



RONALD MCDONALD HOUSE  
OF DELAWARE

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**RONALD MCDONALD HOUSE  
OF DELAWARE, INC.**

**REPORT ON AUDIT OF  
FINANCIAL STATEMENTS**

**YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

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RONALD MCDONALD HOUSE OF DELAWARE, INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019

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## INDEPENDENT AUDITOR'S REPORT

May 24, 2021

To the Board of Directors  
Ronald McDonald House of Delaware, Inc.  
Wilmington, Delaware

### Report on the Financial Statements

We have audited the accompanying financial statements of Ronald McDonald House of Delaware, Inc., a nonprofit 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

To the Board of Directors  
Ronald McDonald House of Delaware, Inc.

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House of Delaware, 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.

*Barbacane, Thornton & Company LLP*

BARBACANE, THORNTON & COMPANY LLP

**RONALD MCDONALD HOUSE OF DELAWARE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 813,723	\$ 579,715
Cash and cash equivalents - restricted	173,371	292,620
Contributions receivable	238,650	210,839
Prepaid expenses	35,125	33,190
Investments	7,119,789	6,243,878
Property and equipment, net	5,941,952	5,705,592
TOTAL ASSETS	\$ 14,322,610	\$ 13,065,834
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 197,328	\$ 74,671
Other accrued expenses	50,557	38,594
Deferred revenue	24,855	14,855
Paycheck Protection Program loan	228,360	-
TOTAL LIABILITIES	501,100	128,120
<b>NET ASSETS</b>		
Without donor restriction	13,101,889	12,098,844
With donor restriction	719,621	838,870
TOTAL NET ASSETS	13,821,510	12,937,714
TOTAL LIABILITIES AND NET ASSETS	\$ 14,322,610	\$ 13,065,834

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

**RONALD MCDONALD HOUSE OF DELAWARE, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions	\$ 2,040,399	\$ 296,697	\$ 2,337,096
Special events revenue	566,338	-	566,338
Less: Direct benefit costs	<u>(121,844)</u>	<u>-</u>	<u>(121,844)</u>
Net Revenue from Special Events	444,494	-	444,494
RMH room donations/fees	23,692	-	23,692
Other income	1,747	-	1,747
Net assets released from restriction	<u>415,946</u>	<u>(415,946)</u>	<u>-</u>
Total Revenues and Other Support	<u>2,926,278</u>	<u>(119,249)</u>	<u>2,807,029</u>
<b>EXPENSES</b>			
Program services	2,099,833	-	2,099,833
Support services:			
Management and general	230,749	-	230,749
Fund raising	<u>443,557</u>	<u>-</u>	<u>443,557</u>
Total Expenses	<u>2,774,139</u>	<u>-</u>	<u>2,774,139</u>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	152,139	(119,249)	32,890
<b>INVESTMENT INCOME, NET</b>	<u>850,906</u>	<u>-</u>	<u>850,906</u>
<b>CHANGE IN NET ASSETS</b>	1,003,045	(119,249)	883,796
Net Assets - Beginning of Year	<u>12,098,844</u>	<u>838,870</u>	<u>12,937,714</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 13,101,889</u>	<u>\$ 719,621</u>	<u>\$ 13,821,510</u>

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

**RONALD MCDONALD HOUSE OF DELAWARE, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions	\$ 1,861,280	\$ 216,850	\$ 2,078,130
Special events revenue	684,931	-	684,931
Less: Direct benefit costs	(194,505)	-	(194,505)
Net Revenue from Special Events	490,426	-	490,426
RMH room donations/fees	57,968	-	57,968
Other income	6,113	-	6,113
Net assets released from restriction	256,725	(256,725)	-
Total Revenues and Other Support	2,672,512	(39,875)	2,632,637
<b>EXPENSES</b>			
Program services	2,037,091	-	2,037,091
Support services:			
Management and general	234,707	-	234,707
Fund raising	439,894	-	439,894
Total Expenses	2,711,692	-	2,711,692
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	(39,180)	(39,875)	(79,055)
<b>INVESTMENT INCOME, NET</b>	1,044,953	-	1,044,953
<b>CHANGE IN NET ASSETS</b>	1,005,773	(39,875)	965,898
Net Assets - Beginning of Year	11,093,071	878,745	11,971,816
<b>NET ASSETS - END OF YEAR</b>	\$ 12,098,844	\$ 838,870	\$ 12,937,714

