



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

FINANCIAL STATEMENTS

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Ronald McDonald House Charities of Madison, 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 Charities of Madison, 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 Charities of Madison, 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 Charities of Madison, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Charities of Madison, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ronald McDonald House Charities of Madison, 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.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
June 5, 2022

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	\$ 836,301	\$ 341,636
RADAR unconditional pledges receivable	67,536	56,807
Current portion of unconditional pledges receivable, net	171,357	615,133
Prepaid expenses	37,480	30,086
Current portion of investments	326,382	87,933
Total current assets	1,439,056	1,131,595
NONCURRENT ASSETS		
Unconditional pledges receivable, net of current portion	137,085	391,797
Property and equipment, net	10,706,976	11,004,953
Intangibles, net	3,254	7,058
Investments, net of current portion	3,865,682	3,072,721
Total noncurrent assets	14,712,997	14,476,529
Total assets	\$ 16,152,053	\$ 15,608,124
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 41,431	\$ 24,336
Accrued expenses	15,493	17,582
Grants payable	20,245	22,940
Current portion of refundable advance	60,000	-
Total current liabilities	137,169	64,858
NONCURRENT LIABILITIES		
Refundable advance, net of current portion	7,500	-
Total liabilities	144,669	64,858
NET ASSETS		
Without donor restrictions	16,007,384	15,543,266
Total liabilities and net assets	\$ 16,152,053	\$ 15,608,124

See accompanying notes.

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions						
General - cash	\$ 1,476,693	\$ 795	\$ 1,477,488	\$ 1,150,298	\$ 2,715	\$ 1,153,013
General - non-cash	336,186	-	336,186	219,527	-	219,527
Room donations	19,895	-	19,895	17,947	-	17,947
Capital campaign - cash	-	2,840	2,840	-	44,889	44,889
Paycheck Protection Program	149,899	-	149,899	150,400	-	150,400
Program fees	4,398	-	4,398	4,694	-	4,694
Merchandise	1,706	-	1,706	1,661	-	1,661
Investment return, net	446,336	-	446,336	256,631	-	256,631
Other	17,865	-	17,865	19,052	-	19,052
Total support and revenue	2,452,978	3,635	2,456,613	1,820,210	47,604	1,867,814
EXPENSES						
Program services						
House operations	1,225,607	-	1,225,607	1,132,763	-	1,132,763
St. Mary's Family Room	140,872	-	140,872	120,690	-	120,690
Care Mobile	82,391	-	82,391	49,406	-	49,406
Total program services	1,448,870	-	1,448,870	1,302,859	-	1,302,859
Supporting activities						
Management and general	242,782	-	242,782	303,409	-	303,409
Fundraising	268,713	-	268,713	309,017	-	309,017
Cost of direct benefits to donors	32,130	-	32,130	-	-	-
Capital campaign	-	-	-	48,769	-	48,769
Total supporting activities	543,625	-	543,625	661,195	-	661,195
Total expenses	1,992,495	-	1,992,495	1,964,054	-	1,964,054
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of purpose restriction	3,635	(3,635)	-	245,049	(245,049)	-
Change in net assets	464,118	-	464,118	101,205	(197,445)	(96,240)
Net assets at beginning of year	15,543,266	-	15,543,266	15,442,061	197,445	15,639,506
Net assets at end of year	\$ 16,007,384	\$ -	\$ 16,007,384	\$ 15,543,266	\$ -	\$ 15,543,266

See accompanying notes.

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	House Operations	St. Mary's Family Room	Care Mobile	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total Expenses
Wages and salaries	\$ 232,457	\$ 74,964	\$ 633	\$ 130,088	\$ 147,337	\$ -	\$ 585,479
Benefits	\$39,027	\$27,310	\$130	\$21,226	\$17,445	-	105,138
Payroll taxes	\$22,545	\$6,922	\$49	\$11,320	\$12,335	-	53,171
Advertising	-	-	-	-	1,659	-	1,659
Grants	-	-	81,492	-	-	-	81,492
Cleaning services and supplies	2,100	-	-	-	-	-	2,100
Depreciation and amortization	291,149	4,275	-	19,983	8,706	-	324,113
Direct mail	-	-	-	-	9,872	-	9,872
Donation boxes	-	-	-	-	3,971	-	3,971
Donor recognition	-	-	-	-	2,881	-	2,881
Family support services and supplies	97,809	10,341	-	-	-	-	108,150
Fundraising expenses	-	-	-	-	35,283	32,130	67,413
Insurance	34,394	1,577	39	1,952	1,952	-	39,914
Linens and laundry	13,061	-	-	-	-	-	13,061
Maintenance and repairs	68,957	-	-	1,422	713	-	71,092
Meetings, education, and training	2,694	869	7	1,984	1,708	-	7,262
Non-cash materials, services, and facilities	325,143	7,842	-	370	462	-	333,817
Office supplies	2,544	820	7	1,424	1,613	-	6,408
Postage and courier	-	-	-	158	206	-	364
Printing and publishing	1,942	830	-	1,807	87	-	4,666
Professional fees	-	-	-	41,833	13,861	-	55,694
Rent	-	1,080	-	1,044	-	-	2,124
Technology	8,568	2,763	23	4,795	5,431	-	21,580
Telephone	3,967	1,279	11	2,220	2,514	-	9,991
Travel, meals, and entertainment	-	-	-	-	99	-	99
Utilities	56,067	-	-	1,156	578	-	57,801
Volunteer resources and recognition	2,150	-	-	-	-	-	2,150
Other	21,033	-	-	-	-	-	21,033
Total expenses	\$ 1,225,607	\$ 140,872	\$ 82,391	\$ 242,782	\$ 268,713	\$ 32,130	\$ 1,992,495

