

**RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
BOISE, IDAHO**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

**RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ronald McDonald House Charities of Idaho, Inc.
Boise, Idaho

We have audited the accompanying financial statements of Ronald McDonald House Charities of Idaho, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors' 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.

Board of Directors
Ronald McDonald House Charities of Idaho, Inc.

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 Idaho, Inc. as of December 31, 2020 and 2019, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boise, Idaho
August 3, 2021

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 1,198,648	\$ 924,553
Pledges Receivable, Net	2,035,473	3,862,380
Receivables	60,363	33,989
Prepaid Expenses	6,430	9,766
Investments	5,946,935	5,359,405
Property and Equipment, Net	14,867,883	14,819,851
Total Assets	\$ 24,115,732	\$ 25,009,944
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 90,256	\$ 1,278,850
Deferred Revenue	-	53,730
Line of Credit	-	800,000
Long-Term Debt	343,980	-
Total Liabilities	434,236	2,132,580
NET ASSETS		
Without Donor Restrictions	23,185,296	9,178,914
With Donor Restrictions	496,200	13,698,450
Total Net Assets	23,681,496	22,877,364
Total Liabilities and Net Assets	\$ 24,115,732	\$ 25,009,944

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Contributions	\$ 1,317,856	\$ 208,772	\$ 1,526,628
Special Events Revenue	524,140	-	524,140
Less: Direct Benefit Costs	<u>(82,977)</u>	<u>-</u>	<u>(82,977)</u>
	441,163		441,163
Room Donations/Fees	5,300	-	5,300
In-Kind Contributions	299,298	30,074	329,372
Other Operating Income	11,138	-	11,138
Net Assets Released from Restrictions	<u>13,520,094</u>	<u>(13,520,094)</u>	<u>-</u>
Total Revenues and Other Support	15,594,849	(13,281,248)	2,313,601
EXPENSES			
Program Services	2,208,497	-	2,208,497
Management and General Administration	246,559	-	246,559
Fundraising	<u>152,985</u>	<u>-</u>	<u>152,985</u>
Total Expenses	<u>2,608,041</u>	<u>-</u>	<u>2,608,041</u>
CHANGE IN NET ASSETS FROM OPERATIONS	12,986,808	(13,281,248)	(294,440)
OTHER INCOME			
Gain on Disposal of Assets	7,133	-	7,133
Investment Income, Net	874,541	78,998	953,539
PPP Loan Forgiveness	<u>137,900</u>	<u>-</u>	<u>137,900</u>
Total Other Income, Net	<u>1,019,574</u>	<u>78,998</u>	<u>1,098,572</u>
CHANGE IN NET ASSETS	14,006,382	(13,202,250)	804,132
Net Assets - Beginning of Year	<u>9,178,914</u>	<u>13,698,450</u>	<u>22,877,364</u>
NET ASSETS - END OF YEAR	<u>\$ 23,185,296</u>	<u>\$ 496,200</u>	<u>\$ 23,681,496</u>

See accompanying Notes to Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
STATEMENT OF ACTIVITIES, AS RESTATED
YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 692,725	\$ 5,943,118	\$ 6,635,843
Special Events Revenue	329,686	-	329,686
Less: Direct Benefit Costs	(109,168)		(109,168)
	220,518		220,518
Room Donations/Fees	10,400	-	10,400
In-Kind Contributions	177,310	866,864	1,044,174
Other Income	3,975	-	3,975
Net Assets Released from Restrictions	648,697	(648,697)	-
Total Revenues and Other Support	1,753,625	6,161,285	7,914,910
EXPENSES			
Program Services	943,966	-	943,966
Management and General Administration	258,022	-	258,022
Fundraising	206,726	-	206,726
Total Expenses	1,408,714	-	1,408,714
CHANGE IN NET ASSETS FROM OPERATIONS	344,911	6,161,285	6,506,196
OTHER INCOME			
Gain on Exchange	1,599,484	-	1,599,484
Loss on Disposal of Assets	(743)	-	(743)
Investment Income, Net	742,897	72,818	815,715
Total Other Income, Net	2,341,638	72,818	2,414,456
CHANGE IN NET ASSETS	2,686,549	6,234,103	8,920,652
Net Assets - Beginning of Year	6,492,365	7,464,347	13,956,712
NET ASSETS - END OF YEAR	\$ 9,178,914	\$ 13,698,450	\$ 22,877,364

