



RONALD MCDONALD HOUSE
OF DELAWARE

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

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**YEARS ENDED
DECEMBER 31, 2021 AND 2020**

RONALD MCDONALD HOUSE OF DELAWARE, INC.
YEARS ENDED DECEMBER 31, 2021 AND 2020

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statement of Activities - Year Ended December 31, 2021	4
Statement of Activities - Year Ended December 31, 2020	5
Statement of Functional Expenses - Year Ended December 31, 2021	6
Statement of Functional Expenses - Year Ended December 31, 2020	7
Statements of Cash Flows	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITOR'S REPORT

May 11, 2022

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ronald McDonald House of Delaware, Inc., 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 accompanying financial statements present fairly, in all material respects, the financial position of Ronald McDonald House of Delaware, 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 ("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 of Delaware, 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 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

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

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 of Delaware, 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 of Delaware, 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 of Delaware, 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.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

RONALD MCDONALD HOUSE OF DELAWARE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 1,088,460	\$ 813,723
Cash and cash equivalents - restricted	167,989	173,371
Contributions receivable	439,405	238,650
Prepaid expenses	46,803	35,125
Investments	8,247,982	7,119,789
Property and equipment, net	5,627,914	5,941,952
TOTAL ASSETS	\$ 15,618,553	\$ 14,322,610
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 103,003	\$ 197,328
Other accrued expenses	58,488	50,557
Deferred revenue	14,850	24,855
Paycheck Protection Program loan	-	228,360
TOTAL LIABILITIES	176,341	501,100
NET ASSETS		
Without donor restrictions	14,777,973	13,101,889
With donor restrictions	664,239	719,621
TOTAL NET ASSETS	15,442,212	13,821,510
TOTAL LIABILITIES AND NET ASSETS	\$ 15,618,553	\$ 14,322,610

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

RONALD MCDONALD HOUSE OF DELAWARE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAIN, AND OTHER SUPPORT			
Contributions	\$ 2,133,949	\$ 286,078	\$ 2,420,027
Special events revenue	991,284	-	991,284
Less: Direct benefit costs	(280,361)	-	(280,361)
Net Revenue from Special Events	<u>710,923</u>	<u>-</u>	<u>710,923</u>
RMH room donations/fees	18,351	-	18,351
Other income	635	-	635
Gain on forgiveness of Paycheck Protection Program loans	429,090	-	429,090
Net assets released from restrictions	341,460	(341,460)	-
Total Revenues, Gain, and Other Support	<u>3,634,408</u>	<u>(55,382)</u>	<u>3,579,026</u>
EXPENSES			
Program services	2,201,472	-	2,201,472
Support services:			
Management and general	223,559	-	223,559
Fund raising	403,899	-	403,899
Total Expenses	<u>2,828,930</u>	<u>-</u>	<u>2,828,930</u>
CHANGES IN NET ASSETS FROM OPERATIONS	805,478	(55,382)	750,096
INVESTMENT INCOME, NET	<u>870,606</u>	<u>-</u>	<u>870,606</u>
CHANGE IN NET ASSETS	1,676,084	(55,382)	1,620,702
Net Assets - Beginning of Year	<u>13,101,889</u>	<u>719,621</u>	<u>13,821,510</u>
NET ASSETS - END OF YEAR	<u>\$ 14,777,973</u>	<u>\$ 664,239</u>	<u>\$ 15,442,212</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 2,040,399	\$ 296,697	\$ 2,337,096
Special events revenue	566,338	-	566,338
Less: Direct benefit costs	(121,844)	-	(121,844)
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 restrictions	415,946	(415,946)	-
Total Revenues and Other Support	<u>2,926,278</u>	<u>(119,249)</u>	<u>2,807,029</u>
EXPENSES			
Program services	2,099,833	-	2,099,833
Support services:			
Management and general	230,749	-	230,749
Fund raising	443,557	-	443,557
Total Expenses	<u>2,774,139</u>	<u>-</u>	<u>2,774,139</u>
CHANGES IN NET ASSETS FROM OPERATIONS	152,139	(119,249)	32,890
INVESTMENT INCOME, NET	<u>850,906</u>	<u>-</u>	<u>850,906</u>
CHANGE IN NET ASSETS	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>
NET ASSETS - END OF YEAR	<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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services			Support Services		
	Ronald McDonald House	Ronald McDonald Family Room	Total	Management and General	Fund Raising	Total
Salaries	\$ 610,273	\$ 48,384	\$ 658,657	\$ 117,969	\$ 206,445	\$ 983,071
Benefits	113,955	-	113,955	20,410	35,717	170,082
Payroll taxes	44,698	3,701	48,399	8,668	15,170	72,237
Total Salaries and Related Expenses	768,926	52,085	821,011	147,047	257,332	1,225,390
Bank charges	23,767	-	23,767	1,698	8,489	33,954
Cleaning services	96,362	-	96,362	5,354	5,354	107,070
Contract services	97,472	-	97,472	11,467	5,734	114,673
Depreciation	449,475	-	449,475	24,971	24,971	499,417
Direct mailings	115,473	-	115,473	-	67,818	183,291
Dues and subscriptions	4,829	-	4,829	302	906	6,037
House supplies	127,940	-	127,940	-	-	127,940
Insurance	53,339	-	53,339	3,138	6,275	62,752
Laundry and linens	7,729	-	7,729	-	-	7,729
Merchandise	991	-	991	-	-	991
Miscellaneous	82,289	-	82,289	-	-	82,289
Office supplies	13,839	-	13,839	2,966	2,966	19,771
Postage and delivery	11,380	-	11,380	3,035	759	15,174
Printing and publishing	22,884	-	22,884	3,269	6,538	32,691
Professional fees	47,606	-	47,606	9,521	6,348	63,475
Repairs and maintenance	60,816	-	60,816	1,280	1,920	64,016
Social services	22,998	-	22,998	-	-	22,998
Telephone	30,514	-	30,514	1,695	1,695	33,904
Training and seminars	7,897	-	7,897	1,580	1,053	10,530
Travel	3,960	-	3,960	742	247	4,949
Utilities	89,373	-	89,373	4,965	4,965	99,303
Volunteer expenses	9,528	-	9,528	529	529	10,586
Total Expenses	<u>\$ 2,149,387</u>	<u>\$ 52,085</u>	<u>\$ 2,201,472</u>	<u>\$ 223,559</u>	<u>\$ 403,899</u>	<u>\$ 2,828,930</u>