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

**RONALD MCDONALD HOUSE OF DELAWARE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Program Services			Support Services		
	Ronald McDonald House	Ronald McDonald Family Room	Total	Management and General	Fund Raising	Total
Salaries	\$ 579,389	\$ 48,384	\$ 627,773	\$ 129,540	\$ 239,152	\$ 996,465
Benefits	106,972	-	106,972	22,074	40,751	169,797
Payroll taxes	43,157	-	43,157	8,906	16,441	68,504
Total Salaries and Related Expenses	729,518	48,384	777,902	160,520	296,344	1,234,766
Bank charges	19,277	-	19,277	1,377	6,885	27,539
Cleaning services	107,472	-	107,472	5,971	5,971	119,414
Contract services	111,745	-	111,745	13,146	6,573	131,464
Depreciation	402,116	-	402,116	22,340	22,340	446,796
Direct mailings	123,508	-	123,508	-	72,537	196,045
Dues and subscriptions	4,921	-	4,921	308	923	6,152
House supplies	74,246	-	74,246	-	-	74,246
Insurance	44,951	-	44,951	2,644	5,288	52,883
Laundry and linens	17,602	-	17,602	-	-	17,602
Merchandise	3,118	-	3,118	-	-	3,118
Miscellaneous	79,354	-	79,354	-	-	79,354
Office supplies	9,271	-	9,271	1,986	1,986	13,243
Postage and delivery	8,233	-	8,233	2,196	549	10,978
Printing and publishing	35,342	-	35,342	5,049	10,098	50,489
Professional fees	23,001	-	23,001	4,600	3,067	30,668
Repairs and maintenance	107,479	-	107,479	2,263	3,394	113,136
Social services	16,267	-	16,267	-	-	16,267
Telephone	33,068	-	33,068	1,837	1,837	36,742
Training and seminars	1,527	-	1,527	306	204	2,037
Travel	5,162	-	5,162	968	323	6,453
Utilities	89,059	-	89,059	4,948	4,948	98,955
Volunteer expenses	5,212	-	5,212	290	290	5,792
<b>Total Expenses</b>	<b>\$ 2,051,449</b>	<b>\$ 48,384</b>	<b>\$ 2,099,833</b>	<b>\$ 230,749</b>	<b>\$ 443,557</b>	<b>\$ 2,774,139</b>

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



**RONALD MCDONALD HOUSE OF DELAWARE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	Program Services			Support Services		
	Ronald McDonald House	Ronald McDonald Family Room	Total	Management and General	Fund Raising	Total
Salaries	\$ 561,550	\$ 48,384	\$ 609,934	\$ 125,859	\$ 232,356	\$ 968,149
Benefits	122,764	-	122,764	25,332	46,767	194,863
Payroll taxes	44,647	-	44,647	9,213	17,009	70,869
Total Salaries and Related Expenses	728,961	48,384	777,345	160,404	296,132	1,233,881
Bank charges	14,793	-	14,793	1,057	5,284	21,134
Cleaning services	96,296	-	96,296	5,350	5,350	106,996
Contract services	88,659	-	88,659	10,430	5,215	104,304
Depreciation	373,969	-	373,969	20,776	20,776	415,521
Direct mailings	112,399	-	112,399	-	66,012	178,411
Dues and subscriptions	4,346	-	4,346	272	815	5,433
House supplies	44,346	-	44,346	-	-	44,346
Insurance	55,382	-	55,382	3,258	6,516	65,156
Laundry and linens	54,005	-	54,005	-	-	54,005
Merchandise	6,890	-	6,890	-	-	6,890
Miscellaneous	34,232	-	34,232	-	-	34,232
Office supplies	15,669	-	15,669	3,358	3,358	22,385
Postage and delivery	6,600	-	6,600	1,760	440	8,800
Printing and publishing	44,363	-	44,363	6,338	12,675	63,376
Professional fees	36,852	-	36,852	7,370	4,914	49,136
Repairs and maintenance	58,893	-	58,893	1,240	1,860	61,993
Social services	40,310	-	40,310	-	-	40,310
Telephone	29,670	-	29,670	1,648	1,648	32,966
Training and seminars	11,658	-	11,658	2,332	1,555	15,545
Travel	14,163	-	14,163	2,655	885	17,703
Utilities	101,551	-	101,551	5,642	5,642	112,835
Volunteer expenses	14,700	-	14,700	817	817	16,334
Total Expenses	<u>\$ 1,988,707</u>	<u>\$ 48,384</u>	<u>\$ 2,037,091</u>	<u>\$ 234,707</u>	<u>\$ 439,894</u>	<u>\$ 2,711,692</u>