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services				Management and General	Fundraising	Total
	Ronald McDonald House	Family Room	Hospitality Carts	Total			
Salaries	\$ 425,143	\$ 152,045	\$ -	\$ 577,188	\$ 124,890	\$ 103,576	\$ 805,654
Employee Benefits	41,392	14,803	-	56,195	12,159	10,084	78,438
Payroll Taxes	32,166	11,504	-	43,670	9,449	7,836	60,955
Total Salaries and Related Expenses	<u>498,701</u>	<u>178,352</u>	<u>-</u>	<u>677,053</u>	<u>146,498</u>	<u>121,496</u>	<u>945,047</u>
Advertising	36,775	10,029	-	46,804	-	20,059	66,863
Bank Charges	-	-	-	-	7,118	-	7,118
Canister Expenses	-	-	-	-	-	5,098	5,098
Cart Supplies	-	-	658	658	-	-	658
Cleaning Services and Supplies	188,276	-	-	188,276	-	-	188,276
Depreciation	282,830	-	-	282,830	27,972	-	310,802
Dues and Subscriptions	-	-	-	-	2,700	-	2,700
Family Support Services and Supplies	739,082	51,810	-	790,892	-	-	790,892
Insurance	31,915	-	-	31,915	7,979	-	39,894
Maintenance and Repairs	13,395	-	-	13,395	1,325	-	14,720
Meetings, Education and Training	-	-	-	-	9,633	-	9,633
Office Supplies	-	-	-	-	4,774	-	4,774
Postage and Courier	1,754	-	-	1,754	877	876	3,507
Printing and Publishing	1,945	-	-	1,945	2,593	1,944	6,482
Professional Fees	14,403	4,801	-	19,204	28,807	-	48,011
Rent	-	59,643	-	59,643	-	-	59,643
Interest Expense	43,191	-	-	43,191	-	-	43,191
Technology	3,256	9,769	-	13,025	1,628	1,628	16,281
Telephone	5,652	-	-	5,652	1,884	1,884	9,420
Utilities	28,013	-	-	28,013	2,771	-	30,784
Volunteer Resources and Recognition	4,247	-	-	4,247	-	-	4,247
Total Expenses	<u>\$ 1,893,435</u>	<u>\$ 314,404</u>	<u>\$ 658</u>	<u>\$ 2,208,497</u>	<u>\$ 246,559</u>	<u>\$ 152,985</u>	<u>\$ 2,608,041</u>

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services				Management and General	Fundraising	Total
	Ronald McDonald House	Family Room	Hospitality Carts	Total			
Salaries	\$ 279,525	\$ 68,809	\$ -	\$ 348,334	\$ 129,234	\$ 133,381	\$ 610,949
Employee Benefits	35,272	8,683	-	43,955	16,307	16,831	77,093
Payroll Taxes	21,805	5,367	-	27,172	10,081	10,405	47,658
Total Salaries and Related Expenses	<u>336,602</u>	<u>82,859</u>		<u>419,461</u>	<u>155,622</u>	<u>160,617</u>	<u>735,700</u>
Advertising	45,016	12,277	-	57,293	-	24,554	81,847
Bank Charges	-	-	-	-	7,864	-	7,864
Canister Expenses	-	-	-	-	-	5,644	5,644
Cart Supplies	-	-	-	-	-	4,187	4,187
Cleaning Services and Supplies	137,743	-	-	137,743	-	-	137,743
Depreciation	25,100	-	-	25,100	-	-	25,100
Dues and Subscriptions	-	-	-	-	3,503	-	3,503
Family Support Services and Supplies	4,878	44,366	-	49,244	-	-	49,244
Insurance	16,974	-	-	16,974	4,243	-	21,217
Maintenance and Repairs	84,986	537	-	85,523	-	-	85,523
Meetings, Education and Training	-	-	-	-	23,057	-	23,057
Office Supplies	-	-	-	-	6,622	-	6,622
Postage and Courier	3,329	-	-	3,329	1,665	1,664	6,658
Printing and Publishing	4,015	-	-	4,015	5,353	4,014	13,382
Professional Fees	22,401	7,467	-	29,868	44,801	-	74,669
Rent	-	56,120	-	56,120	-	-	56,120
Interest Expense	2,793	-	-	2,793	-	-	2,793
Technology	4,549	13,646	-	18,195	2,274	3,028	23,497
Telephone	9,054	-	-	9,054	3,018	3,018	15,090
Utilities	22,391	-	-	22,391	-	-	22,391
Volunteer Resources and Recognition	6,863	-	-	6,863	-	-	6,863
Total Expenses	<u>\$ 726,694</u>	<u>\$ 217,272</u>	<u>\$ -</u>	<u>\$ 943,966</u>	<u>\$ 258,022</u>	<u>\$ 206,726</u>	<u>\$ 1,408,714</u>

