

---

Ronald McDonald House Charities® of  
Chicagoland & Northwest Indiana

---

**Financial Report**  
**December 31, 2021**

# **Ronald McDonald House Charities® of Chicagoland & Northwest Indiana**

---

## Contents

---

|   |      |
|---|------|
| <b>Independent Auditor's Report</b>               | 1-2  |
| <b>Financial Statements</b>                       |      |
| Statement of Financial Position                   | 3    |
| Statement of Activities and Changes in Net Assets | 4    |
| Statement of Functional Expenses                  | 5-6  |
| Statement of Cash Flows                           | 7    |
| Notes to Financial Statements                     | 8-19 |

## Independent Auditor's Report

To the Board of Directors  
Ronald McDonald House Charities®  
of Chicagoland & Northwest Indiana

### **Opinion**

We have audited the financial statements of Ronald McDonald House Charities® of Chicagoland & Northwest Indiana (RMHC-CNI), which comprise the statement of financial position as of December 31, 2021 and 2020 and the related statements of activities and changes in net assets, 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 RMHC-CNI as of December 31, 2021 and 2020 and the changes in its net assets, functional expenses, and 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 Audits of the Financial Statements* section of our report. We are required to be independent of RMHC-CNI and to meet our 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 RMHC-CNI's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### **Auditor's Responsibilities for the Audits 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 audits 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.

To the Board of Directors  
Ronald McDonald House Charities®  
of Chicagoland & Northwest Indiana

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 RMHC-CNI'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 RMHC-CNI'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*Plante & Moran, PLLC*

May 6, 2022

# Ronald McDonald House Charities® of Chicagoland & Northwest Indiana

## Statement of Financial Position

December 31, 2021 and 2020

|  | 2021                 | 2020                 |
|--|----------------------|----------------------|
| <b>Assets</b>                                |                      |                      |
| <b>Current Assets</b>                        |                      |                      |
| Cash   | \$ 5,382,159         | \$ 2,778,884         |
| Investments                                  | 7,382,785            | 7,149,453            |
| Receivables - Net:                           |                      |                      |
| Contributions receivable                     | 1,311,363            | 1,452,263            |
| Other accounts receivable                    | 1,171,947            | 182,714              |
| Prepaid expenses and other current assets    | 338,746              | 307,571              |
| Total current assets                         | 15,587,000           | 11,870,885           |
| <b>Investments</b>                           | 2,833,397            | 2,491,107            |
| <b>Receivables - Net of Allowances - Net</b> |                      |                      |
| Contributions receivable                     | 1,822,002            | 403,071              |
| Other accounts receivable                    | 24,173               | 107,693              |
| <b>Other Assets</b>                          | 200,187              | 188,965              |
| <b>Property and Equipment - Net</b>          | 51,405,577           | 53,074,025           |
| Total noncurrent assets                      | 56,285,336           | 56,264,861           |
| Total assets                                 | <b>\$ 71,872,336</b> | <b>\$ 68,135,746</b> |
| <b>Liabilities and Net Assets</b>            |                      |                      |
| <b>Current Liabilities</b>                   |                      |                      |
| Accounts payable and accrued expenses        | \$ 1,103,347         | \$ 886,979           |
| Deferred revenue                             | 74,564               | 113,053              |
| Current portion of long-term debt            | -                    | 250,000              |
| Other liabilities                            | 92,889               | 88,638               |
| Total current liabilities                    | 1,270,800            | 1,338,670            |
| <b>Other Liabilities</b>                     | 7,642                | 27,185               |
| Total liabilities                            | 1,278,442            | 1,365,855            |
| <b>Net Assets</b>                            |                      |                      |
| Without donor restrictions                   | 64,611,165           | 63,815,327           |
| With donor restrictions                      | 5,982,729            | 2,954,564            |
| Total net assets                             | 70,593,894           | 66,769,891           |
| Total liabilities and net assets             | <b>\$ 71,872,336</b> | <b>\$ 68,135,746</b> |

