

**RONALD MCDONALD HOUSE CHARITIES OF  
KENTUCKIANA, INC. AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS**

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

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA. INC. AND AFFILIATES**  
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Independent Auditors' Report

To the Board of Directors of  
Ronald McDonald House Charities of  
Kentuckiana, Inc. and Affiliates

**Opinion**

We have audited the accompanying consolidated financial statements of Ronald McDonald House Charities of Kentuckiana, Inc. and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities of Kentuckiana, Inc. and Affiliates as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Ronald McDonald House Charities of Kentuckiana, Inc. and Affiliates 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.

**Emphasis of Matter**

As further discussed in Note 11, Ronald McDonald House Charities of Kentuckiana, Inc. and Affiliates understated receivables and understated revenue as of and for the year ended December 31, 2020. To correct this error, adjustments were made to the 2020 financial statements. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Kentuckiana, Inc. and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Kentuckiana, Inc. and Affiliates' 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 consolidated 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 Kentuckiana, Inc. and Affiliates' 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.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Novogradec & Company LLP*

Cleveland, Ohio  
October 13, 2022

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

<b>ASSETS</b>	2021	2020 (restated)
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,291,838	\$ 1,745,923
Accounts Receivable	40,535	19,850
Contributions Receivable, Net	1,243,268	945,527
Short-Term Investments	4,502,692	1,764,436
Prepaid Expenses	80,361	39,600
Inventories	7,402	7,410
Total Current Assets	7,166,096	4,522,746
<b>NONCURRENT ASSETS</b>		
Contributions Receivable, Net	1,193,430	1,756,743
Investments	600,000	600,000
Property and Equipment, Net	19,543,874	19,857,770
Other Assets	30,892	32,965
Total Noncurrent Assets	21,368,196	22,247,478
Total Assets	\$ 28,534,292	\$ 26,770,224
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 277,376	\$ 324,343
Unearned Revenue	12,064	-
Total Current Liabilities	289,440	324,343
<b>NET ASSETS</b>		
Without Donor Restrictions		
Controlling Interest	25,674,455	25,075,785
Noncontrolling Interest	1,729,135	597,030
	27,403,590	25,672,815
With Donor Restrictions		
Total Net Assets	841,262	773,066
	28,244,852	26,445,881
Total Liabilities and Net Assets	\$ 28,534,292	\$ 26,770,224

See accompanying Notes to Consolidated Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021			2020 (restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Contributions	\$ 1,735,433	\$ 32,273	\$ 1,767,706	\$ 2,112,669	\$ 1,369,273	\$ 3,481,942
Special Events Revenue	873,329	-	873,329	595,258	-	595,258
Room Donations	382,330	-	382,330	180,918	-	180,918
Other Income	15,764	-	15,764	9,022	-	9,022
Net Assets Released from Restrictions	62,272	(62,272)	-	1,400,899	(1,400,899)	-
Total Revenues and Other Support	<u>3,069,128</u>	<u>(29,999)</u>	<u>3,039,129</u>	<u>4,298,766</u>	<u>(31,626)</u>	<u>4,267,140</u>
<b>EXPENSES</b>						
Program Services	1,908,069	-	1,908,069	1,833,335	-	1,833,335
Cost of Direct Benefits to Donors	108,619	-	108,619	147,299	-	147,299
Management and General Administration	317,783	-	317,783	299,910	-	299,910
Fundraising	341,787	-	341,787	303,231	-	303,231
Total Expenses	<u>2,676,258</u>	<u>-</u>	<u>2,676,258</u>	<u>2,583,775</u>	<u>-</u>	<u>2,583,775</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>						
	392,870	(29,999)	362,871	1,714,991	(31,626)	1,683,365
<b>Investment Income, Net</b>	<u>245,499</u>	<u>98,195</u>	<u>343,694</u>	<u>202,576</u>	<u>87,556</u>	<u>290,132</u>
<b>CHANGE IN NET ASSETS</b>	638,369	68,196	706,565	1,917,567	55,930	1,973,497
<b>Less: Noncontrolling interest in RMHCK Real Estate, LLC loss</b>	<u>(39,699)</u>	<u>-</u>	<u>(39,699)</u>	<u>190,570</u>	<u>-</u>	<u>190,570</u>
<b>CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST</b>	598,670	68,196	666,866	2,108,137	55,930	2,164,067
Contribution of capital from Enhanced Capital HTC Fund III	1,184,036	-	1,184,036	399,800	-	399,800
Priority return to Enhanced Capital HTC Fund III	<u>(51,931)</u>	<u>-</u>	<u>(51,931)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets - Beginning of Year	<u>25,672,815</u>	<u>773,066</u>	<u>26,445,881</u>	<u>23,164,878</u>	<u>717,136</u>	<u>23,882,014</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 27,403,590</u>	<u>\$ 841,262</u>	<u>\$ 28,244,852</u>	<u>\$ 25,672,815</u>	<u>\$ 773,066</u>	<u>\$ 26,445,881</u>

See accompanying Notes to Consolidated Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	Program Services				Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
	Ronald McDonald House	Ronald McDonald Family Room	Eliminations	Total				
Salaries	\$ 582,397	\$ -	\$ -	\$ 582,397	\$ 134,399	\$ 179,199	\$ -	\$ 895,995
Employee Benefits	69,239	-	-	69,239	41,781	8,356	-	119,376
Payroll Taxes	49,791	-	-	49,791	10,520	9,818	-	70,129
Total Salaries and Related Expenses	701,427	-	-	701,427	186,700	197,373	-	1,085,500
Amortization	-	-	-	-	2,073	-	-	2,073
Ancillary	8,560	-	-	8,560	-	8,560	-	17,120
Board Expense	4,672	-	-	4,672	3,115	-	-	7,787
Capital Campaign	-	-	-	-	-	34	-	34
Cleaning Services and Supplies	164,106	-	-	164,106	-	-	-	164,106
Depreciation	535,039	-	-	535,039	1,254	1,254	-	537,547
Direct Mail	51,629	-	-	51,629	-	91,787	-	143,416
Family Room Expense	-	4,040	-	4,040	-	-	-	4,040
Fundraising Events	-	-	-	-	-	6,752	108,619	115,371
Insurance	44,121	-	-	44,121	2,323	-	-	46,444
Interest	605,155	-	(605,155)	-	-	-	-	-
Maintenance and Repairs	176,991	-	-	176,991	-	-	-	176,991
National Fees	2,525	-	-	2,525	-	-	-	2,525
Night Security	-	-	-	-	-	-	-	-
Office Supplies	3,796	-	-	3,796	2,845	2,845	-	9,486
Other expenses	-	-	-	-	35,058	-	-	35,058
Postage	1,855	-	-	1,855	310	928	-	3,093
Printing and Publishing	78,557	-	-	78,557	12,086	30,214	-	120,857
Professional Fees	-	-	-	-	54,000	-	-	54,000
Rent	1,170,902	-	(1,170,902)	-	-	-	-	-
Rental Supplies	-	-	-	-	1,950	-	-	1,950
Technology	7,944	-	-	7,944	7,944	1,374	-	17,262
Telephone	21,094	-	-	21,094	444	666	-	22,204
Travel, Meals, and Entertainment	2,506	-	-	2,506	2,508	-	-	5,014
Utilities	98,266	-	-	98,266	5,173	-	-	103,439
Volunteer Resources and Recognition	941	-	-	941	-	-	-	941
Total Expenses	\$ 3,680,086	\$ 4,040	\$ (1,776,057)	\$ 1,908,069	\$ 317,783	\$ 341,787	\$ 108,619	\$ 2,676,258