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 804,132	\$ 8,920,652
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	310,802	25,100
Net Realized and Unrealized (Gains) Loss on Investments	(706,940)	(513,092)
Forgiveness of PPP Loan	(137,900)	-
Gain on Exchange	-	(1,599,484)
In-Kind Donation of Property and Equipment	(180,752)	(866,864)
Loss on Sale of Assets	(7,133)	743
(Increase) Decrease in Assets:		
Accounts Receivable	(26,374)	(33,989)
Pledges Receivable	1,826,907	(2,455,305)
Prepaid Expenses	3,336	(2,812)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(1,188,594)	876,610
Deferred Revenue	(53,730)	53,730
Net Cash Provided by Operating Activities	643,754	4,405,289
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(591,032)	(2,341,249)
Proceeds from Sale of Investments	710,442	7,972,174
Purchases of Property and Equipment	(186,364)	(10,657,434)
Proceeds from Sale of Property and Equipment	15,415	-
Net Cash Used by Investing Activities	(51,539)	(5,026,509)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Net Borrowings (Repayment) Under Line of Credit	(800,000)	800,000
Proceeds from Long Term Debt	481,880	-
Net Cash Provided by Investing Activities	(318,120)	800,000
 NET INCREASE IN CASH AND CASH EQUIVALENTS	274,095	178,780
Cash and Cash Equivalents - Beginning of Year	924,553	745,773
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,198,648	\$ 924,553
 SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES		
In-Kind Donation of Property and Equipment	\$ 180,752	\$ 866,864
Gain on Exchange	\$ -	\$ 1,599,484

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ronald McDonald House Charities of Idaho, Inc. (the Organization) is an Idaho nonprofit charitable corporation formed in 1987. The mission of Ronald McDonald House Charities of Idaho is to support families of ill or injured children by keeping them together in times of medical need. Collectively, RMHC and the network of local Chapters ascribe to five core values: we are focused on the critical needs of children, we lead with compassion, we celebrate the diversity of our people and our programs, we value our heritage, and we operate with accountability and transparency.

We fulfill our mission through operation of sustainable programs that enable family-centered care, bridge access to quality health care, are a vital part of the health care continuum, and strengthen families during difficult times. The following programs, operated by the Organization, represent the core functions of Ronald McDonald House Charities of Idaho:

Ronald McDonald House

When children must travel long distances to access top medical care, accommodations and support for families can be expensive or not readily available. The Organization helps families stay close to their ill or injured child through the Ronald McDonald House program located in Boise, Idaho, which provide temporary lodging, meals, and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers' ability to spend more time with their child, to interact with their clinical care team and to participate in critical medical care decisions.