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 and prizes	5,655	-	-	-	4,867	-	10,522
Grants	-	-	46,618	-	-	-	46,618
Public relations and marketing	10,244	30	-	-	250	-	10,524
Prest building utilities and property 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
Total expenses	\$ 1,132,763	\$ 120,690	\$ 49,406	\$ 303,409	\$ 309,017	\$ 48,769	\$ 1,964,054

See accompanying notes.

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 464,118	\$ (96,240)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized gains on investments	(365,847)	(181,649)
Loss on disposal of property and equipment	19,968	-
Depreciation and amortization	324,113	328,098
Adjustments for allowance for doubtful accounts	(21,845)	(20,079)
Noncash contributions	(336,186)	(219,527)
Noncash expenses	333,817	211,446
(Increase) decrease in assets		
RADAR unconditional pledges receivable	(10,729)	(7,127)
Unconditional pledges receivable, net	720,333	645,359
Prepaid expenses	(7,394)	84,220
Increase (decrease) in liabilities		
Accounts payable	17,095	(75,882)
Accrued expenses	(2,089)	(7,207)
Grants payable	(2,695)	3,428
Refundable advance	67,500	-
Net cash flows from operating activities	1,200,159	664,840
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(665,563)	(92,387)
Proceeds from sales of investments	-	397,318
Purchases of property and equipment and intangibles	(39,931)	(259,686)
Net cash flows from investing activities	(705,494)	45,245
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	-	(532,999)
Change in cash	494,665	177,086
Cash at beginning of year	341,636	164,550
Cash at end of year	\$ 836,301	\$ 341,636
SUPPLEMENTAL DISCLOSURES		
Non-cash investing transactions		
Donated goods and services capitalized	\$ 2,369	\$ 8,081
Donated investments	69,721	17,633

See accompanying notes.

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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 as a standalone entity. The RMHC-Madison mission is to create, find and support programs that directly improve the health and well-being of children and their families. The five core values are: 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. RMHC-Madison benefits from a network of global standalone Ronald McDonald House Charities Chapters who share similar missions and core values for shared resources and operational support from the RMHC-Global.

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. RMHC-Madison is primarily funded by contributions. 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, vaccinations 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, 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, 2021 and 2020

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 statements of activities as net assets released from donor restrictions.

RADAR Unconditional Pledges Receivable

RADAR unconditional pledges receivable primarily represent amounts due from RMHC-Global for donations received through RMHC-Global's RADAR. All pledges are expected to be collected within one year of the dates of the statements of financial position as of December 31, 2021 and 2020.

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. Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges 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

All acquisitions of property and equipment of \$2,500 or more are capitalized. Additions and betterments of \$2,500 or more are also capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

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's house operations and St. Mary's family room programs for a variety of services including household chores, decorating, cooking, and yard work. 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.

Paycheck Protection Program Loans

RMHC-Madison received loans under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loans will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. RMHC-Madison expects to meet the PPP's eligibility criteria and believes the loans are, in substance, grants that are expected to be forgiven. RMHC-Madison recognizes amounts expected to be forgiven as revenue when it incurs qualifying expenses.

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).

Expense Allocation

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

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, meetings, education, and training, office supplies, postage and courier, technology, and telephone, 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 suggested to donate \$10 per night to help fund the overall operations of the organization. No family is required to pay for their stay. 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 formed a partnership with local hotel operators to provide hotels for families when the House demand exceeds its room capacity. These rooms, like the House, are at no charge to any family. RMHC-Madison pays an agreed to amount per room per night for each family on behalf of the family. Similar to the House, each family is suggested to donate \$10 per night to help cover the overall operations of the organization.

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 vaccination 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.

Cost of direct benefit to donors—Include expenses for the actual costs of expenses incurred for the benefits of donors such as a meal at a sponsorship event.

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Date of Management’s Review

Management has evaluated subsequent events through June 5, 2022, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS OF CREDIT RISK

RMHC-Madison maintains cash balances at multiple financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2021, RMHC-Madison’s uninsured cash balances total \$442,471. As of December 31, 2020, RMHC-Madison’s cash balances were fully insured with federal depository insurance.