See accompanying Notes to Consolidated Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Program Services				Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
	Ronald McDonald House	Ronald McDonald Family Room	Eliminations	Total				
Salaries	\$ 529,105	\$ -	\$ -	\$ 529,105	\$ 122,101	\$ 162,802	\$ -	\$ 814,008
Employee Benefits	45,964	-	-	45,964	27,736	5,547	-	79,247
Payroll Taxes	42,401	-	-	42,401	8,958	8,361	-	59,720
Total Salaries and Related Expenses	617,470	-	-	617,470	158,795	176,710	-	952,975
Amortization	-	-	-	-	1,291	-	-	1,291
Ancillary	5,190	-	-	5,190	-	5,190	-	10,380
Board Expense	3,362	-	-	3,362	2,242	-	-	5,604
Capital Campaign	-	-	-	-	-	(2,321)	-	(2,321)
Cleaning Services and Supplies	288,328	-	-	288,328	-	-	-	288,328
Depreciation	498,030	-	-	498,030	1,167	1,167	-	500,364
Direct Mail	47,198	-	-	47,198	-	83,909	-	131,107
Family Room Expense	-	1,965	-	1,965	-	-	-	1,965
Fundraising Events	-	-	-	-	-	9,042	147,299	156,341
Insurance	36,437	-	-	36,437	1,918	-	-	38,355
Interest	534,098	-	(533,333)	765	-	-	-	765
Maintenance and Repairs	107,017	-	-	107,017	-	-	-	107,017
Night Security	52,286	-	-	52,286	-	-	-	52,286
Office Supplies	1,153	-	-	1,153	864	864	-	2,881
Other expenses	-	-	-	-	22,211	-	-	22,211
Postage	1,600	-	-	1,600	267	801	-	2,668
Printing and Publishing	63,879	-	-	63,879	9,828	24,569	-	98,276
Professional Fees	-	-	-	-	87,879	-	-	87,879
Rent	850,973	-	(850,973)	-	-	-	-	-
Rental Supplies	-	-	-	-	1,522	-	-	1,522
Technology	5,367	-	-	5,367	5,366	2,729	-	13,462
Telephone	18,078	-	-	18,078	380	571	-	19,029
Travel, Meals, and Entertainment	1,788	-	-	1,788	1,789	-	-	3,577
Utilities	83,422	-	-	83,422	4,391	-	-	87,813
Total Expenses	<u>\$ 3,215,676</u>	<u>\$ 1,965</u>	<u>\$ (1,384,306)</u>	<u>\$ 1,833,335</u>	<u>\$ 299,910</u>	<u>\$ 303,231</u>	<u>\$ 147,299</u>	<u>\$ 2,583,775</u>

See accompanying Notes to Consolidated Financial Statements.



**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020 (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 706,565	\$ 1,973,497
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	537,547	500,364
Net Realized and Unrealized Gains on Investments	(261,447)	(254,129)
Contributions Restricted for Long-Term Purposes	(32,273)	(1,369,273)
Changes in Discount of Pledges Receivable	(61,709)	101,661
(Income) Loss Attributed to Noncontrolling Interest	(39,699)	190,570
(Increase) Decrease in Assets:		
Accounts Receivable	(20,685)	14,956
Contributions Receivable	265,572	(1,313,679)
Inventories	8	(625)
Prepaid Expenses	(40,761)	(9,681)
Other Assets	2,073	2,056
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(76,699)	202,801
Net Cash Provided (Used) by Operating Activities	978,492	38,518
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(223,651)	(2,479,552)
Purchases of Investments	(2,663,734)	(1,477,617)
Proceeds from Sale of Investments	290,430	3,607,773
Net Cash Used in Investing Activities	(2,596,955)	(349,396)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital Contributions to RMHCK Real Estate LLC	1,184,036	399,800
Contributions Restricted for Long-Term Purposes	32,273	1,369,273
Distributions	(51,931)	-
Net Cash Provided by Financing Activities	1,164,378	1,769,073
 <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(454,085)	1,458,195
Cash and Cash Equivalents - Beginning of Year	1,745,923	287,728
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,291,838	\$ 1,745,923

See accompanying Notes to Consolidated Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Ronald McDonald House Charities of Kentuckiana, Inc. (“RMHCK”) is a Kentucky nonprofit charitable corporation. The mission of Ronald McDonald House Charities (“RMHC”) is to create, find and support programs that directly improve the health and well-being of children and their families. Collectively, RMHC and the network of local chapters ascribe to five core values: they are focused on the critical needs of children, they lead with compassion, they celebrate the diversity of their people and their programs, they value their heritage, and they operate with accountability and transparency.

RMHCK fulfills its mission through operation of sustainable programs that enable family-centered care, bridge access to quality health care, are a vital part of the health care continuum and strengthen families during difficult times. The following programs, operated by RMHCK, represent the core functions of RMHC:

**Ronald McDonald House (the “House”)**

When children must travel long distances to access top medical care, accommodations and support for families can be expensive or not readily available. RMHCK helps families stay close to their ill or injured child through the Ronald McDonald House program located in Louisville, Kentucky, 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 (the “Family Rooms”)**

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

RMHCK is an affiliate of RMHC. RMHCK is responsible for raising the necessary funds to maintain and operate the House and Family Rooms.

RMHCK’s primary sources of revenue are contributions and grants in varying forms from individuals, corporate donors, other charitable organizations, and others.

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

RMHCK follows generally accepted accounting principles as outlined in the Financial Accounting Standards Board's ("FASB") *Accounting Standards Codification*. Significant accounting policies are as follows:

**Consolidation Policy**

The consolidated financial statements include the accounts of RMHCK and its affiliates RMHCK Real Estate, LLC, and RMHCK Real Estate Member, Inc. All significant intercompany transactions are eliminated in the consolidated financial statements.

In 2017, RMHCK formed the following affiliated entities to pursue potential tax credits to assist in the funding of its ongoing expansion of their two existing buildings to better serve the families and children in need.

RMHCK Real Estate, LLC was formed as a limited liability company.  
RMHCK Real Estate Member, Inc. was formed as a corporation.