Ronald McDonald Family Room

When a child is critically ill, parents may be reluctant to leave the hospital. In order to provide comfort and support to their child, it is important that parents have an opportunity to rest, have a meal, or have a moment of quiet. Located inside medical care facilities, the Ronald McDonald Family Room program in Eastern Idaho Regional Medical Center serves as a place of respite, relaxation, and privacy for family members, often just steps away from where their child is being treated. The Ronald McDonald Family Room program provides parents with an opportunity to remain close to their hospitalized child and to be an active member of their child's health care team.

Ronald McDonald Hospitality Carts

Designed to serve families who wait for hours without leaving the hospital or their child's bedside, the "Happy Wheels" hospitality carts provide a bit of comfort as they travel the hallways of Saint Alphonsus Hospital and St. Luke's Children's Hospital, bringing parents a hot beverage and snack while keeping the little ones entertained with books, fun activities, and toys. Run by volunteers at each hospital, the carts are out a total of five days a week to provide comfort and care for the hundreds of families each month.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and are presented on the basis of net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. All other net assets, including board-designated or appropriated amounts, are net assets without donor restrictions and are reported as part of the net assets without donor restriction class.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management of the Organization to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

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

Pledges Receivable

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

Investments

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

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost, if purchased, or estimated fair value, if donated, at the date of donation. Additions of \$5,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	7 to 40 Years
Office Furniture and Equipment	5 to 10 Years
Vehicles	5 Years

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

Donated Assets, Property, and Equipment, and Services

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

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

Net Assets

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

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions or law. The governing board has designated, from net assets without donor restrictions, net assets for operating reserves, future expansion, and capital improvements.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition

Unconditional promises to give are recognized as revenue in the period the promise was made. Conditional promises are recorded as revenue when the conditions are substantially met. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Special event revenue is recognized when the event occurs. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: advertising, insurance, postage and courier, printing, professional fees, technology, and telephone, which are allocated based on management's percentage of estimated consumption per functional category; occupancy expenses including depreciation, maintenance, and utilities are allocated on the basis of square footage; and salaries and wages and employee benefits, which are allocated on the basis of estimates of time and effort.

Liquidity

The Organization has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 1,198,648	\$ 924,553
Pledges Receivable	2,035,473	3,862,380
Accounts Receivable	60,363	33,989
Investments	5,946,935	5,359,405
Long-Term Pledges Receivable	(1,044,990)	(1,899,168)
Endowment	(496,200)	(496,200)
Gift in Kind Pledges Receivable	-	(354,990)
Total	<u>\$ 7,700,229</u>	<u>\$ 7,429,969</u>

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity (Continued)

The Organization has \$7,707,749 and \$7,784,959 of financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date, which consists of cash and cash equivalents and investments for the years ended December 31, 2020 and 2019, respectively. The amount of the endowment is reflected in investments, and therefore, has been subtracted from liquid assets available for general operations.

The Organization manages its liquidity and reserves following three guiding principles: operation within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually.

Income Tax Status

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

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

Reclassifications

Certain amounts in 2019 have been reclassified for comparative purposes to conform with the presentation in 2020. The reclassifications have no effect on the previously reported net income or total net assets.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COVID-19 Interruptions

The outbreak of the COVID-19 pandemic and the measures adopted by the Organization, the state, and countries worldwide to mitigate the spread has a significant impact on the normal operations of the Organization. These measures include the following:

- The Happy Wheels Hospitality Carts, located in hospitals and run by volunteers, were suspended in March 2020, and did not operate for the remainder of the year.
- Volunteers, a key portion of the RMHC Idaho workforce, contributing well over 10,000 average hours a year, were suspended in March 2020 due to safety concerns in the programs and were not active for the remainder of the year, forcing the Organization to streamline programs and increase staffing.
- The Ronald McDonald Family Room, located inside of the walls of Eastern Idaho Regional Medical Center, was closed for use for 12 weeks at the beginning of the pandemic because of strict safety protocol. Even after reopening in June 2020, it operated at a reduced 50% capacity for the remainder of the year.
- The Ronald McDonald House program remained open during COVID, but operated at a significantly reduced 30% capacity, with strict guidelines following hospital protocol. This led to an increase in expenditures as the Organization paid to put families into hotels to ensure we were able to meet the mission statement of the Organization and support families with ill or injured children by providing housing during this difficult time.
- Special events, a key part of the operating budget each year for the Organization, were cancelled or altered to a virtual platform. There was only one in person event held without changes, early on in the year. These changes led to a decrease in special event revenue over expected income.
- Additional unexpected PPE expenditures also negatively impacted the budget of the Organization.
- A lunch program was put into place early in the pandemic and continued throughout the year. It focused on serving hundreds of meals each week to families at the Ronald McDonald House and families in the hospital who were not staying at the House but needed additional resources and food support. Those additional expenditures for supplies and staffing requirements were not included in the normal operating budget of the Organization.