# Ronald McDonald House Charities® of Chicagoland & Northwest Indiana

## Statement of Activities and Changes in Net Assets

Years Ended December 31, 2021 and 2020

|   | 2021                       |                         |                      | 2020                       |                         |                      |
|---|----------------------------|-------------------------|----------------------|----------------------------|-------------------------|----------------------|
|   | Without Donor Restrictions | With Donor Restrictions | Total                | Without Donor Restrictions | With Donor Restrictions | Total                |
| <b>Revenue and Other Support</b>  |                            |                         |                      |                            |                         |                      |
| Contributions   | \$ 2,346,328               | \$ 4,733,804            | \$ 7,080,132         | \$ 2,953,729               | \$ 1,195,003            | \$ 4,148,732         |
| In-kind contributions   | 1,648,099                  | 523,193                 | 2,171,292            | 1,512,040                  | 323,674                 | 1,835,714            |
| Employee Retention Credit revenue   | 1,313,061                  | -                       | 1,313,061            | -                          | -                       | -                    |
| Fundraising revenue:  |                            |                         |                      |                            |                         |                      |
| Fundraising events  | 3,340,683                  | -                       | 3,340,683            | 3,085,296                  | -                       | 3,085,296            |
| Mission Partner fundraising   | 1,275,009                  | -                       | 1,275,009            | 853,537                    | -                       | 853,537              |
| Direct fundraising costs  | (2,357,319)                | -                       | (2,357,319)          | (1,525,181)                | -                       | (1,525,181)          |
| Mission Partner fundraising costs   | (82,032)                   | -                       | (82,032)             | (7,690)                    | -                       | (7,690)              |
| Total fundraising revenue   | 2,176,341                  | -                       | 2,176,341            | 2,405,962                  | -                       | 2,405,962            |
| Other income  | 952,613                    | -                       | 952,613              | 981,909                    | -                       | 981,909              |
| Net assets released from restrictions                                     | 2,383,658                  | (2,383,658)             | -                    | 1,774,302                  | (1,774,302)             | -                    |
| Total revenue, other support, and net assets released from restrictions   | 10,820,100                 | 2,873,339               | 13,693,439           | 9,627,942                  | (255,625)               | 9,372,317            |
| <b>Expenses</b>   |                            |                         |                      |                            |                         |                      |
| Program services:   |                            |                         |                      |                            |                         |                      |
| House operations  | 8,063,663                  | -                       | 8,063,663            | 7,928,816                  | -                       | 7,928,816            |
| Grants and scholarships   | 160,677                    | -                       | 160,677              | 198,060                    | -                       | 198,060              |
| Total program services  | 8,224,340                  | -                       | 8,224,340            | 8,126,876                  | -                       | 8,126,876            |
| Support services:   |                            |                         |                      |                            |                         |                      |
| Fundraising   | 856,929                    | -                       | 856,929              | 1,443,803                  | -                       | 1,443,803            |
| Management and general  | 2,208,953                  | -                       | 2,208,953            | 2,119,722                  | -                       | 2,119,722            |
| Total support services  | 3,065,882                  | -                       | 3,065,882            | 3,563,525                  | -                       | 3,563,525            |
| Total expenses  | 11,290,222                 | -                       | 11,290,222           | 11,690,401                 | -                       | 11,690,401           |
| <b>(Decrease) Increase in Net Assets - Before nonoperating activities</b> | (470,122)                  | 2,873,339               | 2,403,217            | (2,062,459)                | (255,625)               | (2,318,084)          |
| <b>Nonoperating Activities</b>  |                            |                         |                      |                            |                         |                      |
| Insurance proceeds  | -                          | -                       | -                    | 271,097                    | -                       | 271,097              |
| Gain on investments - Net   | 440,239                    | 154,826                 | 595,065              | 511,122                    | 193,752                 | 704,874              |
| Paycheck Protection Program loan forgiveness (Note 5)                     | 825,721                    | -                       | 825,721              | 758,878                    | -                       | 758,878              |
| Total nonoperating activities   | 1,265,960                  | 154,826                 | 1,420,786            | 1,541,097                  | 193,752                 | 1,734,849            |
| <b>Increase (Decrease) in Net Assets</b>                                  | 795,838                    | 3,028,165               | 3,824,003            | (521,362)                  | (61,873)                | (583,235)            |
| <b>Net Assets - Beginning of year</b>                                     | 63,815,327                 | 2,954,564               | 66,769,891           | 64,336,689                 | 3,016,437               | 67,353,126           |
| <b>Net Assets - End of year</b>   | <b>\$ 64,611,165</b>       | <b>\$ 5,982,729</b>     | <b>\$ 70,593,894</b> | <b>\$ 63,815,327</b>       | <b>\$ 2,954,564</b>     | <b>\$ 66,769,891</b> |

See notes to financial statements.

## Ronald McDonald House Charities® of Chicagoland & Northwest Indiana

### Statement of Functional Expenses

Year Ended December 31, 2021

|  | Program Services    |                         |                        | Support Services  |                        |                          |                        | Total                |
|--|---------------------|-------------------------|------------------------|-------------------|------------------------|--------------------------|------------------------|----------------------|
|  | House Operations    | Grants and Scholarships | Total Program Services | Fundraising       | Management and General | Direct Fundraising Costs | Total Support Services |                      |
| Salaries                                 | \$ 2,265,775        | \$ 8,237                | \$ 2,274,012           | \$ 613,985        | \$ 1,254,272           | \$ -                     | \$ 1,868,257           | \$ 4,142,269         |
| Payroll taxes and other related expenses | 387,895             | 974                     | 388,869                | 95,644            | 200,800                | -                        | 296,444                | 685,313              |
| Personnel expenses                       | 42,930              | -                       | 42,930                 | 6,190             | 78,025                 | -                        | 84,215                 | 127,145              |
| Occupancy                                | 1,985,813           | -                       | 1,985,813              | 1,793             | 122,259                | -                        | 124,052                | 2,109,865            |
| Travel and meetings                      | 4,553               | -                       | 4,553                  | 3,690             | 11,258                 | -                        | 14,948                 | 19,501               |
| Business development                     | -                   | -                       | -                      | 14,377            | -                      | -                        | 14,377                 | 14,377               |
| Grants                                   | -                   | 150,417                 | 150,417                | -                 | -                      | -                        | -                      | 150,417              |
| Professional fees                        | 96,339              | -                       | 96,339                 | 14,063            | 328,997                | -                        | 343,060                | 439,399              |
| Hardware, software, and equipment        | 58,101              | -                       | 58,101                 | 69,158            | 81,849                 | -                        | 151,007                | 209,108              |
| Marketing expenses                       | 842                 | -                       | 842                    | 1,558             | 66,656                 | -                        | 68,214                 | 69,056               |
| General and administrative expenses      | 167,397             | -                       | 167,397                | 1,307             | 36,734                 | -                        | 38,041                 | 205,438              |
| Fundraising expenses                     | -                   | -                       | -                      | 35,092            | -                      | -                        | 35,092                 | 35,092               |
| Interest expenses                        | 2,036               | -                       | 2,036                  | -                 | -                      | -                        | -                      | 2,036                |
| Program supplies                         | 421,426             | 1,049                   | 422,475                | -                 | -                      | -                        | -                      | 422,475              |
| Depreciation                             | 2,630,556           | -                       | 2,630,556              | 72                | 28,103                 | -                        | 28,175                 | 2,658,731            |
| Direct fundraising costs                 | -                   | -                       | -                      | -                 | -                      | 2,357,319                | 2,357,319              | 2,357,319            |
| Total operating expenses                 | 8,063,663           | 160,677                 | 8,224,340              | 856,929           | 2,208,953              | 2,357,319                | 5,423,201              | 13,647,541           |
| Remittances to RMHC Inc.                 | -                   | -                       | -                      | -                 | -                      | 82,032                   | 82,032                 | 82,032               |
| Total functional expenses                | <b>\$ 8,063,663</b> | <b>\$ 160,677</b>       | <b>\$ 8,224,340</b>    | <b>\$ 856,929</b> | <b>\$ 2,208,953</b>    | <b>\$ 2,439,351</b>      | <b>\$ 5,505,233</b>    | <b>\$ 13,729,573</b> |

