Ronald McDonald House Charities in Omaha, Inc.

Omaha, Nebraska

Financial Statements
December 31, 2017 and 2016

Together with Independent Auditor's Report

Ronald McDonald House Charities in Omaha, Inc.

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SEIM JOHNSON

Independent Auditor's Report

To the Board of Directors of
Ronald McDonald House Charities in Omaha, Inc.
Omaha, Nebraska:

Report on the Financial Statements

We have audited the accompanying financial statements of Ronald McDonald House Charities in Omaha, Inc. which comprise the statements of financial position as of December 31, 2017 and 2016, the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements (collectively, 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 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 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 in Omaha, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

SEIM JOHNSON, LLP

Omaha, Nebraska,
May 3, 2018.

Ronald McDonald House Charities in Omaha, Inc.

Statements of Financial Position
December 31, 2017 and 2016

		2017	2016
ASSETS			
Cash and cash equivalents	$	798,538	483,191
Accounts receivable		18,131	--
Contributions receivable, net		3,466,799	446,769
Grants receivable		10,000	24,612
Prepaid expenses		17,538	14,674
Other assets		20,000	--
Cash and cash equivalents restricted for long-term purpose		3,191,877	123,124
Investments		2,163,569	1,720,440
Beneficial use of land		138,697	144,227
Property and equipment, net		1,739,385	1,231,373
Total assets	$	11,564,534	4,188,410
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable	$	12,910	38,923
Construction payables		341,967	--
Accrued expenses		88,975	27,982
Total liabilities		443,852	66,905
Commitments			
Net assets:			
Unrestricted		3,771,778	3,383,542
Temporarily restricted		7,348,904	737,963
Total net assets		11,120,682	4,121,505
Total liabilities and net assets	$	11,564,534	4,188,410

See notes to financial statements

Ronald McDonald House Charities in Omaha, Inc.

Statements of Activities
For the Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT:						
Contributions and grants	$ 623,427	7,163,131	7,786,558	657,705	584,486	1,242,191
Special events revenue	338,774	75,000	413,774	306,478	--	306,478
Less: Direct benefit costs	(79,342)	--	(79,342)	(90,265)	--	(90,265)
Net revenue from special events	259,432	75,000	334,432	216,213	--	216,213
Canister program	161,352	--	161,352	152,436	--	152,436
RMH room donation and fees	11,809	--	11,809	14,241	--	14,241
Other income	21,987	--	21,987	30,116	--	30,116
Net assets released from restrictions	627,190	(627,190)	--	12,017	(12,017)	--
Total revenues and other support	1,705,197	6,610,941	8,316,138	1,082,728	572,469	1,655,197
EXPENSES:						
Program services	837,951	--	837,951	684,808	--	684,808
Supporting services -						
Management and general	281,483	--	281,483	184,107	--	184,107
Fundraising	377,963	--	377,963	446,344	--	446,344
Unallocated payments to RMHC Global	25,103	--	25,103	32,309	--	32,309
Total expenses	1,522,500	--	1,522,500	1,347,568	--	1,347,568
CHANGE IN NET ASSETS FROM OPERATIONS	182,697	6,610,941	6,793,638	(264,840)	572,469	307,629
INVESTMENT INCOME, NET	205,539	--	205,539	105,677	--	105,677
CHANGE IN NET ASSETS	388,236	6,610,941	6,999,177	(159,163)	572,469	413,306
NET ASSETS, BEGINNING OF YEAR	3,383,542	737,963	4,121,505	3,542,705	165,494	3,708,199
NET ASSETS, END OF YEAR	$ 3,771,778	7,348,904	11,120,682	3,383,542	737,963	4,121,505

See notes to financial statements

Ronald McDonald House Charities in Omaha, Inc.

Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 6,999,177	413,306
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	108,753	123,239
Realized and unrealized gains on investments, net	(169,279)	(77,881)
Amortization of beneficial use of land	5,530	5,530
Donated securities	(1,350,792)	(17,912)
Proceeds from sale of donated securities	2,982	17,912
Contributions restricted for long-term purpose	(7,161,931)	(569,893)
(Increase) decrease in assets -		
Accounts receivable	(18,131)	300
Contributions receivable	(75,000)	--
Grants receivable	14,612	(24,612)
Prepaid expenses	(2,864)	(7,316)
Other assets	(20,000)	--
Increase (decrease) in liabilities -		
Accounts payable	(26,013)	17,115
Accrued expenses	60,993	2,154
Net cash used in operating activities	(1,631,963)	(118,058)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in cash and cash equivalents restricted for long-term purpose	(3,068,753)	(123,124)
Purchases of investments	(668,689)	(27,287)
Proceeds from sale of investments	1,742,649	--
Purchases of property and equipment	(274,798)	(546)
Net cash used in investing activities	(2,269,591)	(150,957)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the sale of donated securities for long-term purpose	1,347,810	--
Proceeds from contributions restricted for long-term purpose	2,869,091	123,124
Net cash provided by financing activities	4,216,901	123,124
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	315,347	(145,891)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	483,191	629,082
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 798,538	483,191
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:		
Donated securities	$ 1,350,792	17,912
Property in payables	$ 341,967	--

See notes to financial statements

Ronald McDonald House Charities in Omaha, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program Services			Supporting Services		
	Ronald McDonald House	Ronald McDonald Care Mobile	Total	Management and General	Fundraising	Total
Salaries	$ 318,180	--	318,180	166,298	100,867	585,345
Employee health and retirement benefits	30,524	--	30,524	20,636	12,517	63,677
Payroll taxes	26,454	--	26,454	10,771	6,533	43,758
Total salaries and related expenses	375,158	--	375,158	197,705	119,917	692,780
Amortization of beneficial use of land	5,530	--	5,530	--	--	5,530
Campaign	--	--	--	--	123,384	123,384
Canister program fees	--	--	--	--	19,140	19,140
Caremobile	--	69,690	69,690	--	--	69,690
Depreciation	108,753	--	108,753	--	--	108,753
Development	--	--	--	--	15,438	15,438
Direct mail	--	--	--	--	59,817	59,817
House supplies	133,282	--	133,282	--	--	133,282
Insurance	19,891	--	19,891	--	--	19,891
Investment expenses	--	--	--	4,330	--	4,330
Grants	5,647	--	5,647	--	--	5,647
Maintenance and repair	6,989	--	6,989	--	--	6,989
Marketing	--	--	--	--	13,077	13,077
Meetings, training, and seminars	2,101	--	2,101	1,420	861	4,382
Office supplies	2,009	--	2,009	1,358	823	4,190
Other program services	8,178	--	8,178	--	--	8,178
Other expenses	887	--	887	9,244	363	10,494
Postage	--	--	--	2,901	--	2,901
Professional fees	--	--	--	68,073	--	68,073
Security expense	44,761	--	44,761	--	--	44,761
Special events	--	--	--	--	20,330	20,330
Technology	13,737	--	13,737	--	4,338	18,075
Telephone	8,653	--	8,653	--	--	8,653
Travel, meals, and entertainment	1,158	--	1,158	782	475	2,415
Utilities	30,510	--	30,510	--	--	30,510
Volunteer recognition	1,017	--	1,017	--	--	1,017
Total allocated expenses	768,261	69,690	837,951	285,813	377,963	1,501,727
Less: investment expenses	--	--	--	(4,330)	--	(4,330)
Total expenses before unallocated payments	$ 768,261	69,690	837,951	281,483	377,963	1,497,397
Unallocated payments to RMHC Global						25,103
Total expenses						$ 1,522,500

See notes to financial statements

Ronald McDonald House Charities in Omaha, Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2016

