

**Ronald McDonald House  
at Maria Fareri Children's Hospital, Inc.  
Operating as Ronald McDonald House  
of the Greater Hudson Valley**

Financial Statements

December 31, 2021 and 2020

## **Independent Auditors' Report**

### **The Board of Directors**

**Ronald McDonald House at Maria Fareri Children's Hospital, Inc.**

### **Opinion**

We have audited the accompanying financial statements of Ronald McDonald House at Maria Fareri Children's Hospital, Inc. (a nonprofit 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 at Maria Fareri Children's Hospital, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ronald McDonald House at Maria Fareri Children's Hospital, 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 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 at Maria Fareri Children's Hospital, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' 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 at Maria Fareri Children's Hospital, 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 at Maria Fareri Children's Hospital, 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.

*PKF O'Connor Davies, LLP*

July 21, 2022

**Ronald McDonald House at Maria Fareri Children's Hospital, Inc.**

Statements of Financial Position

	December 31,	
	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 422,075	\$ 3,244,600
Contributions receivable, due within one year	92,640	58,928
Investments	4,068,921	637,676
Prepaid expense	8,700	7,200
Other current assets	68,052	85,886
Total Current Assets	4,660,388	4,034,290
<b>NONCURRENT ASSETS</b>		
Furniture, fixture and décor, net	196,484	18,166
Deferred rent charge	-	30,000
Total Assets	\$ 4,856,872	\$ 4,082,456
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 430,414	404,709
Total Current Liabilities	430,414	404,709
<b>NONCURRENT LIABILITIES</b>		
Paycheck Protection Program loan	-	66,414
Deferred rent payable	45,155	74,996
Total Noncurrent Liabilities	45,155	141,410
Total Liabilities	475,569	546,119
<b>NET ASSETS</b>		
Without donor restrictions	4,288,731	3,438,274
With donor restrictions	92,572	98,063
Total Net Assets	4,381,303	3,536,337
Total Liabilities and Net Assets	\$ 4,856,872	\$ 4,082,456

See notes to financial statements

**Ronald McDonald House at Maria Fareri Children's Hospital, Inc.**

Statements of Activities  
Year Ended December 31,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Contributions	\$ 334,345	\$ 83,956	\$ 418,301	\$ 272,045	\$ 90,587	\$ 362,632
Grants from Ronald McDonald House Charities	229,389	-	229,389	210,000	-	210,000
Other grants	125,641	-	125,641	88,360	-	88,360
In-kind contributions	327,042	-	327,042	178,697	-	178,697
Fundraising events, less cost with direct benefit to donors \$94,985 in 2021 and \$27,005 in 2020	226,808	-	226,808	145,309	-	145,309
Room donations/fees	14,186	-	14,186	5,341	-	5,341
Other revenue	996	-	996	800	-	800
Net assets released from restrictions	89,447	(89,447)	-	18,529	(18,529)	-
Total Revenues and Other Support	1,347,854	(5,491)	1,342,363	919,081	72,058	991,139
<b>EXPENSES</b>						
Program services	632,193	-	632,193	523,279	-	523,279
General and administrative	195,207	-	195,207	123,309	-	123,309
Fundraising	127,513	-	127,513	72,581	-	72,581
Total Expenses	954,913	-	954,913	719,169	-	719,169
<b>CHANGE IN NET ASSETS FROM OPERATIONS BEFORE NON OPERATING ACTIVITIES</b>						
	392,941	(5,491)	387,450	199,912	72,058	271,970
<b>NON OPERATING ACTIVITIES</b>						
Paycheck Protection Program loan forgiveness	130,659	-	130,659	-	-	-
Investment return	326,857	-	326,857	212,471	-	212,471
Total Non Operating Activities	457,516	-	457,516	212,471	-	212,471
<b>CHANGE IN NET ASSETS</b>	850,457	(5,491)	844,966	412,383	72,058	484,441
<b>NET ASSETS</b>						
Beginning of Year	3,438,274	98,063	3,536,337	3,025,891	26,005	3,051,896
End of Year	\$ 4,288,731	\$ 92,572	\$ 4,381,303	\$ 3,438,274	\$ 98,063	\$ 3,536,337