RMHCK Real Estate Member, Inc. is structured as a wholly owned subsidiary of RMHCK. RMHCK Real Estate, LLC was owned 99% by RMHCK and 1% by RMHCK Real Estate Member, Inc. In connection with the financing of the renovation and expansion of its facilities, effective February 20, 2019, RMHCK exchanged its 99% ownership in RMHCK Real Estate, LLC, for an agreed upon capital commitment of \$2,361,000 from an investment member (Enhanced Capital HTC Fund III, LLC).

For financial reporting purposes, RMHCK continues to consolidate RMHCK Real Estate, LLC into its financial statements, as RMHCK Real Estate Member, Inc. is the managing member and has operational control of RMHCK Real Estate, LLC.

**Basis of Presentation**

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

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measure of Operations**

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

**Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management of RMHCK to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**Cash Equivalents**

Cash equivalents include money market funds and all highly liquid investments with a maturity date of less than three months from the date of purchase. RMHCK's cash balances that are maintained in bank accounts may exceed Federal Deposit Insurance Corporation limits from time to time. RMHCK has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash.

**Accounts Receivable**

RMHCK considers accounts receivable fully collectible. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they are charged to activities when that determination is made. No amounts were charged to activities in 2021 or 2020. There were no amounts determined to be uncollectible for the years ended December 31, 2021 and 2020.

**Contributions Receivable**

Contributions receivable are unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Contributions receivable are written off when deemed uncollectible. There were no amounts determined to be uncollectible for the years ended December 31, 2021 or 2020.

**Inventories**

Inventories of apparel and promotional items are recorded at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments and Investment Income**

RMHCK carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Realized and unrealized gains and losses and income are included in the consolidated statements of activities.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Investment return is reflected in the consolidated statements of activities based upon the existence and nature of any donor or legally imposed restrictions.

**Property and Equipment**

Property and equipment are stated at cost, if purchased, or estimated fair value, if donated, at the date of donation. Additions of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	5 - 40 Years
Office Furniture and Equipment	5 - 10 Years

**Impairment of Long-Lived Assets**

RMHCK evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. RMHCK evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values. RMHCK determined that no impairment loss need be recognized for applicable assets for the years ended December 31, 2021 and 2020.

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, RMHCK reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. RMHCK reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

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

**Net Assets**

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

**Without Donor Restrictions**

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

**With Donor Restrictions**

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

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

**Contributions and Grants**

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. RMHCK reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Conditional grants are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as Deferred Revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, RMHCK will record such disallowance at the time the final assessment is made.

**Special Events Revenue**

Special events revenue is recorded as revenue when earned. Revenue is earned when special events occur, and revenue is received.

**Functional Expenses**

The consolidated statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of RMHCK. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Certain costs have been allocated among the program, management and general, and fundraising categories based on the estimated time spent on activities, space used or number of employees.

**Advertising**

RMHCK expenses advertising costs as they are incurred. RMHCK advertises through the use of newsletters, direct mail appeals, RMHCK web site, and McDonald's Co-op by means of donation boxes placed in all stores. Advertising expense was \$53,815 and \$88,432 for the years ended December 31, 2021 and 2020, respectively.

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Tax Status**

RMHCK is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). However, income, if any, from certain activities not directly related to RMHCK's tax-exempt purpose is subject to taxation as unrelated business income. In addition, RMHCK qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under IRC Section 509(a)(2). RMHCK is also exempt from state and local tax pursuant to state and local tax code.

RMHCK believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements.

RMHCK Real Estate, LLC is treated as a partnership for income tax purposes. RMHCK Real Estate Member, Inc. elected to be treated as a separate corporation for income tax purposes.

**Subsequent Events**

Management evaluated subsequent events through December 13, 2022, the date the consolidated financial statements were available to be issued, and there were no subsequent events requiring disclosure.

**NOTE 2 LIQUIDITY**

RMHCK has a goal to maintain financial assets, and specifically cash, on hand to meet 365 days of normal operating expenses. RMHCK has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

	<b>December 31</b>	
	<b>2021</b>	<b>2020 (restated)</b>
Financial assets, at year-end	\$ 8,871,763	\$ 6,832,479
Less: those unavailable for general expenditures within one year, due to:		
Contributions receivable, long-term	(1,193,430)	(1,756,743)
Contractual or donor-imposed restrictions:		
Kroc and Arentsen endowment funds	(600,000)	(600,000)
Board designated capital project funds	(510,704)	(1,017)
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b>\$ 6,567,629</b>	<b>\$ 4,474,719</b>
Cash and Cash Equivalents	\$ 1,291,838	\$ 1,745,923
Accounts Receivable	40,535	19,850
Contributions Receivable, Net	2,436,698	2,702,270
Investments	5,102,692	2,364,436
<b>Financial Assets at Year-End</b>	<b>\$ 8,871,763</b>	<b>\$ 6,832,479</b>



**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
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**NOTE 3 CONTRIBUTIONS RECEIVABLE**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Amounts due in:		
Less than one year	\$ 1,243,268	\$ 945,527
One to five years	1,060,420	1,955,442
More than five years	270,000	-
Total	2,573,688	2,900,969
Unamortized Discount	136,990	198,699
<b>Net Contributions Receivable</b>	<b>\$ 2,436,698</b>	<b>\$ 2,702,270</b>

Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using an applicable discount rate, which is equivalent to RMHCK's incremental borrowing rate of 2.63%.

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
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**NOTE 4 INVESTMENTS**

*Overall Investment Objective*--The overall investment objective of RMHCK is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. RMHCK diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the Board of Directors which oversees RMHCK's investment program in accordance with established guidelines.

Investments consisted of the following at December 31, 2021:

	<u>Fair Value</u>	<u>Cost</u>	<u>Cumulative Unrealized Gain (Loss)</u>
<b>Undesignated</b>			
Operating Reserve Fund			
Cash equivalents	\$ 88,874	\$ 88,874	\$ -
Exchange traded funds	355,125	260,231	94,894
Mutual funds			
Index funds	469,446	337,595	131,851
Domestic equity	1,057,863	911,064	146,799
International equity	379,432	337,443	41,989
Bond funds	1,323,962	1,352,889	(28,927)
<b>Total Undesignated Investments</b>	<u>\$ 3,674,702</u>	<u>\$ 3,288,096</u>	<u>\$ 386,606</u>
<b>Designated</b>			
Capital Project Fund			
Cash equivalents	\$ 509,958	\$ 509,958	\$ -
Common stock	746	750	(4)
<b>Total Designated Investments</b>	<u>\$ 510,704</u>	<u>\$ 510,708</u>	<u>\$ (4)</u>
Retention Plan Account			
Cash equivalents	\$ 26,322	\$ 26,322	\$ -
Exchange traded funds	4,433	4,175	258
Mutual funds			
Index funds	4,264	4,001	263
Domestic equity	10,836	11,093	(257)
International equity	4,597	4,759	(162)
Bond funds	25,572	25,964	(392)
<b>Total Retention Plan Account</b>	<u>\$ 76,024</u>	<u>\$ 76,314</u>	<u>\$ (290)</u>