	Program Services			Supporting Services		
	Ronald McDonald House	Ronald McDonald Care Mobile	Total	Management and General	Fundraising	Total
Salaries	$ 279,234	--	279,234	83,760	136,440	499,434
Employee health and retirement benefits	27,190	--	27,190	13,326	21,708	62,224
Payroll taxes	24,276	--	24,276	6,587	10,729	41,592
Total salaries and related expenses	330,700	--	330,700	103,673	168,877	603,250
Amortization of beneficial use of land	5,530	--	5,530	--	--	5,530
Campaign	--	--	--	--	125,405	125,405
Canister program fees	--	--	--	--	23,623	23,623
Caremobile	--	66,600	66,600	--	--	66,600
Depreciation	123,239	--	123,239	--	--	123,239
Development	--	--	--	--	15,554	15,554
Direct mail	--	--	--	--	41,082	41,082
House supplies	56,780	--	56,780	--	--	56,780
Insurance	24,121	--	24,121	--	--	24,121
Investment expenses	--	--	--	4,314	--	4,314
Grants	1,444	--	1,444	--	--	1,444
Maintenance and repair	8,832	--	8,832	--	--	8,832
Marketing	--	--	--	--	9,139	9,139
Meetings, training, and seminars	6,347	--	6,347	3,111	5,068	14,526
Office supplies	1,659	--	1,659	813	1,325	3,797
Other program services	10,603	--	10,603	--	--	10,603
Other expenses	707	--	707	6,329	565	7,601
Postage	--	--	--	3,445	--	3,445
Professional fees	--	--	--	66,081	--	66,081
Security expense	--	--	--	--	--	--
Special events	--	--	--	--	41,237	41,237
Technology	7,250	--	7,250	--	13,403	20,653
Telephone	7,568	--	7,568	--	--	7,568
Travel, meals, and entertainment	1,336	--	1,336	655	1,066	3,057
Utilities	30,120	--	30,120	--	--	30,120
Volunteer recognition	1,972	--	1,972	--	--	1,972
Total allocated expenses	618,208	66,600	684,808	188,421	446,344	1,319,573
Less: investment expenses	--	--	--	(4,314)	--	(4,314)
Total expenses before unallocated payments	$ 618,208	66,600	684,808	184,107	446,344	1,315,259
Unallocated payments to RMHC Global						32,309
Total expenses						$ 1,347,568

See notes to financial statements

(1) Organization and Summary of Significant Accounting Policies

The following is a description of the organization and a summary of the significant accounting policies of Ronald McDonald House Charities in Omaha, Inc. These policies are in accordance with accounting principles generally accepted in the United States of America (GAAP).

A. Description of Organization

Ronald McDonald House Charities in Omaha, Inc. (the Organization) was established in 1994 and provides temporary housing for seriously ill or injured children and their families while the children are receiving treatment at nearby Omaha area hospitals. The Organization is supported primarily through donor contributions.

The Organization has a licensing agreement with McDonald's Corporation to use certain trade and service marks and related copyrights in connection with the Organization's mission and fundraising activities. The agreement contains various terms and conditions, which include maintaining certain board composition, providing independent audited financial statements within five and one half months of fiscal year-end on an annual basis, and remitting 25% of certain fundraising contributions on a quarterly basis. The agreement may be terminated by either party, with or without cause, upon 30 days written notice. Upon termination of the license, the Organization has to immediately cease the further use of any names, trademarks or copyrights of McDonald's Corporation.

B. Basis of Accounting

The Organization maintains its accounting records and prepares its financial statements on the accrual basis of accounting in accordance with GAAP. The accompanying financial statements have been prepared in accordance with accounting standards for financial statements of not-for-profit organizations. Under these standards, the Organization is required to report information regarding its financial position and activities according to the following three classes of net assets:

- *Unrestricted* – Net assets that are not subject to donor-imposed stipulations even though their use may be limited in other respects, such as by contract or by board designation. As of December 31, 2017 and 2016, the Organization had no board designated net assets.
- *Temporarily restricted* – Net assets whose use by the Organization has been limited by donors to later periods of time, or after specified dates, or to specified purposes.
- *Permanently restricted* – Net assets whose use by the Organization has donor-imposed restrictions that stipulate resources be maintained permanently, but permits the Organization to use up or expend part or all of the income (or economic benefits) derived from the donated assets. As of December 31, 2017 and 2016, the Organization had no permanently restricted net assets.

