

**RONALD MCDONALD HOUSE CHARITIES
OF SOUTHWEST FLORIDA, INC.**

FINANCIAL STATEMENTS

Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ronald McDonald House Charities of Southwest Florida, Inc.
Fort Myers, Florida

Opinion

We have audited the accompanying financial statements of Ronald McDonald House Charities of Southwest Florida, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities of Southwest Florida, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Southwest Florida, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 Southwest Florida, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Southwest Florida, 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 Southwest Florida, 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.


HUGHES, SNELL & CO., P.A.

Fort Myers, Florida
August 12, 2022

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Statements of Financial Position
December 31, 2021 and 2020

		<u>ASSETS</u>	
		<u>2021</u>	<u>2020</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	1,444,050	\$ 1,440,795
Accounts receivable		71,951	20,977
Prepaid expenses		24,336	29,353
Investments		4,259,702	2,480,089
Total Current Assets		<u>5,800,039</u>	<u>3,971,214</u>
NONCURRENT ASSETS			
Cash and cash equivalents restricted for House Expansion		-	760,108
Promises to give for House Expansion		15,075	618,583
Property and equipment, net		2,677,614	2,978,597
Beneficial interest in asset held by others		22,343	19,942
Total Noncurrent Assets		<u>2,715,032</u>	<u>4,377,230</u>
Total Assets	\$	<u>8,515,071</u>	\$ <u>8,348,444</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$	137,162	\$ 85,383
Deferred revenue		82,780	18,318
Leadership conference payable		3,065	3,065
Total Current Liabilities		<u>223,007</u>	<u>106,766</u>
NET ASSETS			
Without donor restrictions		7,595,053	6,172,302
With donor restrictions		697,011	2,069,376
Total Net Assets		<u>8,292,064</u>	<u>8,241,678</u>
Total Liabilities and Net Assets	\$	<u>8,515,071</u>	\$ <u>8,348,444</u>

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Statements of Activities
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Gross proceeds from fundraising events	\$ 106,466	\$ 20,000	\$ 126,466	\$ 308,095	\$ -	\$ 308,095
Less: cost of direct benefits to donors	(47,178)	-	(47,178)	(126,931)	-	(126,931)
Net proceeds from fundraising events	59,288	20,000	79,288	181,164	-	181,164
Contributions	1,034,393	50,306	1,084,699	592,425	24,296	616,721
Guest donations	-	4,745	4,745	-	950	950
In-kind contributions	38,238	-	38,238	48,652	-	48,652
Net assets released from restrictions	83,500	(83,500)	-	63,659	(63,659)	-
Total Revenues and Support	<u>1,215,419</u>	<u>(8,449)</u>	<u>1,206,970</u>	<u>885,900</u>	<u>(38,413)</u>	<u>847,487</u>
EXPENSES						
Program services	831,857	-	831,857	667,113	-	667,113
General and administrative	225,093	-	225,093	183,570	-	183,570
Fundraising	314,079	-	314,079	226,140	-	226,140
Total Expenses	<u>1,371,029</u>	<u>-</u>	<u>1,371,029</u>	<u>1,076,823</u>	<u>-</u>	<u>1,076,823</u>
CHANGE IN NET ASSETS FROM OPERATIONS						
	(155,610)	(8,449)	(164,059)	(190,923)	(38,413)	(229,336)
NONOPERATING ACTIVITIES						
Contributions restricted for House Expansion	-	19,356	19,356	-	99,812	99,812
In-kind contributions for House Expansion	-	-	-	576,219	-	576,219
Net assets released from restrictions	1,383,272	(1,383,272)	-	1,287,564	(1,287,564)	-
Net investment return	195,089	-	195,089	248,808	-	248,808
CHANGE IN NET ASSETS	1,422,751	(1,372,365)	50,386	1,921,668	(1,226,165)	695,503
NET ASSETS, BEGINNING OF YEAR	<u>6,172,302</u>	<u>2,069,376</u>	<u>8,241,678</u>	<u>4,250,634</u>	<u>3,295,541</u>	<u>7,546,175</u>
NET ASSETS, END OF YEAR	<u>\$ 7,595,053</u>	<u>\$ 697,011</u>	<u>\$ 8,292,064</u>	<u>\$ 6,172,302</u>	<u>\$ 2,069,376</u>	<u>\$ 8,241,678</u>