## Ronald McDonald House Charities® of Chicagoland & Northwest Indiana

### Statement of Functional Expenses

Year Ended December 31, 2020

|  | Program Services    |                         |                        | Support Services    |                        |                          |                        | Total                |
|--|---------------------|-------------------------|------------------------|---------------------|------------------------|--------------------------|------------------------|----------------------|
|  | House Operations    | Grants and Scholarships | Total Program Services | Fundraising         | Management and General | Direct Fundraising Costs | Total Support Services |                      |
| Salaries                                 | \$ 2,392,326        | \$ 9,252                | \$ 2,401,578           | \$ 698,697          | \$ 1,272,699           | \$ -                     | \$ 1,971,396           | \$ 4,372,974         |
| Payroll taxes and other related expenses | 374,571             | 1,113                   | 375,684                | 117,000             | 181,129                | -                        | 298,129                | 673,813              |
| Personnel expenses                       | 30,620              | -                       | 30,620                 | 8,316               | 58,035                 | -                        | 66,351                 | 96,971               |
| Occupancy                                | 1,724,955           | -                       | 1,724,955              | 2,046               | 126,622                | -                        | 128,668                | 1,853,623            |
| Travel and meetings                      | 7,416               | -                       | 7,416                  | 3,007               | 10,197                 | -                        | 13,204                 | 20,620               |
| Business development                     | -                   | -                       | -                      | 7,738               | -                      | -                        | 7,738                  | 7,738                |
| Grants                                   | -                   | 165,849                 | 165,849                | -                   | -                      | -                        | -                      | 165,849              |
| Professional fees                        | 119,150             | -                       | 119,150                | -                   | -                      | -                        | -                      | 119,150              |
| Hardware, software, and equipment        | 73,887              | -                       | 73,887                 | 65,308              | 234,384                | -                        | 299,692                | 373,579              |
| Marketing expenses                       | 2,426               | -                       | 2,426                  | 48,143              | 56,881                 | -                        | 105,024                | 107,450              |
| General and administrative expenses      | 152,691             | -                       | 152,691                | 3,203               | 91,276                 | -                        | 94,479                 | 247,170              |
| Fundraising expenses                     | -                   | -                       | -                      | 378                 | 47,707                 | -                        | 48,085                 | 48,085               |
| Interest expenses                        | 16,823              | -                       | 16,823                 | 489,895             | -                      | -                        | 489,895                | 506,718              |
| Program supplies                         | 444,622             | 21,846                  | 466,468                | -                   | -                      | -                        | -                      | 466,468              |
| Depreciation                             | 2,589,329           | -                       | 2,589,329              | 72                  | 40,792                 | -                        | 40,864                 | 2,630,193            |
| Direct fundraising costs                 | -                   | -                       | -                      | -                   | -                      | 1,525,181                | 1,525,181              | 1,525,181            |
| Total operating expenses                 | 7,928,816           | 198,060                 | 8,126,876              | 1,443,803           | 2,119,722              | 1,525,181                | 5,088,706              | 13,215,582           |
| Remittances to RMHC Inc.                 | -                   | -                       | -                      | -                   | -                      | 7,690                    | 7,690                  | 7,690                |
| Total functional expenses                | <b>\$ 7,928,816</b> | <b>\$ 198,060</b>       | <b>\$ 8,126,876</b>    | <b>\$ 1,443,803</b> | <b>\$ 2,119,722</b>    | <b>\$ 1,532,871</b>      | <b>\$ 5,096,396</b>    | <b>\$ 13,223,272</b> |

