

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

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 and 2021, 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, 2022 and 2021, 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.

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, except for the effects of Ronald McDonald House Charities of Kentuckiana, Inc. and Affiliates not adopting Accounting Standards Update No. 2016-02, Leases (Topic 842), in relation to master leases which eliminate in consolidation, the consolidating supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Novogradac & Company LLP

Dover, Ohio
July 28, 2023

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 946,627	\$ 1,291,838
Accounts Receivable	77,013	40,535
Contributions Receivable, Net	572,108	1,243,268
Short-Term Investments	5,853,582	4,502,692
Prepaid Expenses	81,734	80,361
Inventories	14,695	7,402
Total Current Assets	7,545,759	7,166,096
NONCURRENT ASSETS		
Contributions Receivable, Net	843,144	1,193,430
Investments	600,000	600,000
Property and Equipment, Net	19,138,317	19,543,874
Other Assets	28,819	30,892
Total Noncurrent Assets	20,610,280	21,368,196
Total Assets	\$ 28,156,039	\$ 28,534,292
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 275,959	\$ 277,376
Unearned Revenue	33,646	12,064
Total Current Liabilities	309,605	289,440
NET ASSETS		
Without Donor Restrictions		
Controlling Interest	25,397,864	25,674,455
Noncontrolling Interest	1,770,701	1,729,135
	27,168,565	27,403,590
With Donor Restrictions	677,869	841,262
Total Net Assets	27,846,434	28,244,852
Total Liabilities and Net Assets	\$ 28,156,039	\$ 28,534,292

See accompanying Notes to Consolidated Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions	\$ 1,924,407	\$ 131,514	\$ 2,055,921	\$ 1,735,433	\$ 32,273	\$ 1,767,706
Special Events Revenue	1,010,341	-	1,010,341	873,329	-	873,329
Room Donations	493,100	-	493,100	382,330	-	382,330
Other Income	109,881	-	109,881	15,764	-	15,764
Net Assets Released from Restrictions	186,172	(186,172)	-	62,272	(62,272)	-
Total Revenues and Other Support	<u>3,723,901</u>	<u>(54,658)</u>	<u>3,669,243</u>	<u>3,069,128</u>	<u>(29,999)</u>	<u>3,039,129</u>
EXPENSES						
Program Services	2,219,105	-	2,219,105	1,908,069	-	1,908,069
Cost of Direct Benefits to Donors	233,491	-	233,491	108,619	-	108,619
Management and General Administration	462,418	-	462,418	317,783	-	317,783
Fundraising	449,215	-	449,215	341,787	-	341,787
Total Expenses	<u>3,364,229</u>	<u>-</u>	<u>3,364,229</u>	<u>2,676,258</u>	<u>-</u>	<u>2,676,258</u>
CHANGE IN NET ASSETS FROM OPERATIONS						
	359,672	(54,658)	305,014	392,870	(29,999)	362,871
Investment (Loss) Income, Net	<u>(554,008)</u>	<u>(108,735)</u>	<u>(662,743)</u>	<u>245,499</u>	<u>98,195</u>	<u>343,694</u>
CHANGE IN NET ASSETS	(194,336)	(163,393)	(357,729)	638,369	68,196	706,565
Less: Noncontrolling interest in RMHCK Real Estate, LLC income						
	<u>(82,255)</u>	<u>-</u>	<u>(82,255)</u>	<u>(39,699)</u>	<u>-</u>	<u>(39,699)</u>
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	(276,591)	(163,393)	(439,984)	598,670	68,196	666,866
Capital from Enhanced Capital HTC Fund III	-	-	-	1,144,337	-	1,144,337
Priority return to Enhanced Capital HTC Fund III	(40,689)	-	(40,689)	(51,931)	-	(51,931)
Noncontrolling interest in RMHCK Real Estate, LLC income	82,255	-	82,255	39,699	-	39,699
Net Assets - Beginning of Year	<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>
NET ASSETS - END OF YEAR	<u>\$ 27,168,565</u>	<u>\$ 677,869</u>	<u>\$ 27,846,434</u>	<u>\$ 27,403,590</u>	<u>\$ 841,262</u>	<u>\$ 28,244,852</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, 2022

