

Financial Statements

Ronald McDonald House Charities of Idaho, Inc.
(a nonprofit organization)
Years Ended December 31, 2021 and 2020



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Ronald McDonald House Charities of Idaho, Inc., which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ronald McDonald House Charities of Idaho, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ronald McDonald House Charities of Idaho, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ronald McDonald House Charities of Idaho, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute





assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ronald McDonald House Charities of Idaho, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ronald McDonald House Charities of Idaho, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Summarized Comparative Information

The financial statements of Ronald McDonald House Charities of Idaho, Inc. for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on August 3, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Meridian, Idaho
June 30, 2022

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.**STATEMENTS OF FINANCIAL POSITION**

December 31, 2021

With Comparative Totals as of December 31, 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Assets		
Cash and cash equivalents	\$ 1,509,148	\$ 1,198,648
Investments	7,230,479	5,946,935
Accounts receivable	52,887	60,363
Pledges receivable, net	1,119,928	2,035,473
Prepaid expenses	21,397	6,430
Property and equipment, net	<u>14,581,143</u>	<u>14,867,883</u>
 Total Assets	 <u>\$ 24,514,982</u>	 <u>\$ 24,115,732</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 30,946	\$ 30,536
Accrued wages, benefits, and payroll taxes	62,620	59,720
Deferred revenue	17,030	0
Long-term debt, net of unamortized loan fees	<u>0</u>	<u>343,980</u>
 Total Liabilities	 110,596	 434,236
Net Assets		
Without donor restrictions	23,858,186	23,185,296
With donor restrictions	<u>546,200</u>	<u>496,200</u>
 Total Net Assets	 <u>24,404,386</u>	 <u>23,681,496</u>
 Total Liabilities and Net Assets	 <u>\$ 24,514,982</u>	 <u>\$ 24,115,732</u>

See notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.**STATEMENTS OF ACTIVITIES**

For the Year Ended December 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

	<u>2021</u>			<u>2020</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenues and Other Support				
Contributions	\$ 1,231,110	\$ 50,000	\$ 1,281,110	\$ 1,543,066
Special events	430,855		430,855	441,163
In-kind contributions	140,082		140,082	329,372
Investment income	585,915	52,600	638,515	953,539
CARES Act income	174,425		174,425	137,900
Other income	<u>0</u>	<u></u>	<u>0</u>	<u>7,133</u>
	2,562,387	102,600	2,664,987	3,412,173
Net assets released from restrictions	<u>52,600</u>	<u>(52,600)</u>	<u>0</u>	<u>0</u>
Total Revenue	2,614,987	50,000	2,664,987	3,412,173
Expenses				
Program services				
Ronald McDonald House	1,163,444		1,163,444	1,893,435
Family Room	219,850		219,850	314,404
Hospitality Carts	<u>0</u>	<u></u>	<u>0</u>	<u>658</u>
Total Program Services	1,383,294	0	1,383,294	2,208,497
Supporting services				
Administrative	296,514		296,514	246,559
Fundraising	<u>262,289</u>	<u></u>	<u>262,289</u>	<u>152,985</u>
Total Supporting Services	<u>558,803</u>	<u>0</u>	<u>558,803</u>	<u>399,544</u>
Total Expenses	<u>1,942,097</u>	<u>0</u>	<u>1,942,097</u>	<u>2,608,041</u>
Change in Net Assets	672,890	50,000	722,890	804,132
Net Assets				
Beginning of Year	<u>23,185,296</u>	<u>496,200</u>	<u>23,681,496</u>	<u>22,877,364</u>
End of Year	<u>\$ 23,858,186</u>	<u>\$ 546,200</u>	<u>\$ 24,404,386</u>	<u>\$ 23,681,496</u>

See notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

	<u>Program Services</u>				<u>2021 Total</u>	<u>2020 Total</u>
	<u>Ronald McDonald House</u>	<u>Family Room</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 378,556	\$ 129,053	\$ 154,864	\$ 197,882	\$ 860,355	\$ 805,654
Depreciation	316,928		31,345		348,273	310,802
Cleaning services and supplies	207,201				207,201	188,276
Employee benefits	47,143	2,623	6,539	14,214	70,519	78,438
Payroll taxes	30,023	10,235	12,282	15,694	68,234	60,955
Rent		58,388			58,388	59,643
Advertising	26,914	8,074		18,840	53,828	66,863
Professional fees	22,887	2,543	25,431		50,861	48,011
Maintenance and repairs	44,383		4,390		48,773	14,720
Utilities	40,040		3,960		44,000	30,784
Insurance	15,580	2,990	5,088	1,343	25,001	39,894
Bad debt			15,650		15,650	0
Meetings, education, and training	3,040	2,280	7,600	2,280	15,200	9,633
Technology	6,154	2,461	1,846	1,846	12,307	16,281
Bank charges			12,270		12,270	7,118
Telephone	5,834		1,945	1,945	9,724	9,420
Office supplies			9,157		9,157	4,774
Interest expense	8,337				8,337	43,191
Family support services and supplies	5,696	402			6,098	790,892
Canister expenses				5,354	5,354	5,098
Printing and publishing	1,472	491	981	1,962	4,906	6,482
Postage and courier	929	310	929	929	3,097	3,507
Volunteer resources and recognition	2,327				2,327	4,247
Dues and subscriptions			2,237		2,237	2,700
Cart supplies					0	658
	<u>\$ 1,163,444</u>	<u>\$ 219,850</u>	<u>\$ 296,514</u>	<u>\$ 262,289</u>	<u>\$ 1,942,097</u>	<u>\$ 2,608,041</u>

See notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

	<u>2021</u>	<u>2020</u>
Cash Flow From Operating Activities		
Change in net assets	\$ 722,890	\$ 804,132
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	341,253	310,802
Loan fee amortization	7,020	0
Net unrealized (gain) loss on investments	(199,464)	(572,617)
Net realized (gain) loss on investments	7	(134,323)
Donation to endowment	(50,000)	0
Forgiveness of PPP loan	(174,425)	(137,900)
In-kind donation of property and equipment	0	(180,752)
Loss on sale of assets	0	(7,133)
Changes in operating assets and liabilities:		
Accounts receivable	7,476	(26,374)
Pledges receivable	915,545	1,826,907
Prepaid expenses	(14,967)	3,336
Accounts payable	410	(1,194,761)
Accrued wages, benefits and payroll taxes	2,900	6,167
Deferred revenue	<u>17,030</u>	<u>(53,730)</u>
Net Cash Provided (Used) by Operating Activities	1,575,675	643,754
Cash Flow From Investing Activities		
Purchase of investments	(1,107,286)	(591,032)
Proceeds from sale of investments	23,199	710,442
Purchase of property and equipment	(54,513)	(186,364)
Proceeds from sale of property and equipment	<u>0</u>	<u>15,415</u>
Net Cash Provided (Used) by Investing Activities	(1,138,600)	(51,539)

See notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.**STATEMENTS OF CASH FLOWS (Continued)****For the Year Ended December 31, 2021****With Comparative Totals for the Year Ended December 31, 2020**

	<u>2021</u>	<u>2020</u>
Cash Flow From Financing Activities		
Net change in line of credit payable	0	(800,000)
Donation to endowment	50,000	0
Repayment of long-term debt	(351,000)	0
Proceeds from long-term debt	<u>174,425</u>	<u>481,880</u>
Net Cash Provided (Used) by Financing Activities	<u>(126,575)</u>	<u>(318,120)</u>
Net Change in Cash and Cash Equivalents	310,500	274,095
Cash and Cash Equivalents - Beginning of Year	<u>1,198,648</u>	<u>924,553</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,509,148</u>	<u>\$ 1,198,648</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 8,197	\$ 43,076
Supplemental Noncash Investing Activities		
In-kind donation of property and equipment	\$ 0	\$ 180,752

See notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies

Nature of Organization

Ronald McDonald House Charities of Idaho, Inc., (the Organization) is an Idaho nonprofit charitable corporation formed in 1987. The mission of the Organization 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 caring, supportive, and family-centered, we serve in a manner that is professional, responsive, and respectful, we operate with accountability and transparency, we celebrate our communities and heritage.