See notes to financial statements

**Ronald McDonald House at Maria Fareri Children's Hospital, Inc.**

Statement of Functional Expenses  
Year Ended December 31, 2021

	Program Services	General and Administrative	Fundraising	Direct Cost of Special Events	Total Expenses
Salaries	\$ 223,351	\$ 101,002	\$ 60,612	\$ -	\$ 384,965
Payroll taxes and benefits	27,898	14,744	8,790	-	51,432
Total Salaries and Related Expenses	251,249	115,746	69,402	-	436,397
Family support services and supplies	180,069	-	-	-	180,069
Rental expense	98,244	5,137	5,583	37,625	146,589
Auction items	-	-	-	43,021	43,021
Insurance	28,158	1,472	1,600	-	31,230
Professional fees	-	46,712	-	-	46,712
Computer expense	11,741	12,716	16,305	-	40,762
Housekeeping service	31,680	1,667	-	-	33,347
Office expense	2,579	2,579	2,578	-	7,736
Depreciation	14,311	748	814	-	15,873
Meetings, education and training	413	3,085	3,026	-	6,524
Travel, meals, and entertainment	-	2,138	2,138	-	4,276
Repairs and maintenance	6,212	325	353	-	6,890
Advertising	3,536	-	4,000	-	7,536
Bank charges	-	-	8,405	-	8,405
Postage and printing	1,056	905	6,453	3,106	11,520
Other expense	2,945	1,977	6,856	11,233	23,011
Total Expenses	632,193	195,207	127,513	94,985	1,049,898
Less cost with direct benefit to donor	-	-	-	(94,985)	(94,985)
Total Expenses Reported by Function on the Statements of Activities	<u>\$ 632,193</u>	<u>\$ 195,207</u>	<u>\$ 127,513</u>	<u>\$ -</u>	<u>\$ 954,913</u>

See notes to financial statements

**Ronald McDonald House at Maria Fareri Children's Hospital, Inc.**

Statement of Functional Expenses  
Year Ended December 31, 2020

	Program Services	General and Administrative	Fundraising	Direct Cost of Special Events	Total Expenses
Salaries	\$ 208,169	\$ 57,322	\$ 36,203	\$ -	\$ 301,694
Payroll taxes and benefits	31,143	6,399	5,119	-	42,661
Total Salaries and Related Expenses	239,312	63,721	41,322	-	344,355
Family support services and supplies	116,179	-	-	-	116,179
Rental expense	99,909	3,548	5,507	-	108,964
Auction items	-	-	-	18,739	18,739
Insurance	21,857	776	1,205	-	23,838
Professional fees	-	30,910	-	-	30,910
Computer expense	6,752	13,505	13,505	-	33,762
Housekeeping service	17,590	927	-	-	18,517
Office expense	4,903	5,074	5,074	4,876	19,927
Depreciation	5,108	181	282	-	5,571
Meetings, education and training	365	1,218	1,145	-	2,728
Travel, meals, and entertainment	-	1,922	1,922	97	3,941
Repairs and maintenance	9,535	340	526	-	10,401
Advertising	777	-	777	175	1,729
Postage and printing	900	771	900	1,300	3,871
Other expenses	92	416	416	1,818	2,742
Total Expenses	523,279	123,309	72,581	27,005	746,174
Less cost with direct benefit to donor	-	-	-	(27,005)	(27,005)
Total Expenses Reported by Function on the Statements of Activities	<u>\$ 523,279</u>	<u>\$ 123,309</u>	<u>\$ 72,581</u>	<u>\$ -</u>	<u>\$ 719,169</u>

See notes to financial statements

**Ronald McDonald House at Maria Fareri Children's Hospital, Inc.**

Statements of Cash Flows  
Year Ended December 31,

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 844,966	\$ 484,441
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	15,873	5,571
Deferred rent charge	30,000	30,000
Deferred rent payable	(29,841)	(28,676)
Net realized and unrealized gain on investments	(272,205)	(176,024)
Donated furniture	(165,286)	(3,116)
Donated stock	(25,000)	(34,945)
Paycheck Protection Program Loan forgiveness	(130,659)	-
Change in operating assets and liabilities		
Contributions receivable	(33,712)	(3,538)
Prepaid expense	(1,500)	(2,182)
Other current assets	17,834	(77,426)
Account payable and accrued expenses	<u>25,705</u>	<u>12,163</u>
Net Cash From Operating Activities	<u>276,175</u>	<u>206,268</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture, fixture and décor	(28,905)	(2,344)
Purchases of investments	(3,505,647)	(522,977)
Proceeds from sale of investments	<u>371,607</u>	<u>3,353,572</u>
Net Cash From Investing Activities	<u>(3,162,945)</u>	<u>2,828,251</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program loan	<u>64,245</u>	<u>66,414</u>
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(2,822,525)	3,100,933
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of Year	<u>3,244,600</u>	<u>143,667</u>
End of Year	<u>\$ 422,075</u>	<u>\$ 3,244,600</u>
 <b>NON-CASH FINANCING ACTIVITIES</b>		
Paycheck Protection Program loan forgiveness	\$ 130,659	\$ -

