

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
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**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.  
MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED  
DECEMBER 31, 2021**

Dear Friends of Atlanta Ronald McDonald House Charities:

Thank you for your support of Atlanta RMHC! The year 2021 was another unpredictable point in our history. We managed the ever-changing dynamics as COVID continued to evolve. Despite so much uncertainty, I am most proud of how we enabled families to be physically and emotionally involved in their child's medical care, which you helped make possible. Our commitment to our mission remained strong as each of our programs adapted ensuring the families could have the support they needed.

Our Ronald McDonald Houses hosted 1,365 visits from families whose children face life-threatening illnesses or injuries for an average stay of 21 nights, allowing them to remain close to each other and the care they need. Volunteers donated 985 meals to help support these children and families in addition to donating Wish List items and gifts for our Holiday Workshop. Our Ronald McDonald Care Mobile hosted 1,306 asthma and immunization visits. Our Ronald McDonald Family Room inside Children's Healthcare of Atlanta at Scottish Rite hosted 41,628 family member visits while their child was undergoing cancer treatment, providing an area of respite with meals, snacks, drinks and caring support.

Once again, the community stepped up to support us and helped us exceed our annual financial goals. We continued to strengthen our financial position while ensuring we are growing our impact. Program investments represented 80% of our total \$6 million annual expenses, reflecting our strong commitment to investing in our mission. Our total net assets are valued at \$45 million, with \$24 million invested in property and equipment and over \$20 million in cash, investments and pledges receivable. Our financial position as a result of last year has allowed us to confidently step into the position of serving more families. We have begun design on a new Ronald McDonald House near Children's Healthcare of Atlanta's new pediatric hospital. This new hospital will drive higher demand for our services, and we are preparing to meet them. We look forward to sharing more in the coming months about this exciting new House.

Atlanta RMHC continues to maintain a 4-Star rating from Charity Navigator, an independent evaluator of non-profits in the U.S. This is the highest possible rating and verifies Atlanta RMHC exceeds industry standards and outperforms most charities in its area of work. Additionally, Atlanta RMHC holds the Platinum Seal of Transparency, the highest level of recognition offered by Candid, the world's largest source of non-profit information. These ratings are rewarded for demonstrating strong financial health and commitment to accountability and transparency.

To our community of leaders, donors and volunteers, we thank you. You are the family behind our families, ensuring this organization thrives so that they can have a home away from home. I remain honored to support these families, together with you.

Warm regards,

*Beth Howell*

President & CEO

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Atlanta Ronald McDonald House Charities, Inc.

### **Opinion**

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

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

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Atlanta Ronald McDonald House Charities, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Atlanta Ronald McDonald House Charities, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

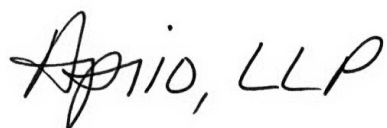
### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Atlanta Ronald McDonald House Charities, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Atlanta Ronald McDonald House Charities, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

Atlanta, Georgia

July 26, 2022

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

	2021	2020
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 9,250,829	\$ 6,142,141
Restricted cash	1,367,634	1,386,800
Accounts receivable, net	740,485	1,060,119
Contributions receivable, net	124,000	298,200
Short-term investments	3,164,354	5,537,320
Employee retention credit receivable	318,515	-
Prepaid expenses	57,742	81,245
Total Current Assets	15,023,559	14,505,825
<b><u>NONCURRENT ASSETS</u></b>		
Contributions Receivable, Net	1,150,000	-
Investments	4,088,519	1,793,543
Property and equipment, net	24,546,644	25,860,942
Total noncurrent assets	29,785,163	27,654,485
Total assets	\$ 44,808,722	\$ 42,160,310
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable and accrued expenses	\$ 331,534	\$ 209,774
Deferred revenue	38,166	4,000
Pledge Payable	-	302,286
Total current liabilities	369,700	516,060
Total liabilities	369,700	516,060
<b><u>NET ASSETS</u></b>		
Without donor restrictions		
Board designated	3,542,231	3,209,887
Undesignated	36,557,115	36,329,737
Total net assets without donor restrictions	40,099,346	39,539,624
Total net assets with donor restrictions	4,339,676	2,104,626
Total net assets	44,439,022	41,644,250
Total liabilities and net assets	\$ 44,808,722	\$ 42,160,310