	Program Services				Management and General	Fundraising	Cost of Direct Benefits to Donors		Total
	Ronald McDonald House	Ronald McDonald Family Room	Eliminations	Total					
Salaries	\$ 772,003	\$ -	\$ -	\$ 772,003	\$ 178,154	\$ 237,539	\$ -	\$ 1,187,696	
Employee Benefits	83,197	-	-	83,197	50,204	10,040	-	143,441	
Payroll Taxes	64,271	-	-	64,271	13,579	12,673	-	90,523	
Total Salaries and Related Expenses	919,471	-	-	919,471	241,937	260,252	-	1,421,660	
Amortization	-	-	-	-	1,291	-	-	1,291	
Ancillary	11,600	-	-	11,600	-	11,601	-	23,201	
Board Expense	3,329	-	-	3,329	2,219	-	-	5,548	
Capital Campaign	-	-	-	-	-	25,672	-	25,672	
Cleaning Services and Supplies	184,801	-	-	184,801	-	-	-	184,801	
Depreciation	547,687	-	(2,698)	544,989	1,284	1,284	-	547,557	
Direct Mail	55,993	-	-	55,993	-	99,545	-	155,538	
Family Room Expense	-	4,201	-	4,201	-	-	-	4,201	
Fundraising Events	-	-	-	-	-	14,693	233,491	248,184	
Insurance	46,433	-	-	46,433	2,445	-	-	48,878	
Interest	586,702	-	(585,920)	782	-	-	-	782	
Maintenance and Repairs	201,269	-	-	201,269	-	-	-	201,269	
National Fees	2,506	-	-	2,506	-	-	-	2,506	
Office Supplies	4,283	-	-	4,283	3,210	3,210	-	10,703	
Other expenses	-	-	-	-	111,578	-	-	111,578	
Postage	1,805	-	-	1,805	302	903	-	3,010	
Printing and Publishing	74,114	-	-	74,114	11,403	28,506	-	114,023	
Professional Fees	-	-	-	-	61,630	-	-	61,630	
Rent	1,170,902	-	(1,170,902)	-	-	-	-	-	
Rental Supplies	-	-	-	-	1,962	-	-	1,962	
Technology	8,520	-	-	8,520	8,520	2,881	-	19,921	
Telephone	21,169	-	-	21,169	446	668	-	22,283	
Travel, Meals, and Entertainment	7,646	-	-	7,646	7,653	-	-	15,299	
Utilities	124,179	-	-	124,179	6,538	-	-	130,717	
Volunteer Resources and Recognition	2,015	-	-	2,015	-	-	-	2,015	
Total Expenses	\$ 3,974,424	\$ 4,201	\$ (1,759,520)	\$ 2,219,105	\$ 462,418	\$ 449,215	\$ 233,491	\$ 3,364,229	

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)	-	-	-	-	-	
Linens and Laundry	176,991	-	-	176,991	-	-	-	176,991	
Maintenance and Repairs	2,525	-	-	2,525	-	-	-	2,525	
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	<u>\$ 3,680,086</u>	<u>\$ 4,040</u>	<u>\$ (1,776,057)</u>	<u>\$ 1,908,069</u>	<u>\$ 317,783</u>	<u>\$ 341,787</u>	<u>\$ 108,619</u>	<u>\$ 2,676,258</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, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (357,729)	\$ 706,565
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	547,557	537,547
Net Realized and Unrealized losses (gains) on Investments	790,667	(261,447)
Contributions Restricted for Long-Term Purposes	(131,514)	(32,273)
Changes in Discount of Pledges Receivable	45,134	(61,709)
(Increase) Decrease in Assets:		
Accounts Receivable	(36,478)	(20,685)
Contributions Receivable	976,312	265,572
Inventories	(7,293)	8
Prepaid Expenses	(1,373)	(40,761)
Other Assets	2,073	2,073
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(1,417)	(76,699)
Unearned Revenue	33,646	-
Net Cash Provided by Operating Activities	1,859,585	1,018,191
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(242,238)	(223,651)
Purchases of Investments	(2,141,557)	(2,663,734)
Proceeds from Sale of Investments	88,174	290,430
Net Cash Used in Investing Activities	(2,295,621)	(2,596,955)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital Contributions to RMHCK Real Estate LLC	-	1,144,337
Contributions Restricted for Long-Term Purposes	131,514	32,273
Distributions	(40,689)	(51,931)
Net Cash Provided by Financing Activities	90,825	1,124,679
NET DECREASE IN CASH AND CASH EQUIVALENTS	(345,211)	(454,085)
Cash and Cash Equivalents - Beginning of Year	1,291,838	1,745,923
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 946,627	\$ 1,291,838