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

**RONALD MCDONALD HOUSE OF DELAWARE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 883,796	\$ 965,898
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	446,796	415,521
Realized/unrealized gains on investments, net of expenses	(726,704)	(900,778)
Changes in operating assets and liabilities:		
(Increase) Decrease in contributions receivable	(27,811)	34,960
Increase in prepaid expenses	(1,935)	(16,076)
Increase (Decrease) in deferred revenue	10,000	(11,007)
Increase (Decrease) in accounts payable	122,657	(37,791)
Increase in other accrued expenses	11,963	4,279
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>718,762</b>	<b>455,006</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(683,156)	(188,446)
Proceeds from sale of investments	471,185	365,044
Investment purchases	(620,392)	(532,670)
<b>NET CASH USED BY INVESTMENT ACTIVITIES</b>	<b>(832,363)</b>	<b>(356,072)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Paycheck Protection Program loan	228,360	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>228,360</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	114,759	98,934
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	872,335	773,401
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 987,094</b>	<b>\$ 872,335</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS:</b>		
Cash and cash equivalents	\$ 813,723	\$ 579,715
Cash and cash equivalents - restricted	173,371	292,620
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 987,094</b>	<b>\$ 872,335</b>

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

RONALD MCDONALD HOUSE OF DELAWARE, INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization

The Ronald McDonald House of Delaware, Inc. ("the Organization") is a Delaware 501(c)(3) nonprofit charitable corporation formed on March 13, 1987. The mission of the Organization is to serve families with seriously ill children by enabling access to medical care and to provide a place that offers comfort, hope, and togetherness. The Organization ascribes to the following core values: we are compassionate to families and children through dedicated volunteers and staff, we are attentive to the needs of the families, the hospital and the community, we are responsible both fiscally and emotionally with pride and stewardship toward our facilities, and we are engaged in making the lives of families better during their stay.

We fulfill our mission through the 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 are operated by the Organization:

*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 Wilmington, Delaware, 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 programs in Nemours/Alfred I. duPont Hospital for Children, Christiana Hospital, and Kent General Hospital serve 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.

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).

RONALD MCDONALD HOUSE OF DELAWARE, INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (cont'd)

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.

Restricted Cash

Restricted cash consists of funds held in the Organization's bank accounts which is subject to donor-imposed restrictions on its use.

Contributions Receivable

Contributions 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 if significantly different from net realizable value. Contributions receivable are written off when deemed uncollectible.

The Organization is the beneficiary under various wills and trust agreements of which the total realizable amount is not presently determinable. Such amounts are recorded when a will is declared valid by probate court and the proceeds are measurable.

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 OF DELAWARE, INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (cont'd)

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.

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 \$1,500 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	5 - 40 Years
Office furniture and equipment	3 - 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.

RONALD MCDONALD HOUSE OF DELAWARE, INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (cont'd)

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 restriction unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as net assets with donor restriction. 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 restriction to net assets without donor restriction 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.

Deferred Revenue

Income from sponsorships received in advance of future special events 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 follows:

*Net Assets Without Donor Restriction* – Net assets that are not subject to donor-imposed restrictions or law.

*Net Assets With Donor Restriction* – Net assets subject to restrictions imposed by donor or law. These restrictions may be removed either by actions of the Organization or the passage of time, or may exist 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 restriction if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restriction.

RONALD MCDONALD HOUSE OF DELAWARE, INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (cont'd)

Direct Mail

Direct mail costs are charged to operations when the activity first takes place. Direct mail costs include expenses of printing and postage for brochures and newsletters which have a specific appeal for contributions.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses not directly attributable to a specific category require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort as well as depreciation, utilities, and cleaning services, which are allocated on an approximate square-footage basis. The allocation of joint costs for programmatic activities which include a fund-raising appeal is discussed in Note 13.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. 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)(2).

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.