See independent auditors' report and accompanying notes

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
**STATEMENTS OF ACTIVITIES**  
**DECEMBER 31, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Contributions	\$ 4,834,570	\$ 2,333,552	\$ 7,168,122	\$ 5,900,393	\$ 61,034	\$ 5,961,427
Special events revenue	1,350,744	-	1,350,744	817,600	-	817,600
Room revenue	24,348	-	24,348	26,691	-	26,691
Employee retention credit revenue	318,515	-	318,515	-	-	-
Paycheck protection program forgiven loan	-	-	-	-	382,100	382,100
Net assets released from restrictions	<u>122,596</u>	<u>(122,596)</u>	<u>-</u>	<u>594,999</u>	<u>(594,999)</u>	<u>-</u>
Total revenues and other support	6,650,773	2,210,956	8,861,729	7,339,683	(151,865)	7,187,818
<b>EXPENSES</b>						
Cost of direct benefits to donors	278,719	-	278,719	92,635	-	92,635
Program services	4,810,443	-	4,810,443	4,476,637	-	4,476,637
Supporting services:						
Management and general administration	302,384	-	302,384	354,585	-	354,585
Fundraising	853,155	-	853,155	605,471	-	605,471
Unallocated payments to national organization	<u>28,421</u>	<u>-</u>	<u>28,421</u>	<u>33,634</u>	<u>-</u>	<u>33,634</u>
Total expenses	<u>6,273,122</u>	<u>-</u>	<u>6,273,122</u>	<u>5,562,962</u>	<u>-</u>	<u>5,562,962</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	377,651	2,210,956	2,588,607	1,776,721	(151,865)	1,624,856
<b>NONOPERATING ACTIVITIES</b>						
Investment income, net	<u>182,071</u>	<u>24,094</u>	<u>206,165</u>	<u>642,085</u>	<u>21,257</u>	<u>663,342</u>
Total nonoperating activities	182,071	24,094	206,165	642,085	21,257	663,342
<b>CHANGE IN NET ASSETS</b>	559,722	2,235,050	2,794,772	2,418,806	(130,608)	2,288,198
Net assets - beginning of year	<u>39,539,624</u>	<u>2,104,626</u>	<u>41,644,250</u>	<u>37,120,818</u>	<u>2,235,234</u>	<u>39,356,052</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 40,099,346</u>	<u>\$ 4,339,676</u>	<u>\$ 44,439,022</u>	<u>\$ 39,539,624</u>	<u>\$ 2,104,626</u>	<u>\$ 41,644,250</u>

See independent auditors' report and accompanying notes

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services				General and Administrative	Fundraising	Total
	House Operations	Care Mobile	Family Room	Total			
Salaries and related expenses	\$ 1,478,746	\$ 41,187	\$ 234,098	\$ 1,754,031	\$ 145,618	\$ 692,236	\$ 2,591,885
Direct benefit cost	-	-	-	-	-	278,719	278,719
House occupancy	447,285	-	-	447,285	-	-	447,285
House maintenance and repair	209,330	-	-	209,330	-	-	209,330
Insurance	82,882	1,034	3,107	87,023	6,217	7,057	100,297
Marketing	49,352	-	-	49,352	-	24,629	73,981
Office and supplies	32,396	-	535	32,931	9,105	114	42,150
Technology	96,291	-	-	96,291	-	51,617	147,908
Bank and transaction fees	-	-	-	-	44,651	-	44,651
Professional fees	20,902	-	-	20,902	84,385	-	105,287
Other	<u>15,662</u>	<u>-</u>	<u>881</u>	<u>16,543</u>	<u>7,402</u>	<u>77,502</u>	<u>101,447</u>
Total expenses before depreciation, donated materials and services	2,432,846	42,221	238,621	2,713,688	297,378	1,131,874	4,142,940
Depreciation	1,309,292	-	-	1,309,292	5,006	-	1,314,298
Donated materials and services	<u>787,463</u>	<u>-</u>	<u>-</u>	<u>787,463</u>	<u>-</u>	<u>-</u>	<u>787,463</u>
Total expenses by function	4,529,601	42,221	238,621	4,810,443	302,384	1,131,874	6,244,701
Less expenses included with revenues on the statement of activities							
Direct benefit costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(278,719)</u>	<u>(278,719)</u>
Total functional expenses	<u>\$ 4,529,601</u>	<u>\$ 42,221</u>	<u>\$ 238,621</u>	<u>\$ 4,810,443</u>	<u>\$ 302,384</u>	<u>\$ 853,155</u>	<u>\$ 5,965,982</u>