C. Use of Estimates

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

D. Cash and Cash Equivalents

Cash and cash equivalents, for purposes of the statements of cash flows, include all highly liquid investments with an original maturity of three months or less from the date of purchase and exclude cash and cash equivalents held in the investment portfolio or restricted for a long-term purpose.

E. Promises to Give

Unconditional promises to give, including grants receivable, 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 fair value, which is measured as 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. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The receivables are reviewed for collectability and a provision for uncollectible amounts is recorded based on management's judgment and an analysis of individual donors, past collection experience and other relevant factors.

F. Investments

All investments are measured at fair value in the statements of financial position. Gains or losses on investments are recognized as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

G. Fair Value of Financial Instruments

The Organization applies the provisions included in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements. Fair value is defined as 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. At December 31, 2017 and 2016, there were no nonfinancial items recognized or disclosed at fair value and there were no financial assets or liabilities measured at fair value in the financial statements on a nonrecurring basis.

H. Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair value on the date donated. The Organization maintains a capitalization policy of $2,500. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Building and improvements	39 years
Office furniture and equipment	5 – 10 years

When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any resulting gain or loss on disposition is reflected in operations. Repairs and maintenance are expensed as incurred; expenditures for additions, improvements and replacements are capitalized.

Gifts of cash that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the long-lived assets are acquired.

I. Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and has received a determination letter that it is exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. The Internal Revenue Service has established standards to be met to maintain the Organization's tax exempt status.

J. Donor Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received and the conditions are substantially met. The contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

K. Gifts In-Kind and Contributed Services

The Organization receives gifts in-kind, such as food, toys, clothing and other house supplies for use in providing temporary housing to families. Gifts in-kind revenue is recognized in circumstances in which the Organization has sufficient discretion over the use and disposition of the items to recognize a contribution. Gifts in-kind are valued and recorded as revenue at their estimated fair value at the time the contribution is received. In-kind contributions of program supplies amounting to $126,247 and $46,831 are included in contributions and grants revenue in the statements of activities for the years ended December 31, 2017 and 2016, respectively.

Gifts of property and equipment are recorded at fair value at the date of the gift. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

L. Functional Allocation of Expenses

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

M. Advertising

Advertising costs are expensed as incurred and amounted to $13,077 and $9,139 for the years ended December 31, 2017 and 2016, respectively.

N. Recently Issued Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. This ASU will be effective for the Organization for fiscal years beginning after December 15, 2017. The Organization is currently evaluating the effect on the financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU No. 2016-18 will be effective for the Organization beginning on January 1, 2019 and must be applied using a retrospective transition method with early adoption permitted. The Organization is currently evaluating the effect that the standard will have on the financial statements.

O. Subsequent Events

The Organization considered events occurring through May 3, 2018 for recognition or disclosure in the financial statements as subsequent events. That date is the date the financial statements were available to be issued.

(2) Contributions Receivable, Net

In 2016, the Organization initiated the *Hope and Healing Expansion* capital campaign (the Campaign). The priority of the Campaign is to expand onto the existing house in order to serve more families and better serve existing residents. The project cost is estimated at approximately $10 million and includes adding square footage for additional guest rooms, as well as renovating the existing house. Included in contributions receivable are the following unconditional promises to give for the Campaign at December 31, 2017 and 2016:

		2017	2016
Campaign	$	3,496,814	464,143
Event sponsorship for future years		75,000	--
Contributions receivable, gross	$	3,571,814	464,143
Amounts due in:			
Less than one year	$	1,052,800	254,343
One to five years		2,519,014	209,800
Contributions receivable, gross		3,571,814	464,143
Less: Discounts for time value of money		(105,015)	(17,374)
Contributions receivable, net	$	3,466,799	446,769

The discount rates for 2017 and 2016 were 2.25% and 2.45%, respectively.