See notes to financial statements



## **Ronald McDonald House at Maria Fareri Children's Hospital, Inc.**

Notes to Financial Statements  
December 31, 2021 and 2020

### **1. Nature of Organization, Tax Status and Mission Statement**

Ronald McDonald House at Maria Fareri Children's Hospital, Inc. (operating as Ronald McDonald House of the Greater Hudson Valley) (the "Organization") is a non-profit organization. The Organization operates in Westchester County, New York. The mission of Ronald McDonald House Charities ("RMHC") is to create, find and support programs that directly improve the health and well-being of children and their families. Collectively, RMHC and the network of local chapters ascribe to five core values: The critical needs of children, lead with compassion, celebrate the diversity of people and the Organization's programs, value their heritage, and operate with accountability and transparency.

The Organization's mission, through operation of sustainable programs that enable family-centered care and bridge access to quality health care, is a vital part of the health care continuum to strengthen families during difficult times. The Ronald McDonald House represents the core functions of Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

#### **Ronald McDonald House**

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

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; and, therefore no provision has been made for federal income taxes in the accompanying financial statements. The Organization is a public charity under Section 509(a)(1) of the Internal Revenue Code.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Accounting***

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

## Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Cash and 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 ("FDIC") 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.

#### ***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. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Contributions receivable are written off when deemed uncollectible.

#### ***Allowance for Uncollectible Receivables***

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. At December 31, 2021 and 2020, management believes that no allowance for uncollectible receivables is required.

#### ***Fair Value of Financial Instruments***

The Organization follows U.S. GAAP guidance on fair value measurements, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable and are used to the extent that observable inputs do not exist.

## Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Investment Valuation***

Investments are carried at fair value.

#### ***Investment Income***

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

#### ***Furniture, Fixtures and Décor***

Furniture, fixtures, and décor are stated at cost, or if donated, at the approximate fair value at the date of donation. Acquisition of furniture, fixtures and décor in excess of \$1,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets which range from 3 to 6 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. No impairment charges were required to be recorded for the years ended December 31, 2021 and 2020.

#### ***Measure of Operations***

The Organization's change in net assets from operations before non-operating activities on the statements of activities includes all contribution, operating revenues and expenses that are an integral part of its program and supporting activities, and net assets released from donor restrictions to support operating expenditures. The measure of operations excludes investment return on investments.

#### ***Contributions***

All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions. The Organization's policy is to report as without donor-imposed restrictions when the restrictions are met in the same year that the contributions are received. Marketable securities received as a gift or bequests are recorded at fair value at the date of contribution.

## Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies (*continued*)

#### **Grants**

Grants are generally recorded as revenue at time of receipt. Unconditional promises to give are recognized as revenue in the period made. Conditional promises are recorded when the conditions are met. Unconditional promise to give securities and donated services are recorded at their fair value. All grants are considered available for general use unless specifically restricted by the donor.

#### ***In-kind Contributions***

Donated marketable securities, property and equipment, and other noncash donations such as family support supplies 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 contributions 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 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.

For the year ended December 31, 2021, the Organization recorded donated materials of \$348,742 (including \$327,042 as in-kind contributions and \$21,700 as fundraising events). For the year ended December 31, 2020, the Organization recorded donated materials of \$194,616 (including \$178,697 as in-kind contributions and \$15,919 as fundraising events).

#### ***Functional Allocation of Expenses***

The statements of functional expenses report certain categories of expenses that are attributable to 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, repairs and maintenance, and rental expense, which are allocated on a square footage basis. Payroll taxes and benefits, meetings, education and training, office expense, and computer expense, which are allocated based on full-time equivalents. Salaries and benefits are allocated on the basis of estimates of time and effort.

## Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies *(continued)*

#### **Advertising**

Advertising costs are expensed as incurred. For the years ended December 31, 2021 and 2020, total advertising expenses were \$7,536 and \$1,729.