See independent auditors' report and accompanying notes



**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services					General and Administrative	Fundraising	Total
	House Operations	Grant Making	Care Mobile	Family Room	Total			
Salaries and related expenses	\$ 1,439,207	\$ 23,914	\$ 48,848	\$ 214,013	\$ 1,725,982	\$ 117,593	\$ 523,700	\$ 2,367,275
Direct benefit cost	-	-	-	-	-	-	92,635	92,635
House occupancy	464,053	-	-	-	464,053	-	-	464,053
House maintenance and repair	205,687	-	-	-	205,687	-	-	205,687
Insurance	68,123	303	788	3,486	72,700	3,435	7,362	83,497
Marketing	55,271	-	-	-	55,271	27,707	-	82,978
Scholarship	-	30,300	-	-	30,300	-	-	30,300
Office and supplies	4,190	-	-	897	5,087	41,424	554	47,065
Technology	63,544	-	-	-	63,544	51,392	-	114,936
Bank and transaction fees	-	-	-	-	-	34,272	-	34,272
Professional fees	-	-	-	-	-	59,339	-	59,339
Other	14,815	-	-	788	15,603	14,194	73,855	103,652
Total expenses before depreciation, donated materials and services	2,314,890	54,517	49,636	219,184	2,638,227	349,356	698,106	3,685,689
Depreciation	1,365,668	-	-	-	1,365,668	5,229	-	1,370,897
Donated materials and services	472,742	-	-	-	472,742	-	-	472,742
Total expenses by function	4,153,300	54,517	49,636	219,184	4,476,637	354,585	698,106	5,529,328
Less expenses included with revenues on the statement of activities								
Direct benefit costs	-	-	-	-	-	-	(92,635)	(92,635)
Total functional expenses	<u>\$ 4,153,300</u>	<u>\$ 54,517</u>	<u>\$ 49,636</u>	<u>\$ 219,184</u>	<u>\$ 4,476,637</u>	<u>\$ 354,585</u>	<u>\$ 605,471</u>	<u>\$ 5,436,693</u>

See independent auditors' report and accompanying notes

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 2,794,772	\$ 2,288,198
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,314,298	1,370,897
Realized gain on sales of investments	(233,036)	(172,962)
Unrealized (gain)/loss on investments	133,238	(338,588)
Change in provision for uncollectible pledges receivable	(1,800)	-
Gain on extinguishment of PPP forgiven loan	-	(382,100)
(Increase) decrease in assets:		
Other receivables	319,634	(368,955)
Pledges receivable	(974,000)	(150,001)
Employee retention credit receivable	(318,515)	-
Prepaid expenses	23,504	(39,711)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	121,760	5,644
Deferred revenue	34,166	(2,604)
Pledge payable	<u>(302,286)</u>	<u>(293,030)</u>
Net cash provided by operating activities	<u>2,911,735</u>	<u>1,916,788</u>
<b><u>CASH FLOWS FROM INVESTMENT ACTIVITIES</u></b>		
Proceeds from sale of investments	5,564,970	1,437,766
Investment return reinvested and purchase of investments	<u>(5,387,183)</u>	<u>(1,554,068)</u>
Net cash provided by (used in) investing activities	<u>177,787</u>	<u>(116,302)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from PPP forgivable loans	<u>-</u>	<u>382,100</u>
Net change in cash, restricted cash, and cash equivalents	3,089,522	2,182,586
Cash, restricted cash, and cash equivalents at beginning of year	<u>7,528,941</u>	<u>5,346,355</u>
Cash, restricted cash, and cash equivalents at end of year	<u>\$ 10,618,463</u>	<u>\$ 7,528,941</u>