See accompanying Notes to Consolidated Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022 AND 2021

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, 2022 AND 2021

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 2022 or 2021. There were no amounts determined to be uncollectible for the years ended December 31, 2022 and 2021.

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, 2022 or 2021.

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, 2022 AND 2021

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, 2022 and 2021.

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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.

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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 \$38,906 and \$53,815 for the years ended December 31, 2022 and 2021, respectively.

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.

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (continued)

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 July 28, 2023, 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.

	December 31	
	2022	2021
Financial assets, at year-end	\$ 8,892,474	\$ 8,871,763
Less: those unavailable for general expenditures within one year, due to:		
Contributions receivable, long-term	(843,144)	(1,193,430)
Contractual or donor-imposed restrictions:		
Kroc and Arentsen endowment funds	(600,000)	(600,000)
Board designated capital project funds	(2,521,188)	(510,704)
	\$ 4,928,142	\$ 6,567,629
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 4,928,142	\$ 6,567,629
Cash and Cash Equivalents	\$ 946,627	\$ 1,291,838
Accounts Receivable	77,013	40,535
Contributions Receivable, Net	1,415,252	2,436,698
Investments	6,453,582	5,102,692
	\$ 8,892,474	\$ 8,871,763
Financial Assets at Year-End	\$ 8,892,474	\$ 8,871,763

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 CONTRIBUTIONS RECEIVABLE

	December 31	
	2022	2021
Amounts due in:		
Less than one year	\$ 572,108	\$ 1,243,268
One to five years	665,000	1,060,420
More than five years	270,000	270,000
Total	1,507,108	2,573,688
Unamortized Discount	91,856	136,990
Net Contributions Receivable	\$ 1,415,252	\$ 2,436,698

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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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, 2022:

	<u>Fair Value</u>	<u>Cost</u>	<u>Cumulative Unrealized Gain (Loss)</u>
Undesignated			
Operating Reserve Fund			
Cash equivalents	\$ 154,298	\$ 154,298	\$ -
Common stock	1,274,653	1,283,445	(8,792)
Exchange traded funds	114,700	110,157	4,543
Mutual funds			
Index funds	191,933	207,052	(15,119)
Domestic equity	908,165	971,504	(63,339)
International equity	152,798	170,595	(17,797)
Bond funds	364,176	376,927	(12,751)
Total Undesignated Investments	<u>\$ 3,160,723</u>	<u>\$ 3,273,978</u>	<u>\$ (113,255)</u>
Designated			
Capital Project Fund			
Cash equivalents	\$ 133,865	\$ 133,865	\$ -
Common stock	1,021,589	1,019,131	2,458
Exchange traded funds	38,000	39,543	(1,543)
Index funds	40,925	47,326	(6,401)
Domestic equity	622,563	646,549	(23,986)
International equity	221,631	224,188	(2,557)
Bond funds	442,615	449,636	(7,021)
Total Designated Investments	<u>\$ 2,521,188</u>	<u>\$ 2,560,238</u>	<u>\$ (39,050)</u>

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 INVESTMENTS (CONTINUED)