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Statement of Functional Expenses
Year Ended December 31, 2021 (with summarized comparative totals for 2020)

	2021					2020
	Program Services	General and Administrative	Fundraising	Direct Benefits to Donor	Total	
EXPENSES						
Payroll and benefits	\$ 210,119	\$ 120,352	\$ 145,241	\$ -	\$ 475,712	\$ 361,143
Payroll taxes	17,227	6,891	8,039	-	32,157	26,226
Total Salaries and Related Expenses	227,346	127,243	153,280	-	507,869	387,369
Fund raising	-	-	123,885	-	123,885	106,072
Event facilities and entertainment	-	-	-	47,178	47,178	126,931
Marketing	6,496	3,000	5,253	-	14,749	5,383
Insurance	28,285	4,103.00	3,096	-	35,484	26,530
Office	8,620	12,304	7,002	-	27,926	19,080
Outside service contracts	11,634	1,158	579	-	13,371	24,165
Professional fees	12,689	21,000	-	-	33,689	73,086
Repair and maintenance	17,544	10,534	2,896	-	30,974	36,048
Supplies	64,656	9,168	471	-	74,295	38,094
Travel and entertainment	1,184	-	-	-	1,184	496
Utilities	18,526	2,662	2,311	-	23,499	21,295
Volunteer	2,646	2,304	-	-	4,950	2,001
Grants	170,180	-	-	-	170,180	146,878
Miscellaneous	1,843	1,004	-	-	2,847	1,949
Depreciation	260,208	30,613	15,306	-	306,127	188,377
Total Expenses	\$ 831,857	\$ 225,093	\$ 314,079	\$ 47,178	1,418,207	1,203,754
				Direct benefits to donor	(47,178)	(126,931)
				Total Expenses - Statement of Activities	\$ 1,371,029	\$ 1,076,823

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services	General and Administrative	Fundraising	Direct Benefit to Donor	Total
EXPENSES					
Payroll and benefits	\$ 148,464	\$ 117,836	\$ 94,843	\$ -	\$ 361,143
Payroll taxes	13,769	6,556	5,901	-	26,226
Total Salaries and Related Expenses	<u>162,233</u>	<u>124,392</u>	<u>100,744</u>	-	<u>387,369</u>
Fund raising	-	-	106,072	-	106,072
Event facilities and entertainment	-	-	-	126,931	126,931
Marketing	4,054	1,196	133	-	5,383
Insurance	20,263	3,621.00	2,646	-	26,530
Office	12,195	5,720	1,165	-	19,080
Outside service contracts	20,540	2,417	1,208	-	24,165
Professional fees	53,758	19,328	-	-	73,086
Repair and maintenance	30,923	2,932	2,193	-	36,048
Supplies	36,133	1,308	653	-	38,094
Travel and entertainment	-	496	-	-	496
Utilities	16,787	2,600	1,908	-	21,295
Volunteer	1,629	372	-	-	2,001
Grants	146,878	-	-	-	146,878
Miscellaneous	1,599	350	-	-	1,949
Depreciation	<u>160,121</u>	<u>18,838</u>	<u>9,418</u>	-	<u>188,377</u>
Total Expenses \$	<u><u>667,113</u></u>	<u><u>183,570</u></u>	<u><u>226,140</u></u>	<u><u>126,931</u></u>	1,203,754
				Direct benefits to donor	<u>(126,931)</u>
				Total Expenses - Statement of Activities \$	<u><u>1,076,823</u></u>

The accompanying notes are an integral part of this financial statement.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 50,386	\$ 695,503
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Stock contributions	(55,034)	-
In-kind contributions for house expansion	-	(576,219)
Contributions restricted for House Expansion	(19,356)	(117,300)
Loss on uncollectible promise to give	-	6,000
Loan forgiveness	-	(65,100)
Depreciation	306,127	188,377
Net realized and unrealized (gains) losses on investments	(123,095)	(190,206)
Interest and dividend reinvestment	(53,563)	(41,094)
Accrued interest	(16,217)	(10,398)
(Increase) decrease in assets:		
Accounts receivable	(50,974)	76,132
Prepaid expenses	5,017	(283)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	51,779	(6,140)
Deferred revenue	64,462	(16,287)
Leadership conference payable	-	(98,177)
Net Cash Provided by (Used in) Operating Activities	<u>159,532</u>	<u>\$ (155,192)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(5,144)	(1,288,013)
Purchases of investments	(2,370,106)	(1,118,955)
Proceeds from sale of investments	836,001	1,135,623
Net Cash Provided by (Used in) Investing Activities	<u>(1,539,249)</u>	<u>(1,271,345)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from forgivable loan	-	65,100
Contributions received for House Expansion	622,864	983,443
Net Cash Provided by Financing Activities	<u>622,864</u>	<u>1,048,543</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS	(756,853)	(377,994)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,200,903</u>	<u>2,578,897</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,444,050</u>	<u>\$ 2,200,903</u>
Reconciliation to Statement of Financial Position		
Cash and cash equivalents	\$ 1,444,050	\$ 1,440,795
Cash and cash equivalents restricted for House Expansion	-	760,108
	<u>\$ 1,444,050</u>	<u>\$ 2,200,903</u>