See independent auditors' report and accompanying notes

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**Note 1**

**Description of the Organization**

Atlanta Ronald McDonald House Charities, Inc. (the Organization) is a Georgia nonprofit charitable corporation formed in 1977. The mission is to create, find and support programs that directly improve the health and well-being of children and their families. Collectively, the Organization and the network of Atlanta Ronald McDonald House Charities Chapters ascribe to five core values: we are focused on the critical needs of children, we lead with compassion, we celebrate the diversity of our people and our programs, we value our heritage and we operate with accountability and transparency.

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

**Ronald McDonald House**

When children must travel long distances to access top medical care, accommodations and support for families can be expensive or not readily available. The Organization helps families stay close to their ill or injured child through the Ronald McDonald House program located in Atlanta, which provide temporary lodging, meals and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers' ability to spend more time with their child, to interact with their clinical care team and to participate in critical medical care decisions.

**Ronald McDonald Family Room**

When a child is critically ill, parents may be reluctant to leave the hospital. In order to provide comfort and support to their child, it is important that parents have an opportunity to rest, have a meal or have a moment of quiet. Located inside medical care facilities, the Ronald McDonald Family Room program within the AFLAC Cancer and Blood Disorder Center of Children's Healthcare of Atlanta - Scottish Rite, serves as a place of respite, relaxation and privacy for family members, often just steps away from where their child is being treated. The Ronald McDonald Family Room program provides parents with an opportunity to remain close to their hospitalized child and to be an active member of their child's health care team.

**Ronald McDonald Care Mobile**

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

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**Note 2**

**Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (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.

**Measure of Operations**

The Organization's change in net assets from operations on the 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 investment return on investments.

**Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management of the Organization to make estimates and assumptions that affect the amounts reported in the 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. The Organization's cash balances that are maintained in bank accounts may exceed Federal Deposit Insurance Corporation limits from time to time. The Organization 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**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. The Organization has recorded an allowance for uncollectible receivables of \$0 and \$1,800, as of December 31, 2021 and 2020, respectively.

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**Note 2**

**Summary of Significant Accounting Policies(Continued)**

**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.

The Organization is the beneficiary under various wills and trust agreements of which the total realizable amount is not presently determinable. Such amounts are recorded when a will is declared valid by probate court and the proceeds are measurable.

**Investments**

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

Investment return is recorded as investment return without donor restrictions, unless their use is restricted by explicit donor stipulations, or by law. Investment return on investments the use of which is restricted by explicit donor stipulation, or by law, but those restrictions expire in the same reporting period as earned, are reported as investment return without donor restrictions.

Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the accompanying financial statements.

**Property and Equipment**

Property and equipment are stated at cost, if purchased, or estimated fair value, if donated, at the date of donation. Additions of \$2,500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	15 - 30 Years
Office Furniture and Equipment	5 - 20 Years

**Impairment of Long-Lived Assets**

The Organization 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. The Organization 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. No impairment was recognized during the years ended December 31, 2021 and 2020.

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**Note 2**

**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, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

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

**Deferred Revenue**

Income from sponsorships received in advance of future special events, which the resource provider is receiving commensurate value in return or a right of return exists if the event does not occur, is deferred and recognized over the periods to which the sponsorships relate.

**Net Assets**

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

**Without Donor Restrictions**

Net assets that are not subject to donor-imposed restrictions or law. The Board of Directors has designated from net assets without donor restrictions, net assets for facility reserve and new house feasibility study.

**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.

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
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**Note 2**

**Summary of Significant Accounting Policies(Continued)**

**Revenue Recognition from Exchange Transactions**

Atlanta Ronald McDonald House Charities, Inc. earns revenue through exchange transactions from various outlets, including room revenue and various fundraising events held during the year. These revenues are recognized in the accounting period during which the program is conducted, or the overnight stay occurs.