NOTE 2 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist primarily of pledges and bequests as of December 31:

	<u>2020</u>	<u>2019</u>
Amounts due in:		
Less than one year	\$ 188,650	\$ 110,839
One to five years	<u>50,000</u>	<u>100,000</u>
Total	<u>\$ 238,650</u>	<u>\$ 210,839</u>

RONALD MCDONALD HOUSE OF DELAWARE, INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTES TO FINANCIAL STATEMENTS

NOTE 3 FAIR VALUE MEASUREMENTS

The fair values of assets measured on a recurring basis as of December 31, 2020 and 2019 are as follows:

<u>Assets</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Fair Value Measurements at December 31, 2020 Using</u>	
			<u>Level 1</u>	<u>Level 2</u>
Investments				
Mutual funds:				
Equity index funds	\$ 1,458,355	\$ 3,504,059	\$ 3,504,059	\$ -
Bond index funds	2,514,498	2,686,784	2,686,784	-
International index funds	522,218	704,797	704,797	-
Pooled asset trust	102,891	103,307	-	103,307
Money market funds	120,825	120,825	120,825	-
<b>Total</b>	<b>\$ 4,748,787</b>	<b>\$ 7,117,555</b>	<b>\$ 7,014,248</b>	<b>\$ 103,307</b>

<u>Assets</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Fair Value Measurements at December 31, 2019 Using</u>	
			<u>Level 1</u>	<u>Level 2</u>
Investments				
Mutual funds:				
Equity index funds	\$ 1,355,408	\$ 3,047,426	\$ 3,047,426	\$ -
Bond index funds	2,267,916	2,341,521	2,341,521	-
International index funds	517,131	609,708	609,708	-
Pooled asset trust	102,891	105,526	-	105,526
Money market funds	139,697	139,697	139,697	-
<b>Total</b>	<b>\$ 4,383,043</b>	<b>\$ 6,243,878</b>	<b>\$ 6,138,352</b>	<b>\$ 105,526</b>

The composition of investment income on the Organization's investment portfolio for the years ended December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 124,202	\$ 144,175
Realized and unrealized gains, net of expenses	<u>726,704</u>	<u>900,778</u>
<b>Investment Income, Net</b>	<b>\$ 850,906</b>	<b>\$ 1,044,953</b>



RONALD MCDONALD HOUSE OF DELAWARE, INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTES TO FINANCIAL STATEMENTS

NOTE 4 PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Land	\$ 629,100	\$ 629,100
Building and improvements	10,236,485	9,624,313
Office furniture and equipment	1,835,925	1,764,941
Vehicles	151,009	151,009
Total, at cost	<u>12,852,519</u>	<u>12,169,363</u>
Accumulated depreciation	<u>(6,910,567)</u>	<u>(6,463,771)</u>
 Total Property and Equipment, Net	 <u>\$ 5,941,952</u>	 <u>\$ 5,705,592</u>

NOTE 5 LINE OF CREDIT

The Organization has a \$200,000 unsecured line of credit with M&T Bank. The line of credit bears interest at the floating national commercial rate (4.50 percent at both December 31, 2020 and 2019). The Organization had no balance outstanding at December 31, 2020 and 2019, and did not use the line of credit during 2020 or 2019.

NOTE 6 NET ASSETS

Net Assets Without Donor Restriction

The Board has designated a contingency reserve for organizational continuity based on information retrieved from the Better Business Bureau and for repairs and equipment expenses which may not be anticipated and, therefore, are not covered in a particular year's operating budget (maintenance reserve fund). Net assets without donor restriction, including Board designations, were as follows as of December 31:

	<u>2020</u>	<u>2019</u>
Board designated – contingency reserve	\$ 5,390,302	\$ 4,752,888
Board designated – maintenance reserve	1,183,237	1,043,317
Expended (property and equipment)	5,941,952	5,705,592
Undesignated	<u>586,398</u>	<u>597,047</u>
 Total Net Assets Without Donor Restriction	 <u>\$ 13,101,889</u>	 <u>\$ 12,098,844</u>

RONALD MCDONALD HOUSE OF DELAWARE, INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTES TO FINANCIAL STATEMENTS

NOTE 6 NET ASSETS (cont'd)

Net Assets With Donor Restriction

Net assets with donor restriction were available for the following programs and purposes as directed by donors as of December 31:

	<u>2020</u>	<u>2019</u>
Ronald McDonald House:		
Capital projects	\$ 145,851	\$ 275,792
Radios	396	396
Time restricted	50,000	50,000
Transportation	1,355	1,355
Vendor program	25,769	15,077
Net assets to be held in perpetuity	<u>496,250</u>	<u>496,250</u>
	<u>\$ 719,621</u>	<u>\$ 838,870</u>

Net Assets to be Held in Perpetuity

The Organization's net assets to be held in perpetuity consist of the original contribution by Mrs. J. Kroc to the Organization. The amount is restricted for funding housing operations. Income from the assets above the original contribution amount of \$496,250 can be spent on Ronald McDonald House operations.