(3) Conditional Promises to Give

Conditional promises to give are not included as support until the conditions are substantially met. During 2017, the Organization received a conditional promise to give of $150,000 for operations contingent upon securing matching gifts of $50,000 in increments of $10,000 or greater for unrestricted general operating support in each of the next three fiscal years. The funding must be secured by September 30 of each year.

During 2016, the Organization received two $1 million promises to give to the Campaign. These promises to give are subject to certain conditions specified by the donors and are primarily dependent on future sales of product by certain McDonald's locations and raising the balance of funding needed for the Campaign. The balance of funding needed for the Campaign was raised in 2017 so the $1 million promise to give was recognized as revenue in 2017 when the conditions were met. The future cash flows of the remaining $1 million conditional promise to give is expected to be received over the next five to ten years in various installments.

(4) Fair Value of Financial Instruments

FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (level 3 measurements). The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs are unobservable for the asset or liability.

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value. For the years ended December 31, 2017 and 2016, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Money market – Money market funds are recorded at fair value using quoted market prices.

Exchange-traded funds – Exchange-traded funds are traded on a national securities exchange and are valued at the net asset value of the underlying investments.

Debt securities – Debt securities include corporate bonds, the fair values of which are based on quoted market prices, if available, or estimated using pricing models, quoted prices of similar securities with similar characteristics, or discounted cash flows.

The tables on the following page present the balances of investment securities measured at fair value on a recurring basis at December 31, 2017 and 2016.

	2017			
	Level 1	Level 2	Level 3	Total
Money market	$ 513,700	--	--	513,700
Exchange-traded funds:				
Large value	186,592	--	--	186,592
Large growth	400,852	--	--	400,852
Large blend	266,948	--	--	266,948
Mid-cap growth	--	--	--	--
Mid-cap blend	178,728	--	--	178,728
Small blend	69,466	--	--	69,466
Ultrashort bond	56,366	--	--	56,366
Intermediate-term bond	103,645	--	--	103,645
Corporate bonds	186,530	--	--	186,530
Debt securities:				
Corporate bonds	--	200,742	--	200,742
	$ 1,962,827	200,742	--	2,163,569

	2016			
	Level 1	Level 2	Level 3	Total
Money market	$ 49,705	--	--	49,705
Exchange-traded funds:				
Large value	163,253	--	--	163,253
Large growth	317,718	--	--	317,718
Large blend	89,574	--	--	89,574
Mid-cap growth	33,160	--	--	33,160
Mid-cap blend	119,836	--	--	119,836
Small blend	60,611	--	--	60,611
Ultrashort bond	400,254	--	--	400,254
Intermediate-term bond	102,441	--	--	102,441
Corporate bonds	181,851	--	--	181,851
Debt securities:				
Corporate bonds	--	202,037	--	202,037
	$ 1,518,403	202,037	--	1,720,440

(5) Investment Income, Net

A summary of investment income, net, for the years ended December 31, 2017 and 2016 is as follows:

	2017	2016
Interest and dividend income	$ 40,590	32,110
Realized and unrealized gains, net	169,279	77,881
Less: Investment expenses	(4,330)	(4,314)
Investment income, net	$ 205,539	105,677

(6) Property and Equipment

A summary of property and equipment at December 31, 2017 and 2016 is as follows:

		2017	2016
Building and improvements	$	2,137,628	2,137,628
Construction in progress		607,242	--
Office furniture and equipment		536,519	607,183
Automobiles		28,570	28,570
Total, at cost		3,309,959	2,773,381
Less: Accumulated depreciation		(1,570,574)	(1,542,008)
Property and equipment, net	$	1,739,385	1,231,373

(7) Beneficial Use of Land

In February 1993, the Organization entered into a fifty-year lease with the University of Nebraska Medical Center for land that is situated under the existing structures of the Organization. Under the terms of the lease, the Organization is obligated to pay annual rentals of $1 through January 31, 2043. Title to the building and improvements erected in or on the leased premises remain the Organization's during the term of the lease. Upon termination of the lease, ownership of the Organization's building and improvements will revert to the University of Nebraska Medical Center.