The Organization evaluates if the services represent separate performance obligations and determines that such arrangements only have one performance obligation because the underlying goods and services delivered are not distinct. The Organization recognizes event revenue as the good or service is transferred to the Organization, generally when the event occurs and room revenue upon the night's stay. The Organization determines that a point in time approach would be the most appropriate 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. We report 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 grants are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these grants, the Organization will record such disallowance at the time the final assessment is made.

**Sponsorship Revenue**

The portion of sponsorship revenue that relates to the commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met.

**Special Event Revenue – Ticket Sales**

The portion of ticket sales that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met.

**Functional Expenses**

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Insurance, marketing, technology, depreciation, salaries and related compensation expenses are allocated on the basis of management's estimate of time and effort spent on various functions. All other expenses are directly charged by actual program or supporting functions use.

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**Note 2**

**Summary of Significant Accounting Policies(Continued)**

**Income Taxes**

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

The Organization 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 financial statements.

**Note 3**

**Reconciliation of cash, cash equivalents and restricted cash**

The following table provides a reconciliation of cash and restricted cash reported within the balance sheet that sum to the total of the same such amounts shown in the statement of cash flows.

	2021	2020
Cash and cash equivalents - unrestricted	\$ 9,250,829	\$ 6,142,141
Cash - restricted	1,367,634	1,386,800
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	\$ 10,618,463	\$ 7,528,941

**Note 4**

**Liquidity**

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 and 2020, respectively, comprise the following:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 9,250,829	\$ 6,142,141
Accounts receivable, net	740,485	1,060,119
Contributions receivable, net	124,000	298,200
Investments	7,252,873	7,330,863
Total financial assets	17,368,187	14,831,323
Less financial assets with donor restriction:		
Donor-imposed purpose restrictions	(3,716,426)	(1,443,876)
Donor-imposed restrictions in perpetuity	(610,750)	(610,750)
Total financial assets without donor restriction	13,041,011	12,776,697
Less board-designated financial assets:		
Quasi endowment	(3,542,231)	(3,209,887)
Financial assets available for general expenditure within one year	\$ 9,498,780	\$ 9,566,810



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**Note 4**  
**Liquidity (Continued)**

As part of the Organization's liquidity management, its investment policy requires that all assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently and with minimal impact on market price. The Organization maintains a policy of structuring its investments to be available as its operating expenditures, liabilities, and other obligations become due.

In addition, although the Organization does not intend to spend from its board-designated financial assets, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from its board-designated financial assets could be made available if necessary. The board-designated financial assets has a spending policy, as discussed in Note 10. As of December 31, 2021 and 2020, no appropriations from the board-designated financial assets were utilized.

**Note 5**  
**Contributions Receivable**

Contributions receivable consist primarily of pledges and bequests as of the years ended December 31:

<u>Amounts due in:</u>	<u>2021</u>	<u>2020</u>
Due in one year or less	\$ 124,000	\$ 300,000
One to five years	<u>1,150,000</u>	<u>-</u>
Total	1,274,000	300,000
Allowance for Uncollectibles	<u>-</u>	<u>(1,800)</u>
Net Contributions Receivable	<u>\$ 1,274,000</u>	<u>\$ 298,200</u>

**Note 6**  
**Fair Value Measurements**

In determining fair value, the Organization 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.

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**Note 6**  
**Fair Value Measurements (Continued)**

The fair values of assets and liabilities measured on a recurring and nonrecurring basis as of December 31, 2021 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds	\$ 4,004,867	\$ -	\$ -
Equity Securities	2,139,433	-	-
Exchange - Traded Funds	156,453	-	-
Debt Securities - Corporate	<u>-</u>	<u>952,120</u>	<u>-</u>
	<u>\$ 6,300,753</u>	<u>\$ 952,120</u>	<u>\$ -</u>

The fair values of assets and liabilities measured on a recurring and nonrecurring basis as of December 31, 2020, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds	\$ 4,227,835	\$ -	\$ -
Equity Securities	2,199,937	-	-
Exchange - Traded Funds	131,011	-	-
Debt Securities - Corporate	<u>-</u>	<u>772,080</u>	<u>-</u>
	<u>\$ 6,558,783</u>	<u>\$ 772,080</u>	<u>\$ -</u>

The Organization reviewed and evaluated the values and assumptions used in determining the fair value of Level 3 financial instruments. The carrying amounts of all other assets and liabilities reflected in the statements of financial position for the Organization'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.