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NOTE 2 PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of December 31, 2020 and December 31, 2019:

Collection Period	2020		
	Pledges Receivable	Discount	Net Pledges Receivable
Within One Year	\$ 990,483	\$ -	\$ 990,483
Between One to Four Years	1,073,216	(28,226)	1,044,990
Total	\$ 2,063,699	\$ (28,226)	\$ 2,035,473
2019			
Collection Period	Pledges Receivable	Discount	Net Pledges Receivable
Within One Year	\$ 1,963,212	\$ -	\$ 1,963,212
Between One to Four Years	1,999,870	(100,702)	1,899,168
Total	\$ 3,963,082	\$ (100,702)	\$ 3,862,380

The Organization held a fundraising campaign for funds to construct a new house and a family room. Promises to give are restricted to payment of the costs of building the new facilities. The promises to give are unconditional. There are no amounts that are considered uncollectible.

NOTE 3 FAIR VALUE MEASUREMENTS

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

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

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

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

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The fair values of assets measured on a recurring basis as of December 31:

	2020			Total
	Level 1	Level 2	Level 3	
Assets:				
Money Market	\$ 36,517	\$ -	\$ -	\$ 36,517
Common Stock	5,201,193	-	-	5,201,193
Bonds	709,225	-	-	709,225
Total	<u>\$ 5,946,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,946,935</u>
	2019			Total
	Level 1	Level 2	Level 3	
Assets:				
Money Market	\$ 370,718	\$ -	\$ -	\$ 370,718
Common Stock	3,631,921	-	-	3,631,921
Bonds	1,356,766	-	-	1,356,766
Total	<u>\$ 5,359,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,359,405</u>

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value of Level 2 investments are determined by reference to quoted prices for similar assets in less active markets. Fair value of Level 3 investments is determined from valuation techniques in which one or more inputs are unobservable.

Investments

Overall Investment Objective

The overall investment objective of the Organization is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Organization diversifies its investments among various asset classes incorporating multiple strategies and managers. The investment policy requires that, to achieve diversification, portfolio asset allocations will be 65% equity and 35% fixed income and nonequity investments. A range of + or – 10% has been identified as an acceptable degree of variation in the portfolio’s equity/non-equity mix. The policy also requires that no one stock will comprise more than 5% of the equity allocation with the exception of McDonald’s Corporation, which can have a maximum limit of 15%. Major investment decisions are authorized by the Finance Committee which oversees the Organization’s investment program in accordance with established guidelines.

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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

	<u>2020</u>	<u>2019</u>
Interest and Dividend Income	\$ 246,745	\$ 302,623
Realized and Unrealized Gains (Losses), Net	706,794	513,092
Investment Income, Net	<u>\$ 953,539</u>	<u>\$ 815,715</u>

NOTE 4 PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Land	\$ 2,375,000	\$ 2,375,000
Buildings	12,580,459	503,929
Improvements	-	3,831
Landscaping	60,556	-
Furniture and Fixtures	129,353	209,057
Construction in Progress	-	11,909,304
Office Furniture and Equipment	99,563	99,355
Signage	63,729	11,706
Vehicles	16,081	16,081
Subtotal	<u>15,324,741</u>	<u>15,128,263</u>
Less: Accumulated Depreciation and Amortization	456,858	308,412
Total Property and Equipment	<u>\$ 14,867,883</u>	<u>\$ 14,819,851</u>

NOTE 5 PROPERTY EXCHANGE

The Organization exchanged property with another organization during January of 2019 in a nonmonetary transaction. The exchange was to acquire the land to build a new facility, and the asset exchanged was the old facility, both in Boise Idaho. The value of acquired property was based on the appraised value of the old property plus other considerations that both parties agreed effected the value including rights to use and flexibility in the timing of transfer. The Organization reported a gain on the exchange of \$1,599,484 for the year ended December 31, 2019.