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements
December 31, 2021 and 2020

NOTE A – THE ORGANIZATION

Ronald McDonald House Charities of Southwest Florida, Inc. (the "Organization") is a Florida not-for-profit corporation organized on September 23, 2003. The mission of the Organization is to create, find and support programs that directly impact the health and well-being of children and their families in the five county region we serve. The mission is fulfilled through operation of sustainable programs including the Ronald McDonald House located in Fort Myers that provides a “home away from home” for families with children undergoing medical treatment at Golisano Children’s Hospital; the Ronald McDonald Family Room located at the children’s hospital provides families of hospitalized children a space to rest and regroup while being near their child’s bedside; and the Ronald McDonald Care Mobile units provide medical and dental screenings, treatment and sealants to underserved areas as well as monthly autism screenings.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (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.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Nonoperating activities is limited to net investment return and the House Expansion project. Operating activities consist of all other activities of the Organization.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Accounts Receivable and Promises to Give

Accounts receivable and promises to give consists of amounts owed by donors and partners and are stated at the amount management expects to be collected from the outstanding balance. All receivables are considered fully collectible, therefore, no allowance for uncollectible accounts has been recorded. The expense related to uncollectible accounts is recognized in the period in which a specific account is determined to be uncollectible. There was no bad debt expense or loss on uncollectible promises to give for the year ended December 31, 2021. There was a loss on an uncollectible promise to give of \$6,000 for the year ended December 31, 2020. All accounts receivables owed by donors are expected to be received within one year. Promises to give expected to be received over one year are not discounted for the present value of future cash flows as the amount was determined to be immaterial.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements
December 31, 2021 and 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The Organization's investments are professionally managed by FineMark National Bank & Trust.

The Southwest Florida Community Foundation maintains an agency endowment (the "Ronald McDonald House Charities of Southwest Florida Fund") for the benefit of the Organization. The Organization's beneficial interest in assets held by others is carried at fair value. The Organization has granted the Foundation variance power which gives the Foundation's Board of Directors the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Foundation's investment and spending policies.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair value at the time of donation. Additions and major renewals in excess of \$2,500 are capitalized. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The cost of maintenance and repairs is expensed as incurred.

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the fair value of the asset is less than the carrying value. There were no impairment losses recognized in 2021 or 2020.

Deferred Revenue

Income from sponsorships received in advance of future special events, which the resource provider is receiving commensurate value in return or a right of return exists if the event does not occur, is deferred and recognized over the periods to which the sponsorships relate.

Net Assets

The Organization's net assets and changes therein are classified and reported as net assets without and with donor restrictions. Net assets with donor restrictions are 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.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements
December 31, 2021 and 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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.

The Organization records special events revenue including sponsorships and ticket sales when the event takes place.

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. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

During the year ended December 31, 2020, the Organization received \$430,425 of donated furnishings and \$145,794 of professional services for the House Expansion that were capitalized and included in property and equipment on the statement of financial position. In addition, the Organization received supplies and other items totaling \$32,634 and \$6,000 during the years ended December 31, 2021 and 2020, respectively.

Donations of services are recognized as contributions only if services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by the individual possessing those skills, and would typically be purchased if not provided by donation. For the years ended December 31, 2021 and 2020, the Organization recognized other donated services in the amount of \$5,604 and \$44,052, respectively.