Net assets were released from restrictions as follows:

	<u>2020</u>	<u>2019</u>
Ronald McDonald House:		
Emergency assistance	\$ -	\$ 9,754
Handicap automobile	-	35,000
Playroom renovation	-	13,541
Sensory room	12,217	13,530
Security cameras	7,615	-
Meals	6,961	-
Hospitality cart	-	2,500
Vendor program	4,163	8,026
Capital projects	384,990	121,632
Ronald McDonald Family Room:		
Christiana family room	-	2,742
Passage of Time	-	50,000
	<u>\$ 415,946</u>	<u>\$ 256,725</u>

RONALD MCDONALD HOUSE OF DELAWARE, INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTES TO FINANCIAL STATEMENTS

NOTE 7 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets consist of cash and cash equivalents, including restricted cash and cash equivalents, contributions receivable, and investments.

The following reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for contingency and maintenance reserves that could be drawn upon if the governing board approves that action.

	2020	2019
Financial assets, at year-end	\$ 8,345,533	\$ 7,327,052
Less those unavailable for general expenditures within one year due to:		
Donor-imposed purpose or time restrictions	719,621	838,870
Board-designated - contingency reserve	5,390,302	4,752,888
Board-designated - maintenance reserve	1,183,237	1,043,317
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,025,373	\$ 691,977

Of the Organization's financial assets subject to donor-imposed purpose or time restrictions, \$496,250 are restricted to be held in perpetuity and, therefore, will not be available for general expenditure within one year of the statement of financial position date. Contributions receivable are subject to implied time restrictions. The Organization has a goal to maintain financial assets on hand to meet 60 days of normal operating expenses (excluding depreciation), which is approximately \$380,000. The Organization utilizes capital campaign and grant funding for major capital expenditures and utilizes an annual capital budget and, therefore, does not include depreciation expense when evaluating operating expenses for liquidity purposes. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As described in Note 5, the Organization also has an available line of credit in the amount of \$200,000, which it could draw upon in the event of an unanticipated liquidity need.

The Organization is currently raising funds for a five-year capital plan.

NOTE 8 DONATED GOODS AND SERVICES

The fair value of donated goods and services included as contributions in the financial statements and the corresponding expense categories for the years ended December 31, 2020 and 2019 are as follows:

RONALD MCDONALD HOUSE OF DELAWARE, INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTES TO FINANCIAL STATEMENTS

NOTE 8 DONATED GOODS AND SERVICES (cont'd)

	2020	2019
Donated materials	\$ 198,145	\$ 22,866
Outside vendor services	62,047	20,387
Total	\$ 260,219	\$ 43,253

In addition, volunteers contributed 8,628 and 46,668 hours of services during 2020 and 2019, respectively. These volunteer hour contributions are not reflected in the financial statements since these services do not meet the criteria for recognition.

NOTE 9 RETIREMENT PLAN

The Organization has a 401(k) retirement plan covering all employees who meet the eligibility requirements. Employees may make contributions to the plan up to the maximum allowed by the Internal Revenue Code if they wish. The Organization contributes a match of employee contributions of up to four percent of an employee's salary. Employer contributions to the plan were \$29,829 and \$35,874 for 2020 and 2019, respectively.

NOTE 10 OPERATING LEASES

The Organization has several non-cancellable operating leases, primarily for office equipment, that expire at various dates through December 2021. Total rental payments under these leases were \$8,496 per year in 2020 and 2019, and are included in contract services on the statement of functional expenses.

Future minimum lease payments in excess of one year are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 3,177

NOTE 11 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limit of \$250,000 per financial institution. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on its cash balances. The uninsured balance was \$571,391 and \$521,562 at December 31, 2020 and 2019, respectively.