Investments consisted of the following at December 31, 2022 (continued):

	<u>Fair Value</u>	<u>Cost</u>	<u>Cumulative Unrealized Gain (Loss)</u>
Retention Plan Account			
Cash equivalents	\$ 12,143	\$ 12,143	\$ -
Exchange traded funds	12,277	12,240	37
Mutual funds			
Index funds	8,019	8,403	(384)
Domestic equity	49,299	53,350	(4,051)
International equity	5,095	6,076	(981)
Bond funds	6,969	7,250	(281)
Total Retention Plan Account	<u>\$ 93,802</u>	<u>\$ 99,462</u>	<u>\$ (5,660)</u>
Kroc Restricted Fund			
Cash equivalents	\$ 10,380	\$ 10,380	\$ -
Exchange traded funds	70,959	51,105	19,854
Mutual funds			
Index funds	17,549	21,595	(4,046)
Domestic equity	355,281	342,631	12,650
International equity	39,933	43,466	(3,533)
Bond funds	47,780	50,000	(2,220)
Total Kroc Restricted Fund	<u>\$ 541,882</u>	<u>\$ 519,177</u>	<u>\$ 22,705</u>
Janet Arentsen Endowment Fund			
Cash equivalents	\$ 4,050	\$ 4,050	\$ -
Exchange traded funds	23,452	17,771	5,681
Mutual funds			
Index funds	16,263	11,923	4,340
Domestic equity	83,164	86,616	(3,452)
International equity	2,563	2,286	277
Bond funds	6,495	7,866	(1,371)
Total Janet Arentsen Endowment Fund	<u>\$ 135,987</u>	<u>\$ 130,512</u>	<u>\$ 5,475</u>
Total Restricted Investments	<u>\$ 677,869</u>	<u>\$ 649,689</u>	<u>\$ 28,180</u>
Total Investments	<u>\$ 6,453,582</u>	<u>\$ 6,583,367</u>	<u>\$ (129,785)</u>

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4 INVESTMENTS (CONTINUED)

Investments consisted of the following at December 31, 2021:

	Fair Value	Cost	Cumulative Unrealized Gain (Loss)
Undesignated			
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)
Total Undesignated Investments	\$ 3,674,702	\$ 3,288,096	\$ 386,606
Designated			
Capital Project Fund			
Cash equivalents	\$ 509,958	\$ 509,958	\$ -
Common stock	746	750	(4)
Total Designated Investments	\$ 510,704	\$ 510,708	\$ (4)
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)
Total Retention Plan Account	\$ 76,024	\$ 76,314	\$ (290)

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 INVESTMENTS (CONTINUED)

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

	<u>Fair Value</u>	<u>Cost</u>	<u>Cumulative Unrealized Gain (Loss)</u>
Kroc Restricted Fund			
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)
Total Kroc Restricted Fund	<u>\$ 667,353</u>	<u>\$ 545,273</u>	<u>\$ 122,080</u>
Janet Arentsen Endowment Fund			
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)
Total Janet Arentsen Endowment Fund	<u>\$ 173,909</u>	<u>\$ 141,056</u>	<u>\$ 32,853</u>
Total Restricted Investments	<u>\$ 841,262</u>	<u>\$ 686,329</u>	<u>\$ 154,933</u>
Total Investments	<u>\$ 5,102,692</u>	<u>\$ 4,561,447</u>	<u>\$ 541,245</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

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 4 INVESTMENTS (CONTINUED)

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.

Fair value of assets measured on a recurring basis as of December 31, 2022 is as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash equivalents	\$ 314,736	\$ 314,736	\$ -	\$ -
Exchange traded funds	259,388	259,388	-	-
Common stock	2,296,242	2,296,242	-	-
Mutual funds				
Index funds	274,689	274,689	-	-
Domestic equity	2,018,472	2,018,472	-	-
International equity	422,020	422,020	-	-
Bond funds	868,035	868,035	-	-
	<u>\$ 6,453,582</u>	<u>\$ 6,453,582</u>	<u>\$ -</u>	<u>\$ -</u>

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>

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 2022 or 2021.