# Ronald McDonald House Charities® of Chicagoland & Northwest Indiana

## Statement of Cash Flows

Years Ended December 31, 2021 and 2020

|   | 2021                | 2020                |
|---|---------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>   |                     |                     |
| Increase (decrease) in net assets   | \$ 3,824,003        | \$ (583,235)        |
| Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities: |                     |                     |
| Depreciation  | 2,658,731           | 2,630,193           |
| Bad debt expense  | 12,979              | 8,305               |
| In-kind contributions of property and equipment   | (323,163)           | (16,298)            |
| Net realized and unrealized gain on investments   | (431,656)           | (730,217)           |
| Amortization of discount on pledges   | 88,001              | (51,980)            |
| Loss on disposal of property and equipment  | -                   | 16,676              |
| Contributions of investments  | (1,106,673)         | (103,138)           |
| Gain on insurance proceeds received for damaged property and equipment                            | -                   | (271,097)           |
| Forgiveness of Paycheck Protection Program loan   | (825,721)           | (758,878)           |
| Changes in operating assets and liabilities that (used) provided cash:                            |                     |                     |
| Receivables   | (1,178,051)         | 82,163              |
| Prepaid expenses and other assets   | (42,397)            | 26,939              |
| Accounts payable and accrued expenses   | 96,950              | (1,239,836)         |
| Deferred revenue and other liabilities  | (85,015)            | (5,708)             |
| Net cash provided by (used in) operating activities   | 2,687,988           | (996,111)           |
| <b>Cash Flows from Investing Activities</b>   |                     |                     |
| Insurance proceeds received for damaged property and equipment                                    | -                   | 271,097             |
| Purchase of property and equipment  | (516,468)           | (378,871)           |
| Purchases of investments  | (6,258,238)         | (2,409,358)         |
| Proceeds from sales and maturities of investments   | 6,114,272           | 1,375,196           |
| Net cash used in investing activities   | (660,434)           | (1,141,936)         |
| <b>Cash Flows from Financing Activities</b>   |                     |                     |
| Payments on debt  | (250,000)           | (750,000)           |
| Proceeds from Paycheck Protection Program loan  | 825,721             | 758,878             |
| Net cash provided by financing activities   | 575,721             | 8,878               |
| <b>Net Increase (Decrease) in Cash</b>  | 2,603,275           | (2,129,169)         |
| <b>Cash - Beginning of year</b>   | 2,778,884           | 4,908,053           |
| <b>Cash - End of year</b>   | <b>\$ 5,382,159</b> | <b>\$ 2,778,884</b> |
| <b>Supplemental Cash Flow Information</b>   |                     |                     |
| Cash paid for interest  | \$ 2,036            | \$ 16,823           |
| Property and equipment purchases included in accounts payable and accrued expenses                | 150,652             | -                   |

**December 31, 2021 and 2020**

**Note 1 - Nature of Business**

Ronald McDonald House Charities® of Chicagoland & Northwest Indiana (RMHC-CNI or the "Organization") is a not-for-profit corporation. The mission of RMHC-CNI is: We exist so families can get better together.

RMHC-CNI consists of five houses, including the Ronald McDonald House near Ann & Robert H. Lurie Children's Hospital of Chicago, the Ronald McDonald House near Loyola University Medical Center, the Ronald McDonald House near University of Chicago Comer Children's Hospital, the Ronald McDonald House near Advocate Children's Hospital, and the Ronald McDonald House near Northwestern Medicine Central DuPage Hospital. RMHC-CNI also operates three family rooms in Ann & Robert H. Lurie Children's Hospital of Chicago, in University of Chicago Comer Children's Hospital, and in Edward Hospital. In addition to the operation of these five houses and three Ronald McDonald family rooms, RMHC-CNI offers other types of programs, including a Ronald McDonald Care Mobile program and a scholarship. The scholarship program ended in 2020.

**Note 2 - Significant Accounting Policies**

***Concentration of Credit Risk***

Financial instruments, which potentially subject RMHC-CNI to concentrations of credit risk, consist principally of cash. RMHC-CNI places its cash deposits with high-quality financial institutions in various types of bank accounts. RMHC-CNI utilizes an operating account and a high-yield savings account, which are insured up to \$3,750,000 and \$30,000,000, respectively. Management monitors cash balances regularly to reduce the concentration of credit risk.

***Investments***

See Note 11 for the value of investments.

Investment income, gains and losses, and any investment-related expenses are recorded as changes in net assets without donor restrictions in the statement of activities and changes in net assets unless their use is restricted by explicit donor stipulations or law.

RMHC-CNI's investments are exposed to various risks, such as interest rate, market, and credit risks. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported on the statement of financial position.

***Property and Equipment***

Property and equipment are recorded at cost. Assets are depreciated over their estimated useful lives using the straight-line method. Costs of maintenance and repairs are charged to expense when incurred.

***Classification of Net Assets***

Net assets of RMHC-CNI are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of RMHC-CNI.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of RMHC-CNI or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

**December 31, 2021 and 2020**

**Note 2 - Significant Accounting Policies (Continued)**

***Contributions***

Unconditional promises to give cash and other assets to RMHC-CNI are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

RMHC-CNI reports gifts of property and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, RMHC-CNI reports the expiration of donor restrictions when the assets are placed in service.

Contributions receivable 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-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible.