RONALD MCDONALD HOUSE OF DELAWARE, INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTES TO FINANCIAL STATEMENTS

NOTE 12 SPECIAL EVENTS

The Organization holds a number of special events each year to raise funds. A summary of the activities for the years ended December 31, 2020 and 2019 is as follows:

	2020		
	Revenue	Expenses	Net Proceeds
Share a Night	\$ 162,848	\$ 14,927	\$ 147,921
Golf outing	281,988	83,036	198,952
Run/Walk 5k	111,585	20,688	90,897
Character breakfast	9,500	3,042	6,458
Other events	417	151	266
	\$ 566,338	\$ 121,844	\$ 444,494
	2019		
	Revenue	Expenses	Net Proceeds
Share a Night	\$ 173,354	\$ 19,206	\$ 154,148
Golf outing	362,847	126,571	236,276
Run/Walk 5k	113,998	33,146	80,852
Character breakfast	32,570	15,534	17,036
Other events	2,162	48	2,114
	\$ 684,931	\$ 194,505	\$ 490,426

NOTE 13 JOINT COSTS OF ACTIVITIES THAT INCLUDE A FUND-RAISING APPEAL

The Organization achieves some of its programmatic goals in direct mail campaigns that include requests for contributions. The costs of conducting those campaigns included joint costs totaling \$196,045 and \$178,411 in 2020 and 2019, respectively, that are not directly attributable to either the programming or the fund-raising component of the activities. Those joint costs were allocated as follows:

	2020	2019
Program services	\$ 123,508	\$ 112,399
Fund raising	72,537	66,012
Total	\$ 196,045	\$ 178,411

RONALD MCDONALD HOUSE OF DELAWARE, INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTES TO FINANCIAL STATEMENTS

NOTE 14 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. During the years ended December 31, 2020 and 2019, the Organization received from Ronald McDonald House Charities of the Philadelphia Region, Inc. \$185,000 and \$376,367, respectively, from these revenue streams. Also, in 2019, the Organization entered into a new affiliation agreement with Ronald McDonald House Charities of the Philadelphia Region, Inc.

NOTE 15 PAYCHECK PROTECTION PROGRAM LOAN

On April 15, 2020, the Organization was granted a loan ("the Loan") from M&T Bank ("the Lender") in the amount of \$228,360, pursuant to the Paycheck Protection Program ("the PPP") under Division A, Title I of the CARES Act, which was enacted on March 27, 2020.

The Loan, which was in the form of a Note dated April 15, 2020 issued by the Organization, matures on April 15, 2022 and bears interest at a rate of one percent per annum. The Loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group healthcare benefits, mortgage payments, rent, utilities, and interest on other debt obligations. The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

If the Organization fails to apply for loan forgiveness or if partial forgiveness is granted, the Organization will be obligated to repay to the Lender the principal sum which remains outstanding, including principal and accrued interest, on a payment schedule to be provided by the Lender. The payment deferral period is either (1) the date that the Small Business Administration remits the Organization's loan forgiveness amount to the Lender or (2) if the Organization does not apply for loan forgiveness, ten months after the end of the Organization's loan forgiveness covered period. The outstanding principal sum and all accrued and unpaid interest thereon shall be due and payable on April 15, 2022.

RONALD MCDONALD HOUSE OF DELAWARE, INC.  
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTES TO FINANCIAL STATEMENTS

NOTE 15 PAYCHECK PROTECTION PROGRAM LOAN (cont'd)

The outstanding balance at December 31, 2020 is \$228,360 and is reported as a liability in the statement of financial position.

NOTE 16 UNCERTAINTIES

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen that may negatively impact the Organization's income in fiscal year 2021. Other financial impact could occur though such potential impact is unknown at this time.

NOTE 17 SUBSEQUENT EVENTS

Subsequent to year end, the Organization was granted a loan ("the Loan") from M&T Bank. ("the Lender") in the amount of \$200,730, pursuant to the Paycheck Protection Program ("the PPP") under Division A, Title I of the CARES Act, which was enacted on March 27, 2020.

The Loan, which was in the form of a Note dated February 15, 2021 issued by the Organization, matures on February 15, 2023 and bears interest at a rate of one percent per annum. The Loan may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group healthcare benefits, mortgage payments, rent, utilities, and interest on other debt obligations. The Organization intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

If the Organization fails to apply for loan forgiveness or if partial forgiveness is granted, the Organization will be obligated to repay to the Lender the principal sum which remains outstanding, including principal and accrued interest, on a payment schedule to be provided by the Lender. The payment deferral period is either (1) the date that the Small Business Administration remits the Organization's loan forgiveness amount to the Lender or (2) if the Organization does not apply for loan forgiveness, ten months after the end of the Organization's loan forgiveness covered period. The outstanding principal sum and all accrued and unpaid interest thereon shall be due and payable on February 15, 2023.

The Organization has evaluated all subsequent events through May 24, 2021, the date the financial statements were available to be issued.