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 INVESTMENTS (CONTINUED)

Total investment income is comprised of the following:

	Year Ended December 31	
	2022	2021
Interest and dividend income	\$ 153,752	\$ 97,966
Net realized and unrealized gains (losses) on investments reported at fair value	(790,667)	261,447
Less investment related expenses	(25,828)	(15,719)
Total	\$ (662,743)	\$ 343,694

NOTE 5 PROPERTY AND EQUIPMENT

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

	December 31	
	2022	2021
Land	\$ 510,000	\$ 510,000
Buildings and Improvements	19,971,738	19,846,912
Furniture and equipment	537,701	520,527
Total, at Cost	21,019,439	20,877,439
Less accumulated depreciation	(1,881,122)	(1,333,565)
Net Property and Equipment	\$ 19,138,317	\$ 19,543,874

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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.

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 6 ENDOWMENT FUNDS (CONTINUED)

Changes in board-designated and donor-restricted endowment during the years ended December 31, 2022 and 2021 are as follows:

	Board- Designated Endowment (Net Assets without Donor Restrictions)	Donor- Restricted Endowment (Net Assets with Donor Restrictions)
Balance at January 1, 2021	\$ 1,017	\$ 773,066
Investment income	30,563	98,195
Net appreciation	(15,876)	-
Amounts appropriated for expenditure	-	(29,999)
Contributions	495,000	-
	<hr/>	<hr/>
Total Change in Endowment	509,687	68,196
	<hr/>	<hr/>
Balance at December 31, 2021	510,704	841,262
Investment income	44,693	(108,735)
Net depreciation	(145,526)	-
Amounts appropriated for expenditure	-	(54,658)
Contributions	2,111,317	-
	<hr/>	<hr/>
Total Change in Endowment	2,010,484	(163,393)
	<hr/>	<hr/>
Balance at December 31, 2022	<u>\$ 2,521,188</u>	<u>\$ 677,869</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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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, 2022 and 2021, the activity in net assets with donor restrictions consisted of the following:

	<u>Balance December 31, 2021</u>	<u>Restricted Contributions and Grants</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance December 31, 2022</u>
<i>Controlling Interest:</i>				
Restricted for Specific Purpose				
Debt relief and building renovations	\$ -	\$ 131,514	\$ (131,514)	\$ -
Kroc and Arentsen Endowments				
Investment in perpetuity	600,000	-	-	600,000
Unappropriated endowment earnings	241,262	(108,735)	(54,658)	77,869
<i>Noncontrolling Interest</i>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 841,262</u>	<u>\$ 22,779</u>	<u>\$ (186,172)</u>	<u>\$ 677,869</u>
	<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>

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, 2022 and 2021, the activity in net assets with donor restrictions consisted of the following:

	Balance December 31, 2021	Unrestricted Contributions	Unrestricted Distributions	Change in Net Assets	Balance December 31, 2022
<i>Controlling Interest:</i>	\$ 25,674,455	\$ -	\$ -	\$ (276,591)	\$25,397,864
<i>Noncontrolling Interest</i>	1,729,135	-	(40,689)	82,255	1,770,701
	<u>\$ 27,403,590</u>	<u>\$ -</u>	<u>\$ (40,689)</u>	<u>\$ (194,336)</u>	<u>\$27,168,565</u>
	Balance December 31, 2020	Unrestricted Contributions	Unrestricted Distributions	Change in Net Assets	Balance December 31, 2021
<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>

NOTE 9 DONATED GOODS AND SERVICES

Donated goods and services consisted of the following for the year ended December 31, 2022:

	Program Services	Management and General Administration	Fundraising	Total
Cleaning service and supplies	\$ 101,166	\$ -	\$ -	\$ 101,166
Maintenance and repairs	-	3,470	-	3,470
Office supplies	-	73	-	73
Printing and publishing	-	-	140	140
Professional fees	-	2,046	-	2,046
	<u>\$ 101,166</u>	<u>\$ 5,589</u>	<u>\$ 140</u>	<u>\$ 106,895</u>

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 9 DONATED GOODS AND SERVICES

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

	<u>Program Services</u>	<u>Management and General Administration</u>	<u>Fundraising</u>	<u>Total</u>
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>

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 \$23,249 and \$18,934 for the years ended December 31, 2022 and 2021, 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 \$2,325,077 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.