The Organization also receives significant contributions of time from volunteers in furtherance of the mission of the Organization that are not recorded in the financial statements as they do not meet the criteria for recognition under GAAP. During the year ended December 31, 2021, a total of 3,466 hours of service were provided by 885 volunteer shifts. During the year ended December 31, 2020, a total of 2,617 hours of service were provided by 701 volunteer shifts. These volunteer services are valued at approximately \$51,990 and \$39,000 for the years ended December 31, 2021 and 2020, respectively.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements
December 31, 2021 and 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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: depreciation, insurance, interest, maintenance and repairs, and utilities, which are allocated on a square footage basis; payroll, benefits and payroll taxes are allocated on the basis of estimated time and effort; payroll taxes, and office supplies, technology and telephone are allocated based on the average of the personnel allocation described above.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as well as exempt from state income taxes as the Organization is a not-for-profit Florida corporation. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization does not have unrelated business income for the years ended December 31, 2021 and 2020. Accordingly, no provision for income taxes has been made. The Organization is not considered a private foundation within the meaning of Section 509(a) of the Code.

Management has evaluated its tax positions and believes that all positions taken are well documented and supported and there are no uncertain tax positions that are material to the financial statements. Therefore, no provision for uncertain tax positions has been recorded.

Cash Flows

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Organization made no cash payments for income tax or interest during the years ended December 31, 2021 and 2020.

During the year ended December 31, 2020, noncash investing and financing activities included the receipt of donated professional services and furnishings for the House Expansion project totaling \$576,219.

Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 12, 2022, the date that the financial statements were available to be issued.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements
December 31, 2021 and 2020

NOTE C – LIQUIDITY AND AVAILABILITY

The following represents the Organization’s financial assets at December 31, 2021 and 2020:

Financial assets at year-end:	2021	2020
Cash and cash equivalents	\$ 1,444,050	\$ 2,200,903
Accounts receivable	71,951	20,977
Promises to give	15,075	618,583
Investments	4,259,702	2,480,089
Beneficial interest in asset held by other	22,343	19,942
	<u>5,813,121</u>	<u>5,340,494</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(466,959)	(1,839,324)
Beneficial interest in asset held by other	(22,343)	(19,942)
Board-designated capital reserves	(226,955)	(185,155)
Financial assets available to meet cash needs for operating expenditures within one year	<u>\$ 5,096,864</u>	<u>\$ 3,296,073</u>

The Organization strives to maintain liquid assets in the form of cash targeted to cover 12 months of normal expenditures. Deposit accounts are maintained in several federally insured institutions. Balances are monitored and redistributed to ensure cash balances do not exceed the FIDIC insured level of \$250,000 at a single institution. Liquid assets in excess of this 12-month level are maintained in an investment account which is managed and reviewed in accordance with board policy. A review of the investment policy and objectives is undertaken no less frequently than annually in conjunction with the review of the Organization’s financial condition and circumstances.

The governing board has designated, from net assets without donor restrictions, net assets for capital reserves totaling \$226,955 and \$185,155 as of December 31, 2021 and 2020, respectively.

NOTE D – PROMISES TO GIVE

Unconditional promises to give for the House Expansion project are due as follows as of December 31, 2021 and 2020:

	2021	2020
Less than one year	\$ 13,652	\$ 592,506
One to three years	1,423	26,077
	<u>\$ 15,075</u>	<u>\$ 618,583</u>

Approximately 91% of the total promises to give balance was due from two donors as of December 31, 2020.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements
December 31, 2021 and 2020

NOTE E – INVESTMENTS

Investments consisted of the following as of December 31,

	2021	2020
Equity securities	\$ 1,478,892	\$ 902,950
Debt securities	2,780,810	1,577,139
	<u>\$ 4,259,702</u>	<u>\$ 2,480,089</u>

The composition of net investment return on the Organization’s investment portfolio for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
Interest and dividend income, net of investment fees	\$ 71,994	\$ 58,602
Net realized and unrealized gains (losses)	123,095	190,206
	<u>\$ 195,089</u>	<u>\$ 248,808</u>

NOTE F – 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.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in valuation techniques and related inputs.

Equity securities – Valued at the closing price reported on the active market on which the individual securities are traded.

Debt securities – Valued using observable inputs such as the bond’s par value, maturity dates, and related interest and discount rates as well as quoted prices for similar assets.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements
December 31, 2021 and 2020

NOTE F – FAIR VALUE MEASUREMENTS (continued)

Beneficial Interest in Assets Held by Others – Valued at the fair value of the Organization’s share of the investment pool held by a Foundation as of the measurement date. The underlying investments held by a Foundation are valued with readily available prices or valued using net asset value of shares held that have a readily available market value.

