

***RONALD MCDONALD HOUSE CHARITIES
OF TAMPA BAY, INC.***

FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

TABLE OF CONTENTS

	Page
<i>INDEPENDENT AUDITORS' REPORT</i>	1
Financial Statements for the Years Ended December 31, 2010 and 2009:	
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 – 21



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Clearwater, FL 33761

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Ronald McDonald House Charities
of Tampa Bay, Inc.

We have audited the accompanying statements of financial position of Ronald McDonald House Charities of Tampa Bay, Inc. (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 Tampa Bay, Inc. as of December 31, 2010 and 2009, 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.

Clearwater, Florida
June 1, 2011

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2010 AND 2009

ASSETS

	<u>2010</u>	<u>2009</u>
Cash - temporarily restricted	\$ 262,161	\$ 564,130
Certificates of deposit	-	101,062
Certificates of deposit - temporarily restricted	116,573	13,371
Unconditional promises to give, net - temporarily restricted	50,782	82,255
Other receivables	9,250	-
Prepaid expenses	19,334	23,200
Investments - unrestricted	6,330,257	5,446,171
Investments - temporarily restricted	453,022	503,419
Investments - permanently restricted	1,589,432	1,496,416
Property and equipment, net	<u>3,181,678</u>	<u>3,083,928</u>
<i>Total Assets</i>	<u><u>\$ 12,012,489</u></u>	<u><u>\$ 11,313,952</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 33,952	\$ 60,182
Accrued expenses	64,773	52,397
Deferred revenue	45,000	28,750
<i>Total liabilities</i>	<u>143,725</u>	<u>141,329</u>

Net Assets

Unrestricted net assets		
Unrestricted - property and equipment	3,181,678	3,083,928
Unrestricted - other	6,106,632	5,429,104
	<u>9,288,310</u>	<u>8,513,032</u>
Temporarily restricted	991,022	1,163,175
Permanently restricted	1,589,432	1,496,416
<i>Total net assets</i>	<u>11,868,764</u>	<u>11,172,623</u>
<i>Total Liabilities and Net Assets</i>	<u><u>\$ 12,012,489</u></u>	<u><u>\$ 11,313,952</u></u>

See accompanying notes to financial statements

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues				
Contributions	\$ 1,554,682	\$ 51,850	\$ -	\$ 1,606,532
Contributions-non-cash	342,864	-	-	342,864
Guest donations	80,720	-	-	80,720
Special events, net of direct costs of \$385,537	367,030	-	-	367,030
Interest income	33,832	-	-	33,832
Dividend income	216,777	-	-	216,777
Capital gain distribution income	32,615	-	-	32,615
Realized loss on investments	(8,884)	-	-	(8,884)
Unrealized gain on investments	422,593	38,896	93,016	554,505
Other revenue	33,429	-	-	33,429
Net assets released from restrictions	262,899	(262,899)	-	-
Total revenues	<u>3,338,557</u>	<u>(172,153)</u>	<u>93,016</u>	<u>3,259,420</u>
Expenses				
Program services	2,072,058	-	-	2,072,058
Management and general	160,069	-	-	160,069
Fundraising	205,680	-	-	205,680
Total expenses	<u>2,437,807</u>	<u>-</u>	<u>-</u>	<u>2,437,807</u>
Other Revenue (Expense)				
Bad debt expense	-	-	-	-
Unallocated payments to RMHC Global	(125,472)	-	-	(125,472)
Total other revenue (expenses)	<u>(125,472)</u>	<u>-</u>	<u>-</u>	<u>(125,472)</u>
Change in Net Assets	775,278	(172,153)	93,016	696,141
Net Assets at Beginning of Year	<u>8,513,032</u>	<u>1,163,175</u>	<u>1,496,416</u>	<u>11,172,623</u>
Net Assets at End of Year	<u>\$ 9,288,310</u>	<u>\$ 991,022</u>	<u>\$ 1,589,432</u>	<u>\$ 11,868,764</u>