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
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**NOTE 4 INVESTMENTS (CONTINUED)**

Investments consisted of the following at December 31, 2021 (continued):

	<b>Fair Value</b>	<b>Cost</b>	<b>Cumulative Unrealized Gain (Loss)</b>
<b>Kroc Restricted Fund</b>			
Cash equivalents	\$ 11,231	\$ 11,231	\$ -
Exchange traded funds	62,698	35,244	27,454
Mutual funds			
Index funds	122,747	82,501	40,246
Domestic equity	236,178	189,813	46,365
International equity	67,792	58,282	9,510
Bond funds	166,707	168,202	(1,495)
	<b>\$ 667,353</b>	<b>\$ 545,273</b>	<b>\$ 122,080</b>
<b>Janet Arentsen Endowment Fund</b>			
Cash equivalents	\$ 5,039	\$ 5,039	\$ -
Exchange traded funds	16,989	9,758	7,231
Mutual funds			
Index funds	24,407	14,903	9,504
Domestic equity	74,862	63,543	11,319
International equity	24,715	19,622	5,093
Bond funds	27,897	28,191	(294)
	<b>\$ 173,909</b>	<b>\$ 141,056</b>	<b>\$ 32,853</b>
	<b>\$ 841,262</b>	<b>\$ 686,329</b>	<b>\$ 154,933</b>
	<b>\$ 5,102,692</b>	<b>\$ 4,561,447</b>	<b>\$ 541,245</b>

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
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**NOTE 4 INVESTMENTS (CONTINUED)**

Investments consisted of the following at December 31, 2020:

	<u>Fair Value</u>	<u>Cost</u>	<u>Cumulative Unrealized Gain (Loss)</u>
<b>Undesignated</b>			
Operating Reserve Fund			
Cash equivalents	\$ 7,467	\$ 7,467	\$ -
Exchange traded funds	255,600	197,215	58,385
Mutual funds			
Index funds	195,032	107,192	87,840
Domestic equity	602,427	411,009	191,418
International equity	214,098	158,902	55,196
Bond funds	275,670	272,436	3,234
<b>Total Undesignated Investments</b>	<u>\$ 1,550,294</u>	<u>\$ 1,154,221</u>	<u>\$ 396,073</u>
<b>Designated</b>			
Capital Project Fund			
Cash equivalents	\$ 175	\$ 175	\$ -
Common stock	842	-	842
<b>Total Designated Investments</b>	<u>\$ 1,017</u>	<u>\$ 175</u>	<u>\$ 842</u>
Retention Plan Account			
Cash equivalents	\$ 40,059	\$ 40,059	\$ -
<b>Total Retention Plan Account</b>	<u>\$ 40,059</u>	<u>\$ 40,059</u>	<u>\$ -</u>
Kroc Restricted Fund			
Cash equivalents	\$ 6,557	\$ 6,557	\$ -
Exchange traded funds	70,355	50,428	19,927
Mutual funds			
Index funds	80,387	44,923	35,464
Domestic equity	220,614	170,620	49,994
International equity	50,864	36,564	14,300
Bond funds	193,084	190,851	2,233
<b>Total Kroc Restricted Fund</b>	<u>\$ 621,861</u>	<u>\$ 499,943</u>	<u>\$ 121,918</u>

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
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**NOTE 4 INVESTMENTS (CONTINUED)**

Investments consisted of the following at December 31, 2020 (continued):

	<u>Fair Value</u>	<u>Cost</u>	<u>Cumulative Unrealized Gain (Loss)</u>
Janet Arentsen Endowment Fund			
Cash equivalents	\$ 3,370	\$ 3,370	\$ -
Exchange traded funds	16,966	12,189	4,777
Mutual funds			
Index funds	16,933	9,416	7,517
Domestic equity	65,571	48,782	16,789
International equity	20,419	14,567	5,852
Bond funds	27,946	27,421	525
<b>Total Janet Arentsen Endowment Fund</b>	<u>\$ 151,205</u>	<u>\$ 115,745</u>	<u>\$ 35,460</u>
<b>Total Restricted Investments</b>	<u>\$ 773,066</u>	<u>\$ 615,688</u>	<u>\$ 157,378</u>
<b>Total Investments</b>	<u>\$ 2,364,436</u>	<u>\$ 1,770,084</u>	<u>\$ 554,293</u>

In determining fair value, RMHCK uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. A hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Levels within the hierarchy are based on the reliability of inputs as follows:

*Level 1* - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

*Level 2* - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
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**NOTE 4 INVESTMENTS (CONTINUED)**

Fair value of assets measured on a recurring basis as of December 31, 2021 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash equivalents	\$ 641,424	\$ 641,424	\$ -	\$ -
Exchange traded funds	439,244	439,244	-	-
Common stock	746	746		
Mutual funds				
Index funds	620,864	620,864	-	-
Domestic equity	1,379,740	1,379,740	-	-
International equity	476,536	476,536	-	-
Bond funds	1,544,138	1,544,138	-	-
	<u>\$ 5,102,692</u>	<u>\$ 5,102,692</u>	<u>\$ -</u>	<u>\$ -</u>

Fair value of assets measured on a recurring basis as of December 31, 2020 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash equivalents	\$ 57,628	\$ 57,628	\$ -	\$ -
Exchange traded funds	342,921	342,921	-	-
Common stock	842	842	-	-
Mutual funds				
Index funds	292,352	292,352	-	-
Domestic equity	888,611	888,611	-	-
International equity	285,381	285,381	-	-
Bond funds	496,701	496,701	-	-
	<u>\$ 2,364,436</u>	<u>\$ 2,364,436</u>	<u>\$ -</u>	<u>\$ -</u>

The carrying amounts of all other assets and liabilities reflected in the consolidated statements of financial position for RMHCK's financial instruments approximates their respective fair value due to the short-term maturities of those instruments. There have been no changes in valuation techniques and related inputs in 2021 or 2020.

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
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**NOTE 4 INVESTMENTS (CONTINUED)**

Total investment income is comprised of the following:

	<b>Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Interest and dividend income	\$ 97,966	\$ 47,386
Net realized and unrealized gains (losses) on investments reported at fair value	261,447	254,129
Less investment related expenses	<u>(15,719)</u>	<u>(11,383)</u>
Total	<u>\$ 343,694</u>	<u>\$ 290,132</u>

**NOTE 5 PROPERTY AND EQUIPMENT**

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Land	\$ 510,000	\$ 510,000
Buildings and Improvements	19,846,912	19,638,994
Furniture and equipment	<u>520,527</u>	<u>692,558</u>
Total, at Cost	20,877,439	20,841,552
Less accumulated depreciation	<u>(1,333,565)</u>	<u>(983,782)</u>
<b>Net Property and Equipment</b>	<u><u>\$19,543,874</u></u>	<u><u>\$ 19,857,770</u></u>

During 2016, RMHCK purchased an additional building as part of a larger capital campaign which involved expanding capacity and renovating the House's existing rooms in order to meet RMHCK's growing needs. Phase 1 of the renovation was completed and placed into service in 2019, and Phase 2 was completed and placed into service in 2020.