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
Total Expenses	<u>\$ 2,051,449</u>	<u>\$ 48,384</u>	<u>\$ 2,099,833</u>	<u>\$ 230,749</u>	<u>\$ 443,557</u>	<u>\$ 2,774,139</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, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,620,702	\$ 883,796
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	499,417	446,796
Gain on forgiveness of Paycheck Protection Program loans	(429,090)	-
Realized/unrealized gains on investments, net of expenses	(739,366)	(726,704)
Changes in operating assets and liabilities:		
Increase in contributions receivable	(200,755)	(27,811)
Increase in prepaid expenses	(11,678)	(1,935)
Increase (Decrease) in deferred revenue	(10,005)	10,000
Increase (Decrease) in accounts payable	(94,325)	122,657
Increase in other accrued expenses	7,931	11,963
NET CASH PROVIDED BY OPERATING ACTIVITIES	642,831	718,762
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(185,379)	(683,156)
Proceeds from sale of investments	463,800	471,185
Investment purchases	(852,627)	(620,392)
NET CASH USED BY INVESTMENT ACTIVITIES	(574,206)	(832,363)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	200,730	228,360
NET CASH PROVIDED BY FINANCING ACTIVITIES	200,730	228,360
NET INCREASE IN CASH AND CASH EQUIVALENTS	269,355	114,759
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	987,094	872,335
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,256,449	\$ 987,094
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents	\$ 1,088,460	\$ 813,723
Cash and cash equivalents - restricted	167,989	173,371
TOTAL CASH AND CASH EQUIVALENTS	\$ 1,256,449	\$ 987,094
NONCASH FINANCING ACTIVITIES		
Forgiveness of Paycheck Protection Program loans	\$ 429,090	\$ -

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

RONALD MCDONALD HOUSE OF DELAWARE, INC.
YEARS ENDED DECEMBER 31, 2021 AND 2020

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 healthcare, are a vital part of the healthcare 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 healthcare 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, 2021 AND 2020

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, 2021 AND 2020

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, 2021 AND 2020

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 restrictions 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 restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

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

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 Restrictions – Net assets that are not subject to donor-imposed restrictions or law.

