

Ronald McDonald House Charities of Central Florida, Inc.

Financial Report
December 31, 2013

Contents

Independent Auditor's Report	1
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Financial Statements	
Statements of financial position	2
Statements of activities	3 – 4
Statements of functional expenses	5 – 6
Statements of cash flows	7
Notes to financial statements	8 – 15



Independent Auditor's Report

To the Board of Directors
Ronald McDonald House Charities of Central Florida, Inc.
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Ronald McDonald House Charities of Central Florida, Inc., which comprise the statements of financial position as of December 31, 2013 and 2012, 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.

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities of Central Florida, Inc. as of December 31, 2013 and 2012, 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.

McGladrey LLP

Orlando, Florida
April 11, 2014

Ronald McDonald House Charities of Central Florida, Inc.

Statements of Financial Position
December 31, 2013 and 2012

	2013	2012
Assets		
Cash	\$ 1,890,592	\$ 1,501,953
Pledges receivable, net (Note 2)	227,041	98,831
Investments (Notes 3 and 4)	337,524	281,576
Property and equipment, net (Note 5)	5,627,579	5,794,593
Beneficial interest in assets held by others (Notes 4 and 6)	16,506	14,466
Other assets	3,197	3,197
Total assets	\$ 8,102,439	\$ 7,694,616
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 26,919	\$ 21,291
Total liabilities	26,919	21,291
Net Assets		
Unrestricted:		
Undesignated	1,906,305	1,765,435
Designated for property and equipment	5,627,579	5,794,593
Designated for the J. Darrell Kelley Endowment Fund	16,506	14,466
Total unrestricted net assets	7,550,390	7,574,494
Temporarily restricted (Note 7):		
Passage of time	227,041	98,831
Capital campaign	298,089	-
Total temporarily restricted net assets	525,130	98,831
Total net assets	8,075,520	7,673,325
Total liabilities and net assets	\$ 8,102,439	\$ 7,694,616

See Notes to Financial Statements.

Ronald McDonald House Charities of Central Florida, Inc.

Statements of Activities
Years Ended December 31, 2013 and 2012

	2013		
	Unrestricted	Temporarily Restricted	Total
Operating support and revenues:			
Contributions	\$ 1,062,794	\$ 940,490	\$ 2,003,284
Special events	669,021	4,666	673,687
Program revenues	128,945	-	128,945
Unrealized gains	38,598	-	38,598
Interest and dividends	10,653	-	10,653
Net assets released from restrictions	518,857	(518,857)	-
Total operating support and revenues	2,428,868	426,299	2,855,167
Expenses:			
Program services:			
House operations	1,772,571	-	1,772,571
Fundraising:			
General fundraising	438,055	-	438,055
Capital campaign	47,732	-	47,732
Supporting services:			
General and administrative	108,235	-	108,235
Contributions to Ronald McDonald House Charities, Inc.			
	86,379	-	86,379
Total expenses	2,452,972	-	2,452,972
Change in net assets	(24,104)	426,299	402,195
Net assets:			
Beginning	7,574,494	98,831	7,673,325
Ending	\$ 7,550,390	\$ 525,130	\$ 8,075,520

(Continued)

Ronald McDonald House Charities of Central Florida, Inc.

Statements of Activities (Continued)
Years Ended December 31, 2013 and 2012

	2012		
	Unrestricted	Temporarily Restricted	Total
Operating support and revenues:			
Contributions	\$ 1,291,975	\$ 272,846	\$ 1,564,821
Special events	547,445	7,043	554,488
Program revenues	107,526	-	107,526
Unrealized gains	19,758	-	19,758
Interest and dividends	16,909	-	16,909
Net assets released from restrictions	366,588	(366,588)	-
Total operating support and revenues	2,350,201	(86,699)	2,263,502
Expenses:			
Program services:			
House operations	1,789,553	-	1,789,553
Fundraising:			
General fundraising	462,996	-	462,996
Capital campaign	58,269	-	58,269
Supporting services:			
General and administrative	100,516	-	100,516
Contributions to Ronald McDonald House Charities, Inc.	82,922	-	82,922
Total expenses	2,494,256	-	2,494,256
Change in net assets	(144,055)	(86,699)	(230,754)
Net assets:			
Beginning	7,718,549	185,530	7,904,079
Ending	<u>\$ 7,574,494</u>	<u>\$ 98,831</u>	<u>\$ 7,673,325</u>

See Notes to Financial Statements.