NOTE 3—UNCONDITIONAL PLEDGES RECEIVABLE

Unconditional pledges receivable are as follows:

	2021	2020
Receivable in less than one year	\$ 180,903	\$ 646,524
Receivable in one to three years	137,085	399,637
Total unconditional pledges receivable	317,988	1,046,161
Less discounts to net present value	-	(7,840)
Less allowance for uncollectible pledges	(9,546)	(31,391)
Unconditional pledges receivable, net	\$ 308,442	\$ 1,006,930

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

NOTE 4—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. Outstanding, unconditional pledges receivable related to the capital campaign as of December 31, 2021 are \$317,988. The 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.

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 5—INTANGIBLES

Intangibles consist of the following:

	<u>2021</u>	<u>2020</u>
Website	\$ 11,410	\$ 11,410
Less accumulated amortization	<u>8,156</u>	<u>4,352</u>
Intangibles, net	<u>\$ 3,254</u>	<u>\$ 7,058</u>

Amortization expense for the years ended December 31, 2021 and 2020 was \$3,804 and \$3,404, respectively.

NOTE 6—PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,897,136	\$ 1,897,136
Building and improvements	10,001,379	10,000,844
Furniture and equipment	<u>549,958</u>	<u>744,586</u>
Property and equipment	12,448,473	12,642,566
Less accumulated depreciation	<u>1,741,497</u>	<u>1,637,613</u>
Property and equipment, net	<u>\$ 10,706,976</u>	<u>\$ 11,004,953</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$320,309 and \$324,694, respectively.

NOTE 7—INVESTMENTS

Investments are comprised of the following:

	<u>2021</u>	<u>2020</u>
Cash and money funds	\$ 326,382	\$ 87,933
Common stocks	2,548,329	1,904,832
Corporate bonds	523,409	558,634
Exchange traded and closed end funds	-	5,534
Government and GSE bonds	533,064	383,947
Mutual funds	<u>260,880</u>	<u>219,774</u>
Investments	<u>\$ 4,192,064</u>	<u>\$ 3,160,654</u>

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 7—INVESTMENTS (continued)

Fair values of mutual funds and exchange traded and closed end 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 8—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 for ten years. The agreement includes 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, 2021 and 2020, RMHC-Madison authorized \$81,492 and \$46,618, respectively, to be paid to RMCM. At December 31, 2021 and 2020, \$20,245 and \$22,940, respectively, of these amounts are included in grants payable and are to be paid in the subsequent year.

NOTE 9—CONDITIONAL CONTRIBUTIONS

RMHC-Madison has been awarded contributions totaling \$67,500 as of December 31, 2021 that are conditioned upon RMHC-Madison incurring hotel, meals, and staff development expenses. Amounts received for which the conditions have not yet been met are recorded as a refundable advance on the statements of financial position. The refundable advance will be recognized as revenue when the respective conditions are met in future years.

NOTE 10—NET ASSETS

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

	2021	2020
Replacement reserve	\$ 815,093	\$ 815,093
Undesignated	15,192,291	14,728,173
Net assets without donor restrictions	\$ 16,007,384	\$ 15,543,266

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NOTE 11—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, 2021 and 2020 were \$36,340 and \$26,859, respectively.

NOTE 12—DONATED FACILITIES AND SERVICES

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

	2021	2020
	House Operations	House Operations
Maintenance services	\$ 11,902	\$ 53,410
Use of hotel rooms and van	230,825	135,000
Other services	9,007	-
Total	\$ 251,734	\$ 188,410

NOTE 13—PAYCHECK PROTECTION PROGRAM LOANS

RMHC-Madison received loans totaling \$300,299 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). On December 2, 2020, the SBA preliminarily approved forgiveness of RMHC-Madison's first draw loan. RMHC-Madison is in the process of applying for forgiveness of its second draw loan. 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.

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NOTE 14—LIQUIDITY AND AVAILABILITY

The following table reflects RMHC-Madison’s financial assets, which include cash, RADAR unconditional pledges receivable, unconditional pledges receivable, and investments, as of the dates of the statements of financial position, reduced by amounts not available for general expenditures within one year because of board designations:

	2021	2020
Financial assets at year-end	\$ 5,404,343	\$ 4,566,027
Less those unavailable for general expenditures within one year:		
Designated for the replacement reserve	(815,093)	(815,093)
Unconditional pledges receivable not expected to be collected within one year	(137,085)	(391,797)
Investments expected to be held for more than one year	(3,865,682)	(3,072,721)
Financial assets available to meet cash needs for general expenditures within one year	\$ 586,483	\$ 286,416

RMHC-Madison has a goal to maintain financial assets on hand to meet 180 days of normal operating expenses, which are, on average, approximately \$900,000.

As part of RMHC-Madison’s liquidity management, it invests cash in excess of daily requirements. If needed, RMHC-Madison can liquidate its noncurrent investment balance to meet general operating or unexpected expenses. Occasionally, the board of directors designates a portion of any operating surplus to its operating reserve, which was \$815,093 as of December 31, 2021 and 2020. 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 15—COVID-19 CONSIDERATIONS

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. RMHC-Madison had to reduce the number of families staying at its house because of the pandemic. RMHC-Madison’s house is expected to return to full capacity during 2022. The pandemic also has the potential to disrupt RMHC-Madison’s donor base. Future risks and losses related to the COVID-19 pandemic are unknown at this time.