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
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**NOTE 6 ENDOWMENT FUNDS**

*Board-designated Endowment*--RMHCK has designated a portion of its unrestricted net assets as a general endowment fund to support the mission of RMHCK. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

RMHCK has a spending policy of appropriating funds for distribution as needed for significant repairs, maintenance expenses and future facility expansions. In establishing this policy, RMHCK considered the long-term expected investment return on its endowment. Accordingly, RMHCK has invested the endowment in an asset allocation of highly liquid equity-based investments and fixed income securities to achieve its return objectives within risk parameters.

*Donor-designated Endowment*--As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

RMHCK has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, RMHCK classifies such gifts as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as unappropriated endowment income until those amounts are appropriated for expenditure by RMHCK in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, RMHCK considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of RMHCK, and (7) RMHCK's investment policies.



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**NOTE 6 ENDOWMENT FUNDS (CONTINUED)**

Changes in board-designated and donor-restricted endowment during the years ended December 31, 2021 and 2020 are as follows:

	<b>Board- Designated Endowment (Net Assets without Donor Restrictions)</b>	<b>Donor- Restricted Endowment (Net Assets with Donor Restrictions)</b>
<b>Balance at January 1, 2020</b>	\$ 852,144	\$ 717,136
Investment income	135,778	25,566
Net appreciation	(125,206)	61,990
Amounts appropriated for expenditure	<u>(861,699)</u>	<u>(31,626)</u>
<b>Total Change in Endowment</b>	(851,127)	55,930
 <b>Balance at December 31, 2020</b>	 1,017	 773,066
Investment income	30,563	98,195
Net appreciation	(15,876)	-
Amounts appropriated for expenditure	-	(29,999)
Contributions	<u>495,000</u>	<u>-</u>
<b>Total Change in Endowment</b>	<u>509,687</u>	<u>68,196</u>
 <b>Balance at December 31, 2021</b>	 <u>\$ 510,704</u>	 <u>\$ 841,262</u>

*Endowment Investment and Spending Policies*--RMHCK has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. RMHCK's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. Each of RMHCK's funds have a long-term objective to provide stability of principal and income. Arentsen's return objective is to return 7%, net of investment fees, over a full market cycle, approximately five to seven years. Kroc's return objective is to return 5%, net of investment fees, over a full market cycle, approximately five to seven years. Actual returns, in any given year, may vary from this amount. Each fund also has relative objectives that include generating a return in excess of the passive portfolio benchmark for each asset class, exceeding the rate of inflation, assumed to be approximately 3% over a five to ten-year period, and exceeding the 50th percentile return of a universe comprised of funds or managers with similar objectives and/or styles. RMHCK targets a diversified asset allocation to achieve its long-term return objectives within prudent risk parameters.

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
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**NOTE 6 ENDOWMENT FUNDS (CONTINUED)**

The spending policy for Kroc specifies that income only from the fund will be used for operating expenses. The spending policy for Arentsen requires that a rolling fair market value average for the previous eight quarters, the value for a quarter to be determined as of the last day of each quarter, shall be determined and 5% of this amount shall be available to be spent for the objective of the fund in the succeeding year, as the Board of Directors of RMHCK determines.

**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS**

RMHCK receives certain contributions for which the use is restricted by the donor or is subject to a time restriction. For the years ended December 31, 2021 and 2020, the activity in net assets with donor restrictions consisted of the following:

	<u>Balance December 31 2020</u>	<u>Restricted Contributions and Grants</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance December 31 2021</u>
<i>Controlling Interest:</i>				
Restricted for Specific Purpose				
Debt relief and building renovations	\$ -	\$ 32,273	\$ (32,273)	\$ -
Kroc and Arentsen Endowments				
Investment in perpetuity	600,000	-	-	600,000
Unappropriated endowment earnings	173,066	98,195	(29,999)	241,262
<i>Noncontrolling Interest</i>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 773,066</u>	<u>\$ 130,468</u>	<u>\$ (62,272)</u>	<u>\$ 841,262</u>

	<u>Balance December 31 2019</u>	<u>Restricted Contributions and Grants</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance December 31 2020</u>
<i>Controlling Interest:</i>				
Restricted for Specific Purpose				
Debt relief and building renovations	\$ -	\$ 1,369,273	\$ (1,369,273)	\$ -
Kroc and Arentsen Endowments				
Investment in perpetuity	600,000	-	-	600,000
Unappropriated endowment earnings	117,136	87,556	(31,626)	173,066
<i>Noncontrolling Interest</i>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 717,136</u>	<u>\$ 1,456,829</u>	<u>\$ (1,400,899)</u>	<u>\$ 773,066</u>

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
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**NOTE 8 NET ASSETS WITHOUT DONOR RESTRICTIONS**

For the years ended December 31, 2021 and 2020, the activity in net assets with donor restrictions consisted of the following:

	<b>Balance December 31 2020</b>	<b>Unrestricted Contributions</b>	<b>Unrestricted Distributions</b>	<b>Change in Net Assets</b>	<b>Balance December 31 2021</b>
<i>Controlling Interest:</i>	\$ 25,075,785	\$ -	\$ -	\$ 598,670	\$ 25,674,455
<i>Noncontrolling Interest</i>	597,030	1,144,337	(51,931)	39,699	1,729,135
	<u>\$ 25,672,815</u>	<u>\$ 1,144,337</u>	<u>\$ (51,931)</u>	<u>\$ 638,369</u>	<u>\$ 27,403,590</u>

  

	<b>Balance December 31 2019</b>	<b>Unrestricted Contributions</b>	<b>Unrestricted Distributions</b>	<b>Change in Net Assets</b>	<b>Balance December 31 2020</b>
<i>Controlling Interest:</i>	\$ 22,967,648	\$ -	\$ -	\$ 2,108,137	\$ 25,075,785
<i>Noncontrolling Interest</i>	197,229	590,370	-	(190,569)	597,030
	<u>\$ 23,164,877</u>	<u>\$ 590,370</u>	<u>\$ -</u>	<u>\$ 1,917,568</u>	<u>\$ 25,672,815</u>

**NOTE 9 DONATED GOODS AND SERVICES**

Donated goods and services consisted of the following for the year ended December 31, 2021:

	<b>Program Services</b>	<b>Management and General Administration</b>	<b>Fundraising</b>	<b>Total</b>
Cleaning service and supplies	\$ 102,383	\$ -	\$ -	\$ 102,383
Office supplies	-	442	-	442
Printing and publishing	-	-	425	425
Professional fees	-	31,597	-	31,597
	<u>\$ 102,383</u>	<u>\$ 32,039</u>	<u>\$ 425</u>	<u>\$ 134,847</u>

Donated goods and services consisted of the following for the year ended December 31, 2020:

	<b>Program Services</b>	<b>Management and General Administration</b>	<b>Fundraising</b>	<b>Total</b>
Cleaning service and supplies	\$ 48,880	\$ -	\$ -	\$ 48,880
Office supplies	-	64	-	64
Printing and publishing	-	-	243	243
Volunteer recognition	225	-	-	225
Mattresses, furniture and artwork	4,800	-	-	4,800
	<u>\$ 53,905</u>	<u>\$ 64</u>	<u>\$ 243</u>	<u>\$ 54,212</u>

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 10 RETIREMENT PLAN**

RMHCK has a simple IRA retirement plan. RMHCK matches 100% of employee contributions up to three percent of their compensation. RMHCK made contributions of \$18,934 and \$17,876 for the years ended December 31, 2021 and 2020, respectively. The contributions are included in employee benefits on the consolidated statements of functional expenses.