Ronald McDonald House Charities of Central Florida, Inc.

Statements of Functional Expenses
Years Ended December 31, 2013 and 2012

	2013				
	Program Services	Fundraising		Supporting Services	Total
	House Operations	General Fundraising	Capital Campaign	General and Administrative	
Salaries, wages and payroll taxes	\$ 669,574	\$ 160,554	\$ -	\$ 54,224	\$ 884,352
House supplies	395,481	-	-	-	395,481
Depreciation	303,777	-	-	-	303,777
Utilities	94,647	-	-	-	94,647
Professional fees and contract services	20,108	8,678	47,223	18,278	94,287
Special events	-	90,873	-	-	90,873
Repairs and maintenance	75,677	-	-	-	75,677
Office space	46,483	15,273	-	4,648	66,404
Canister maintenance	-	59,438	-	-	59,438
Printing and publishing	7,012	38,847	509	-	46,368
Insurance	45,241	-	-	-	45,241
Linens and laundry	29,278	-	-	-	29,278
Public relations	4,177	18,720	-	-	22,897
Bank charges and credit card fees	-	-	-	18,738	18,738
Cleaning service and supplies	18,345	-	-	-	18,345
Postage	1,724	16,258	-	-	17,982
Telephone	14,322	-	-	754	15,076
Donor recognition and communications	-	14,360	-	-	14,360
Meetings, trainings and seminars	9,963	-	-	4,269	14,232
Miscellaneous	2,440	11,574	-	-	14,014
Travel	3,480	3,480	-	3,481	10,441
Volunteers	10,162	-	-	-	10,162
House programs	6,272	-	-	-	6,272
Auto expense	5,765	-	-	-	5,765
Other house and room management	4,873	-	-	-	4,873
Marketing supplies	-	-	-	3,773	3,773
Dues and subscriptions	2,119	-	-	-	2,119
Taxes and licenses	1,651	-	-	70	1,721
	<u>\$ 1,772,571</u>	<u>\$ 438,055</u>	<u>\$ 47,732</u>	<u>\$ 108,235</u>	<u>2,366,593</u>
Contributions to Ronald McDonald House Charities, Inc.					86,379
					<u>\$ 2,452,972</u>

(Continued)

Ronald McDonald House Charities of Central Florida, Inc.

Statements of Functional Expenses (Continued)
Years Ended December 31, 2013 and 2012

	2012				
	Program Services	Fundraising		Supporting Services	Total
	House Operations	General Fundraising	Capital Campaign	General and Administrative	
Salaries, wages and payroll taxes	\$ 609,581	\$ 155,017	\$ -	\$ 53,430	\$ 818,028
House supplies	407,923	-	-	-	407,923
Depreciation	305,694	-	-	-	305,694
Repairs and maintenance	160,926	-	-	-	160,926
Special events	-	100,383	-	-	100,383
Professional fees and contract services	14,994	7,153	58,253	17,023	97,423
Utilities	95,728	-	-	-	95,728
Canister maintenance	-	70,052	-	-	70,052
Office space	44,813	14,724	-	4,481	64,018
Printing and publishing	8,909	35,029	16	-	43,954
Insurance	36,497	-	-	-	36,497
Uncollectible pledges	-	28,314	-	-	28,314
Linens and laundry	26,420	-	-	-	26,420
Telephone	21,017	-	-	1,106	22,123
Cleaning service and supplies	19,692	-	-	-	19,692
Public relations	2,413	16,254	-	-	18,667
Bank charges and credit card fees	-	-	-	17,620	17,620
Postage	2,310	14,091	-	-	16,401
Miscellaneous	3,978	8,854	-	-	12,832
Donor recognition and communications	-	11,746	-	-	11,746
Volunteers	11,324	-	-	-	11,324
Auto expense	5,861	-	-	-	5,861
Travel	1,379	1,379	-	1,379	4,137
Meetings, trainings and seminars	2,635	-	-	1,129	3,764
House programs	3,565	-	-	-	3,565
Dues and subscriptions	3,154	-	-	-	3,154
Marketing supplies	-	-	-	2,714	2,714
Taxes and licenses	-	-	-	1,634	1,634
Other house and room management	740	-	-	-	740
	<u>\$ 1,789,553</u>	<u>\$ 462,996</u>	<u>\$ 58,269</u>	<u>\$ 100,516</u>	<u>2,411,334</u>
Contributions to Ronald McDonald House Charities, Inc.					82,922
					<u>\$ 2,494,256</u>

See Notes to Financial Statements.