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, Inc.:

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 provides 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. The Ronald McDonald Hospitality Carts did not run during 2021. The Organization anticipates starting them again in the future.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization reports net assets and revenues, expenses, gains and losses according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Cash and Cash Equivalents

The Organization considers its short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000. 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.

Accounts Receivable

Receivables are stated at the amount management expects to collect from outstanding balances. Management has assessed all receivables for collectability and believes all are fully collectable. At December 31, 2021 and 2020, management determined that no allowance was necessary.

Promises to Give

Unconditional promises to give are recorded when pledged. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using the Organization's expected borrowing rate applicable to the years in which the promises are received to discount the amounts.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Fair Value

The Organization uses fair value reporting for financial assets and liabilities. A hierarchy for reporting the reliability of input measurements is used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established, prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short term, highly liquid nature.

Property and Equipment

Property and equipment is stated at cost or, if donated, at the estimated fair market value at the date of donation. Expenditures for major renewals and betterments that extend the useful lives of furniture and equipment that cost over \$5,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from five to forty years.

Deferred Revenue

The Organization receives sponsorship fees for futures events. The fees are deferred and recognized when the event occurs.

Contributions and Donor Imposed Restrictions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

In-kind Contributions

Support arising from donated goods, property and services is recognized in the financial statements at fair value. The Organization receives in-kind contributions consisting of supplies used in the operations of the Ronald McDonald House and Family Room programs, special events held, and the general operations of the Organization.

Functional Allocation of Expense

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Advertising, insurance, postage and courier, printing, professional fees, technology, and telephone expenses 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 are allocated on the basis of estimates of time and effort.

Advertising

The Organization expenses advertising as costs are incurred. Advertising expenses totaled \$53,828 and \$66,863 for the years ended December 31, 2021 and 2020, respectively.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

Presentation of Certain Taxes

The Organization collects various taxes from customers and remits these amounts to applicable taxing authorities. The Organization's accounting policy is to exclude these taxes from revenues and program expenses.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of that position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2021 or 2020.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2018.

Use of Estimates

The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Prior Year Comparative Totals

The financial statements include certain 2020 summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the 2020 financial statements from which the summarized information was derived.

Reclassifications

Certain amounts for the year ended December 31, 2020 were reclassified to conform to the current year presentation. The reclassifications had no effect on the change in net assets for the year ended December 31, 2020.

Subsequent Events

The Organization has evaluated subsequent events through June 30, 2022, which is the date the financial statements were available to be issued.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS

Note B – Liquidity and Availability of Resources

The Organization’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 1,509,148
Pledges receivable	407,480
Accounts receivable	52,887
Investments	<u>7,230,479</u>
Total financial assets available within one year	9,199,994
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	546,200
Board designation – Operating Reserve	2,000,000
Board designation – Capital Improvements	<u>200,000</u>
Total amounts unavailable for general expenditures within one year	<u>2,764,200</u>
Total financial assets available within one year after restriction	<u>\$ 6,435,794</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2021, all net assets with donor restrictions are available for payment of any major expenditures incurred, except for receivables which are available when the receivable is collected which is expected within the next year and the expenditure is incurred. Board designated amounts could be drawn upon to meet immediate cash needs by vote of the board of directors.