There were no significant transfers among the levels during the year. The Organization's policy is to recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the availability of fair value inputs are not recognized.

The Organization has a total of \$190,793 and \$173,376 in mutual funds with donor restrictions as of December 31, 2021 and 2020, respectively. In addition, the Organization has a total of \$496,250 in equity securities with donor restrictions as of December 31, 2021 and 2020.

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**Note 6**

**Fair Value Measurements (Continued)**

Overall Investment Objective

The overall investment objective of the Organization 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. The Organization diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the Board of Directors which oversees the Organization's investment program in accordance with established guidelines.

As part of the Organization's investment policies, cash is to be employed productively by investment in short term cash equivalents to provide safety, liquidity, and return. The Organization holds \$3,164,354 and \$5,537,320 of short term investments as of December 31, 2021 and 2020, respectively.

The components of investment return net are as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 141,746	\$ 181,009
Realized gains	233,036	172,962
Unrealized gains/(losses)	(133,238)	338,588
Investment expenses	<u>(35,379)</u>	<u>(29,217)</u>
	<u>\$ 206,165</u>	<u>\$ 663,342</u>

**Note 7**

**Property and Equipment**

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,948,846	\$ 1,948,846
Buildings and improvements	31,794,377	31,794,377
Office furniture and equipment	<u>3,612,847</u>	<u>3,612,847</u>
	37,356,070	37,356,070
Accumulated depreciation	<u>(12,971,741)</u>	<u>(11,657,443)</u>
	24,384,329	25,698,627
Construction in progress	<u>162,315</u>	<u>162,315</u>
	<u>\$ 24,546,644</u>	<u>\$ 25,860,942</u>

Depreciation expense totaled \$1,314,298 and \$1,370,897 for the years ended December 31, 2021 and 2020, respectively.

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
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**Note 8**  
**Grant Payable**

During 2015, the Organization entered into a grant agreement. Under the terms of the agreement, the Organization received a stock gift of approximately \$1,500,000. Pursuant to the agreement, the Organization was to liquidate the securities and use the proceeds to establish a permanent endowment in the amount of \$114,500 and retain an additional \$12,500 to cover any associated expenses. The remaining amount was pledged to Children's Healthcare of Atlanta (CHOA) and paid in full as of December 31, 2021.

**Note 9**  
**Paycheck Protection Program Loan**

During 2020, the Organization received loan proceeds in the amount of \$372,100 through the Paycheck Protection Program (the PPP Loan). After meeting certain criteria in 2020, the PPP Loan was forgiven by the U.S. Small Business Administration. The Organization recognized these proceeds as grant revenue on the statement of activities during the year ended December 31, 2020. In addition, the Organization applied for and received an Economic Injury Disaster Loan (EIDL) advance of \$10,000 during 2020. The EIDL advance up to \$10,000 is forgivable.

**Note 10**  
**Employee Retention Credit**

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance they will be fulfilled. During the years ended December 31, 2021 and 2020, the Organization applied for the Employee Retention Credit (ERC) from the Internal Revenue Service. The Organization recognized \$318,515 of income and receivables related to performance requirements being met in compliance with the program during the year ended December 31, 2021.

Eligibility and conditions for the ERC program may be audited by the IRS. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; management is of the opinion that any audit will not have a material adverse impact on the Organization's financial position.