The fair values of assets measured on a recurring basis are as follows:

	Fair Value Measurements as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Equity securities				
Common stock	\$ 663,463	\$ -	\$ -	\$ 663,463
Pooled equity funds	815,429	-	-	815,429
Debt securities				
Treasury and federal	-	632,593	-	632,593
State and municipal	-	1,092,497	-	1,092,497
Corporate bonds	-	1,055,720	-	1,055,720
Beneficial interest	-	-	22,343	22,343
	<u>\$ 902,950</u>	<u>\$ 2,780,810</u>	<u>\$ 22,343</u>	<u>\$ 4,282,045</u>

	Fair Value Measurements as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Equity securities				
Common stock	\$ 529,955	\$ -	\$ -	\$ 529,955
Pooled equity funds	372,995	-	-	372,995
Debt securities				
Treasury and federal	-	316,734	-	316,734
State and municipal	-	644,547	-	644,547
Corporate bonds	-	555,209	-	555,209
Foreign obligation	-	60,649	-	60,649
Beneficial interest	-	-	19,942	19,942
	<u>\$ 902,950</u>	<u>\$ 1,577,139</u>	<u>\$ 19,942</u>	<u>\$ 2,500,031</u>

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

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NOTE F – FAIR VALUE MEASUREMENTS (continued)

Changes in the fair value measurements using significant unobservable inputs (Level 3) consisted of the following as of December 31:

	2021	2020
Beginning balance	\$ 19,942	\$ 18,267
Purchases	-	-
Disbursements	-	-
Change in value of beneficial interest	2,401	1,675
Ending balance	<u>\$ 22,343</u>	<u>\$ 19,942</u>

NOTE G – PROPERTY AND EQUIPMENT

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

	Estimated Useful Lives	2021	2020
Land	N/A	\$ 230,052	\$ 230,052
Building and improvements	7 - 39 years	4,022,437	4,021,187
Furniture and equipment	3 - 10 years	190,965	187,071
Vehicles	5 years	42,847	42,847
Artwork	7 years	11,025	11,025
		<u>4,497,326</u>	<u>4,492,182</u>
Less: accumulated depreciation		<u>(1,819,712)</u>	<u>(1,513,585)</u>
		<u>\$ 2,677,614</u>	<u>\$ 2,978,597</u>

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Subject to expenditure for specific purpose:		
Ronald McDonald House Share-A-Night	\$ 202,479	\$ 188,569
Ronald McDonald Care Mobile II	196,200	215,321
Ronald McDonald Family Room	40,476	44,474
Ronald McDonald House Expansion, Renovation and Future Working Capital	-	1,378,991
Project Design	4,771	4,771
Coca Cola products	2,958	2,198
	<u>446,884</u>	<u>1,834,324</u>
Subject to the passage of time:		
Promises to give	15,075	-

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements
December 31, 2021 and 2020

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS (continued)

	<u>2021</u>	<u>2020</u>
Subject to the Organization's spending policy and appropriation:		
Original donor-restricted gift amount required to be maintained in perpetuity by donor	5,000	5,000
Not subject to appropriation or expenditure:		
Land required to be used for a Ronald McDonald House	<u>230,052</u>	<u>230,052</u>
Total net assets with donor restrictions	<u>\$ 697,011</u>	<u>\$ 2,069,376</u>

NOTE I – 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Purpose restrictions accomplished:		
Ronald McDonald House Share-A-Night	\$ 9,140	\$ 3,760
Ronald McDonald Care Mobile II	69,121	55,507
Ronald McDonald Family Room	3,998	2,589
Ronald McDonald House Expansion, Renovation and Future Working Capital	1,383,272	1,287,564
Coca Cola products	<u>1,241</u>	<u>1,803</u>
Total restrictions released	<u>\$ 1,466,772</u>	<u>\$ 1,351,223</u>
Operating restrictions released	\$ 83,500	\$ 63,659
Nonoperating restrictions released	<u>1,383,272</u>	<u>1,287,564</u>
	<u>\$ 1,466,772</u>	<u>\$ 1,351,223</u>