Temporarily restricted contribution revenue not to exceed the fair value of the land at the time the unconditional promise to give was received was recognized when the Organization entered into the lease agreement. The remaining value of the beneficial use of land is included in temporarily restricted net assets as of December 31, 2017 and 2016. The use of the land is being recognized as expense over the term of the lease agreement on a straight-line basis. Amortization expense of $5,530 was recognized for the beneficial use of the land for the years ended December 31, 2017 and 2016.

(8) Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at December 31, 2017 and 2016:

		2017	2016
Capital campaign	$	7,074,583	569,893
Beneficial use of land		138,697	144,227
Time restricted		75,000	--
Garden		50,000	--
Transportation		8,626	9,250
Technology		--	10,960
House supplies		962	2,597
Other		1,036	1,036
	$	7,348,904	737,963

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

		2017	2016
Capital campaign	$	607,241	--
Beneficial use of land		5,530	5,530
Transportation		624	6,487
Technology		10,960	--
House supplies		1,635	--
Other		1,200	--
	$	627,190	12,017

(9) Commitments

The Organization has an agreement with One World Community Health Centers (One World) to contribute each fiscal year at least 20% of the annual expenses incurred by One World to operate the Ronald McDonald Care Mobile. The agreement may be terminated at any time upon written agreement. No liability has been reflected in the statements of financial position related to this commitment. Expense for the program for the years ended December 31, 2017 and 2016 was $69,690 and $66,600, respectively.

As of December 31, 2017, the Organization was committed to approximately $6.3 million in building additions and improvements related to the Campaign. The commitments are expected to be funded through donor contributions and bank financing (see Note 14).

(10) Contributed Services

A summary of contributed services at December 31, 2017 and 2016 is as follows:

		2017	2016
Management and general:			
Auditing services	$	2,700	3,768
Legal services		3,663	850
	$	6,363	4,618

(11) Retirement Plan

The Organization participates in a multiemployer defined contribution 403(b) plan which is available to substantially all employees. The Organization matches contributions made by the employees not to exceed 3% of a participant's compensation. Employees are immediately 100% vested in all matching or discretionary contributions made by the Organization. Contribution expense for the years ended December 31, 2017 and 2016 was $12,643 and $12,627, respectively.

(12) Related Party Transactions

The Organization received support of approximately $43,000 and $95,000 for the years ended December 31, 2017 and 2016, respectively, from related parties, primarily board members, including organizations where board members are a principal owner or member of management. Related party receivables included in contributions receivable, net amounted to $16,300 and $5,975 as of December 31, 2017 and 2016, respectively.

In addition, the Organization paid approximately $90,000 for the year ended December 31, 2017 to a company owned by a board member for marketing and fundraising services.

Subsequent to year-end, the Organization entered into a loan agreement with Premier Bank and certain loan documents were signed on behalf of Premier Bank by an immediate family member of a board member. See Note 14.

(13) Concentrations, Risks and Uncertainties

The Organization maintains bank accounts in which balances may at times exceed the federally insured limit. Management believes the risk relating to these deposits is minimal.

The Organization routinely invests its funds in fixed income and equity exchange-traded funds and corporate bonds. Investment in these securities is not entirely insured or guaranteed; however, management believes that credit risk related to these investments is minimal.

Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

(14) Subsequent Event

In March 2018, the Organization entered into a loan agreement with Premier Bank related to the Series 2018 Revenue Bond issued by the County of Douglas, Nebraska. The agreement allows for advances of a principal sum not to exceed $6 million for the purpose of financing the construction of the Campaign. The loan is secured by substantially all assets of the Organization through a Deed of Trust, including all real and personal property, leases and subleases, and any proceeds received, including rents. Interest payments on any outstanding principal are due monthly at a rate of 3.25% through May 1, 2023, and thereafter at an annual rate equal to the greater of 3.25% or 200 basis points over the 3-month LIBOR rate in effect on May 1, 2023. Payments of principal can be made at any time throughout the loan period without penalty and any outstanding principal is due at maturity on April 1, 2028. The loan includes certain covenants, including providing annual financial statements no later than 120 days after fiscal year-end.