See accompanying notes to financial statements

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues				
Contributions	\$ 1,306,279	\$ 102,910	\$ -	\$ 1,409,189
Contributions-non-cash	122,573	-	-	122,573
Guest donations	117,353	-	-	117,353
Special events, net of direct costs of \$288,070	373,650	-	-	373,650
Interest income	44,540	-	-	44,540
Dividend income	180,548	-	-	180,548
Capital gain distribution income	6,513	-	-	6,513
Realized loss on investments	(81,470)	-	-	(81,470)
Unrealized gain on investments	749,393	184,743	273,985	1,208,121
Other revenue	41,436	-	-	41,436
Net assets released from restrictions	301,955	(301,955)	-	-
Total revenues	<u>3,162,770</u>	<u>(14,302)</u>	<u>273,985</u>	<u>3,422,453</u>
Expenses				
Program services	1,765,901	-	-	1,765,901
Management and general	130,507	-	-	130,507
Fundraising	236,972	-	-	236,972
Total expenses	<u>2,133,380</u>	<u>-</u>	<u>-</u>	<u>2,133,380</u>
Other Revenue (Expense)				
Bad debt expense	(15,200)	-	-	(15,200)
Unallocated payments to RMHC Global	(85,817)	-	-	(85,817)
Total other revenue (expenses)	<u>(101,017)</u>	<u>-</u>	<u>-</u>	<u>(101,017)</u>
Change in Net Assets	928,373	(14,302)	273,985	1,188,056
Net Assets at Beginning of Year	<u>7,584,659</u>	<u>1,177,477</u>	<u>1,222,431</u>	<u>9,984,567</u>
Net Assets at End of Year	<u>\$ 8,513,032</u>	<u>\$ 1,163,175</u>	<u>\$ 1,496,416</u>	<u>\$ 11,172,623</u>

See accompanying notes to financial statements

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2010

Program Services

	<i>Tampa House</i>	<i>St.Pete Houses</i>	<i>All Children's Hospital</i>	<i>Care Mobile</i>	<i>Scholarships and Grants</i>	<i>Total Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total</i>
Salaries	\$ 127,501	\$ 475,148	\$ 105,655	\$ 8,804	\$ 4,804	\$ 721,912	\$ 63,532	\$ 93,392	\$ 878,836
Payroll taxes	8,448	33,266	7,075	501	501	49,791	4,678	6,875	61,344
Health insurance	17,139	107,317	5,277	448	448	130,629	4,179	6,145	140,953
Retirement plan expense	4,084	12,022	4,084	225	225	20,640	2,449	4,138	27,227
Legal and professional fees	-	-	-	-	-	-	55,348	-	55,348
Food service and supplies	1,644	16,582	2,557	-	-	20,783	-	-	20,783
Rent	40,500	-	142,721	-	-	183,221	-	-	183,221
Utilities	45,497	87,878	508	178	178	134,239	1,805	2,776	138,820
Repairs and maintenance	35,730	119,946	57,915	550	550	214,691	-	-	214,691
Meetings and travel	-	-	-	-	-	-	8,212	-	8,212
Depreciation	79,610	95,342	29,846	229	229	205,256	1,676	2,513	209,445
Advertising	-	-	-	-	-	-	-	4,731	4,731
Cost of items sold	758	3,030	-	-	-	3,788	-	-	3,788
General fundraising expenses	-	-	-	-	-	-	-	56,325	56,325
Guest services - donated	-	-	-	-	-	-	-	-	-
House administration	14,536	30,523	2,956	1,286	1,286	50,587	7,949	13,731	72,267
Insurance	26,640	32,784	21,685	1,097	1,097	83,303	10,241	15,054	108,598
Miscellaneous	2,605	8,275	8,674	435	435	20,424	-	-	20,424
Taxes and licenses	388	1,551	1,869	56	56	3,920	-	-	3,920
Grants and pledges	-	-	-	-	228,874	228,874	-	-	228,874
	<u>\$ 405,080</u>	<u>\$ 1,023,664</u>	<u>\$ 390,822</u>	<u>\$ 13,809</u>	<u>\$ 238,683</u>	<u>\$ 2,072,058</u>	<u>\$ 160,069</u>	<u>\$ 205,680</u>	<u>\$ 2,437,807</u>

