



**RONALD McDONALD HOUSE CHARITIES  
OF MADISON, INC.**

**FINANCIAL STATEMENTS**

December 31, 2020 and 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Finance Committee  
Ronald McDonald House Charities of Madison, Inc.  
Madison, Wisconsin

We have audited the accompanying financial statements of Ronald McDonald House Charities of Madison, Inc., 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 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 Charities of Madison, 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.

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, flowing style.

Wegner CPAs, LLP  
Madison, Wisconsin  
April 16, 2021

**RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
Cash	\$ 341,636	\$ 164,550
Accounts receivable, net	56,807	49,680
Pledges receivable, net	1,006,930	1,632,210
Prepaid expenses	30,086	114,306
Investments	3,160,654	3,283,936
Property and equipment, net	11,004,953	11,064,755
Intangibles, net	7,058	7,587
<b>Total assets</b>	<b>\$ 15,608,124</b>	<b>\$ 16,317,024</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 24,336	\$ 100,218
Accrued expenses	17,582	24,789
Grants payable	22,940	19,512
Line of credit	-	532,999
<b>Total liabilities</b>	<b>64,858</b>	<b>677,518</b>
<b>NET ASSETS</b>		
Without donor restrictions	15,543,266	15,442,061
With donor restrictions	-	197,445
<b>Total net assets</b>	<b>15,543,266</b>	<b>15,639,506</b>
<b>Total liabilities and net assets</b>	<b>\$ 15,608,124</b>	<b>\$ 16,317,024</b>

See accompanying notes.

**RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Cash contributions	\$ 1,300,698	\$ 2,715	\$ 1,303,413	\$ 1,038,516	\$ 2,300	\$ 1,040,816
Non-cash contributions	219,562	-	219,562	262,023	-	262,023
Room donations	17,947	-	17,947	27,241	-	27,241
Program fees	4,694	-	4,694	24,350	-	24,350
Merchandise	1,661	-	1,661	4,066	-	4,066
Investment return	256,631	-	256,631	481,404	-	481,404
Other	19,017	-	19,017	47,015	-	47,015
Capital campaign contributions	-	44,889	44,889	-	542,560	542,560
Non-cash capital campaign contributions	-	-	-	-	295,602	295,602
<b>Total support and revenue</b>	<b>1,820,210</b>	<b>47,604</b>	<b>1,867,814</b>	<b>1,884,615</b>	<b>840,462</b>	<b>2,725,077</b>
<b>EXPENSES</b>						
Program services						
House operations	1,132,763	-	1,132,763	835,637	-	835,637
St. Mary's Family Room	120,690	-	120,690	140,890	-	140,890
Care mobile	49,406	-	49,406	87,485	-	87,485
<b>Total program services</b>	<b>1,302,859</b>	<b>-</b>	<b>1,302,859</b>	<b>1,064,012</b>	<b>-</b>	<b>1,064,012</b>
Supporting activities						
Management and general	303,409	-	303,409	537,018	-	537,018
Fundraising	309,017	-	309,017	197,925	-	197,925
Capital campaign	48,769	-	48,769	360,798	-	360,798
<b>Total supporting activities</b>	<b>661,195</b>	<b>-</b>	<b>661,195</b>	<b>1,095,741</b>	<b>-</b>	<b>1,095,741</b>
<b>Total expenses</b>	<b>1,964,054</b>	<b>-</b>	<b>1,964,054</b>	<b>2,159,753</b>	<b>-</b>	<b>2,159,753</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>						
Satisfaction of purpose restriction	245,049	(245,049)	-	9,564,237	(9,564,237)	-
<b>Change in net assets</b>	<b>101,205</b>	<b>(197,445)</b>	<b>(96,240)</b>	<b>9,289,099</b>	<b>(8,723,775)</b>	<b>565,324</b>
Net assets at beginning of year	15,442,061	197,445	15,639,506	6,152,962	8,921,220	15,074,182
<b>Net assets at end of year</b>	<b>\$ 15,543,266</b>	<b>\$ -</b>	<b>\$ 15,543,266</b>	<b>\$ 15,442,061</b>	<b>\$ 197,445</b>	<b>\$ 15,639,506</b>

See accompanying notes.

**RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2020

	House Operations	St. Mary's Family Room	Care Mobile	Management and General	Fundraising	Capital Campaign	Total Expenses
Wages and salaries	\$ 247,060	\$ 64,711	\$ 1,304	\$ 157,759	\$ 172,782	\$ 33,230	\$ 676,846
Benefits	51,025	27,659	278	46,907	32,375	6,221	164,465
Professional fees	-	-	-	26,151	-	1,017	27,168
Insurance	34,125	1,566	14	1,797	1,801	347	39,650
Meeting expense	268	83	-	184	184	36	755
Staff development	2,636	817	14	1,810	1,814	348	7,439
Miscellaneous	-	-	-	17,590	-	-	17,590
Depreciation and amortization	283,619	4,718	-	16,540	19,898	3,323	328,098
Grounds maintenance and repair	4,634	-	-	-	-	-	4,634
House maintenance and repairs	42,524	1,312	262	5,251	2,625	525	52,499
Utilities	47,654	1,471	294	5,883	2,942	588	58,832
Supplies	54,181	9,290	83	10,673	64,088	2,056	140,371
Hotel and transportation	58,785	-	-	-	-	-	58,785
Gifts/prizes	5,655	-	-	-	4,867	-	10,522
Grants	-	-	46,618	-	-	-	46,618
Public relations and marketing	10,244	30	-	-	250	-	10,524
Payment in lieu of taxes	87,328	2,695	539	10,781	5,391	1,078	107,812
Non-cash materials, services, and facilities	203,025	6,338	-	2,083	-	-	211,446
<b>Total expenses</b>	<b>\$ 1,132,763</b>	<b>\$ 120,690</b>	<b>\$ 49,406</b>	<b>\$ 303,409</b>	<b>\$ 309,017</b>	<b>\$ 48,769</b>	<b>\$ 1,964,054</b>

See accompanying notes.

**RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2019

	House Operations	St. Mary's Family Room	Care Mobile	Management and General	Fundraising	Capital Campaign	Total Expenses
Wages and salaries	\$ 193,087	\$ 66,166	\$ 8,341	\$ 134,767	\$ 68,591	\$ 87,289	\$ 558,241
Benefits	44,802	28,634	1,875	41,334	14,058	23,808	154,511
Professional fees	-	-	-	30,258	6,247	280	36,785
Insurance	27,460	2,025	138	2,376	1,115	1,499	34,613
Meeting expense	570	227	24	423	198	266	1,708
Staff development	2,282	909	98	1,688	793	1,066	6,836
Miscellaneous	-	-	-	9,293	-	21,148	30,441
Depreciation and amortization	169,942	8,438	-	4,503	53,217	6,134	242,234
Grounds maintenance and repair	4,244	-	-	-	-	-	4,244
House maintenance and repairs	41,616	6,000	-	2,899	-	162,846	213,361
Utilities	23,265	9,271	999	17,500	8,083	11,527	70,645
Supplies	45,082	12,490	629	10,836	42,073	7,037	118,147
Hotel and transportation	20,134	-	-	-	-	-	20,134
Gifts/prizes	10,993	-	-	-	1,300	-	12,293
Grants	-	-	75,381	-	-	-	75,381
Public relations and marketing	5,397	30	-	-	-	11,125	16,552
Prest building utilities and property taxes	-	-	-	11	-	-	11
Non-cash materials, services, and facilities	246,763	6,700	-	9,356	2,250	26,773	291,842
Loss on dispositions	-	-	-	271,774	-	-	271,774
<b>Total expenses</b>	<b>\$ 835,637</b>	<b>\$ 140,890</b>	<b>\$ 87,485</b>	<b>\$ 537,018</b>	<b>\$ 197,925</b>	<b>\$ 360,798</b>	<b>\$ 2,159,753</b>

See accompanying notes.



**RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (96,240)	\$ 565,324
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized (gains) losses on investments	(181,649)	(397,145)
Loss on disposal of property and equipment	-	271,774
Depreciation and amortization	328,098	242,234
Adjustments for allowance for doubtful account	(20,079)	(56,530)
Noncash contributions	(25,714)	(346,453)
Contributions restricted for Green Space	-	(197,445)
(Increase) decrease in assets		
Accounts receivable	(7,127)	(1,322)
Pledges receivable	645,359	15,000
Prepaid expenses	84,220	636
Increase (decrease) in liabilities		
Accounts payable	(75,882)	45,140
Accrued expenses	(7,207)	13,685
Grants payable	3,428	(12,514)
Net cash flows from operating activities	647,207	142,384
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(74,754)	(77,309)
Proceeds from sales of investments	397,318	65,916
Purchases of property and equipment and intangibles	(259,686)	(4,866,863)
Purchase of property and equipment held for expansion	-	702,300
Payments on house expansion project	-	784,828
Net cash flows from investing activities	62,878	(3,391,128)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from contributions restricted for Green Space	-	197,445
Proceeds from line of credit	-	1,020,000
Payments on line of credit	(532,999)	(487,001)
Net cash flows from financing activities	(532,999)	730,444
<b>Change in cash</b>	177,086	(2,518,300)
Cash at beginning of year	164,550	2,682,850
<b>Cash at end of year</b>	<u>\$ 341,636</u>	<u>\$ 164,550</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Non-cash investing and financing transactions		
House expansion-completed in 2019		
Donated goods and services capitalized	\$ -	\$ 270,814
Green Space-completed in 2020		
Donated stock received	-	64,797
General operations		
Donated goods and services capitalized	8,081	-
Donated stock received	17,633	10,842

See accompanying notes.

**RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

Ronald McDonald House Charities of Madison, Inc. (“RMHC-Madison” or “the Organization”) is a Wisconsin nonprofit charitable corporation formed in May 1993. The mission of Ronald McDonald House Charities (“RMHC-Global”) is to create, find and support programs that directly improve the health and well-being of children and their families. Collectively, RMHC-Global and the network of local Chapters ascribe to five core values: we are focused on the critical needs of children, we lead with compassion, we celebrate the diversity of our people and our programs, we value our heritage and we operate with accountability and transparency.

We fulfill our mission through operation of sustainable programs that enable family-centered care, bridge access to quality health care, are a vital part of the health care continuum and strengthen families during difficult times. The following programs, operated by the Organization, represent the core functions of Ronald McDonald House Charities of Madison, 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. RMHC-Madison helps families stay close to their ill or injured child through the Ronald McDonald House program located in Madison, which provides temporary lodging, meals and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers’ ability to spend more time with their child, to interact with their clinical care team and to participate in critical medical care decisions.

**Ronald McDonald Family Room**

When a child is critically ill, parents may be reluctant to leave the hospital. In order to provide comfort and support to their child, it is important that parents have an opportunity to rest, have a meal or have a moment of quiet. Located inside medical care facilities, the Ronald McDonald Family Room program in St. Mary’s Hospital in Madison serves as a place of respite, relaxation and privacy for family members, often just steps away from where their child is being treated. The Ronald McDonald Family Room program provides parents with an opportunity to remain close to their hospitalized child and to be an active member of their child’s health care team.

**Ronald McDonald Care Mobile**

The Ronald McDonald Care Mobile (“RMCM”) program provides access to pediatric medical, dental and/or health education services for children living in underserved communities. The RMCM program is breaking down the barriers to health care, expanding critical health care access and extending the Charity’s reach to countless underserved children. The RMCM program serves children that are at great risk to develop acute conditions, dental problems, chronic diseases and even serious lifelong illnesses. Through partnerships with local healthcare organizations and government ministries, the Organization is bringing clinical services and health education directly to those in need, so children can receive high quality, convenient care right in their own neighborhood—from urban communities to remote, hard-to-reach areas. RMHC-Madison supports Care Mobile serving Northern Illinois.

**RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**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 and are presented on the basis of net assets without donor restrictions and net assets with donor restrictions.

**Accounts Receivable**

Accounts receivable primarily represent amounts due from RMHC-Global for donations received through RMHC's RADAR. Accounts receivable are stated at the amount management expects to be collected. As of December 31, 2020 and 2019, management has determined, based on historical experiences, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

**Pledges Receivable**

Unconditional pledges are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional pledges are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional. Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows.

**Investments**

RMHC-Madison reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

**Intangibles**

Intangibles subject to amortization include website development costs, which are being amortized on a straight-line basis over three years.

**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 \$2,500 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
Furniture and equipment	3-20 Years

**RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Donated Assets, Property and Equipment, Facilities and Services**

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service 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. Volunteers have donated significant amounts of time to RMHC-Madison. However, the value of these services has not been reflected in the financial statements since these services are not measurable and do not require specialized skills.

**Net Assets**

The Organization's net assets and changes therein are classified and reported as follows:

*Without Donor Restrictions:* Net assets that are not subject to donor-imposed restrictions or law.

*With Donor Restrictions:* Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**Estimates**

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

**Income Tax Status**

RMHC-Madison is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, RMHC-Madison 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).

**RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Contributions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restrictions ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to one or more program services or supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

The expenses that are allocated include depreciation and amortization, which are allocated on a square footage basis, as well as wages and salaries, benefits, insurance, meeting expense, staff development, supplies, and utilities, which are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the financial statements:

*House Operations*—RMHC-Madison owns and operates the 31-bedroom, 32,000 square foot Ronald McDonald House (House) located in Madison, Wisconsin. The House is located within walking distance of the American Family Children's Hospital, and a free shuttle service, operated with volunteer drivers, is provided to and from all Madison area hospitals and affiliated clinics.

The families of seriously ill children may stay in the House and are asked for a nominal \$10 per night donation. The donation request is waived if the family cannot afford it. In addition to a room, the families are provided food, laundry facilities and all the comforts of home. The House is staffed 24 hours per day and operates 365 days a year under the management of a small full-time staff, part-time staff, and numerous volunteers.

RMHC-Madison has arranged with local hotel operators to accept families for \$25-35 per night when room demand exceeds the 31 rooms available each night. Families pay \$10 per night hotel cost and RMHC-Madison pays the additional \$15 or \$25 per night. If families are not able to afford the hotel cost, the hotel invoices RMHC-Madison directly for the total room cost.

**RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Expense Allocation (continues)**

*St. Mary's Family Room*—The Ronald McDonald Family Room is a refuge within the hospital for immediate family members who have a child in the neonatal intensive care unit, pediatric intensive care unit, or pediatric unit at St. Mary's Hospital. The Family Room provides a respite where families can regroup and seek support during emotional times away from the hospital atmosphere while still allowing them to remain near their child.

*Care Mobile*—RMHC-Madison makes grants for the Ronald McDonald Care Mobile ("RMCM"). RMCM provides cost-free dental and medical services to underserved and uninsured children. RMCM operates at various host sites in Boone, Lee, Ogle, Stephenson, and Winnebago Counties of north central Illinois.

*Management and general*— Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the RMHC-Madison's program strategy through the executive director; secure proper administrative functioning of the board of directors; and manage the financial and budgetary responsibilities of the Organization.

*Fundraising*— Fundraising expenses include the costs related to activities that involve attracting donations of assets, services, or time to fund and support the operations of RMHC-Madison.

*Capital Campaign*—RMHC-Madison has completed the capital campaign to expand their house operations in 2020. Capital campaign expenses include the costs related to attracting donations to fund the building expansion as well as employee time spent managing the construction project.

**Date of Management's Review**

Management has evaluated subsequent events through April 16, 2021, the date which the financial statements were available to be issued.

NOTE 2—COVID-19 CONSIDERATIONS

RMHC-Madison's operations may be affected by the recent and ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on the organization is uncertain; however, it may result in a material adverse impact on the organization's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to the organization's revenues, and cancellation of the 2021 programming.

**RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

**NOTE 3—PLEDGES RECEIVABLE**

Pledges receivable are as follows:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 646,524	\$ 543,888
Receivable in one to three years	<u>399,637</u>	<u>1,171,771</u>
Total pledges receivable	1,046,161	1,715,659
Less discounts to net present value	(7,840)	(31,979)
Less allowance for uncollectible pledges	<u>(31,391)</u>	<u>(51,470)</u>
Pledges receivable, net	<u>\$ 1,006,930</u>	<u>\$ 1,632,210</u>

Pledges receivable in more than one year are discounted at 2%.

**NOTE 4—INTANGIBLES**

Intangibles consist of the following:

	<u>2020</u>	<u>2019</u>
Website	\$ 11,410	\$ 8,535
Less accumulated amortization	<u>4,352</u>	<u>948</u>
Intangibles, net	<u>\$ 7,058</u>	<u>\$ 7,587</u>

Amortization expense for the years ended December 31, 2020 and 2019 was \$3,404 and \$6,793, respectively.

**NOTE 5—PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,897,136	\$ 1,838,048
Building and improvements	10,000,844	9,807,340
Furniture and equipment	<u>744,586</u>	<u>732,286</u>
Property and equipment	12,642,566	12,377,674
Less accumulated depreciation	<u>1,637,613</u>	<u>1,312,919</u>
Property and equipment, net	<u>\$ 11,004,953</u>	<u>\$ 11,064,755</u>

**RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

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NOTE 5—PROPERTY AND EQUIPMENT (continued)

Depreciation expense for the years ended December 31, 2020 and 2019 was \$324,694 and \$235,441, respectively.

NOTE 6—INVESTMENTS

Investments are comprised of the following:

	<u>2020</u>	<u>2019</u>
Cash and money funds	\$ 87,933	\$ 105,305
Common stocks	1,904,832	1,828,346
Corporate bonds	558,634	603,485
Exchange traded and closed end funds	5,534	9,504
Government and GSE bonds	383,947	542,010
Mutual funds	<u>219,774</u>	<u>195,286</u>
Investments	<u>\$ 3,160,654</u>	<u>\$ 3,283,936</u>

Fair values of mutual funds and exchange traded funds are based on quoted net asset values of the shares as reported by the fund. The mutual funds held by the Organization are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds held by the Organization are considered to be actively traded. Fair values of common stocks are based on the closing prices reported on the active market where the individual securities are traded. Fair values of corporate bonds and government and GSE bonds are determined using a market approach on yields currently available on comparable securities of issuers with similar credit ratings, which are Level 2 fair value measurements.

NOTE 7—NET ASSETS

RMHC-Madison's board of directors has designated net assets without donor restrictions for the following purposes:

	<u>2020</u>	<u>2019</u>
Board designated		
Replacement reserve	\$ 815,093	\$ 815,093
Expansion	-	100,000
Undesignated	<u>14,728,173</u>	<u>14,526,968</u>
Net assets without donor restrictions	<u>\$ 15,543,266</u>	<u>\$ 15,442,061</u>

Net assets with donor restrictions are available for the following purposes:



	<u>2020</u>	<u>2019</u>
Restricted for use on green space project	<u>\$ -</u>	<u>\$ 197,445</u>

**RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.**

NOTES TO FINANCIAL STATEMENTS

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**NOTE 8—RETIREMENT PLAN**

RMHC-Madison sponsors a 403(b) defined contribution plan that covers substantially all employees who have met minimum eligibility requirements. RMHC-Madison contributes up to 8% of eligible employees' compensation to the plan. RMHC-Madison's retirement plan contributions for the years ended December 31, 2020 and 2019 were \$26,859 and \$28,122, respectively.