Ronald McDonald House Charities of Central Florida, Inc.

Statements of Cash Flows
Years Ended December 31, 2013 and 2012

	2013	2012
Cash Flows From Operating Activities		
Change in net assets	\$ 402,195	\$ (230,754)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	303,777	305,694
Unrealized gains on investments	(36,706)	(18,355)
Unrealized gains on beneficial interest in assets held by others	(1,892)	(1,403)
Donated property and equipment	(20,184)	(189,538)
Provision for uncollectible pledges	-	28,314
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Pledges receivable	(128,210)	(36,917)
Beneficial interest in assets held by others	(148)	(175)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	5,628	9,633
Net cash provided by (used in) operating activities	524,460	(133,501)
Cash Flows From Investing Activities		
Purchases of investments	(19,242)	(11,289)
Sales of investments	-	67,549
Purchases of property and equipment	(116,579)	(222,372)
Net cash used in investing activities	(135,821)	(166,112)
Net increase (decrease) in cash	388,639	(299,613)
Cash:		
Beginning	1,501,953	1,801,566
Ending	\$ 1,890,592	\$ 1,501,953

See Notes to Financial Statements.

Ronald McDonald House Charities of Central Florida, Inc.

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization: The Ronald McDonald House Charities of Central Florida, Inc. (the "Organization" or "Ronald McDonald House") was incorporated on September 16, 1993 and is a not-for-profit corporation established to create, find and support programs that directly improve the health and well-being of children and families.

House operations: Ronald McDonald House is the Organization's cornerstone program. The two facilities (the "Houses"), with 59 bedrooms combined, provide temporary lodging to families of seriously ill children being treated at Walt Disney Pavilion at Florida Hospital for Children, Florida Hospital Cancer Institute, Arnold Palmer Hospital for Children, Winnie Palmer Hospital for Women & Babies, Nemours Children's Clinic, Nemours Children's Hospital, and other area medical facilities. In 2013, the Houses welcomed 1,850 families, representing 23 countries outside the United States, 35 states, and 51 Florida counties. In 2012, the Houses welcomed 1,725 families, representing 17 countries outside the United States, 33 states, and 50 Florida counties.

A summary of the Organization's significant accounting policies follows:

Accounting principles: A not-for-profit organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the Board of Directors.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be permanently maintained by the Organization. The Organization has no permanently restricted net assets.

The accompanying financial statements have been prepared on the accrual basis of accounting.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of operating support and revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: The Organization considers all highly-liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Organization currently has no cash equivalents.

Ronald McDonald House Charities of Central Florida, Inc.

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Pledges receivable: Promises to give are recognized as revenue in the period received at fair value if they are unconditional promises. Conditional promises are recorded as revenue when the conditions are met. The Organization provides an allowance for uncollectible pledges when necessary. The allowance for uncollectible pledges of \$15,000 as of December 31, 2013 and 2012, reflects management's best estimate of future uncollectible pledges.

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-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue in the accompanying statements of activities.

Investments and investment income: Investments are reported at fair value (see Note 4). Realized gains and losses are recorded at date of disposition based on the difference between the net proceeds received and the cost of the investments sold, using the specific identification method. Unrealized gains and losses are reported for the changes in fair value between reporting periods. Interest and dividends income is recognized when earned. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Property and equipment: Purchased or constructed assets are capitalized at cost. Interest costs incurred during a period of construction are capitalized. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily 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. Improvements and betterments are capitalized while repair and maintenance expenditures are expensed.

Depreciation is recorded using the straight-line method of accounting over the estimated useful lives of the related assets, which ranges from 3 to 39 years.

Impairment of long-lived assets: The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment of long-lived assets has been recognized during the years ended December 31, 2013 and 2012.

Beneficial interest in assets held by others: In accordance with guidance related to accounting for contributions held by an organization for the benefit of another organization which states that organizations that transfer assets to other not-for-profit agencies who specify themselves or their affiliates as the beneficiaries, and has not granted variance power, are not considered expenses and are recorded as a beneficial interest in assets held by others in the statements of financial position at fair value.

