

**RONALD MCDONALD HOUSE CHARITIES OF AUGUSTA, INC.  
AUGUSTA, GA**

**FINANCIAL STATEMENTS**

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

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

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## Report of Independent Auditor

To the Finance Committee  
Ronald McDonald House Charities of Augusta, Inc.  
Augusta, GA

### Opinion

We have audited the accompanying financial statements of Ronald McDonald House Charities of Augusta, Inc. (a nonprofit organization) (the “Organization”), which comprise the statement 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 Organization as of December 31, 2021 and 2020, and the results of its operations 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 *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

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

### Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 the Organization'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 the Organization'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.

*Cherry Bekaert LLP*

Augusta, Georgia  
October 6, 2022

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

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 379,262	\$ 466,601
Cash and Cash Equivalents - Restricted	3,903	42,300
Contributions Receivable, Net	500	14,343
Prepaid Expenses	31,952	16,542
Total Current Assets	415,617	539,786
<b>NONCURRENT ASSETS</b>		
Investments Held by the Community Foundation	1,297,250	1,165,150
Investments	499,082	259,410
Property and Equipment, Net	4,629,770	4,794,154
Total Noncurrent Assets	6,426,102	6,218,714
Total Assets	\$ 6,841,719	\$ 6,758,500
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 45,328	\$ 38,797
Note Payable	52,336	500,275
Deferred Income	51,307	-
Total Current Liabilities	148,971	539,072
<b>NONCURRENT LIABILITIES</b>		
Note Payable	402,937	-
Total Noncurrent Liabilities	402,937	-
Total Liabilities	551,908	539,072
<b>NET ASSETS</b>		
Without Donor Restrictions	5,764,158	5,655,378
With Donor Restrictions	525,653	564,050
Total Net Assets	6,289,811	6,219,428
Total Liabilities and Net Assets	\$ 6,841,719	\$ 6,758,500

See accompanying Notes to Financial Statements

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

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Contributions and Grants	\$ 523,284	\$ 35,616	\$ 558,900	\$ 851,749	\$ 53,895	\$ 905,644
Special Events Revenue	238,976	-	238,976	203,639	-	203,639
Room Donations/Fees	10,312	-	10,312	7,159	-	7,159
In-Kind Contribution	36,000	-	36,000	36,000	-	36,000
Net Assets Released from Restrictions	74,013	(74,013)	-	110,897	(110,897)	-
Total Revenues and Other Support	<u>882,585</u>	<u>(38,397)</u>	<u>844,188</u>	<u>1,209,444</u>	<u>(57,002)</u>	<u>1,152,442</u>
<b>EXPENSES</b>						
Program Services	699,708	-	699,708	695,060	-	695,060
Cost of Direct Benefits to Donors	30,147	-	30,147	72,593	-	72,593
Management and General Administration	105,588	-	105,588	101,997	-	101,997
Fundraising	127,134	-	127,134	120,895	-	120,895
Total Expenses	<u>962,577</u>	<u>-</u>	<u>962,577</u>	<u>990,545</u>	<u>-</u>	<u>990,545</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>						
	(79,992)	(38,397)	(118,389)	218,899	(57,002)	161,897
<b>INVESTMENT RETURN, NET</b>						
	<u>188,772</u>	<u>-</u>	<u>188,772</u>	<u>142,532</u>	<u>-</u>	<u>142,532</u>
<b>CHANGE IN NET ASSETS</b>						
	108,780	(38,397)	70,383	361,431	(57,002)	304,429
Net Assets - Beginning of Year	<u>5,655,378</u>	<u>564,050</u>	<u>6,219,428</u>	<u>5,293,947</u>	<u>621,052</u>	<u>5,914,999</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 5,764,158</u>	<u>\$ 525,653</u>	<u>\$ 6,289,811</u>	<u>\$ 5,655,378</u>	<u>\$ 564,050</u>	<u>\$ 6,219,428</u>