**NOTE 11 RENOVATION AND EXPANSION FINANCING**

In connection with the financing of the renovation and expansion of its facilities, effective February 20, 2019, RMHCK authorized and transacted the following:

RMHCK Real Estate, LLC amended and restated its operating agreement whereby RMHCK withdrew its 99% ownership and RMHCK Real Estate LLC admitted a 99% investor member (Enhanced Capital HTC Fund III, LLC), with an agreed upon capital commitment of \$2,361,481 to be provided over the renovation and expansion project. RMHCK Real Estate Member, Inc. remained a 1% managing member with a revised capital commitment of \$75,000 (which was funded through the payment of construction costs in 2019).

RMHCK agreed to serve as the guarantor of RMHCK Real Estate Member, Inc.'s obligations as managing member of RMHCK Real Estate, LLC.

The current lease between RMHCK and RMHCK Real Estate, LLC was amended to change the term of the lease to 19 years and provide for payment of fair market value rent to commence upon completion of the project renovations. Future minimum lease payments are as follows:

<u>Year Ending December 31</u>	
2022	\$ 1,041,590
2023	1,062,422
2024	1,083,671
2025	1,105,464
2026	1,127,451
Thereafter	<u>12,592,178</u>
	<u><u>\$ 18,012,776</u></u>

RMHCK entered into a mortgage loan agreement with RMHCK Real Estate, LLC whereby RMHCK agreed to loan up to \$19,560,527 to RMHCK Real Estate, LLC for construction purposes. The loan requires quarterly interest payments at a rate of 3.4% per annum through September 30, 2020, then quarterly payments based on the maturity date of February 20, 2049. As of December 31, 2021 and 2020, the outstanding balance on the loan was \$17,139,199 and \$19,237,170, respectively.

For financial reporting purposes, RMHCK continues to consolidate RMHCK Real Estate, LLC into its financial statements as RMHCK Real Estate Member, Inc. (wholly owned by RMHCK) is the managing member and has operational control of RMHCK Real Estate, LLC. The above leasing and lending activities are eliminated from the consolidated financial statements.

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 12 PRIOR PERIOD ADJUSTMENT**

The 2020 financial statements incorrectly understated revenue and understated contributions receivable, net related to an unrecorded, unconditional promise to give. The net effect of the correction is an increase in contributions revenue by \$802,998 for the year ended December 31, 2020 and an increase in contributions receivable by \$802,998 as of December 31, 2020.

**NOTE 13 RECENT ACCOUNTING PRONOUNCEMENTS**

**Leases**

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of RMHCK's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance will be effective for the year ending December 31, 2022. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on RMHCK's consolidated financial statements.

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**December 31, 2021**

<b>ASSETS</b>	Ronald McDonald House Charities of Kentuckiana, Inc.	RMHCK Real Estate, LLC	RMHCK Real Estate Member, Inc.	Eliminations	Consolidated
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 1,245,761	\$ 46,077	\$ -	\$ -	\$ 1,291,838
Accounts Receivable	40,535	-	-	-	40,535
Deferred Rent Receivable	-	129,312	-	(129,312)	-
Contributions Receivable, Net	1,243,268	-	-	-	1,243,268
Short-Term Investments	4,502,692	-	-	-	4,502,692
Due from Related Parties	1,715	-	-	(1,715)	-
Prepaid Expenses	80,361	-	-	-	80,361
Inventories	7,402	-	-	-	7,402
Total Current Assets	<u>7,121,734</u>	<u>175,389</u>	<u>-</u>	<u>(131,027)</u>	<u>7,166,096</u>
<b>NONCURRENT ASSETS</b>					
Contributions Receivable, Net	1,193,430	-	-	-	1,193,430
Investments	600,000	-	-	-	600,000
Property and Equipment, Net	1,021,749	18,619,264	-	(97,139)	19,543,874
Other Assets	-	30,892	-	-	30,892
Mortgage Note Receivable	17,139,199	-	-	(17,139,199)	-
Investment in Subsidiary	77,065	-	71,390	(148,455)	-
Total Noncurrent Assets	<u>20,031,443</u>	<u>18,650,156</u>	<u>71,390</u>	<u>(17,384,793)</u>	<u>21,368,196</u>
Total Assets	<u>\$ 27,153,177</u>	<u>\$ 18,825,545</u>	<u>\$ 71,390</u>	<u>\$ (17,515,820)</u>	<u>\$ 28,534,292</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable and Accrued Expenses	\$ 161,058	\$ 116,318	\$ -	\$ -	\$ 277,376
Unearned Revenue	12,064	-	-	-	12,064
Due to Related Parties	129,312	-	-	(129,312)	-
Total Current Liabilities	<u>302,434</u>	<u>116,318</u>	<u>-</u>	<u>(129,312)</u>	<u>289,440</u>
<b>MORTGAGE NOTE PAYABLE</b>	-	17,139,199	-	(17,139,199)	-
<b>NET ASSETS</b>					
Without Donor Restrictions					
Controlling Interest	26,009,481	1,570,028	71,390	(1,976,444)	25,674,455
Noncontrolling Interest	-	-	-	1,729,135	1,729,135
With Donor Restrictions	841,262	-	-	-	841,262
Total Net Assets	<u>26,850,743</u>	<u>1,570,028</u>	<u>71,390</u>	<u>(247,309)</u>	<u>28,244,852</u>
Total Liabilities and Net Assets	<u>\$ 27,153,177</u>	<u>\$ 18,825,545</u>	<u>\$ 71,390</u>	<u>\$ (17,515,820)</u>	<u>\$ 28,534,292</u>