Net Assets With Donor Restrictions – 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 restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

RONALD MCDONALD HOUSE OF DELAWARE, INC.
YEARS ENDED DECEMBER 31, 2021 AND 2020

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>2021</u>	<u>2020</u>
Amounts due in:		
Less than one year	\$ 439,405	\$ 188,650
One to five years	-	50,000
Total	<u>\$ 439,405</u>	<u>\$ 238,650</u>

RONALD MCDONALD HOUSE OF DELAWARE, INC.
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTES TO FINANCIAL STATEMENTS

NOTE 3 FAIR VALUE MEASUREMENTS

The fair values of assets measured on a recurring basis as of December 31, 2021 and 2020 are as follows:

Assets	Cost	Fair Value	Fair Value Measurements at December 31, 2021 Using	
			Level 1	Level 2
Investments				
Mutual funds:				
Equity index funds	\$ 1,412,860	\$ 4,033,369	\$ 4,033,369	\$ -
Bond index funds	3,047,890	3,122,961	3,122,961	-
International index funds	605,748	790,732	790,732	-
Pooled asset trust	102,891	107,728	-	107,728
Money market funds	193,192	193,192	193,192	-
Total	\$ 5,362,581	\$ 8,247,982	\$ 8,140,254	\$ 107,728

Assets	Cost	Fair Value	Fair Value Measurements at December 31, 2020 Using	
			Level 1	Level 2
Investments				
Mutual funds:				
Equity index funds	\$ 1,458,355	\$ 3,504,076	\$ 3,504,076	\$ -
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	-
Total	\$ 4,748,787	\$ 7,119,789	\$ 7,016,482	\$ 103,307

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

	2021	2020
Interest and dividend income	\$ 131,240	\$ 124,202
Realized and unrealized gains, net of expenses	739,366	726,704
Investment Income, Net	\$ 870,606	\$ 850,906

RONALD MCDONALD HOUSE OF DELAWARE, INC.
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTES TO FINANCIAL STATEMENTS

NOTE 4 PROPERTY AND EQUIPMENT

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

	2021	2020
Land	\$ 629,100	\$ 629,100
Building and improvements	10,230,615	10,236,485
Office furniture and equipment	2,020,068	1,835,925
Vehicles	151,009	151,009
Total, at cost	13,030,792	12,852,519
Accumulated depreciation	(7,402,878)	(6,910,567)
Total Property and Equipment, Net	\$ 5,627,914	\$ 5,941,952

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, 2021 and 2020). The Organization had no balance outstanding at December 31, 2021 and 2020, and did not use the line of credit during 2021 or 2020.

NOTE 6 NET ASSETS

Net Assets Without Donor Restrictions

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 restrictions, including Board designations, were as follows as of December 31:

	2021	2020
Board designated – contingency reserve	\$ 6,781,788	\$ 5,390,302
Board designated – maintenance reserve	1,488,685	1,183,237
Expended (property and equipment)	5,627,914	5,941,952
Undesignated	879,586	586,398
Total Net Assets Without Donor Restrictions	\$ 14,777,973	\$ 13,101,889

RONALD MCDONALD HOUSE OF DELAWARE, INC.
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTES TO FINANCIAL STATEMENTS

NOTE 6 NET ASSETS (cont'd)

Net Assets With Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Ronald McDonald House:		
Capital projects	\$ 162,803	\$ 145,851
Radios	-	396
Time restricted	-	50,000
Transportation	-	1,355
Vendor program	-	25,769
Marketing	186	-
Family room staffing	5,000	-
Net assets to be held in perpetuity	<u>496,250</u>	<u>496,250</u>
	<u>\$ 664,239</u>	<u>\$ 719,621</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>2021</u>	<u>2020</u>
Ronald McDonald House:		
Sensory room	\$ 12,470	\$ 12,217
Security cameras	-	7,615
Meals	22,254	6,961
Vendor program	40,624	4,163
Capital projects	59,116	384,990
Radios	396	-
Gas cards for Sussex County families	1,335	-
Kitchen renovations	68,503	-
Marketing	2,812	-
Diversity, equity, and inclusion	5,000	-
Staff outing	3,000	-
Emergency fund	950	-
Passage of time:	<u>125,000</u>	<u>-</u>
	<u>\$ 341,460</u>	<u>\$ 415,946</u>

RONALD MCDONALD HOUSE OF DELAWARE, INC.
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, 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.

