid investments with a maturity date of less than three months from the date of purchase. The Organization's cash balances that are maintained in bank accounts may exceed Federal Deposit Insurance Corporation limits from time to time. The Organization has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash.

Contributions Receivable

Contributions receivable are unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Contributions receivable are written off when deemed uncollectible.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses and income are included in the statements of activities.

Property and Equipment

Property and equipment are stated at cost, if purchased, or estimated fair value, if donated, at the date of donation. Additions of \$500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The Organization utilizes office space rent-free in the home of the executive director.

Donated Assets, Property and Equipment, and Services

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization also receives donated services from other contributors and volunteers that are not measurable, and therefore, are excluded from the financial statements.

RONALD MCDONALD HOUSE CHARITIES OF OUTSTATE MICHIGAN, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Unconditional promises to give are recognized as revenue in the period the promise was made. Conditional promises are recorded as revenue when the conditions are substantially met. Contributions, grants, and bequests are recognized as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Expense Allocation

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

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income, if any, from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

RONALD MCDONALD HOUSE CHARITIES OF OUTSTATE MICHIGAN, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity and Availability

The Organization has \$921,137 of financial assets available within one year of the balance sheet date consisting of cash of \$269,194, None of the cash is subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets, which consist of cash on hand to meet 60 days of normal operating expenses, which are on average, approximately \$98,388. If the Organization has excess, they will attempt to purchase short-term treasury instruments.

Financial assets at year end:	2018
Cash and cash equivalents	\$ 269,194
Contributions Receivable	257,894
Canisters Support Receivable	81,760
Investments	312,289
Total financial assets	\$ 921,137
Less amounts not available to be used within one year:	
Net assets with donor restrictions	\$ 260,130
Less net assets with purpose restrictions to be met in less than a year	46,292
	\$ 306,422
Financial assets available to meet general expenditures over the next twelve months	\$ 614,715

NOTE 2 AVAILABILITY OF FINANCIAL ASSETS

Ronald McDonald House Charities of Outstate Michigan Inc financial assets available within one year of the balance sheet date for general expenditure are as follows.

Cash and cash equivalents	\$ 269,194
Contributions Receivable	257,894
Canisters Support Receivable	81,760
Investments	\$ 312,289

RONALD MCDONALD HOUSE CHARITIES OF OUTSTATE MICHIGAN, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist primarily of pledges and bequests as of the years ended December 31:

	2018	2017
Amounts due in:		
Less than One Year	\$ 50,000	\$ 50,000
One to Five Years	250,000	250,000
More than Five Years	--	50,000
Total	300,000	350,000
Unamortized Discount	(42,106)	(55,365)
Allowance for Uncollectibles	-	-
Net Contributions Receivable	\$ 257,894	\$ 294,635

The discount rate used for the years ended December 31, 2018 and 2017 was 4.5%.

NOTE 4 FAIR VALUE MEASUREMENTS

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. A hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Levels within the hierarchy are based on the reliability of inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

The fair values of assets and liabilities measured on a recurring basis as of December 31, 2018 and 2017 are as follows:

RONALD MCDONALD HOUSE CHARITIES OF OUTSTATE MICHIGAN, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

	Cost	Fair Value	Fair Value Measurements at December 31, 2018 Using		
			Level 1	Level 2	Level 3
Assets:					
Investments:					
Mutual Funds:					
Domestic Equity	\$ 193,606	\$ 181,856	\$ 181,856	\$ -	\$ -
Bonds	121,930	120,031	120,031	-	-
Money Market	10,402	10,402	10,402	-	-
Total Investments	<u>\$ 325,938</u>	<u>\$ 312,289</u>	<u>\$ 312,289</u>	<u>\$ -</u>	<u>\$ -</u>