#### **Accounting for Uncertainty in Income Taxes**

The Organization recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that the Organization has no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2018.

#### **Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 21, 2022.

### 3. Liquidity and Availability of Financial Assets

The following reflects the Organization's available financial assets, reduced by amounts not available for general use within one year. Amounts not available for use within one year include financial assets received with donor restrictions that are designated for a specific purpose, timeline or contractual obligation, and have been earmarked as resources available for future years. Total financial assets available to meet cash needs for general expenditure within one year are as follows at December 31:

	2021	2020
Cash and cash equivalents	\$ 422,075	\$ 3,244,600
Contributions receivable, due within one year	92,640	58,928
Investments	4,068,921	637,676
Total Financial Assets Available Within One Year	<u>\$ 4,583,636</u>	<u>\$ 3,941,204</u>

#### **Liquidity Management**

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. As part of liquidity management, the Organization invests any excess cash. The Organization's primary sources of support are contributions and income from investments held, and the majority of that support is not subject to donor or other contractual restrictions that make them unavailable for general expenditures.

## Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

### 4. Investments

The Organization's investments categorized by the fair value on a recurring basis, for those investments subject to categorization in the fair value hierarchy are as follows at December 31:

	2021		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Certificates of deposit	\$ -	\$ 204,881	\$ 204,881
Common stock	26,595	-	26,595
Mutual funds	3,837,445	-	3,837,445
	\$ 3,864,040	\$ 204,881	\$ 4,068,921
	2020		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Certificates of deposit	\$ -	\$ 403,268	\$ 403,268
Common stock	62,133	-	62,133
Mutual funds	172,275	-	172,275
	\$ 234,408	\$ 403,268	\$ 637,676

The Organization's certificates of deposit are insured by the FDIC and have maturity dates from three to eighteen months of the statement of financial position date.

### 5. Furniture, Fixtures, and Décor

Furniture, fixtures and décor consists of the following at December 31:

	2021	2020
Donated furniture, fixtures and décor	\$ 750,489	\$ 556,298
Accumulated depreciation	(554,005)	(538,132)
	\$ 196,484	\$ 18,166

## Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

### 6. Deferred Rent

In 2012, the Organization executed a written agreement to pay Maria Fareri Children's Hospital Inc. (the "Hospital") \$30,000 per year for 10 years toward the construction of the new house, which belongs to the Hospital. The written agreement formalized a prior verbal agreement. The Organization recognized a \$300,000 deferred rent asset and deferred rent liability in 2012 to recognize the substance of this transaction. The Organization has recognized \$30,000 as amortization for 2021 and 2020. As of December 31, 2021 and 2020, deferred rent totaled \$0 and \$30,000.

### 7. Paycheck Protection Program Loan

The Organization applied for and received a Small Business Administration ("SBA") Paycheck Protection Program loan (the "PPP loan #1") in the amount of \$66,414 on April 13, 2020. The Organization also applied for and received a second SBA Paycheck Protection Program loan (the "PPP loan #2") in the amount of \$64,245 on March 10, 2021. The Organization received notification on March 25, 2021 and December 14, 2021 from its bank that the full amount of the Organization's PPP loan #1 and PPP loan #2 were forgiven.

The Organization has elected to report the PPP loan #1 and PPP loan #2 proceeds as a conditional grant under requirements contained in Accounting Standards Update ("ASU") 2018-08, "Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made". Accordingly, the Organization recognizes income as the conditions of the PPP loan #1 and the PPP loan #2 are met. For the year ended December 31, 2021, the Organization recognized \$130,659 of the proceeds from the PPP loan #1 and PPP loan #2 as non-operating income in the statement of activities.

### 8. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for donor specified purposes as follows at December 31:

	<u>2021</u>	<u>2020</u>
Time restriction	<u>\$ 69,000</u>	<u>\$ 65,000</u>
Purpose restrictions:		
Food and beverages	16,038	12,602
Appliance acquisitions	290	2,595
Miscellaneous	<u>7,244</u>	<u>17,866</u>
	<u>23,572</u>	<u>33,063</u>
	<u>\$ 92,572</u>	<u>\$ 98,063</u>

## Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

### 8. Net Assets With Donor Restrictions *(continued)*

The amounts released from restriction were as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Time restriction	\$ 65,000	\$ -
Purpose restrictions:		
Food and beverages	10,021	9,304
Appliance acquisitions	2,305	9,225
Miscellaneous	12,121	-
	<u>\$ 89,447</u>	<u>\$ 18,529</u>

### 9. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consists primarily of cash, investments and contributions receivable. At times, the cash and investment balance may be in excess of the FDIC's and SIPC's insurance limits. As of December 31, 2021 and 2020, the uninsured portion of this balance was \$3,638,000 and \$2,994,600. At December 31, 2021 and 2020, RMHC made an unrestricted grant to the Organization which comprised approximately 17% and 21% of the Organization's total revenue and other support during 2021 and 2020.