	2021	2020
Financial assets, at year-end	\$ 9,943,836	\$ 8,345,533
Less those unavailable for general expenditures within one year due to:		
Donor-imposed purpose or time restrictions	664,239	719,621
Board-designated - contingency reserve	6,781,788	5,390,302
Board-designated - maintenance reserve	1,488,685	1,183,237
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,009,124	\$ 1,025,373

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, 2021 and 2020 are as follows:

RONALD MCDONALD HOUSE OF DELAWARE, INC.
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTES TO FINANCIAL STATEMENTS

NOTE 8 DONATED GOODS AND SERVICES (cont'd)

	2021	2020
Donated materials	\$ 109,015	\$ 198,145
Outside vendor services	9,710	62,047
Total	\$ 118,725	\$ 260,219

In addition, volunteers contributed 6,151 and 8,628 hours of services during 2021 and 2020, 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 \$33,949 and \$29,829 for 2021 and 2020, respectively.

NOTE 10 OPERATING LEASES

The Organization has several non-cancellable operating leases, primarily for office equipment, that expire at various dates through March 2026. Total rental payments under these leases were \$8,496 per year in 2021 and 2020, and are included in contract services on the statement of functional expenses.

Future minimum lease payments on these leases are as follows:

Year Ending December 31,		
2022	\$	6,468
2023		6,468
2024		6,468
2025		6,468
2026		1,078
Total	\$	26,950

RONALD MCDONALD HOUSE OF DELAWARE, INC.
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTES TO FINANCIAL STATEMENTS

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 \$500,000 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 \$753,224 and \$571,391 at December 31, 2021 and 2020, respectively.

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, 2021 and 2020 is as follows:

	2021		
	Revenue	Expenses	Net Proceeds
Share a Night	\$ 137,802	\$ 9,517	\$ 128,285
Golf outing	459,192	179,357	279,835
Run/Walk 5k	117,160	13,421	103,739
Wine, Women & Shoes	263,660	67,864	195,796
Other events	13,470	10,202	3,268
	\$ 991,284	\$ 280,361	\$ 710,923
	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

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

RONALD MCDONALD HOUSE OF DELAWARE, INC.
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTES TO FINANCIAL STATEMENTS

NOTE 13 JOINT COSTS OF ACTIVITIES THAT INCLUDE A FUND-RAISING APPEAL (cont'd)

costs totaling \$183,291 and \$196,045 in 2021 and 2020, 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:

	2021	2020
Program services	\$ 115,473	\$ 123,508
Fund raising	67,818	72,537
Total	\$ 183,291	\$ 196,045

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, 2021 and 2020, the Organization received from Ronald McDonald House Charities of the Philadelphia Region, Inc. \$125,000 and \$185,000, respectively, from these revenue streams.

NOTE 15 PAYCHECK PROTECTION PROGRAM LOANS

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. On January 27, 2021, the Organization was granted a second loan (“the Second Loan”, collectively, “the Loans”) in the amount of \$200,730 from the Lender pursuant to the PPP.

Funds from the Loans 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 used the entire amount from the Loans for qualifying expenses. Under the

RONALD MCDONALD HOUSE OF DELAWARE, INC.
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTES TO FINANCIAL STATEMENTS

NOTE 15 PAYCHECK PROTECTION PROGRAM LOANS (cont'd)

terms of the PPP, certain amounts of the Loans may be forgiven if they are used for qualifying expenses as described in the CARES Act. During the year ended December 31, 2021, the Organization received full forgiveness of both Loans and has recognized the gain on forgiveness of PPP loans on the statement of activities.

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 2022. Other financial impact could occur though such potential impact is unknown at this time.

NOTE 17 SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through May 11, 2022, the date the financial statements were available to be issued.