**NOTE 9—PROMISES TO GIVE TO OTHERS**

RMHC-Madison has promised to support the RMCM for underserved children in northern Illinois. Starting in 2013, RMHC-Madison has promised to give a maximum of \$116,000 each year, included an auto-renewal every five years unless one of the two parties decides to opt out. This promise is conditioned upon RMCM incurring qualified expenses. For the years ended December 31, 2020 and 2019, RMHC-Madison authorized \$46,618 and \$75,301, respectively, to be paid to RMCM. At December 31, 2020 and 2019, \$22,940 and \$19,512, respectively, of these amounts are included in grants payable and are to be paid in the subsequent year.

**NOTE 10—DONATED FACILITIES AND SERVICES**

The fair value of non-capitalized donated facilities and services included as in the financial statements and the corresponding expenses are as follows:

	<u>2020</u>		
	<u>House Operations</u>	<u>Management and General</u>	<u>Capital Campaign</u>
Maintenance services	\$ 53,410	\$ -	\$ -
Free use of hotel rooms and equipment	135,000	-	-
	<u>\$ 188,410</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>2019</u>		
	<u>House Operations</u>	<u>Management and General</u>	<u>Capital Campaign</u>
Maintenance services	\$ 89,799	\$ -	\$ -
Other services	6,700	-	1,320
	<u>\$ 96,499</u>	<u>\$ -</u>	<u>\$ 1,320</u>

**RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.**  
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**NOTE 11—CAPITAL CAMPAIGN**

In 2016, RMHC-Madison started a capital campaign to raise funds to expand the House. This campaign is called Building on Hope. As of December 31, 2019, the campaign was fully funded. Pledges of supplies and labor received from construction vendors in 2020 and 2019 were \$0 and \$295,602, respectively. Pledges receivable related to the capital campaign as of December 31, 2020 are \$1,038,321. Building on Hope project was completed in 2020 and all the pledge payments in future years will be unrestricted and could be used for general operations.

**NOTE 12—LINE OF CREDIT**

To help pay construction costs in 2019, RMHC-Madison began drawing on its line of credit with principal payable at maturity. Interest is charged monthly at a variable rate at 3.5% for 2020. As of December 31, 2020 and 2019, RMHC-Madison had an outstanding balance on the line of credit of \$0 and \$532,999.

**NOTE 13—LIQUIDITY**

As of December 31, 2020, RMHC-Madison had \$1,044,967 of financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date, which consisted of cash \$341,636, accounts receivable of \$56,807, and pledge receivable in less than one year of \$646,524. As of December 31, 2019, RMHC-Madison had \$758,118 of financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date, which consisted of cash \$164,550, accounts receivable of \$49,680, and pledge receivable in less than one year of \$543,888.

RMHC-Madison has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 180 days of normal operating expenses, which are, on average, approximately \$900,000 for 2020 and 2019.

As part of RMHC-Madison's liquidity management, it invests cash in excess of daily requirements in short-term investments. Occasionally, the Board of Directors designates a portion of any operating surplus to its operating reserve, which was \$815,093 as of December 31, 2020 and 2019. This is an established board-designated fund where the governing Board of Directors has the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities.

**NOTE 14—PAYCHECK PROTECTION PROGRAM**

On April 8, 2020, RMHC-Madison received a \$150,400 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loan accrues interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by the organization during the covered period. Eligible expenses may include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven

**RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.**  
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NOTE 14—PAYCHECK PROTECTION PROGRAM (continued)

portion is payable over two years. On December 2nd, 2020, the SBA preliminarily approved forgiveness of the loan and accrued interest and the organization recorded the forgiveness as a contribution. RMHC-Madison must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review RMHC-Madison's good-faith certification concerning the necessity of its loan request, whether RMHC-Madison calculated the loan amount correctly, whether RMHC-Madison used loan proceeds for the allowable uses specified in the CARES Act, and whether RMHC-Madison is entitled to loan forgiveness in the amount claimed on its application. If SBA determines RMHC-Madison was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 15—SUBSEQUENT EVENTS

On February 9, 2021, RMHC-Madison applied for and was approved a second \$149,899 loan under the second draw Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%. RMHC-Madison is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.