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 11 RENOVATION AND EXPANSION FINANCING (CONTINUED)

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>	
2023	\$ 1,062,422
2024	1,083,671
2025	1,105,464
2026	1,127,451
2027	1,150,000
Thereafter	<u>11,442,178</u>
	<u>\$ 16,971,186</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, 2022 and 2021, the outstanding balance on the loan was \$ \$16,864,268 and \$17,139,199, 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
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS	Ronald McDonald House Charities of Kentuckiana, Inc.	RMHCK Real Estate, LLC	RMHCK Real Estate Member, Inc.	Eliminations	Consolidated
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 888,178	\$ 58,449	\$ -	\$ -	\$ 946,627
Accounts Receivable	77,013	-	-	-	77,013
Deferred Rent Receivable	-	258,624	-	(258,624)	-
Contributions Receivable, Net	572,108	-	-	-	572,108
Short-Term Investments	5,853,582	-	-	-	5,853,582
Due from Related Parties	3,430	-	-	(3,430)	-
Prepaid Expenses	81,734	-	-	-	81,734
Inventories	14,695	-	-	-	14,695
Total Current Assets	<u>7,490,740</u>	<u>317,073</u>	<u>-</u>	<u>(262,054)</u>	<u>7,545,759</u>
NONCURRENT ASSETS					
Contributions Receivable, Net	843,144	-	-	-	843,144
Investments	600,000	-	-	-	600,000
Property and Equipment, Net	1,101,877	18,130,881	-	(94,441)	19,138,317
Other Assets	-	28,819	-	-	28,819
Mortgage Note Receivable	16,864,268	-	-	(16,864,268)	-
Investment in Subsidiary	77,065	-	72,221	(149,286)	-
Total Noncurrent Assets	<u>19,486,354</u>	<u>18,159,700</u>	<u>72,221</u>	<u>(17,107,995)</u>	<u>20,610,280</u>
Total Assets	<u>\$ 26,977,094</u>	<u>\$ 18,476,773</u>	<u>\$ 72,221</u>	<u>\$ (17,370,049)</u>	<u>\$ 28,156,039</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable and Accrued Expenses	\$ 275,879	\$ 80	\$ -	\$ -	\$ 275,959
Unearned Revenue	33,646	-	-	-	33,646
Due to Related Parties	258,624	-	-	(258,624)	-
Total Current Liabilities	<u>568,149</u>	<u>80</u>	<u>-</u>	<u>(258,624)</u>	<u>309,605</u>
MORTGAGE NOTE PAYABLE	-	16,864,268	-	(16,864,268)	-
NET ASSETS					
Without Donor Restrictions					
Controlling Interest	25,731,076	1,612,425	72,221	(2,017,858)	25,397,864
Noncontrolling Interest	-	-	-	1,770,701	1,770,701
With Donor Restrictions					
Total Net Assets	<u>677,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>677,869</u>
Total Net Assets	<u>26,408,945</u>	<u>1,612,425</u>	<u>72,221</u>	<u>(247,157)</u>	<u>27,846,434</u>
Total Liabilities and Net Assets	<u>\$ 26,977,094</u>	<u>\$ 18,476,773</u>	<u>\$ 72,221</u>	<u>\$ (17,370,049)</u>	<u>\$ 28,156,039</u>