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**Note 11**  
**Endowment Funds**

The state of Georgia adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in July 2008. The Organization has interpreted 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 the explicit donor stipulations to the contrary. Accordingly, the classification of net assets with donor restrictions includes (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 endowment fund that is classified as net assets with, donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

1. The duration and preservation of the fund.
2. The purpose of the Organization and the endowment fund.
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 the Organization.
7. The investment policies of the Organization

**Return Objectives and Risk Parameters:**

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce a return that meets or exceeds market index, or blended market index selected by the Board of Directors while assuming a moderate level of investment risk (tolerating a maximum loss of 0% to 15% over any one year period).

**Spending Policy:**

The Organization has a policy in which the general rule of appropriating for distribution each year is up to 3% of its endowment fund's average assets over the prior three fiscal years preceding the fiscal year in which the distribution is planned. Spending may be approved for maintenance, specific programs or to contribute to the general operating budget of the charity. There is no minimum requirement for spending from the endowment in any given year. If it is determined that a distribution is not needed or not feasible in any given year, the distribution may be waived for the year. In establishing this policy, the Organization considered the long-term expected returns on its endowment investments. Accordingly, over the long-term, the Organization expects the current spending policy will allow its endowment to retain the original fair value of the gift and to provide ARMHC with an incremental stream of income to be utilized to supplement other recurring sources of revenue for the charity.

**Strategies Employed for Achieving Objectives:**

The Organization relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Organization targets a diversified asset allocation that emphasizes fixed income securities to achieve its long-term objectives within prudent risk constraints.

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
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**Note 11**

**Endowment Funds (Continued)**

The composition and changes in endowment net assets as of December 31, 2021 and 2020, are as follows:

	<u>Quasi Endowment</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2019	\$ 2,785,447	\$ 649,316	\$ 3,434,763
Investment income	88,721	4,863	93,584
Net appreciation, less fees	<u>335,719</u>	<u>16,394</u>	<u>352,113</u>
Endowment net assets, December 31, 2020	3,209,887	670,573	3,880,460
Investment income	127,635	8,559	136,194
Net appreciation, less fees	<u>204,709</u>	<u>7,911</u>	<u>212,620</u>
Endowment net assets, December 31, 2021	<u>\$ 3,542,231</u>	<u>\$ 687,043</u>	<u>\$ 4,229,274</u>

**Note 12**

**Net Assets with Donor Restrictions**

Net assets with donor restrictions are comprised of funds the Organization has received subject to donor-imposed purpose restrictions, time restrictions, or in perpetuity consist of the following:

	<u>Restriction</u>			<u>Total</u>
	<u>Purpose</u>	<u>Time</u>	<u>Perpetuity</u>	
Restricted net assets, December 31, 2021,				
Facility Fund	\$ 1,350,497	\$ -	\$ -	\$ 1,350,497
Donor-designated endowment	76,293	-	610,750	687,043
Adopt a Family	-	12,500	-	12,500
Capital campaign	2,272,499	-	-	2,272,499
Care Mobile	7,780	-	-	7,780
Extra Wish	6,176	-	-	6,176
House dog	3,181	-	-	3,181
Total	<u>\$ 3,716,426</u>	<u>\$ 12,500</u>	<u>\$ 610,750</u>	<u>\$ 4,339,676</u>

	<u>Restriction</u>			<u>Total</u>
	<u>Purpose</u>	<u>Time</u>	<u>Perpetuity</u>	
Restricted net assets, December 31, 2020,				
Facility Fund	\$ 1,369,494	\$ -	\$ -	\$ 1,369,494
Donor-designated endowment	59,823	-	610,750	670,573
Capital campaign	-	50,000	-	50,000
Family Room	11,034	-	-	11,034
House dog	3,525	-	-	3,525
Total	<u>\$ 1,443,876</u>	<u>\$ 50,000</u>	<u>\$ 610,750</u>	<u>\$ 2,104,626</u>

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
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**Note 13**