See accompanying notes to financial statements

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2009

Program Services

	Tampa House	St.Pete Houses	Care Mobile	Scholarships and Grants	Total Program Services	Management and General	Fundraising	Total
Salaries	\$ 132,401	\$ 493,058	\$ 7,551	\$ 3,550	\$ 636,560	\$ 55,064	\$ 85,900	\$ 777,524
Payroll taxes	8,792	34,947	409	409	44,557	4,060	6,334	54,951
Health insurance	18,507	76,508	220	220	95,455	2,183	3,406	101,044
Retirement plan expense	3,598	15,613	223	223	19,657	2,431	4,108	26,196
Legal and professional fees	-	-	-	-	-	46,991	-	46,991
Food service and supplies	3,709	15,296	-	-	19,005	-	-	19,005
Rent	40,500	-	-	-	40,500	-	-	40,500
Utilities	44,017	105,579	378	378	150,352	2,021	3,110	155,483
Repairs and maintenance	46,839	125,002	268	269	172,378	-	-	172,378
Meetings and travel	-	-	-	-	-	6,479	-	6,479
Depreciation	79,402	98,672	305	305	178,684	1,459	2,188	182,331
Advertising	-	-	-	-	-	-	3,236	3,236
Cost of items sold	161	7,337	-	-	7,498	-	-	7,498
General fundraising expenses	-	-	-	-	-	-	112,020	112,020
Guest Services - donated	10,734	32,205	-	-	42,939	-	-	42,939
House administration	16,653	32,047	1,356	1,356	51,412	8,079	13,955	73,446
Insurance	41,998	50,136	2,071	2,071	96,276	1,740	2,715	100,731
Miscellaneous	3,742	11,487	827	827	16,883	-	-	16,883
Taxes and licenses	352	1,999	42	42	2,435	-	-	2,435
Grants and pledges	-	-	-	191,310	191,310	-	-	191,310
	\$ 451,405	\$ 1,099,886	\$ 13,650	\$ 200,960	\$ 1,765,901	\$ 130,507	\$ 236,972	\$ 2,133,380

See accompanying notes to financial statements

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<i>Cash Flows from Operating Activities:</i>		
Change in net assets	\$ 696,141	\$ 1,188,056
<i>Adjustments to reconcile change in net assets to cash provided by operating activities:</i>		
Depreciation	209,445	182,331
Realized loss on investments	8,884	81,470
Unrealized (gain) on investments	(554,505)	(1,208,121)
<i>Decrease (increase) in:</i>		
Certificates of deposit	(2,140)	210,879
Unconditional promises to give	31,473	138,870
Other receivables	(9,250)	10,000
Prepaid expenses and other assets	3,866	(4,398)
<i>Increase (decrease) in:</i>		
Accounts payable	(26,230)	48,943
Accrued expenses	12,376	23,314
Deferred revenue	16,250	(30,130)
	<hr/>	<hr/>
<i>Net cash provided by operating activities</i>	386,310	641,214
	<hr/>	<hr/>
<i>Cash Flows from Investing Activities</i>		
Proceeds from sale of investments	2,036,634	2,490,507
Purchases of investments	(2,417,719)	(2,615,341)
Purchases of property and equipment	(307,194)	(171,980)
	<hr/>	<hr/>
<i>Net cash used in investing activities</i>	(688,279)	(296,814)
	<hr/>	<hr/>
<i>Net (Decrease) Increase in Cash</i>	(301,969)	344,400
	<hr/>	<hr/>
<i>Cash at Beginning of Year</i>	564,130	219,730
	<hr/>	<hr/>
<i>Cash at End of Year</i>	\$ 262,161	\$ 564,130
	<hr/>	<hr/>
<i>Supplemental Disclosure of Cash Flow Information:</i>		
<i>Noncash Investing and Financing Transactions:</i>		
Purchase of property and equipment	\$ 432,168	\$ 171,980
Donated property and equipment	(124,974)	-
	<hr/>	<hr/>
Cash paid for purchase of property and equipment	\$ 307,194	\$ 171,980
	<hr/>	<hr/>

See accompanying notes to financial statements

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

Ronald McDonald House Charities of Tampa Bay, Inc. (the Organization) is a State of Florida chartered not-for-profit corporation. The mission of the Organization is to provide a “home-away-from-home” for families with children receiving medical care at Tampa Bay area hospitals. To achieve the mission, it operates four Ronald McDonald Houses; three in St. Petersburg and one in Tampa, offering a total of 80 bedrooms with private baths. The Organization’s newest House opened at All Children’s Hospital in St. Petersburg during 2010. The Organization is supported by the local community and corporate sponsors. In addition, Ronald McDonald House Charities of Tampa Bay, Inc. operates the Ronald McDonald Care Mobile – in partnership with University of South Florida. This unit provides quality care to underserved children and youth in the Tampa Bay area through site visits to provide medical services. The Organization is also charged by its national organization and local McDonald’s restaurants to administer local grants to other not-for-profit organizations serving children in need. These grants are enhanced with National RMHC Organization funds.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

Financial statement presentation follows the recommendation of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

- Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.
- Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the organization pursuant to those stipulations or that expire by the passage of time.
- Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. Generally, the donors of such assets permit the organization to use all of part of the income earned on the assets.