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NOTE 6 ENDOWMENT FUNDS

The Organization's endowment consists of a fund established by the Kroc Family to provide annual funding for general operations. Terms of the endowment allow for all earnings to be used for operations of the House. The original endowment, in the amount of \$496,200 is reported as net assets with donor restrictions. Originally, the endowment consisted of McDonald's Corporation stock. However, in the interest of diversification, the Organization has sold some of the McDonald's Corporation stock and invested in debt and equity mutual funds.

Absent explicit donor stipulations to the contrary, the board of trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the standard of prudence prescribed by UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the various funds
- (2) The purposes of the donor-restricted endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The Organization's investment policies

Investment Return Objectives, Risk Parameters, and Strategies: The Organization has adopted investment and spending policies, approved by the board of trustees, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return, while growing the funds if possible. The Organization expects its endowment assets, over time, to produce an average rate of return of approximately 5.8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 6 ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets and net assets by type of fund were as follows for the fiscal years ended December 31:

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
Beginning of Year Balance	\$ -	\$ 496,200	\$ 496,200
Contributions	-	-	-
Investment Return, Net	-	78,998	78,998
Appropriation of Endowment Assets for Expenditure	-	(78,998)	(78,998)
End of Year Balance	<u>\$ -</u>	<u>\$ 496,200</u>	<u>\$ 496,200</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of Year Balance	\$ -	\$ 496,200	\$ 496,200
Contributions	-	-	-
Investment Income	-	72,818	72,818
Appropriation of Endowment Assets for Expenditure	-	(72,818)	(72,818)
End of Year Balance	<u>\$ -</u>	<u>\$ 496,200</u>	<u>\$ 496,200</u>

Fund Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2020 and 2019.

NOTE 7 LONG-TERM DEBT

The Organization entered into a loan with Zions bank through the Main Street Lending Program on December 10, 2020 for \$351,000. The interest rate is variable at three percentage points over the London Interbank Offered Rate (LIBOR) rate resulting in a rate of 3.23% at December 31, 2020. The loan is set to mature December 10, 2025. The balance as of December 31, 2020 was \$351,000, less unamortized loan fees of \$7,520. The loan agreement has certain covenants including the due date of the audited financial statement to the bank. The Organization was not in compliance with this covenant and the bank has issued a waiver.

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NOTE 7 LONG-TERM DEBT (CONTINUED)

Maturities of the loan for future years are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 65,903
2022	68,032
2023	70,229
2024	72,497
2025	74,839
Total	<u>\$ 351,500</u>

NOTE 8 LINE OF CREDIT

The Organization entered into a line of credit with Zions bank on October 30, 2019 with \$4,000,000 available to borrow. The interest rate is variable at two percentage points over the London Interbank Offered Rate (LIBOR) rate resulting in a rate of 3.78% at December 31, 2019. The line of credit matured on April 30, 2020. The bank then converted the line of credit to a term loan for five years, secured by 1st lien deed of trust on Ronald McDonald House in Boise. The Organization then paid the term loan off on November 30, 2020.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes and periods as of December 31:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
Ronald McDonald House	\$ -	\$ 13,202,250
Ronald McDonald Family Room	-	-
Total	-	13,202,250
Endowments:		
Restricted by Donors to be Held in Perpetuity	496,200	496,200
Total Net Assets with Donor Restrictions	<u>\$ 496,200</u>	<u>\$ 13,698,450</u>