See accompanying Notes to Financial Statements

**RONALD MCDONALD HOUSE CHARITIES OF AUGUSTA, INC.**  
**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	Total				
Salaries	\$ 320,144	\$ 320,144	\$ 64,029	\$ 42,686	\$ -	\$ 426,859
Employee Benefits	26,966	26,966	5,393	3,595	-	35,954
Payroll Taxes	23,718	23,718	4,744	3,162	-	31,624
Total Salaries and Related Expenses	370,828	370,828	74,166	49,443	-	494,437
Advertising	1,699	1,699	1,699	-	-	3,398
Community outreach	595	595	-	-	-	595
COVID-19	952	952	-	-	-	952
Depreciation	170,208	170,208	-	-	-	170,208
Direct Mail	-	-	-	75,201	-	75,201
House Supplies	22,221	22,221	-	2,023	-	24,244
Insurance	19,130	19,130	-	-	-	19,130
Interest	18,958	18,958	-	-	-	18,958
Maintenance and Repair	19,268	19,268	-	-	-	19,268
Meetings, Training, and Seminars	1,262	1,262	-	-	-	1,262
Miscellaneous Expenses	12,137	12,137	5,409	-	-	17,546
Office Supplies	467	467	-	467	-	934
Postage	-	-	1,529	-	-	1,529
Printing and Publishing	272	272	272	-	-	544
Professional Fees	-	-	22,513	-	-	22,513
Technology	13,142	13,142	-	-	-	13,142
Travel, Meals, and Entertainment	-	-	-	-	30,147	30,147
Utilities	48,569	48,569	-	-	-	48,569
Total Expenses	\$ 699,708	\$ 699,708	\$ 105,588	\$ 127,134	\$ 30,147	\$ 962,577

See accompanying Notes to Financial Statements

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

	Program Services		Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
	Ronald McDonald House	Total				
Salaries	\$ 305,282	\$ 305,282	\$ 61,056	\$ 40,704	\$ -	\$ 407,042
Employee Benefits	31,238	31,238	6,248	4,165	-	41,651
Payroll Taxes	23,841	23,841	4,768	3,179	-	31,788
Total Salaries and Related Expenses	360,361	360,361	72,072	48,048	-	480,481
Advertising	622	622	622	-	-	1,244
Community outreach	456	456	-	-	-	456
COVID-19	9,777	9,777	-	-	-	9,777
Depreciation	168,504	168,504	-	-	-	168,504
Direct Mail	-	-	-	68,620	-	68,620
House Supplies	17,448	17,448	-	2,707	-	20,155
Insurance	19,793	19,793	-	-	-	19,793
Interest	21,891	21,891	-	-	-	21,891
Maintenance and Repairs	20,635	20,635	-	-	-	20,635
Meetings, Education, and Training	2,122	2,122	-	-	-	2,122
Miscellaneous Expenses	2,067	2,067	4,102	-	-	6,169
Office Supplies	1,520	1,520	-	1,520	-	3,040
Postage	-	-	1,671	-	-	1,671
Printing and Publishing	363	363	363	-	-	726
Professional Fees	-	-	23,167	-	-	23,167
Technology	20,218	20,218	-	-	-	20,218
Travel, Meals, and Entertainment	143	143	-	-	72,593	72,736
Utilities	49,140	49,140	-	-	-	49,140
Total Expenses	\$ 695,060	\$ 695,060	\$ 101,997	\$ 120,895	\$ 72,593	\$ 990,545

See accompanying Notes to Financial Statements



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

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 70,383	\$ 304,429
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	170,208	168,504
Donated Property and Equipment	-	(88,550)
Net Realized and Unrealized Gains on Investments	(169,944)	(138,728)
Interest Income Reinvested	(28,905)	(10,644)
Investment Management Fees	10,077	6,840
(Increase) Decrease in Assets:		
Contributions Receivable	13,843	41,807
Prepaid Expenses	(15,410)	473
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	6,531	15,044
Deferred Income	51,307	-
Net Cash Provided by Operating Activities	108,090	299,175
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(201,000)	(54,900)
Proceeds from Sale of Investments	18,000	-
Purchases of Property and Equipment	(5,824)	(8,074)
Net Cash Used by Investing Activities	(188,824)	(62,974)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Notes Payable	(45,002)	(66,000)
Net Cash Used by Financing Activities	(45,002)	(66,000)
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(125,736)	170,201
Cash and Cash Equivalents - Beginning of Year	508,901	338,700
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 383,165	\$ 508,901
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 18,958	\$ 21,891

See accompanying Notes to Financial Statements

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Ronald McDonald House Charities of Augusta, Inc. (the "Organization") is a Georgia nonprofit charitable corporation formed in 1984. The mission of Ronald McDonald House Charities is to create, find, and support programs that directly improve the health and well-being of children and their families. Collectively, Ronald McDonald House Charities, Inc. and the network of local 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, and are a vital part of the health care continuum and strengthen families during difficult times. The following program, operated by the Organization, represent the core functions of Ronald McDonald House Charities:

**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 Augusta, Georgia, 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.

**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.

**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 and 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. As of December 31, 2021, the Organization had approximately \$127,700 in excess of the insured amounts.