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Ronald McDonald House Charities of Kentuckiana, Inc.	RMHCK Real Estate, LLC	RMHCK Real Estate Member, Inc.	Eliminations	Consolidated
WITHOUT DONOR RESTRICTIONS					
REVENUES AND OTHER SUPPORT					
Contributions	\$ 1,924,407	\$ -	\$ -	\$ -	\$ 1,924,407
Special Events Revenue	1,010,341	-	-	-	1,010,341
Room Donations	493,100	-	-	-	493,100
Interest Income	585,920	-	-	(585,920)	-
Other Income	109,881	1,170,902	831	(1,171,733)	109,881
Net Assets Released from Restrictions	186,172	-	-	-	186,172
Total Revenues and Other Support	<u>4,309,821</u>	<u>1,170,902</u>	<u>831</u>	<u>(1,757,653)</u>	<u>3,723,901</u>
EXPENSES					
Program Services	2,889,094	1,087,816	1,715	(1,759,520)	2,219,105
Cost of Direct Benefits to Donors	233,491	-	-	-	233,491
Management and General Administration	462,418	-	-	-	462,418
Fundraising	449,215	-	-	-	449,215
Total Expenses	<u>4,034,218</u>	<u>1,087,816</u>	<u>1,715</u>	<u>(1,759,520)</u>	<u>3,364,229</u>
CHANGE IN NET ASSETS FROM OPERATIONS					
	275,603	83,086	(884)	1,867	359,672
Investment Loss, Net	<u>(554,008)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(554,008)</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS					
	(278,405)	83,086	(884)	1,867	(194,336)
WITH DONOR RESTRICTIONS					
REVENUES AND OTHER SUPPORT					
Contributions	131,514	-	-	-	131,514
Net Assets Released from Restrictions	(186,172)	-	-	-	(186,172)
Total Revenues and Other Support	<u>(54,658)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(54,658)</u>
Investment Loss, Net	<u>(108,735)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,735)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS					
	<u>(163,393)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(163,393)</u>
CONSOLIDATED CHANGE IN NET ASSETS					
	(441,798)	83,086	(884)	1,867	(357,729)
Less: Noncontrolling interest in RMHCK Real Estate, LLC loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(82,255)</u>	<u>(82,255)</u>
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST					
	(441,798)	83,086	(884)	(80,388)	(439,984)
NET ASSETS - BEGINNING OF YEAR	26,850,743	1,570,028	67,946	(243,865)	28,244,852
Contribution of assets from RMHCK	-	-	1,715	(1,715)	-
Capital from Enhanced Capital HTC Fund III	-	-	-	82,255	82,255
Distributions from RMHCK Real Estate, LLC	-	(40,689)	-	-	(40,689)
NET ASSETS - END OF YEAR	<u>\$ 26,408,945</u>	<u>\$ 1,612,425</u>	<u>\$ 68,777</u>	<u>\$ (243,713)</u>	<u>\$ 27,846,434</u>