***Donated Services***

RMHC-CNI receives donations of various services. In accordance with generally accepted accounting standards, these services are recorded in the statement of activities and changes in net assets when they meet certain criteria.

A substantial number of volunteers have donated significant amounts of their time in RMHC-CNI's programs and services. These volunteer services are not recordable under accounting principles generally accepted in the United States of America. The value of the volunteer services is not disclosed, as no objective basis is available to measure the value of such services.

***In-kind Contributions***

Donated items, including property and equipment, received by RMHC-CNI are reflected in the financial statements at their estimated fair values.

***Employee Retention Credit Revenue***

Revenue received under the Employee Retention Credit is considered a nonexchange transaction and is recognized as the conditions of the grant have been met specific to stimulus pandemic relief. Grants receivable that are expected to be collected within one year are recorded at net realizable value.

***Mission Partner Fundraising Revenue***

Mission Partner fundraising revenue includes donation box collections, customer purchase round-up (to the nearest dollar), and national and local restaurant fundraisers. These proceeds are recorded as contributions without donor restrictions.

***Rental Revenue***

Rental revenue is recognized on a straight-line basis over the life of the lease and is included in other income on the statement of activities and changes in net assets. Recoveries from tenants are recognized as revenue in the period during which the associated costs are incurred. Tenant recovery income includes reimbursements for property taxes, insurance, and other property expenses.

**Note 2 - Significant Accounting Policies (Continued)**

***Functional Allocation of Expenses***

Costs of providing the program and support services have been reported on a functional basis in the statements of activities and changes in net assets and functional expenses. Costs are charged to program services and support services on an actual basis when available. In addition, costs may be allocated between the program and support functions based on various allocation methods and estimates. Allocations for salaries, payroll taxes, and other related expenses are based on estimates of time and effort of personnel involved in each function. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

***Income Taxes***

RMHC-CNI is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

***Use of Estimates***

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

***Risks and Uncertainties***

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

RMHC-CNI services, workforce, and fundraising strategies were impacted by the pandemic during 2021 and 2020. During 2021, RMHC-CNI continued to serve families in need with restrictions and occupancy adjustments to reduce risk. Volunteer services were significantly scaled back during the first half of 2021 and reinstated during the second half of 2021. The return of the volunteer workforce continues to be slow and has not yet returned to pre-pandemic levels. Staff workforce retention continues to be challenging, specifically with attracting and retaining staff key positions. Several indoor fundraising events were canceled, while outdoor events were executed in 2021. RMHC-CNI did receive two Paycheck Protection Program loans, which were forgiven, as disclosed in Note 5.

RMHC-CNI also took advantage of the refundable tax credit, Employee Retention Credit (ERC), offered to businesses which meet one or both of the following criteria: forced to partially or fully suspend or limit operations by a governmental order or experienced a 50 percent decline in gross receipts during any quarter in 2020 versus the same quarter in 2019. The purpose was to encourage businesses to keep employees on payroll. As the barriers were met as of December 31, 2021, RMHC-CNI recognized revenue of \$1,313,061. As of December 31, 2021, the ERC receivable amounted to \$963,500, which is included in other accounts receivable on the statement of financial position.

While the Organization's results of operations, cash flows, and financial condition were not significantly impacted, the extent of any future impact cannot be reasonably estimated at this time.

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including May 6, 2022, which is the date the financial statements were available to be issued.

December 31, 2021 and 2020

**Note 2 - Significant Accounting Policies (Continued)**

***Upcoming Accounting Pronouncements***

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which will supersede the current lease requirements in Accounting Standards Codification (ASC) 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for RMHC-CNI's year ending December 31, 2022 and will be applied using a modified retrospective transition method. The new lease standard is expected to have an effect on RMHC-CNI's financial statements as a result of the leases for office facilities and land classified as operating leases. The effects on the changes in net assets are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

The ASU did not significantly change the accounting requirements for lessors, and, accordingly, application of the new lease standard is not expected to have a significant effect on RMHC-CNI's financial statements related to the recording and recognition of rental income.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which addresses the accounting consequences that could result from the global markets' anticipated transition away from the use of the London Interbank Offered Rate (LIBOR). The ASU provides optional expedients and exceptions to contracts, hedging relationships, and other transactions impacted by reference rate reform. The provisions of the ASU are effective upon issuance (March 2020) and generally can be applied through December 31, 2022. The interest rate on the revolving note disclosed in Note 5 was updated by the bank during the July 2021 renewal.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets will be reported by category within the financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The new guidance will be effective for RMHC-CNI's year ending December 31, 2022 and will be applied using the retrospective method.