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

**NOTE 1 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.

**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 income are included in the statements of activities.

The Organization maintains master investment accounts for its endowments with donor restrictions and board-designated endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

**Investments Held by The Community Foundation**

The Organization has funds invested that are held and managed by The Community Foundation for the Central Savannah River Area (the "Foundation"). The Foundation was incorporated in 1995 as a publicly supported 501(c)(3) nonprofit organization with its stated purpose to receive and accept property to be administered exclusively for charitable purposes. All funds held and managed by the Foundation are pooled together for investment management purposes. Participation in the Foundation is voluntary.

**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	30 - 40 Years
Office Furniture and Equipment	5 - 10 Years

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

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

**Impairment of Long-Lived Assets**

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate 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 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.

**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.

**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 governing board has designated, from net assets without donor restrictions, net assets for capital purchases or capital related debt payments.

**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 AUGUSTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

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

**Revenue Recognition**

Unconditional promises to give are recognized as revenue in the period the promise was made. Conditional promises are recorded as revenue when the conditions are substantially met. 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.

**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.

**Liquidity**

The Organization's financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date are as follows:

	2021	2020
Cash and Cash Equivalents	\$ 379,262	\$ 466,601
Contributions Receivable, Net	500	14,343
	\$ 379,762	\$ 480,944

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of management and general activities and fundraising to be general expenditures.

**Income Tax Status**

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 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.

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

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

**Paycheck Protection Program (“PPP”) Loan**

The Organization has elected to use Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-605 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (contribution model), to record the loan received under the PPP. Under the contribution model, the PPP loan has been recognized as contributions without donor restrictions.

**NOTE 2 CONTRIBUTIONS RECEIVABLE**

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

	2021	2020
Amounts Due In:		
Less than One Year	\$ 500	\$ 14,343
Net Contributions Receivable	\$ 500	\$ 14,343

As all amounts are due in less than one year, no discount rate was considered necessary.

**NOTE 3 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.

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

**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

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

	Fair Value	Fair Value Measurements at December 31, 2021 Using		
		Level 1	Level 2	Level 3
Assets:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 185,364	\$ 185,364	\$ -	\$ -
International Equity	137,528	137,528	-	-
Asset Allocation	43,132	43,132	-	-
Bonds	45,623	45,623	-	-
Exchange - Traded Funds:				
Domestic Equity	45,952	45,952	-	-
International Equity	14,921	14,921	-	-
Bonds	14,820	14,820	-	-
Money Market Accounts	11,742	11,742	-	-
Total Investments per the Statements of Financial Position	499,082	499,082	-	-
Investments Held by The Community Foundation	1,297,250	-	1,297,250	-
Total Investments	<u>\$ 1,796,332</u>	<u>\$ 499,082</u>	<u>\$ 1,297,250</u>	<u>\$ -</u>

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

	Fair Value	Fair Value Measurements at December 31, 2020 Using		
		Level 1	Level 2	Level 3
Assets:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 68,210	\$ 68,210	\$ -	\$ -
International Equity	96,230	96,230	-	-
Asset Allocation	38,756	38,756	-	-
Bonds	47,196	47,196	-	-
Exchange - Traded Funds:				
Domestic Equity	2,262	2,262	-	-
Money Market Accounts	6,756	6,756	-	-
Total Investments per the Statements of Financial Position	259,410	259,410	-	-
Investments Held by The Community Foundation	1,165,150	-	1,165,150	-
Total Investments	<u>\$ 1,424,560</u>	<u>\$ 259,410</u>	<u>\$ 1,165,150</u>	<u>\$ -</u>

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

**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value of Level 2 investments are determined by reference to quoted prices for similar assets in less active markets. 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.

**Investments**

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.

The fair value of the investments held by The Community Foundation is measured at net asset value. The Foundation is not registered with the Securities and Exchange Commission as an investment company and, therefore, there is no readily determinable market value for investments held by the pool. These amounts are managed and maintained by the Foundation on a pooled "mutual fund" accounting basis with total earnings, investment expenses, appreciation, and depreciation, whether realized or unrealized, being allocated to the Organization on a pro rata basis. Additional information on the Foundation's investment pool is disclosed in the audited financial statements of the Foundation for the Central Savannah River Area, which can be requested from the Foundation's management at 1450 Greene Street, Suite 228, Augusta, GA 30901.