2. Cash Accounts

The Organization classifies all short-term investments with a maturity of three months or less as cash equivalents. Certificates of deposit with longer maturities have been classified separately.

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, or when a pledge becomes due, temporarily restricted net assets are reclassified to unrestricted net assets.

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 revenue.

The Organization uses the allowance method to determine uncollectible unconditional promises. The allowance is based on prior years' experience and management's analysis of specific promises made. At December 31, 2010 and 2009, all promises to give are expected to be collected.

4. Investments

Investments in debt and equity securities, mutual funds, and certificates of deposit are stated at fair market value in accordance with ASC 820 in the statement of financial position. Investment income or loss (including gains or losses on investments, interest, and dividends) is included in the statements of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

5. Property and Equipment

Property and equipment expenditures in excess of \$1,000 are recorded at cost when purchased or, if donated, at estimated fair value. Improvements and betterments that materially prolong the useful lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives which range from ten to forty years.

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Revenue Recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

7. Donated Premises, Services, and Materials

Donated premises and materials are recorded as revenue in the accompanying statements of activities, at their estimated values at the date of receipt. Contributions of services are recorded as unrestricted support at their estimated fair value if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donations that are not susceptible to objective measurement or valuation are not included in the financial statements. During the years ended December 31, 2010 and 2009, donated premises were \$183,200 and \$40,500 respectively. Donated services and materials were approximately \$159,600 and \$82,100 for the years ended December 31, 2010 and 2009, respectively. Donated items for fundraising events are reflected as fundraising events income, net of direct costs and were approximately \$139,000 and \$105,100 for the years ended December 31, 2010 and 2009, respectively. A substantial number of unpaid volunteers have made significant contributions of their time in the Organization's program services and at its fundraising activities. The value of these contributed services is not reflected in the financial statements as the recognition criterion of FASB ASC 958 is not met.

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Expenses

The operating expenses of the Organization are allocated to three different functional categories based on management's estimate of the time and expense spent for each of the functions. These functions are defined as follow:

Program services – the costs associated with the Organization's efforts to achieve the stated mission and goals.

Management and general – the costs of operating the Organization's offices, including gathering, processing, and maintaining financial information.

Fundraising – the costs associated with soliciting contributions or holding special events for the benefit of the Organization.

9. Advertising

Advertising costs are expensed as incurred and were approximately \$4,700 and \$3,200 for the years ended December 31, 2010 and 2009, respectively.

10. Income Taxes

The Organization is recognized as a not-for-profit corporation under the laws of the State of Florida and has been granted recognition as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC. Accordingly, no income tax liability or provision for income taxes is reflected in the accompanying financial statements.

As of December 31, 2009, the Organization elected to adopt the guidance for uncertainty in income taxes as defined in FASB ASC 740-10-65-1. The Organization records a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated.

As of December 31, 2010, the Organization has not recognized any respective liability for unrecognized tax benefits as it has no known tax positions that would subject the Organization to any material income tax exposure. A reconciliation of the beginning and ending amount of unrecognized tax benefits is not included, nor is there any interest accrued related to unrecognized tax benefits in interest expense and penalties in the statements of activities as there are no unrecognized tax benefits.

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Fair Value Measurement

The financial statements are prepared in accordance with FASB ASC 820 for all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements or on a recurring basis (at least annually). FASB ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on a measurement date. FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. FASB ASC 820 describes three levels of inputs that may be used to measure fair value:

- Level 1: Quotes market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data by market data.

13. Fair Value of Financial Instruments

The Organization's financial instruments include cash, other receivables, unconditional promises to give, and accounts payable. The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Other receivables – the carrying amount reported in the statements of financial position approximates fair value because of the short maturity of those instruments.