# Ronald McDonald House Charities® of Chicagoland & Northwest Indiana

## Notes to Financial Statements

December 31, 2021 and 2020

### Note 3 - Contributions Receivable

Included in contributions receivable are several unconditional promises to give generated from a capital campaign and various other fundraising activities. Pledge commitments extend through 2028. They are included as follows:

|  | 2021                | 2020                |
|--|---------------------|---------------------|
| Gross promises to give before unamortized discount and allowance for doubtful accounts | \$ 3,265,914        | \$ 1,886,904        |
| Less unamortized discount, using discount rates of 0.94 to 1.58 percent                | (93,614)            | (5,613)             |
| Less allowance for doubtful pledges  | (38,935)            | (25,957)            |
| Net contributions receivable   | <u>\$ 3,133,365</u> | <u>\$ 1,855,334</u> |
| Amounts due in:  |                     |                     |
| Less than one year   | \$ 1,350,298        | \$ 1,478,220        |
| One to five years  | 1,772,759           | 398,684             |
| More than five years   | 142,857             | 10,000              |
| Total  | <u>\$ 3,265,914</u> | <u>\$ 1,886,904</u> |

### Note 4 - Property and Equipment

Property and equipment are summarized as follows:

|   | 2021                 | 2020                 | Depreciable<br>Life - Years |
|---|----------------------|----------------------|-----------------------------|
| Land                                      | \$ 5,540,121         | \$ 5,540,121         | -                           |
| Land improvements                         | 15,575               | 15,575               | 10-15                       |
| Buildings                                 | 64,318,443           | 64,318,443           | 7-40                        |
| Machinery and equipment                   | 578,921              | 578,921              | 2-10                        |
| Transportation equipment                  | 2,911                | 2,911                | 5                           |
| Furniture, fixtures, and other equipment  | 7,442,582            | 6,997,550            | 3-5                         |
| Leasehold improvements                    | 71,874               | 71,874               | 5-20                        |
| Construction in progress                  | 547,751              | 2,500                | -                           |
| Total cost                                | 78,518,178           | 77,527,895           |                             |
| Accumulated depreciation and amortization | <u>27,112,601</u>    | <u>24,453,870</u>    |                             |
| Net property and equipment                | <u>\$ 51,405,577</u> | <u>\$ 53,074,025</u> |                             |

Depreciation expense for 2021 and 2020 was \$2,658,731 and \$2,630,193, respectively.

Construction in progress relates to family rooms at two Ronald McDonald Houses and the Lurie 7th Floor project. Outstanding commitments under construction agreements amount to \$259,169 as of December 31, 2021. There were no commitments as of December 31, 2020.

RMHC-CNI incurred significant damage to buildings and business property during the polar vortex in early 2019. Two house locations were impacted: (1) the Ronald McDonald House near Ann & Robert H. Lurie Children's Hospital of Chicago and (2) the Ronald McDonald House near University of Chicago Children's Hospital. Insurance proceeds of \$271,097 were received in relation to the damages for the year ended December 31, 2020.

**Note 5 - Long-term Debt**

RMHC-CNI has an available revolving note with a financial institution. RMHC-CNI can draw up to a maximum of \$1,000,000. Interest rate on the revolving note is prime minus 1 percent (an effective rate of 2.25 percent at December 31, 2021). Prior to the July 2021 renewal, the interest rate was 1.95 percent above the 90-day London Offered Interbank Rate (an effective rate of 2.17 percent at December 31, 2020). The revolving note is collateralized by substantially all the assets of RMHC-CNI. There were no amounts drawn on the revolving note as of December 31, 2021 or 2020. The note expires on July 23, 2022. RMHC-CNI plans to renew upon expiration.

RMHC-CNI has a term note for \$3,000,000 with a financial institution. Interest rate on the term loan is 1.95 percent above the 30-day LIBOR (an effective rate of 2.05 and 2.10 percent at December 31, 2021 and 2020, respectively) and is reset on the 10th day of each month. The note is collateralized by mortgage, assignment of rents, assignment of contracts, and an environmental agreement with a maturity date of December 1, 2023. The note allows for prepayment without penalty. The note was paid in full in 2021.

Interest expense for 2021 and 2020 was \$2,036 and \$16,823, respectively.

During the years ended December 31, 2021 and 2020, RMHC-CNI received loan draws under the Paycheck Protection Program (PPP) in the amounts of \$825,721 and \$758,878, respectively. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loans may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met.

Prior to December 31, 2021 and 2020, RMHC-CNI applied for and received notification of forgiveness of the respective year's loan draw from the SBA. As of December 31, 2021 and 2020, loan forgiveness in the amounts of \$825,721 and \$758,878, respectively, have been recorded in nonoperating activities in the accompanying statement of activities and changes in net assets.

**Note 6 - Net Assets**

Net assets with donor restrictions as of December 31 are available for the following purposes:

|   | 2021         | 2020         |
|---|--------------|--------------|
| Subject to expenditures for a specified purpose:                |              |              |
| Lurie House   | \$ 612,668   | \$ 45,000    |
| Prentice and Advocate Family Rooms                              | 1,257,641    | -            |
| Loyola House  | 1,515        | 11,555       |
| Chef program/meals/food   | 92,172       | 129,712      |
| Other miscellaneous programs                                    | 64,750       | 46,559       |
| Total subject to expenditures for a specified purpose           | 2,028,746    | 232,826      |
| Subject to the passage of time - Contributions receivable:      |              |              |
| Without donor restrictions                                      | 376,000      | 553,000      |
| With donor restrictions   | 2,196,616    | 790,000      |
| Total subject to the passage of time - Contributions receivable | 2,572,616    | 1,343,000    |
| Subject to appropriation and expenditures for house operations  | 185,057      | 182,428      |
| Not subject to appropriation or expenditure: (Note 7)           |              |              |
| Ronald McDonald House operation expense endowment               | 996,250      | 996,250      |
| General support endowment                                       | 200,060      | 200,060      |
| Total not subject to appropriation or expenditure               | 1,196,310    | 1,196,310    |
| Total donor-restricted net assets                               | \$ 5,982,729 | \$ 2,954,564 |