NOTE 10 NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Satisfaction of Purpose Restrictions:		
Construction of Ronald McDonald Family Room	\$ -	\$ 575,879
Construction of Ronald McDonald House	13,441,096	-
Endowment Earnings - House Operations	78,998	72,818
Total	<u>\$ 13,520,094</u>	<u>\$ 648,697</u>

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NOTE 11 NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's governing board of trustees has designated net assets without donor restrictions for the following purposes as of December 31:

	<u>2020</u>	<u>2019</u>
Board-Designated Operating Reserve	\$ 2,000,000	\$ 2,000,000
Board-Designated Capital Improvements	200,000	200,000
Total Board-Designated	<u>\$ 2,200,000</u>	<u>\$ 2,200,000</u>

NOTE 12 DONATED GOODS AND SERVICES

The fair value of donated goods and services included as contributions in the financial statements and the corresponding expense categories including \$30,074 and \$511,874 that was capitalized for the years ended December 31, 2020 and 2019, respectively are as follows as of December 31:

	<u>2020</u>	<u>2019</u>
House Operations:		
Cleaning Services and Supplies	\$ 117,319	\$ 78,330
Cable and Internet Services	8,830	9,183
Repairs and Maintenance	675	9,036
Lawncare and Maintenance	7,565	387
Supplies	101,580	842,732
Rent Expense	59,643	56,120
Total	<u>295,612</u>	<u>995,788</u>
Management and General:		
Accounting and Professional Services	28,768	36,562
Special Events:		
Sporting Clays	1,356	7,353
Golf Tournament	856	4,471
Other Special Events	2,780	-
Total	<u>4,992</u>	<u>11,824</u>
Total Donated Services and Supplies	<u>\$ 329,372</u>	<u>\$ 1,044,174</u>

NOTE 13 SIMPLE RETIREMENT PLAN

The Organization has a Simple Retirement Plan qualified as tax-deferred under of the IRC. The plan covers full-time employees of the Organization. The Organization contributes 3% of gross salaries to the plan for qualified employees. Employees may make contributions to the plan up to the maximum amount allowed by the IRC. Employer contributions to the plan were \$11,660 and \$9,873 for the years ended December 31, 2020 and 2019, respectively.

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NOTE 14 OPERATING LEASES

The Organization entered into a noncancelable operating lease with Eastern Idaho Regional Medical Center that commenced in October of 2018 which expires September 30, 2023. The annual rental payments are \$1 over the lease term. The difference between the required annual payments and the fair market value is recorded as in-kind revenue in the year of receipt. The amount recognized in the years ended December 31, 2020 and 2019 for in-kind revenue and rental expense related to this lease was \$59,643 and \$56,120.

NOTE 15 TRANSACTIONS WITH RELATED ENTITIES

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

Ronald McDonald House Charities, Inc. (RMHC Global), a separately registered nonprofit organization, ensures delivery of the mission across the globe. As a center of excellence, RMHC Global builds and sustains a robust infrastructure of support to the network of Chapters, including operations, licensing and compliance, finance, risk management, communications, marketing and development. The Organization receives 75% of net revenues from all national fundraising efforts facilitated by RMHC Global in McDonald's restaurants, as defined by the license agreement. During the years ended December 31, 2020 and 2019, the Organization received \$231,317 and \$158,446, respectively, from these revenue streams.

NOTE 16 PAYROLL PROTECTION PROGRAM

On April 8, 2020, the Organization received a loan in the amount of \$137,900 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender, or if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. On November 13, 2020 the SBA formally forgave all of the Organization's obligation under this PPP Loan. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability from potential noncompliance cannot be determined with certainty; however management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

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NOTE 17 CONCENTRATIONS

Contributions totaling \$1,500,000 were received from one donor during the year ended December 31, 2019, which represents 15% of total revenues and other support. The contributions were part of the Capital Campaign initiated in 2018 for the construction of the new house.

NOTE 18 SUBSEQUENT EVENTS

Management evaluated subsequent events through August 3, 2021, the date the financial statements were available to be issued.

Subsequent to year-end, the Organization received a loan in the amount of \$174,425 to fund payroll and utilities through the federal Paycheck Protection Program. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.