Unconditional promises to give – the fair value is determined as the present value of the amount pledged based on the interest rates applicable in the year the promises were received.

Accounts payable – the carrying amount reported in the statements of financial position approximates fair value because of the short maturity of those instruments.

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. **Reclassification**

Certain amounts in the 2009 financial statements have been reclassified to be comparable with the 2010 financial statements. The reclassification had no effect on the change in net assets for the years ended December 31, 2010 and 2009, respectively.

15. **Subsequent Events**

The Organization follows FASB ASC 855-10 to incorporate the accounting disclosure requirement for subsequent events into U.S. GAAP. This update introduces new terminology, defines a date through which management must evaluate subsequent events, and lists the circumstances under which an entity must recognize and disclose events or transactions occurring after the balance sheet date. The Organization evaluated its December 31, 2010 financial statements for subsequent events through June 1, 2011, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

NOTE B – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2010</u>	<u>2009</u>
Land – St. Petersburg - East	\$ 515,000	\$ 515,000
St. Petersburg Houses and improvements	3,688,556	3,650,889
All Children’s Hospital House and improvements	382,713	185,885
Tampa House and improvements	<u>2,290,511</u>	<u>2,217,840</u>
	6,876,780	6,569,614
Less accumulated depreciation	<u>(3,695,102)</u>	<u>(3,485,686)</u>
<i>Property and equipment, net</i>	<u>\$ 3,181,678</u>	<u>\$ 3,083,928</u>

Depreciation expense was \$209,445 and \$182,331 for years ended December 31, 2010 and 2009, respectively.

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

NOTE C – LEASES

The Organization leases land from the City of Tampa, Florida on which a building owned by the Organization was constructed. The total lease expense for the land for the years ended December 31, 2010 and 2009 was \$1 per year, but was forgiven for both years. The lease expires in 2022 with an option to renew for an additional twenty years. The Organization records and in-kind donation and rent on the land at its net realizable value estimated by management at \$40,500 for each of the years ended December 31, 2010 and 2009.

The Organization leases space from All Children’s Hospital in St. Petersburg, Florida for the House opened in 2010. This 7,319 square foot space is donated by All Children’s Hospital and recorded on the books at its net realizable value as an in-kind donation and rent expense of \$142,721 for the year ended December 31, 2010.

The Organization also leases various office equipment. The total lease expense for these leased items was approximately \$12,000 for each of the years ended December 31, 2010 and 2009.

Future minimum lease payments consist of the following for the remaining five years ending December 31:

	<i>Future Minimum Lease Payments</i>
2011	\$ 11,821
2012	11,821
2013	11,821
2014	5,912
2015 and thereafter	<u> -</u>
	<u>\$ 41,375</u>

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

NOTE D – PROMISES TO GIVE

Unconditional promises to give consist of the following at December 31:

	<u>2010</u>	<u>2009</u>
Gross unconditional promises to give	\$ 52,065	\$ 84,365
Less: Unamortized discount	<u>(1,283)</u>	<u>(2,110)</u>
Net unconditional promises to give	<u>\$ 50,782</u>	<u>\$ 82,255</u>
Amounts due in:		
One year and less	\$ 23,059	\$ 41,035
Two to five years	29,006	43,330
Thereafter	<u>-</u>	<u>-</u>
	<u>\$ 52,065</u>	<u>\$ 84,365</u>

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of between 1.52% and 3.49%.

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

NOTE E – INVESTMENTS

Investments are carried at market value and are as follows:

<i>At December 31, 2010:</i>	<i>Amortized Cost</i>	<i>Unrealized Gain (Loss)</i>	<i>Fair Value</i>
Unrestricted:			
Money market, CDs	\$ 190,079	\$ -	\$ 190,079
Equity securities	1,238,930	218,858	1,457,788
Mutual funds	3,651,807	381,692	4,033,499
Debt securities	612,178	10,590	622,768
Cumulative earnings adjustment ⁽¹⁾	<u>26,123</u>	<u>-</u>	<u>26,123</u>
	5,719,117	611,140	6,330,257
Temporarily restricted:			
Money market	12,588	-	12,588
Equity securities	145,002	44,010	189,012
Mutual funds	<u>238,503</u>	<u>12,919</u>	<u>251,422</u>
	396,093	56,929	453,022
Permanently restricted:			
Money market	15,593	-	15,593
Mutual funds	1,391,196	97,599	1,488,795
Debt securities	110,402	765	111,167
Cumulative earnings adjustment ⁽¹⁾	<u>(26,123)</u>	<u>-</u>	<u>(26,123)</u>
	<u>1,491,068</u>	<u>98,364</u>	<u>1,589,432</u>
	<u>\$ 7,606,278</u>	<u>\$ 766,433</u>	<u>\$ 8,372,711</u>

⁽¹⁾ Cumulative earnings adjustment represents accumulated earnings retained in the restricted investment accounts but available for unrestricted use.