NOTE J – LICENSING AGREEMENT

The Organization entered into an agreement with McDonald's Corporation (the "Corporation") on December 8, 2003 to obtain a license to use the trademarks and copyrights of the Corporation for the purpose of raising funds from public and private sources and making grants to other not-for-profit organizations for the benefit of children in the local area. The term of the license shall continue until terminated by either party, with or without cause, upon 30 days' written notice. The annual fee due under the license is \$1.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements
December 31, 2021 and 2020

NOTE J – LICENSING AGREEMENT (continued)

Under the terms of the license, the Organization is required to remit to RMHC Global 25% of contributions received through local McDonald's restaurants as a result of national fundraising campaigns. For the years ended December 31, 2021 and 2020, the collections from national fundraising campaigns were deposited directly to RMHC Global and the net contribution was provided to the Organization. The amount received was recorded as contributions in the statement of activities.

NOTE K – COMMITMENTS

The Organization has an agreement with RMHC Global and Healthcare Network of Southwest Florida ("HCNSWFL") for the support of the Ronald McDonald Care Mobile (the "Care Mobile"). Under the terms of the agreement, the Organization will contribute an amount equal to the lesser of 20% of the annual expenses incurred by HCNSWFL in operating the Care Mobile or \$120,000. During the years ended December 31, 2021 and 2020, \$87,157 and \$76,900, respectively, was contributed to the Care Mobile and is included in grants in the statement of functional expenses. The agreement will terminate upon either the termination of the licensing agreement for the Care Mobile between HCNSWFL and RMHC Global or the termination of the agreement between the Organization and RMHC Global.

The Organization has an agreement with RMHC Global and Family Health Center of Southwest Florida, Inc. (FHCSWFL) for the support of a second Ronald McDonald Care Mobile (the "Care Mobile II") which began operating in January 2018. The initial term of the agreement is five years with automatic consecutive five-year renewal terms and may be terminated with a 90-day written notice by the Organization, FHCSWFL or RHMC Global. Under the terms of the agreement, the Organization will contribute an amount equal to 20% of the annual expenses incurred by FHCSWFL in operating the Care Mobile II. During the years ended December 31, 2021 and 2020, \$68,023 and \$54,978, respectively, was contributed to the Care Mobile II and is included in grants in the statement of functional expenses.

The Organization awarded scholarships to eligible students in prior years. The scholarships awarded were one-year scholarships or four-year scholarships. The receipt of the scholarship award in future years was contingent upon verification of the student's enrollment and good standing with the education institution. As of December 31, 2021, the Organization has fully satisfied their scholarship commitments to students.

NOTE L – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at various financial institutions. Cash accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of December 31, 2021 and 2020, there was \$23,281 and \$300,574 of uninsured cash balances, respectively. The Organization has not experienced any economic losses on such accounts and believes it is not exposed to any significant credit risk.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements
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NOTE M – SIMPLE IRA PLAN

The Organization has established a Simple IRA Plan for eligible employees. The Organization makes a dollar-for-dollar match of employee elective deferrals up to 3% of the employee's compensation. For the years ended December 31, 2021 and 2020, the Organization contributed \$10,926 and \$9,335, respectively, in matching contributions which is included in payroll and benefits in the statement of functional expenses.

NOTE N – ECONOMIC DEPENDENCY

The Organization received approximately 10% and 32% of its operating revenue from one special event during the years ended December 31, 2021 and 2020, respectively. In addition, the Organization received approximately 24% of its 2021 operating revenue from a single donor in the form of a one-time planned gift from the donor's estate.

NOTE O – PAYCHECK PROTECTION PROGRAM LOAN

During 2020, the Organization received a loan through the Paycheck Protection Program for \$65,100. The loan was provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is pursuant to all regulations and guidance promulgated or provided by the Small Business Administration (SBA). The Organization applied for loan forgiveness under the guidelines of the SBA and received approval of loan forgiveness of \$65,100 on May 26, 2021. As a result, the loan proceeds are recorded in contributions in the statement of activities for the year ended December 31, 2020.

NOTE P – CONTINGENCY

The extent of the continued impact of COVID-19 on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on families, donors, employees and vendors all of which are uncertain and cannot be predicted. The Organization is continuing to implement risk mitigation tactics related to the risk of impact, if any, of COVID-19 as it relates to all aspects of the Organization's transactions with families, donors, vendors, and human interaction within and outside of the Organization. The extent to which COVID-19 may impact financial condition or results of operations of the Organization is unknown at this time.