### 10. Commitments and Contingencies

#### *License*

In 2011, the Hospital completed the construction of a free-standing, 15,700 square foot house with 12 family rooms to be used by the Organization to carry out its purpose of providing housing to the families of children being cared for at the Hospital. The house also contains office space for the Organization, common area living and dining space, washers and dryers, and two kitchens.

An amendment to the license agreement provides the Organization with the use of the house until 2031 with an extension under certain circumstances. The house was completed and the Organization began operations in the new space in April 2011.

Total license and rent expense for the years ended December 31, 2021 and 2020 was \$108,964 in both years.



## Ronald McDonald House at Maria Fareri Children's Hospital, Inc.

Notes to Financial Statements  
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### 10. Commitments and Contingencies *(continued)*

The rent payments under the license agreement for the next 5 years and thereafter are payable as follows:

2022	\$ 79,896
2023	81,092
2024	82,308
2025	83,548
2026	84,804
Thereafter	<u>382,252</u>
	<u>\$ 793,900</u>

### 11. Related Party Transactions

The Organization's legal affairs are handled by a law firm in which a member of the Board of Directors is a partner. No legal fees to this organization were incurred in 2021 and 2020.

### 12. Fundraising Events

The Organization records gross receipts from special fundraising events that consist of exchange transaction revenue and contribution revenue. For the years ended December 31, 2021 and 2020, the Organization's special fundraising events revenue consists of the following:

	<u>2021</u>	<u>2020</u>
Contributions	\$ 148,484	\$ 140,164
In-kind contributions	21,700	15,919
Special events exchange transaction revenue	<u>151,609</u>	<u>16,231</u>
Special events revenue, gross	<u>\$ 321,793</u>	<u>\$ 172,314</u>

The Organization sponsors and participates in fundraising events sponsored by third parties. The ratio of expenses to amounts raised is computed using actual direct expenses and related contributions on the accrual basis.

**Ronald McDonald House at Maria Fareri Children's Hospital, Inc.**

Notes to Financial Statements  
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**12. Fundraising Events (continued)**

The Organization's major fundraising events in 2021 and 2020 were as follows:

	2021							Total
	Golf Outing	Walkathon	Clay Shoot	Third Party Fundraising	Red Shoe Awards	Walk-Hudson	Other	
Revenue	\$ 2,303	\$ 81,706	\$ 124,900	\$ 52,523	\$ -	\$ 48,612	\$ 11,749	\$ 321,793
Cost with direct benefit to donors	-	14,966	53,312	4,200	-	3,010	19,497	94,985
Net Income	<u>\$ 2,303</u>	<u>\$ 66,740</u>	<u>\$ 71,588</u>	<u>\$ 48,323</u>	<u>\$ -</u>	<u>\$ 45,602</u>	<u>\$ (7,748)</u>	<u>\$ 226,808</u>
	2020							Total
	Golf Outing	Walkathon	Clay Shoot	Third Party Fundraising	Red Shoe Awards	Walk-Hudson	Other	
Revenue	\$ 31,147	\$ 51,993	\$ 33,577	\$ 30,560	\$ 8,583	\$ -	\$ 16,454	\$ 172,314
Cost with direct benefit to donors	6,350	1,900	2,400	-	1,320	-	15,035	27,005
Net Income	<u>\$ 24,797</u>	<u>\$ 50,093</u>	<u>\$ 31,177</u>	<u>\$ 30,560</u>	<u>\$ 7,263</u>	<u>\$ -</u>	<u>\$ 1,419</u>	<u>\$ 145,309</u>

**13. Commitments and Contingencies**

**Covid-19**

The Organization's operations and financial performance may be affected by the recent coronavirus outbreak which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the Organization may experience an impact on support. It is not known how the outbreak will affect the Organization's business, financial conditions, cash flows and results of operations on an interim basis.

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