Ronald McDonald House Charities of Central Florida, Inc.

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Revenue recognition: Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised, whichever is earlier, at fair value. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

The Organization reports contributions in the temporarily or permanently restricted net assets class if they are received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are released and reclassified to unrestricted net assets in the accompanying statements of activities.

Program revenues, which primarily consist of room donations, are recognized when services are provided to families. Families without the ability to contribute to the program are never turned away and their stay is underwritten by the Organization's donors.

Special events: Revenue from special events is recognized as unrestricted revenue unless the event is held to benefit a specific purpose. Expenses related to these special events are reported as fundraising expenses.

Contributed services and materials: Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services: (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. Contributed materials are recorded at their fair value at the date of the gift.

During the years ended December 31, 2013 and 2012, the Organization recorded contributed services and materials revenue of \$395,592 and \$579,507, respectively. These amounts are shown as revenue in the accompanying statements of activities as a component of unrestricted contributions. Of these amounts, \$20,184 and \$189,538 were capitalized as part of property and equipment during the years ended December 31, 2013 and 2012, respectively. The remaining portion was expensed to house operations in each year, of which \$15,513 and \$8,814 represented contributed services during the years ended December 31, 2013 and 2012, respectively.

Functional expenses: The cost of providing the program and supporting services have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Income taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Statutes. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements.

The Organization follows accounting standards relating to accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying financial statements. The Organization files income tax returns in the U.S. federal jurisdiction. Generally, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before December 31, 2010.

Ronald McDonald House Charities of Central Florida, Inc.

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Subsequent events: Management has assessed subsequent events through April 11, 2014, which is the date these financial statements were available to be issued.

Note 2. Pledges Receivable

Pledges receivable include the following unconditional promises to give at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Amounts due in:		
Less than one year	\$ 136,810	\$ 84,600
One to five years	106,000	30,000
	<u>242,810</u>	<u>114,600</u>
Less allowance for uncollectible pledges	(15,000)	(15,000)
Less unamortized discount	(769)	(769)
	<u>\$ 227,041</u>	<u>\$ 98,831</u>

Note 3. Investments

Investments consist of the following at December 31, 2013 and 2012:

<u>Description</u>	<u>2013</u>		
	Cost	Net Unrealized Gain	Fair Value
Mutual funds:			
Brandywine Fund	\$ 4,565	\$ 2,806	\$ 7,371
Vanguard LifeStrategy Moderate Growth Fund	249,659	68,056	317,715
Common stocks	12,348	90	12,438
	<u>\$ 266,572</u>	<u>\$ 70,952</u>	<u>\$ 337,524</u>

<u>Description</u>	<u>2012</u>		
	Cost	Net Unrealized Gain	Fair Value
Mutual funds:			
Brandywine Fund	\$ 4,565	\$ 845	\$ 5,410
Vanguard LifeStrategy Moderate Growth Fund	242,765	33,401	276,166
	<u>\$ 247,330</u>	<u>\$ 34,246</u>	<u>\$ 281,576</u>

Interest and dividends totaled \$10,653 and \$16,909 during the years ended December 31, 2013 and 2012, respectively.

Ronald McDonald House Charities of Central Florida, Inc.

Notes to Financial Statements

Note 3. Investments (Continued)

The Organization invests in various investment securities in accordance with its investment policy. These investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the uncertainty related to changes in their values, it is reasonable to expect that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balance.

Note 4. Fair Value Measurements

The Organization follows accounting standards relating to fair value measurements which defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards relating to fair value measurements establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Investments and the beneficial interest in assets held by others recorded at fair value in the accompanying statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by this guidance, are as follows:

Level Input	Input Definition
Level 1	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level 2	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.
Level 3	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Fair value of actively traded debt and equity securities are based on quoted market prices. Fair value of inactively traded debt securities are based on quoted market prices of identical or similar securities or based on observable inputs like interest rates using either a market or income valuation approach and are generally classified as Level 2.

The fair value of the Organization's beneficial interest in assets held by others at the Community Foundation of Central Florida, Inc. (the "Foundation") is determined based on the Organization's allocated share of the Foundation's investment pool. Information is provided to the Organization by Foundation management in the form of semiannual investment reports and through the Foundation's annual audit. The beneficial interest in assets held by others at the Foundation primarily consist of Level 1 and Level 2 securities.