	Cost	Fair Value	Fair Value Measurements at December 31, 2017 Using		
			Level 1	Level 2	Level 3
Assets:					
Investments:					
Mutual Funds:					
Domestic Equity	\$ 183,065	\$ 198,912	\$ 198,912	\$ -	\$ -
Bonds	119,524	118,410	118,410	-	-
Money Market	10,220	10,220	10,220	-	-
Total Investments	<u>\$ 312,809</u>	<u>\$ 327,542</u>	<u>\$ 327,542</u>	<u>\$ -</u>	<u>\$ -</u>

The composition of investment income on the Organization's investment portfolio for the years ended December 31, 2018 and 2017 is as follows:

	2018	2017
Interest and Dividend Income	\$ 13,295	\$ 12,158
Realized and Unrealized Gains (Losses), Net	(28,548)	20,320
Investment Income, Net	<u>\$ (15,253)</u>	<u>\$ 32,478</u>

NOTE 5 PROPERTY AND EQUIPMENT

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

	2018	2017
Donation collection canisters	\$ 347,915	\$ 347,915
Office Furniture and Equipment	770	770
Total, at Cost	348,685	348,685
Accumulated Depreciation	(348,685)	(348,685)
Total Property and Equipment	<u>\$ 0</u>	<u>\$ 0</u>

RONALD MCDONALD HOUSE CHARITIES OF OUTSTATE MICHIGAN, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 6 SCHOLARSHIPS PAYABLE

Scholarships payable in future years as of December 31:

	2018	2017
Amounts due in:		
Less than One Year	\$ 21,607	\$ 36,000
One to Five Years	--	18,000
Net Grants Payable	\$ 21,607	\$ 54,000

NOTE 7 TRANSACTIONS WITH RELATED ENTITIES

Ronald McDonald House Charities (RMHC) is a system of independent, separately registered public benefit organizations, referred to as “Chapters” within the global organization. The Organization is an independent operating Chapter within the RMHC system. Each Chapter is licensed by McDonald's Corporation and Ronald McDonald House Charities, Inc. to use RMHC related trademarks in conjunction with fundraising activities and the operation of its programs; the License Agreement also sets standards of operations for programs, governance, finance, branding and reporting.

Ronald McDonald House Charities, Inc. (RMHC Global), a separately registered nonprofit organization, ensures delivery of the mission across the globe. As a center of excellence, RMHC Global builds and sustains a robust infrastructure of support to the network of Chapters, including operations, licensing and compliance, finance, risk management, communications, marketing and development. The Organization remits to RMHC Global 25% of its revenues from all national fundraising efforts facilitated by RMHC Global, as defined by the license agreement. During the years ended December 31, 2018 and 2017, the Organization paid \$160,056 and \$191,047, respectively, from these revenue streams.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

Subject to expenditure for specified purpose:

Reichle Endowment	\$257,894
Grand For Excellence	<u>2,236</u>
Total Net assets with Donor Restrictions	\$260,130

NOTE 9 GOVERNING BOARD DESIGNATIONS

Ronald McDonald House Charities of Outstate Michigan, Inc.'s governing board has no designated funds as of December 31st, 2018.

RONALD MCDONALD HOUSE CHARITIES OF OUTSTATE MICHIGAN, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 10 CONDITIONAL PROMISE TO GIVE

During 2015, the Organization granted \$400,000 over 41 months, beginning in February 2016, to the Ronald McDonald House of West Michigan for their Safe, Warm, and Dry Project. The funds will be available using Matching Funds, the Reichle Fund, and other available grant funding provided by the Organization. This grant was contingent on Matching Funds being available and final disclosure of each bid with 3 quotes. The conditions were modified in 2016 to allow 2 quotes due to lack of available contractors. The grant received final approval in 2016 and first payment of \$100,000 was made in February 2016, the second payment was made in February 2017, the third payment was made in January 2018 and the fourth and final payment was made in November 2018.

NOTE 11 SUBSEQUENT EVENTS

Management evaluated subsequent events through the date of the Independent Auditor's Report which is when the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.