**Net Assets Released from Donor Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the year ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Purpose Restrictions Accomplished:		
Ronald McDonald House	\$ 344	\$ 226
Ronald McDonald Care Mobile	42,220	50,000
Ronald McDonald Family Room	-	50,000
Hotel Placement	11,034	-
PPP Loan	-	372,100
Economic Injury Disaster Loan (EIDL)	-	10,000
Facility Fund	<u>18,998</u>	<u>12,673</u>
Total Purpose Restrictions Accomplished:	72,596	494,999
Time Restrictions Expired:		
Passage of Specified Time	<u>50,000</u>	<u>100,000</u>
Total Time Restrictions Expired:	50,000	100,000
Total Restrictions Released	<u>\$ 122,596</u>	<u>\$ 594,999</u>

**Note 14**

**Related Parties**

Ronald McDonald House Charities (RMHC) is a system of independent, separately registered public benefit organizations, referred to as "Chapters" within the global organization. The Organization is an independent operating Chapter within the RMHC system. Each Chapter is licensed by McDonald's Corporation and Ronald McDonald House Charities, Inc. to use RMHC related trademarks in conjunction with fundraising activities and the operation of its programs; the License Agreement also sets standards of operations for programs, governance, finance, branding and reporting.

Ronald McDonald House Charities, Inc. (RMHC Global), a separately registered nonprofit organization, ensures delivery of the mission across the globe. As a center of excellence, RMHC Global builds and sustains a robust infrastructure of support to the network of Chapters, including operations, licensing and compliance, finance, risk management, communications, marketing and development. The Organization receives 75% of net revenues from all national fundraising efforts facilitated by RMHC Global, as defined by the license agreement. During the years ended December 31, 2021 and 2020, the Organization received \$28,421 and \$33,634, respectively, from these revenue streams.

During the years ended December 31, 2021 and 2020, the Organization received contributions from board members and other related parties totaling \$139,728 and \$108,465, respectively. Receivables from board members, employees, and other related parties at December 31, 2021 and 2020, totaled \$139,641 and \$161,219, respectively. In addition, companies owned by various board members donated marketing, accounting, and legal services to the Organization during 2021 and 2020 in amounts totaling \$166,672 and \$106,008, respectively.

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
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**Note 15**  
**Commitments**

In 2007, the Organization signed an agreement with Children's Healthcare of Atlanta (CHOA) (whose facilities are served by the Organization's two houses at Gatewood Road and Peachtree Dunwoody Road in Atlanta). Under the terms of the agreement, a portion of the land on which the Peachtree Dunwoody location is housed was gifted to the Organization. If the land ever ceases to be used as a Ronald McDonald Charities location CHOA has an irrevocable right to repurchase the property for the fair market value of the improvements to the land.

CHOA is recognized as a regional treatment center of excellence and one of the top 10 children's hospitals in the country with nationally recognized programs for cancer, heart, and solid organ transplants. Management believes the demand for lodging and respite facilities will continue to increase. The leadership of the Organization, working with CHOA, has undertaken an analysis of the amount and type of additional space needed to serve current and future families.

**Note 16**  
**Employee Retirement Plans**

The Organization sponsors an employee retirement plan known as the Atlanta Ronald McDonald House Charities, Inc. 403(b) Plan. Under the plan, employees may contribute up to the maximum contributions as set periodically by the Internal Revenue Service. The Organization matches employee contributions on a discretionary basis. The employer contributions vest after 3 years of service. Participant contributions are always 100% vested.

Employer contributions to the Plan were \$67,444 and \$59,062 for the years ended December 31, 2021 and 2020, respectively.

**Note 17**  
**Donated Goods and Services**

The fair value of donated goods and services included as contributions in the financial statements and the corresponding expense categories for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Family support	\$ 274,342	\$ 344,442
Furniture and fixtures	227,750	-
Special events	166,169	102,478
Professional services	91,852	25,768
House supplies	<u>27,350</u>	<u>54</u>
Total	<u>\$ 787,463</u>	<u>\$ 472,742</u>



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**Note 18**

**Risks and Uncertainties**

During the year ended December 31, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2021 operations and financial results. In addition, investment markets may continue to experience significant fluctuations. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**Note 19**

**Subsequent Events**

The Organization evaluated subsequent events through July 26, 2022, when these financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date, but prior to the issuance of this report, that would have a material impact on the financial statements.