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

	Ronald McDonald House Charities of Kentuckiana, Inc.	RMHCK Real Estate, LLC	RMHCK Real Estate Member, Inc.	Eliminations	Consolidated
<b>WITHOUT DONOR RESTRICTIONS</b>					
<b>REVENUES AND OTHER SUPPORT</b>					
Contributions	\$ 1,735,433	\$ -	\$ -	\$ -	\$ 1,735,433
Special Events Revenue	873,329	-	-	-	873,329
Room Donations	382,330	-	-	-	382,330
Interest Income	605,155	-	-	(605,155)	-
Other Income	15,764	1,170,902	401	(1,171,303)	15,764
Net Assets Released from Restrictions	62,272	-	-	-	62,272
Total Revenues and Other Support	<u>3,674,283</u>	<u>1,170,902</u>	<u>401</u>	<u>(1,776,458)</u>	<u>3,069,128</u>
<b>EXPENSES</b>					
Program Services	2,562,402	1,130,802	1,715	(1,786,850)	1,908,069
Cost of Direct Benefits to Donors	108,619	-	-	-	108,619
Management and General Administration	317,783	-	-	-	317,783
Fundraising	341,787	-	-	-	341,787
Total Expenses	<u>3,330,591</u>	<u>1,130,802</u>	<u>1,715</u>	<u>(1,786,850)</u>	<u>2,676,258</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	343,692	40,100	(1,314)	10,392	392,870
<b>Investment Income, Net</b>	<u>245,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,499</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	589,191	40,100	(1,314)	10,392	638,369
<b>WITH DONOR RESTRICTIONS</b>					
<b>REVENUES AND OTHER SUPPORT</b>					
Contributions	32,273	-	-	-	32,273
Net Assets Released from Restrictions	(62,272)	-	-	-	(62,272)
Total Revenues and Other Support	<u>(29,999)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,999)</u>
<b>Investment Income, Net</b>	<u>98,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,195</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>68,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,196</u>
<b>CONSOLIDATED CHANGE IN NET ASSETS</b>	657,387	40,100	(1,314)	10,392	706,565
<b>Less: Noncontrolling interest in RMHCK Real Estate, LLC income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,699)</u>	<u>(39,699)</u>
<b>CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST</b>	657,387	40,100	(1,314)	(29,307)	666,866
<b>NET ASSETS - BEGINNING OF YEAR</b>	26,193,356	437,522	67,545	(252,542)	26,445,881
Contribution of assets from RMHCK	-	-	1,715	(1,715)	-
Contribution of capital from Enhanced Capital HTC Fund III	-	1,144,337	-	39,699	1,184,036
Distributions from RMHCK Real Estate, LLC	-	(51,931)	-	-	(51,931)
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 26,850,743</u>	<u>\$ 1,570,028</u>	<u>\$ 67,946</u>	<u>\$ (243,865)</u>	<u>\$ 28,244,852</u>

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2021**

	Ronald McDonald House Charities of Kentuckiana, Inc.	RMHCK Real Estate, LLC	RMHCK Real Estate Member, Inc.	Eliminations	Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Change in Net Assets	\$ 657,387	\$ 40,100	\$ (1,314)	\$ 10,392	706,565
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:					
Depreciation	59,957	488,383	-	(10,793)	537,547
Net Realized and Unrealized Gains on Investments	(261,447)	-	-	-	(261,447)
Contributions Restricted for Long-Term Purposes	(32,273)	-	-	-	(32,273)
Changes in Discount of Pledges Receivable	(61,709)	-	-	-	(61,709)
Equity in Net (Income) Loss of Subsidiaries	-	-	(401)	401	-
(Income) Loss Attributed to Noncontrolling Interest	-	(39,699)	-	-	(39,699)
(Increase) Decrease in Assets:					
Accounts Receivable	(20,685)	-	-	-	(20,685)
Contributions Receivable	265,572	-	-	-	265,572
Inventories	8	-	-	-	8
Prepaid Expenses	(40,761)	-	-	-	(40,761)
Deferred Rent Receivable	-	(129,312)	-	129,312	-
Other Assets	-	2,073	-	-	2,073
Increase (Decrease) in Liabilities:					
Accounts Payable and Accrued Expenses	(34,903)	(41,796)	-	-	(76,699)
Deferred Rent Payable	129,312	-	-	(129,312)	-
Net Cash Provided (Used) by Operating Activities	<u>660,458</u>	<u>319,749</u>	<u>(1,715)</u>	<u>129,312</u>	<u>978,492</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchases of Property and Equipment	(223,651)	-	-	-	(223,651)
Due from Related Parties	(1,715)	-	-	1,715	-
Purchases of Investments	(2,663,734)	-	-	-	(2,663,734)
Proceeds from Sale of Investments	290,430	-	-	-	290,430
Net Cash Provided (Used) by Investing Activities	<u>(2,598,670)</u>	<u>-</u>	<u>-</u>	<u>1,715</u>	<u>(2,596,955)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Advances of (Payments on) Notes Payable	2,097,971	(2,097,971)	-	-	-
Capital Contributions	-	1,184,036	1,715	(1,715)	1,184,036
Contributions Restricted for Long-Term Purposes	32,273	-	-	-	32,273
Distributions	-	(51,931)	-	-	(51,931)
Net Cash Provided (Used) by Financing Activities	<u>2,130,244</u>	<u>(965,866)</u>	<u>1,715</u>	<u>(1,715)</u>	<u>1,164,378</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	192,032	(646,117)	-	129,312	(454,085)
Cash and Cash Equivalents - Beginning of Year	<u>1,053,729</u>	<u>692,194</u>	<u>-</u>	<u>-</u>	<u>1,745,923</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,245,761</u>	<u>\$ 46,077</u>	<u>\$ -</u>	<u>\$ 129,312</u>	<u>1,291,838</u>



**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**December 31, 2020**

<b>ASSETS</b>	Ronald McDonald House Charities of Kentuckiana, Inc. (restated)	RMHCK Real Estate, LLC	RMHCK Real Estate Member, Inc.	Eliminations	Consolidated (restated)
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 1,053,729	\$ 692,194	\$ -	\$ -	\$ 1,745,923
Accounts Receivable	19,850	-	-	-	19,850
Contributions Receivable, Net	945,527	-	-	-	945,527
Short-Term Investments	1,764,436	-	-	-	1,764,436
Prepaid Expenses	39,600	-	-	-	39,600
Inventories	7,410	-	-	-	7,410
Total Current Assets	<u>3,830,552</u>	<u>692,194</u>	<u>-</u>	<u>-</u>	<u>4,522,746</u>
<b>NONCURRENT ASSETS</b>					
Contributions Receivable, Net	1,756,743	-	-	-	1,756,743
Investments	600,000	-	-	-	600,000
Property and Equipment, Net	858,055	19,107,647	-	(107,932)	19,857,770
Other Assets	-	32,965	-	-	32,965
Mortgage Note Receivable	19,237,170	-	-	(19,237,170)	-
Investment in Subsidiary	77,065	-	67,545	(144,610)	-
Total Noncurrent Assets	<u>22,529,033</u>	<u>19,140,612</u>	<u>67,545</u>	<u>(19,489,712)</u>	<u>22,247,478</u>
Total Assets	<u>\$ 26,359,585</u>	<u>\$ 19,832,806</u>	<u>\$ 67,545</u>	<u>\$ (19,489,712)</u>	<u>\$ 26,770,224</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable and Accrued Expenses	\$ 166,229	\$ 158,114	\$ -	\$ -	\$ 324,343
Total Current Liabilities	<u>166,229</u>	<u>158,114</u>	<u>-</u>	<u>-</u>	<u>324,343</u>
<b>MORTGAGE NOTE PAYABLE</b>	-	19,237,170	-	(19,237,170)	-
<b>NET ASSETS</b>					
Without Donor Restrictions					
Controlling Interest	25,420,290	437,522	67,545	(849,572)	25,075,785
Noncontrolling Interest	-	-	-	597,030	597,030
With Donor Restrictions					
Total Net Assets	<u>773,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>773,066</u>
Total Net Assets	<u>26,193,356</u>	<u>437,522</u>	<u>67,545</u>	<u>(252,542)</u>	<u>26,445,881</u>
Total Liabilities and Net Assets	<u>\$ 26,359,585</u>	<u>\$ 19,832,806</u>	<u>\$ 67,545</u>	<u>\$ (19,489,712)</u>	<u>\$ 26,770,224</u>