**Note 7 - Donor-restricted Endowments**

RMHC-CNI's endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

RMHC-CNI is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of RMHC-CNI had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, RMHC-CNI considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. RMHC-CNI has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, RMHC-CNI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of RMHC-CNI and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of RMHC-CNI
- The investment policies of RMHC-CNI

|   | Endowment Net Asset<br>Composition by Type of<br>Fund as of<br>December 31, 2021     |
|---|--|
|   | <u>With Donor Restrictions</u>   |
| Donor-restricted endowment funds                  | \$ 1,196,310   |
|   | Changes in Endowment<br>Net Assets for the Fiscal<br>Year Ended<br>December 31, 2021 |
|   | <u>With Donor Restrictions</u>   |
| Endowment net assets - Beginning of year          | \$ 1,196,310   |
| Investment return                                 | 152,197  |
| Appropriation of endowment assets for expenditure | <u>(152,197)</u>   |
| Endowment net assets - End of year                | <u>\$ 1,196,310</u>  |

Notes to Financial Statements

December 31, 2021 and 2020

**Note 7 - Donor-restricted Endowments (Continued)**

|   | Endowment Net Asset<br>Composition by Type of<br>Fund as of<br>December 31, 2020<br><u>With Donor Restrictions</u>     |
|---|--|
| Donor-restricted endowment funds                  | \$ 1,196,310   |
|   | Changes in Endowment<br>Net Assets for the Fiscal<br>Year Ended December<br>31, 2020<br><u>With Donor Restrictions</u> |
| Endowment net assets - Beginning of year          | \$ 1,196,310   |
| Investment return                                 | 190,702  |
| Appropriation of endowment assets for expenditure | <u>(190,702)</u>   |
| Endowment net assets - End of year                | <u>\$ 1,196,310</u>  |

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires RMHC-CNI to retain as a fund of perpetual duration. There were no funds with deficiencies as of December 31, 2021 and 2020.

***Return Objectives and Risk Parameters***

RMHC-CNI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that RMHC-CNI must hold in perpetuity. Under this policy, as approved by the board of directors, the investment portfolio shall be managed with the objective of attaining a competitive rate of return given the constraints of aforementioned safety and liquidity objectives. The investment portfolio is subject to periodic review to ensure this objective is met.

***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, RMHC-CNI relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). RMHC-CNI targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

***Spending Policy and How the Investment Objectives Relate to Spending Policy***

RMHC-CNI has a policy that allows it to appropriate any future interest or investment income generated.

**Note 8 - Related Party Transactions**

The proceeds received from Global RMHC totaled \$650,000 and \$178,111 for the years ended December 31, 2021 and 2020, respectively. These funds represent grants from Global RMHC for operational initiatives. RMHC-CNI had approximately \$123,000 and \$94,000 recorded in accounts receivable from Global RMHC and no payables at December 31, 2021 and 2020, respectively.

Notes to Financial Statements

December 31, 2021 and 2020

Note 8 - Related Party Transactions (Continued)

For the years ended December 31, 2021 and 2020, RMHC-CNI had revenue and in-kind contributions from members of the board of directors and their respective organizations and Global RMHC totaling approximately \$2,018,000 and \$828,000, respectively.

Note 9 - Operating Leases

RMHC-CNI is obligated under a lease agreement for office facilities expiring on January 31, 2023. Total rent expense under this lease was approximately \$105,000 and \$106,000 for the years ended December 31, 2021 and 2020, respectively.

| Years Ending<br>December 31 | Amount            |
|-----------------------------|-------------------|
| 2022                        | \$ 108,000        |
| 2023                        | 9,000             |
| Total                       | <u>\$ 117,000</u> |

RMHC-CNI was granted a 50-year lease on land owned by the United States Veterans Administration and occupied by the Ronald McDonald House near Loyola University Medical Center. The use of land was granted without cost to the Organization. The lease was granted under U.S. Senate Bill No. 677, which was signed into law on October 1, 1993.

The University of Chicago owns the property on which the Ronald McDonald House near University of Chicago Comer Children's Hospital is constructed. RMHC-CNI committed to a 25-year lease agreement in 2005 to lease the property for \$1 per year.

The Oak Lawn Community High School District 229 owns the property on which the Ronald McDonald House near Advocate Hope Children's Hospital is constructed. RMHC-CNI committed to a 25-year lease agreement in 2006. The lease terms called for a \$200,000 payment upon commencement of the lease, a \$100,000 payment in year seven of the lease, and a \$25,000 payment in year 20 of the lease. At the conclusion of this 25-year period, the lease contains a renewal clause for an additional 25-year term. RMHC-CNI is recognizing rent expense on a straight-line basis over the term of the lease.

Cadence Health owns the property on which the Ronald McDonald House near Cadence Health - CDH Campus was constructed. RMHC-CNI committed to a 25-year lease agreement in 2013 to lease the property for \$1 per year. The lease contains a renewal clause for an additional 25-year term.