Note C – Investments

Investments, included in the endowment on the statement of financial position, as of December 31 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Cost	\$ 5,716,150	\$ 4,632,078
Unrealized gain (loss)	<u>1,514,329</u>	<u>1,314,865</u>
Fair value	<u>\$ 7,230,479</u>	<u>\$ 5,946,943</u>

Investment income (loss) consists of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 439,058	\$ 246,745
Unrealized gain (loss)	199,464	572,617
Realized gain (loss)	<u>(7)</u>	<u>134,177</u>
	<u>\$ 638,515</u>	<u>\$ 953,539</u>

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

Note D – Fair Value Measurements

The fair value hierarchy prioritizes the 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 unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets. |
| Level 2 | Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value instrument. |

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Organization's investments are held in various equities, bond funds and certificates of deposit. The funds have been valued based on the closing market price as it relates to the trusts and equities or quoted prices for similar assets as it relates to the bond funds at December 31, 2021 and 2020 and are considered to be Level 1 assets as shown below.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS

Note D – Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value measured on a recurring basis as of December 31:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
December 31, 2021				
Money market	\$ 38,895	\$ 38,895	\$	\$ 0
Common stock	5,175,385	5,175,385		
Certificates of deposit	600,182	600,182		
Bonds	<u>1,416,017</u>	<u>1,416,017</u>		
Total	<u>\$ 7,230,479</u>	<u>\$ 7,230,479</u>	<u>\$ 0</u>	<u>\$ 0</u>
December 31, 2020				
Money market	\$ 36,517	\$ 36,517	\$	\$ 0
Common stock	5,201,193	5,201,193		
Bonds	<u>709,225</u>	<u>709,225</u>		
Total	<u>\$ 5,946,935</u>	<u>\$ 5,946,935</u>	<u>\$ 0</u>	<u>\$ 0</u>

Note E – Pledges Receivable

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.

	<u>2021</u>	<u>2020</u>
Pledges receivable in less than one year	\$ 407,480	\$ 990,483
Pledges receivable in 1-4 years	<u>731,691</u>	<u>1,073,216</u>
Total pledges receivable	1,139,171	2,063,699
Less discount to net present value	<u>(19,243)</u>	<u>(28,226)</u>
Pledges receivable, net	<u>\$ 1,119,928</u>	<u>\$ 2,035,473</u>

The discount rate used on outstanding pledges was 2.63%

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS

Note F – Property and Equipment

At December 31, property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 2,375,000	\$ 2,375,000
Buildings	12,076,530	12,076,530
Landscaping	60,556	60,556
Furniture and fixtures	633,282	633,282
Office furniture and equipment	131,327	99,563
Signage	63,729	63,729
Vehicles	<u>22,749</u>	<u>16,081</u>
	15,363,173	15,324,741
Less accumulated depreciation	<u>782,030</u>	<u>456,858</u>
Total property and equipment	<u>\$ 14,581,143</u>	<u>\$ 14,867,883</u>

Total depreciation expense for the years ended December 31, 2021 and 2020 was \$348,273 and \$310,802, respectively.

Note G – Line of Credit

On October 30, 2019, the Organization entered into a construction line of credit for \$4,000,000 with Zions Bank. The line of credit matured on April 30, 2020 and was then converted to a term loan for five years, secured by a first lien deed of trust on Ronald McDonald House in Boise. The Organization paid the term loan in full on November 30, 2020.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS

Note H – 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 3.09% at September 30, 2021. The loan was 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 at December 31, 2020, the bank had issued a waiver. The note was paid in full in September 2021.

Note I – Net Assets

The detail of the Organization’s net asset categories at December 31, is as follows:

	<u>2021</u>	<u>2020</u>
Without donor restrictions:		
Invested in equipment and furniture	\$ 14,581,143	\$ 14,867,883
Board designated capital improvements	200,000	200,000
Board designated operating reserve	2,000,000	2,000,000
Undesignated surplus	<u>7,077,043</u>	<u>6,117,413</u>
Total without donor restrictions	23,858,186	23,185,296
With donor restrictions:		
Endowment Fund	<u>546,200</u>	<u>496,200</u>
Total net assets	<u>\$ 24,404,386</u>	<u>\$ 23,681,496</u>

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS

Note J – In-Kind Contributions

The Organization receives in-kind contributions consisting of supplies used in the operations of the Ronald McDonald House and Family Room programs, special events held, and the general operations of the Organization. In-kind contributions consisted of the following for the year ended December 31:

	<u>2021</u>	<u>2020</u>
Occupancy	\$ 71,299	\$ 63,549
Supplies	23,956	228,962
Professional fees	21,133	16,568
Repairs and maintenance	15,619	2,465
Special events	3,775	6,098
Advertising	3,250	5,000
Other	<u>1,050</u>	<u>6,730</u>
Total In-Kind Contributions	<u>\$ 140,082</u>	<u>\$ 329,372</u>

Note K – Simple Retirement Plan

The Organization has a Simple Retirement Plan qualified as tax-deferred under the IRC. All employees making at least \$5,000 of eligible compensation in two consecutive years are eligible with up to a 3% match. There were employer contributions for the years ended December 31, 2021 and 2020 of \$16,900 and \$11,660.

Note L – Operating Lease

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, 2021 and 2020 for in-kind revenue and rental expense related to this lease was \$58,388 and \$59,643.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

Note M – Related Party Transactions

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 years ended December 31, 2021 and 2020, the Organization received \$380,591 and \$231,317, respectively, from these revenue streams.

Note N – Refundable Advance

On April 24, 2021, the Organization received loan proceeds in the amount of approximately \$174,425 under the Paycheck Protection Program (“PPP”). The PPP was established under the Coronavirus Aid, Relief and Economic Security Act, as amended (“CARES Act”) and is administered by the U.S. Small Business Administration (“SBA”). Under the terms of the CARES Act, PPP loan recipients can apply for loan forgiveness. The potential loan forgiveness for all or a portion of PPP loans is determined, subject to limitations, based on the use of loan proceeds over the 24-weeks after the loan proceeds are disbursed for payment of payroll costs and any payments of mortgage interest, rent, and utilities. The amount of loan forgiveness will be reduced if PPP loan recipients terminate employees or reduce salaries during the covered period.

On August 17, 2021 the Organization was notified by their bank that the SBA had granted forgiveness on the PPP. The Organization recognized the forgiveness as revenue during 2021.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

Note N – Refundable Advance (Continued)

On April 8, 2020, the Organization received loan proceeds in the amount of approximately \$137,900 under the Paycheck Protection Program (“PPP”). The PPP was established under the Coronavirus Aid, Relief and Economic Security Act, as amended (“CARES Act”) and is administered by the U.S. Small Business Administration (“SBA”). Under the terms of the CARES Act, PPP loan recipients can apply for loan forgiveness. The potential loan forgiveness for all or a portion of PPP loans is determined, subject to limitations, based on the use of loan proceeds over the 24-weeks after the loan proceeds are disbursed for payment of payroll costs and any payments of mortgage interest, rent, and utilities. The amount of loan forgiveness will be reduced if PPP loan recipients terminate employees or reduce salaries during the covered period.

On November 13, 2020 the Organization was notified by their bank that the SBA had granted forgiveness on the PPP loan. The Organization recognized the forgiveness as revenue during 2020.

Note O – Endowment

The Organization's endowment consists of funds established by donors for the purpose of providing income to support the Organization's activities. Terms of the endowment allow for all earnings to be used for operations of the House. The endowment, in the amount of \$546,200 is reported as net assets with donor restrictions.

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

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS

Note O – Endowment (Continued)

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.

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

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 0	\$ 496,200	\$ 496,200
Investment return, net		52,600	52,600
Contributions		50,000	50,000
Appropriation of Endowment Assets for Expenditure	<u> </u>	<u>(52,600)</u>	<u>(52,600)</u>
Endowment net assets, end of year	<u>\$ 0</u>	<u>\$ 546,200</u>	<u>\$ 546,200</u>

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS

Note O – Endowment (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2020

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 0	\$ 496,200	\$ 496,200
Investment return, net		78,998	78,998
Contributions			
Appropriation of Endowment Assets for Expenditure	<u> </u>	<u>(78,998)</u>	<u>(78,998)</u>
Endowment net assets, end of year	<u>\$ 0</u>	<u>\$ 496,200</u>	<u>\$ 496,200</u>