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

	Ronald McDonald House Charities of Kentuckiana, Inc. (restated)	RMHCK Real Estate, LLC	RMHCK Real Estate Member, Inc.	Eliminations	Consolidated (restated)
<b>WITHOUT DONOR RESTRICTIONS</b>					
<b>REVENUES AND OTHER SUPPORT</b>					
Contributions	\$ 2,112,669	\$ -	\$ -	\$ -	\$ 2,112,669
Special Events Revenue	595,258	-	-	-	595,258
Room Donations	180,918	-	-	-	180,918
Interest Income	533,333	-	-	(533,333)	-
Other Income	9,022	850,973	(7,455)	(843,518)	9,022
Net Assets Released from Restrictions	1,400,899	-	-	-	1,400,899
Total Revenues and Other Support	<u>4,832,099</u>	<u>850,973</u>	<u>(7,455)</u>	<u>(1,376,851)</u>	<u>4,298,766</u>
<b>EXPENSES</b>					
Program Services	2,172,108	1,043,468	2,065	(1,384,306)	1,833,335
Cost of Direct Benefits to Donors	147,299	-	-	-	147,299
Management and General Administration	299,911	-	-	-	299,911
Fundraising	303,231	-	-	-	303,231
Total Expenses	<u>2,922,548</u>	<u>1,043,468</u>	<u>2,065</u>	<u>(1,384,306)</u>	<u>2,583,775</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	1,909,551	(192,495)	(9,520)	7,455	1,714,991
<b>Investment Income, Net</b>	<u>202,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,576</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	2,112,127	(192,495)	(9,520)	7,455	1,917,567
<b>WITH DONOR RESTRICTIONS</b>					
<b>REVENUES AND OTHER SUPPORT</b>					
Contributions	1,369,273	-	-	-	1,369,273
Net Assets Released from Restrictions	(1,400,899)	-	-	-	(1,400,899)
Total Revenues and Other Support	<u>(31,626)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,626)</u>
<b>Investment Income, Net</b>	<u>87,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,556</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>55,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,930</u>
<b>CONSOLIDATED CHANGE IN NET ASSETS</b>	2,168,057	(192,495)	(9,520)	7,455	1,973,497
<b>Less: Noncontrolling interest in RMHCK Real Estate, LLC loss</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,570</u>	<u>190,570</u>
<b>CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST</b>	2,168,057	(192,495)	(9,520)	198,025	2,164,067
<b>NET ASSETS - BEGINNING OF YEAR</b>	24,025,299	39,647	75,000	(257,932)	23,882,014
Contribution of assets from RMHCK Real Estate Member, Inc.	-	-	2,065	(2,065)	-
Contribution of capital from Enhanced Capital HTC Fund III	-	590,370	-	(190,570)	399,800
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 26,193,356</u>	<u>\$ 437,522</u>	<u>\$ 67,545</u>	<u>\$ (252,542)</u>	<u>\$ 26,445,881</u>

**RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020**

	Ronald McDonald House Charities of Kentuckiana, Inc. (restated)	RMHCK Real Estate, LLC	RMHCK Real Estate Member, Inc.	Eliminations	Consolidated (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Change in Net Assets	\$ 2,168,057	\$ (192,495)	\$ (9,520)	\$ 7,455	\$ 1,973,497
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization	42,066	458,298	-	-	500,364
Net Realized and Unrealized (Gains) Losses on Investments	(254,129)	-	-	-	(254,129)
Contributions Restricted for Long-Term Purposes	(1,369,273)	-	-	-	(1,369,273)
Changes in Discount of Pledges Receivable	101,661	-	-	-	101,661
Equity in Net (Income) Loss of Subsidiaries	-	-	7,455	(7,455)	-
(Income) Loss Attributed to Noncontrolling Interest	-	190,570	-	-	190,570
(Increase) Decrease in Assets:					
Accounts Receivable	14,956	-	-	-	14,956
Contributions Receivable	(1,313,679)	-	-	-	(1,313,679)
Inventories	(625)	-	-	-	(625)
Prepaid Expenses	(9,681)	-	-	-	(9,681)
Other Assets	-	2,056	-	-	2,056
Increase (Decrease) in Liabilities:					
Accounts Payable and Accrued Expenses	202,801	-	-	-	202,801
Net Cash Provided (Used) by Operating Activities	<u>(417,846)</u>	<u>458,429</u>	<u>(2,065)</u>	<u>-</u>	<u>38,518</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchases of Property and Equipment	(527,780)	(1,951,772)	-	-	(2,479,552)
Purchases of Investments	(1,477,617)	-	-	-	(1,477,617)
Proceeds from Sale of Investments	3,607,773	-	-	-	3,607,773
Net Cash Provided (Used) by Investing Activities	<u>1,602,376</u>	<u>(1,951,772)</u>	<u>-</u>	<u>-</u>	<u>(349,396)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Advances of (Payments on) Notes Payable	(1,773,184)	1,773,184	-	-	-
Capital Contributions to RMHCK Real Estate LLC	(2,065)	399,800	2,065	-	399,800
Contributions Restricted for Long-Term Purposes	1,369,273	-	-	-	1,369,273
Net Cash Provided (Used) by Financing Activities	<u>(405,976)</u>	<u>2,172,984</u>	<u>2,065</u>	<u>-</u>	<u>1,769,073</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT</b>	778,554	679,641	-	-	1,458,195
Cash and Cash Equivalents - Beginning of Year	<u>275,175</u>	<u>12,553</u>	<u>-</u>	<u>-</u>	<u>287,728</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,053,729</u>	<u>\$ 692,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,745,923</u>

See Independent Auditor's Report