RONALD MCDONALD HOUSE CHARITIES OF KENTUCKIANA, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	Ronald McDonald House Charities of Kentuckiana, Inc.	RMHCK Real Estate, LLC	RMHCK Real Estate Member, Inc.	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in Net Assets	\$ (441,798)	\$ 83,086	\$ (884)	\$ 1,867	(357,729)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:					
Depreciation	61,872	488,383	-	(2,698)	547,557
Net Realized and Unrealized Gains on Investments	790,667	-	-	-	790,667
Contributions Restricted for Long-Term Purposes	(131,514)	-	-	-	(131,514)
Changes in Discount of Pledges Receivable	45,134	-	-	-	45,134
Equity in Net (Income) Loss of Subsidiaries	-	-	(831)	831	-
(Increase) Decrease in Assets:					
Accounts Receivable	(36,478)	-	-	-	(36,478)
Contributions Receivable	976,312	-	-	-	976,312
Inventories	(7,293)	-	-	-	(7,293)
Prepaid Expenses	(1,373)	-	-	-	(1,373)
Deferred Rent Receivable	-	(129,312)	-	129,312	-
Other Assets	-	2,073	-	-	2,073
Increase (Decrease) in Liabilities:					
Accounts Payable and Accrued Expenses	114,821	(116,238)	-	-	(1,417)
Unearned Revenue	33,646	-	-	-	33,646
Deferred Rent Payable	129,312	-	-	(129,312)	-
Net Cash Provided (Used) by Operating Activities	<u>1,533,308</u>	<u>327,992</u>	<u>(1,715)</u>	<u>129,312</u>	<u>1,859,585</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property and Equipment	(242,238)	-	-	-	(242,238)
Due from Related Parties	(1,715)	-	-	1,715	-
Purchases of Investments	(2,141,557)	-	-	-	(2,141,557)
Proceeds from Sale of Investments	88,174	-	-	-	88,174
Net Cash Provided (Used) by Investing Activities	<u>(2,297,336)</u>	<u>-</u>	<u>-</u>	<u>1,715</u>	<u>(2,295,621)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances of (Payments on) Notes Payable	274,931	(274,931)	-	-	-
Capital Contributions	-	-	1,715	(1,715)	-
Contributions Restricted for Long-Term Purposes	131,514	-	-	-	131,514
Distributions	-	(40,689)	-	-	(40,689)
Net Cash Provided (Used) by Financing Activities	<u>406,445</u>	<u>(315,620)</u>	<u>1,715</u>	<u>(1,715)</u>	<u>90,825</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(357,583)	12,372	-	129,312	(345,211)
Cash and Cash Equivalents - Beginning of Year	<u>1,245,761</u>	<u>46,077</u>	<u>-</u>	<u>-</u>	<u>1,291,838</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 888,178</u></u>	<u><u>\$ 58,449</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 129,312</u></u>	<u><u>946,627</u></u>

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

ASSETS	Ronald McDonald House Charities of Kentuckiana, Inc.	RMHCK Real Estate, LLC	RMHCK Real Estate Member, Inc.	Eliminations	Consolidated
CURRENT ASSETS					
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>
NONCURRENT ASSETS					
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>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
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>
MORTGAGE NOTE PAYABLE	-	17,139,199	-	(17,139,199)	-
NET ASSETS					
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
WITHOUT DONOR RESTRICTIONS					
REVENUES AND OTHER SUPPORT					
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>
EXPENSES					
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>
CHANGE IN NET ASSETS FROM OPERATIONS	343,692	40,100	(1,314)	10,392	392,870
Investment Income, Net	<u>245,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,499</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	589,191	40,100	(1,314)	10,392	638,369
WITH DONOR RESTRICTIONS					
REVENUES AND OTHER SUPPORT					
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>
Investment Income, Net	<u>98,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,195</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	68,196	-	-	-	68,196
CONSOLIDATED CHANGE IN NET ASSETS	657,387	40,100	(1,314)	10,392	706,565
Less: Noncontrolling interest in RMHCK Real Estate, LLC loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,699)</u>	<u>(39,699)</u>
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	657,387	40,100	(1,314)	(29,307)	666,866
NET ASSETS - BEGINNING OF YEAR	26,193,356	437,522	67,545	(252,542)	26,445,881
Contribution of assets from RMHCK Real Estate Member, Inc.	-	-	1,715	(1,715)	-
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)
NET ASSETS - END OF YEAR	<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
CASH FLOWS FROM OPERATING ACTIVITIES					
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 and Amortization	59,957	488,383	-	(10,793)	537,547
Net Realized and Unrealized (Gains) Losses 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	-
(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>359,448</u>	<u>(1,715)</u>	<u>129,312</u>	<u>1,018,191</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
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>
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances of (Payments on) Notes Payable	2,097,971	(2,097,971)	-	-	-
Capital Contributions	-	1,144,337	1,715	(1,715)	1,144,337
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>(1,005,565)</u>	<u>1,715</u>	<u>(1,715)</u>	<u>1,124,679</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT:	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>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,245,761</u>	<u>\$ 46,077</u>	<u>\$ -</u>	<u>\$ 129,312</u>	<u>\$ 1,291,838</u>