Ronald McDonald House Charities of Central Florida, Inc.

Notes to Financial Statements

Note 4. Fair Value Measurements (Continued)

The following table summarizes fair value measurements by level at December 31, 2013 and 2012 for financial assets and liabilities measured at fair value on a recurring basis:

	2013			
	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Mutual funds:				
Brandywine Fund	\$ 7,371	\$ -	\$ -	\$ 7,371
Vanguard LifeStrategy Moderate Growth Fund	317,715	-	-	317,715
Common stocks	12,438	-	-	12,438
Beneficial interest in assets held by others	-	-	16,506	16,506
	\$ 337,524	\$ -	\$ 16,506	\$ 354,030

	2012			
	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Mutual funds:				
Brandywine Fund	\$ 5,410	\$ -	\$ -	\$ 5,410
Vanguard LifeStrategy Moderate Growth Fund	276,166	-	-	276,166
Beneficial interest in assets held by others	-	-	14,466	14,466
	\$ 281,576	\$ -	\$ 14,466	\$ 296,042

The table below sets forth a summary of the changes in the fair value of the Organization's Level 3 financial assets during the years ended December 31, 2013 and 2012:

	2013	2012
	Beneficial Interest in Assets Held by Others	Beneficial Interest in Assets Held by Others
Balance, beginning of year	\$ 14,466	\$ 12,888
Unrealized gains	1,892	1,403
Purchases	148	175
Balance, end of year	\$ 16,506	\$ 14,466

Ronald McDonald House Charities of Central Florida, Inc.

Notes to Financial Statements

Note 5. Property and Equipment

Property and equipment at December 31, 2013 and 2012 are summarized as follows:

	<u>2013</u>	<u>2012</u>
Land	\$ 394,013	\$ 394,013
Buildings and improvements	7,005,106	6,953,443
Equipment	645,093	584,123
Furniture and fixtures	425,353	421,893
	<u>8,469,565</u>	<u>8,353,472</u>
Less accumulated depreciation	<u>(2,841,986)</u>	<u>(2,558,879)</u>
	<u>\$ 5,627,579</u>	<u>\$ 5,794,593</u>

During the years ended December 31, 2013 and 2012, depreciation expense was \$303,777 and \$305,694, respectively.

Note 6. Beneficial Interest in Assets Held by Others

During 2004, the Organization transferred assets in the amount of \$10,000 to the Community Foundation of Central Florida, Inc. (the "Foundation") to establish the J. Darrell Kelley – Ronald McDonald House Charities of Central Florida Endowment Fund, a permanent Agency Endowment Fund. As part of the transfer, the Foundation was granted no power to redirect the use of the assets to another beneficiary. On an annual basis, the Foundation distributes net income from this fund to the Organization as determined by the Foundation's spending policy. At December 31, 2013 and 2012, the endowment fund has a fair value of \$16,506 and \$14,466, respectively, which is included in the accompanying statements of financial position as beneficial interest in assets held by others.

Note 7. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2013 and 2012 are restricted for the following purposes:

	<u>2013</u>	<u>2012</u>
Passage of time (time restriction)	\$ 227,041	\$ 98,831
Capital campaign	298,089	-
	<u>\$ 525,130</u>	<u>\$ 98,831</u>

Pledges receivable are included in temporarily restricted net assets until the stipulated time restriction ends and the funds are collected.

Ronald McDonald House Charities of Central Florida, Inc.

Notes to Financial Statements

Note 8. Commitment

The Organization leases office space under a non-cancelable operating lease agreement expiring in December 2016. Commitments for minimum future rentals, by year and in the aggregate, to be paid under this operating lease are as follows:

Year Ending December 31,	Amount
2014	\$ 48,020
2015	50,421
2016	52,822
	<u>\$ 151,263</u>

Note 9. Retirement Plan

The Organization maintains a defined contribution retirement plan under section 403(b) of the Internal Revenue Code. Employees may make voluntary contributions up to federal limits. The Organization is entitled to make discretionary matching contributions to be determined by the board of directors annually. Employer contributions immediately vest at 100%. Employer contributions were approximately \$20,200 and \$20,300 for the years ended December 31, 2013 and 2012, respectively.