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

NOTE E – INVESTMENTS – CONTINUED

Investments are carried at market value and are as follows:

<i>At December 31, 2009:</i>	<i>Amortized Cost</i>	<i>Gain (Loss)</i>	<i>Unrealized Fair Value</i>
Unrestricted:			
Money market, CDs	\$ 490,535	\$ -	\$ 490,535
Equity securities	923,605	135,932	1,059,537
Mutual funds	3,127,919	37,788	3,165,707
Debt securities	569,710	12,567	582,277
Cumulative earnings adjustment ⁽¹⁾	<u>148,115</u>	<u>-</u>	<u>148,115</u>
	5,259,884	186,287	5,446,171
Temporarily restricted:			
Money market	141,244	-	141,244
Equity securities	142,925	18,381	161,306
Mutual funds	131,168	(1,658)	129,510
Debt securities	<u>70,048</u>	<u>1,311</u>	<u>71,359</u>
	485,385	18,034	503,419
Permanently restricted:			
Money market	34,720	-	34,720
Mutual funds	1,381,883	4,637	1,386,520
Debt securities	220,320	2,971	223,291
Cumulative earnings adjustment ⁽¹⁾	<u>(148,115)</u>	<u>-</u>	<u>(148,115)</u>
	<u>1,488,808</u>	<u>7,608</u>	<u>1,496,416</u>
	<u>\$ 7,234,077</u>	<u>\$ 211,929</u>	<u>\$ 7,446,006</u>

⁽¹⁾ Cumulative earnings adjustment represents accumulated earnings retained in the restricted investment accounts but available for unrestricted use.

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

NOTE E – INVESTMENTS – CONTINUED

Investment return by investment accounts are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Year ended December 31, 2010:				
Interest income	\$ 28,510	\$ 1,561	\$ 3,761	\$ 33,832
Dividend income	161,419	7,343	48,015	216,777
Capital gain distribution income	21,327	2,263	9,025	32,615
Realized gains (losses)	(28,263)	1,052	18,327	(8,884)
Unrealized gains (losses)	<u>422,593</u>	<u>38,896</u>	<u>93,016</u>	<u>554,505</u>
	<u>\$ 605,586</u>	<u>\$ 51,115</u>	<u>\$ 172,144</u>	<u>\$ 828,845</u>
Year ended December 31, 2009:				
Interest income	\$ 32,842	\$ 3,204	\$ 8,494	\$ 44,540
Dividend income	129,717	6,100	44,731	180,548
Capital gain distribution income	3,999	-	2,514	6,513
Realized gains (losses)	(29,220)	(30,673)	(21,577)	(81,470)
Unrealized gains (losses)	<u>749,393</u>	<u>184,743</u>	<u>273,985</u>	<u>1,208,121</u>
	<u>\$ 886,731</u>	<u>\$ 163,374</u>	<u>\$ 308,147</u>	<u>\$ 1,358,252</u>

NOTE F – FAIR VALUE MEASUREMENT

The Organization's assets and liabilities are reported at fair value in the accompanying statements of financial position. At December 31, 2010 and 2009, fair value by asset category is as follows:

Fair Value Measurements at Reporting Date Using

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>
<u>December 31, 2010</u>				
Cash	\$ 218,260	\$ 218,260	\$ -	\$ -
Equity securities	1,185,358	1,185,358	-	-
Preferred stocks	461,442	-	461,442	-
Mutual funds	5,773,716	-	5,773,716	-
Debt securities	<u>733,935</u>	<u>-</u>	<u>733,935</u>	<u>-</u>
Total	<u>\$ 8,372,711</u>	<u>\$ 1,403,618</u>	<u>\$6,969,093</u>	<u>\$ -</u>