Note 10 - Minimum Future Rentals

RMHC-CNI has entered into three lease agreements as a lessor for space in the Ronald McDonald House near Ann & Robert H. Lurie Children's Hospital of Chicago. The lease term for one of the leases is from September 15, 2012 through September 15, 2024. The second lease is from December 1, 2017 through April 3, 2024. The tenant of the third lease exercised its right to terminate the lease. The lease was terminated on September 30, 2021. The leases also require the tenants to pay operating expenses, which are included in RMHC-CNI's rental income. Total rental income recognized under these leases was approximately \$576,000 and \$554,000 for the years ended December 31, 2021 and 2020, respectively.

Notes to Financial Statements

December 31, 2021 and 2020

**Note 10 - Minimum Future Rentals (Continued)**

Approximate future minimum future rent on noncancelable leases as of December 31, 2021 for each of the next five years, and in the aggregate, is as follows:

| Years Ending<br>December 31 | Amount            |
|-----------------------------|-------------------|
| 2022                        | \$ 385,255        |
| 2023                        | 403,012           |
| 2024                        | 209,191           |
| Total                       | <u>\$ 997,458</u> |

**Note 11 - Fair Value Measurements**

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that RMHC-CNI has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. RMHC-CNI’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present information about RMHC-CNI’s assets measured at fair value on a recurring basis at December 31, 2021 and 2020 and the valuation techniques used by RMHC-CNI to determine those fair values:

| Assets Measured at Fair Value on a Recurring Basis<br>at December 31, 2021 |  |  |  |                                    |
|--|--|--|--|------------------------------------|
|  | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Balance at<br>December 31,<br>2021 |
| <b>Investments</b>   |  |  |  |                                    |
| Money market funds   | \$ 2,201,051   | \$ -   | \$ -   | \$ 2,201,051                       |
| Mutual funds and equity securities   | 7,895,131  | -  | -  | 7,895,131                          |
| Hedge funds  | -  | -  | 120,000  | 120,000                            |
| Total investments  | <u>\$ 10,096,182</u>   | <u>\$ -</u>  | <u>\$ 120,000</u>                                  | <u>\$ 10,216,182</u>               |

Notes to Financial Statements

December 31, 2021 and 2020

Note 11 - Fair Value Measurements (Continued)

|                      | Assets Measured at Fair Value on a Recurring Basis<br>at December 31, 2020 |  |  |                                    |
|----------------------|--|--|--|------------------------------------|
|                      | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Balance at<br>December 31,<br>2020 |
| <b>Investments</b>   |  |  |  |                                    |
| Money market funds   | \$ 4,539,974   | \$ -   | \$ -   | \$ 4,539,974                       |
| Mutual funds         | 4,688,429  | -  | -  | 4,688,429                          |
| Private equity funds | -  | -  | 412,157  | 412,157                            |
| Total investments    | <u>\$ 9,228,403</u>  | <u>\$ -</u>  | <u>\$ 412,157</u>                                  | <u>\$ 9,640,560</u>                |

Note 12 - Liquidity and Availability of Resources

The following reflects RMHC-CNI's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

|   | 2021                 | 2020                 |
|---|----------------------|----------------------|
| Cash  | \$ 5,382,159         | \$ 2,778,884         |
| Contributions receivable  | 3,133,365            | 1,855,334            |
| Other accounts receivable   | 1,196,120            | 290,407              |
| Investments   | <u>10,216,182</u>    | <u>9,640,560</u>     |
| Financial assets - At year end  | 19,927,826           | 14,565,185           |
| Less those assets unavailable for general expenditures within one year<br>due to - Contractual or donor-imposed restrictions: |                      |                      |
| Restricted by donor with time or purpose restrictions   | 4,601,362            | 1,575,826            |
| Subject to appropriation and satisfaction of donor restrictions   | 185,057              | 182,428              |
| Long-term investments   | <u>2,833,397</u>     | <u>2,491,107</u>     |
| Financial assets available to meet cash needs for general<br>expenditures within one year                                     | <u>\$ 12,308,010</u> | <u>\$ 10,315,824</u> |

It is RMHC-CNI's policy to maintain cash balances sufficient to pay current liabilities and obligations. While the operating cash account does not earn interest, average monthly balances earn a monthly earning credit that is used to offset monthly bank fees.

At the finance and audit committee's discretion, operating cash surpluses can be used to pay down debt or transferred into longer-term investment accounts. RMHC-CNI maintains several investment accounts, each with a different risk profile and time horizon. These accounts are (1) the operating reserve, (2) the capital reserve, (3) donor-restricted investments, and (4) endowments. All income from the operating reserve and capital reserve is without donor restrictions and available to meet current obligations, although RMHC-CNI typically reinvests these balances. Income earned in the endowment accounts is classified as with donor restrictions but can be appropriated by the finance and audit committee. A portion of the investments with donor restrictions mandates reinvestment of 50 percent of the investment earnings. The remaining earnings from this investment account are without donor restrictions and available to meet current obligations.

The finance and audit committee makes decisions concerning the use, investment strategy, and allocation of RMHC-CNI's financial assets and monitors investment performance in compliance with the board-approved RMHC-CNI investment policy statement.

**Notes to Financial Statements**

---

**December 31, 2021 and 2020**

**Note 12 - Liquidity and Availability of Resources (Continued)**

RMHC-CNI also realizes there could be unanticipated liquidity needs.

RMHC-CNI has a committed line of credit in the amount of \$1,000,000 at December 31, 2021 and 2020, respectively, which it could draw upon if needed, as further described in Note 5.