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

NOTE F – FAIR VALUE MEASUREMENT – CONTINUED

Fair Value Measurements at Reporting Date Using

	<u>Fair</u>	<u>Quoted Prices</u>	<u>Significant</u>	<u>Significant</u>
	<u>Value</u>	<u>In Active</u>	<u>Other</u>	<u>Unobservable</u>
		<u>Markets for</u>	<u>Observable</u>	<u>Inputs</u>
		<u>Identical</u>	<u>Inputs</u>	<u>Level 3</u>
		<u>Assets</u>	<u>Level 2</u>	
		<u>Level 1</u>		
<u>December 31, 2009</u>				
Cash	\$ 666,499	\$ 666,499	\$ -	\$ -
Equity securities	860,485	860,485	-	-
Preferred stocks	360,358	-	360,358	-
Mutual funds	4,681,737	-	4,681,737	-
Debt securities	<u>876,927</u>	<u>-</u>	<u>876,927</u>	<u>-</u>
Total	<u>\$ 7,446,006</u>	<u>\$ 1,526,984</u>	<u>\$5,919,022</u>	<u>\$ -</u>

NOTE G – CONCENTRATIONS OF CREDIT RISK

The majority of the Organization’s revenue, both from contributions and from fundraising events, is from businesses and individuals in the Tampa Bay area.

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents held in financial institutions in excess of federally-insured limits. From time to time throughout the year, the Organization’s cash balance may have exceeded the federally insured limits.

Money market and mutual funds are not readily marketable and their estimated value is subject to uncertainty. Therefore, there may be a difference between their estimated value as reported in the accompanying financial statements and their net realizable value that could ultimately result in a loss to the Organization. Management has determined that the likelihood of sustaining losses from the investments in money market and mutual funds to be remote based on the marketability of the underlying investments of the funds.

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

NOTE H – COMMITMENT

As part of a national affiliation agreement, the Organization is obligated to donate to the National Ronald McDonald House Charities Organization (RMHC Global) 25% of canister donations which are collected in the local McDonald's restaurants and is reflected in the statements of activities as unallocated payments to RMHC Global. Additionally, contributions received and solicited in conjunction with the national organization have 25% of the contribution retained at the national level prior to receipt by the Organization. At December 31, 2010 and 2009, the Organization had approximately \$31,400 and \$29,900 payable to RMHC Global, respectively.

NOTE I – RETIREMENT PLAN

The Organization has a 403(b) deferred compensation plan which covers substantially all employees. Contributions to the plan are at the discretion of the Board of Trustees. Total contributions amounted to approximately \$27,200 and \$26,200 in 2010 and 2009, respectively.

NOTE J – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are as follows:

	<u>2010</u>
Operating expenses of three houses	\$ 317,055
Capital Campaign – All Children's Hospital House	617,037
Unrealized gain/(loss) on investments	<u>56,930</u>
	<u>\$ 991,022</u>
	<u>2009</u>
Operating expenses of three houses	\$ 417,055
Capital Campaign – All Children's Hospital House	728,086
Unrealized gain/(loss) on investments	<u>18,034</u>
	<u>\$ 1,163,175</u>

RONALD MCDONALD HOUSE CHARITIES OF TAMPA BAY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

NOTE K – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of a gift of McDonald's Corporation stock received during 1993. The terms of the gift created an endowment fund which requires the principal to be held in perpetuity for the benefit of the Ronald McDonald Houses in St. Petersburg and Tampa. Only income from the endowment fund may be used for operating expenses of the Houses. Unrealized and realized gains are retained as permanently restricted net assets in accordance with the terms of the endowment. The Organization has now sold 100% of the McDonald's stock and has reinvested the proceeds in other income producing investments as allowed by the terms of the gift.

NOTE L – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions were comprised of the following:

	<u>2010</u>
St. Petersburg operating expenses	\$ 50,000
Tampa House operating expenses	50,000
Conditional restriction expired on pledges	<u>162,899</u>
	<u>\$ 262,899</u>
	<u>2009</u>
St. Petersburg operating expenses	\$ 50,000
Tampa House operating expenses	50,000
Collections of beneficial interests	5,000
Conditional restriction expired on pledges	171,980
Purchases of furnishings	8,397
Purchases of food and supplies	1,378
Write-off of uncollectible pledge	<u>15,200</u>
	<u>\$ 301,955</u>