The composition of investment income on the Organization's investment portfolio for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Interest and Dividend Income	\$ 28,905	\$ 10,644
Realized and Unrealized Gains, Net	169,944	138,728
Investment expenses	(10,077)	(6,840)
Investment Return, Net	\$ 188,772	\$ 142,532



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**NOTE 4 PROPERTY AND EQUIPMENT**

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

	<u>2021</u>	<u>2020</u>
Buildings and Improvements	\$ 5,442,356	\$ 5,442,356
Office Furniture and Equipment	290,126	284,302
Total, at Cost	5,732,482	5,726,658
Accumulated Depreciation	<u>(1,102,712)</u>	<u>(932,504)</u>
Total Property and Equipment	<u>\$ 4,629,770</u>	<u>\$ 4,794,154</u>

**NOTE 5 NOTE PAYABLE**

Note payable consist of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Note payable to a bank, with interest payable monthly at 4.15%, and annual principal payments of \$50,000 beginning on October 28, 2019. A final payment of remaining principal and interest was due on October 28, 2021.	\$ -	\$ 500,275
Management refinanced the note above on August 20, 2021 with interest payable monthly at 3.65% and is due in monthly installments through August 2026. The note is secured by the Investments described in the Commercial Pledge Agreement dated August 20, 2021.	<u>455,273</u>	<u>-</u>
Less current maturities	<u>(52,336)</u>	<u>(500,275)</u>
Long term note payable	<u>\$ 402,937</u>	<u>\$ -</u>

Principal maturities of note payable are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2022	\$ 52,336
2023	54,306
2024	56,314
2025	58,469
2026	<u>233,848</u>
Total	<u>\$ 455,273</u>

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**NOTE 6 ENDOWMENT FUNDS**

The Organization's endowment consists of one individual fund established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

Absent explicit donor stipulations to the contrary, the Board of Directors of the Organization 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. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with the standard of prudence prescribed by UPMIFA, the Organization 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 the Organization
- (7) The Organization's investment policies

*Investment Return Objectives, Risk Parameters, and Strategies* – The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. The Organization expects its endowment assets, over time, to produce an average rate of return of approximately 6% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

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**NOTE 6 ENDOWMENT FUNDS (CONTINUED)**

*Spending Policy* – Spending is approved by the Board of Directors and in accordance with the donor agreement. The spending policy of the Organization utilizes a total return policy that incorporates a designated percentage of the value of the corpus that will be available for expenditure annually. Expendable funds are determined on the basis of a total return policy and do not depend upon income generated through interest or dividends. The funds available for distribution during any one fiscal year are limited to a percentage of the three-year rolling average of the market value of the corpus, net of fees, with measures taken at the end of each of the 12 preceding quarters. The percentage of the three-year average value of the corpus made available for expenditures is limited to a maximum of 5%. This is consistent with the Organization’s objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets and net assets by type of fund were as follows for the fiscal year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 643,900	\$ 521,250	\$ 1,165,150
Investment Return, Net	149,100	-	149,100
Contributions	1,000	-	1,000
Appropriation of Endowment Assets for Expenditure	<u>(18,000)</u>	<u>-</u>	<u>(18,000)</u>
Endowment Net Assets, End of Year	<u>\$ 776,000</u>	<u>\$ 521,250</u>	<u>\$ 1,297,250</u>
Board-designated Endowment Funds	\$ 776,000	\$ -	\$ 776,000
Donor-restricted Endowment Funds:			
Original Donor-restricted Gift			
Amount and Amounts Required to be Retained by Donor	<u>-</u>	<u>521,250</u>	<u>521,250</u>
Total Funds	<u>\$ 776,000</u>	<u>\$ 521,250</u>	<u>\$ 1,297,250</u>

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**NOTE 6 ENDOWMENT FUNDS (CONTINUED)**

Changes in endowment net assets and net assets by type of fund were as follows for the fiscal year ended December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 490,563	\$ 521,250	\$ 1,011,813
Investment Return, Net	98,437	-	98,437
Contributions	54,900	-	54,900
Appropriation of Endowment Assets for Expenditure	-	-	-
Endowment Net Assets, End of Year	<u>643,900</u>	<u>521,250</u>	<u>1,165,150</u>
Board-designated Endowment Funds	643,900	-	643,900
Donor-restricted Endowment Funds:			
Original Donor-restricted Gift			
Amount and Amounts Required to be Retained by Donor	<u>-</u>	<u>521,250</u>	<u>521,250</u>
Total Funds	<u>\$ 643,900</u>	<u>\$ 521,250</u>	<u>\$ 1,165,150</u>

*Fund Deficiencies* – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2021 or 2020.

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**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes and periods as of December 31:

	2021	2020
<b>Subject to Expenditure for Specific Purpose:</b>		
Program Activities:		
Ronald McDonald House - House Operations and Debt Service	\$ 4,403	\$ 42,800
	4,403	42,800
Other Restrictions:		
Original Donor-restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	521,250	521,250
Total – Other Restrictions	521,250	521,250
Total Net Assets with Donor Restrictions	\$ 525,653	\$ 564,050

**NOTE 8 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 years ended December 31:

	2021	2020
Purpose Restrictions Accomplished:		
Ronald McDonald House - House Operations and Debt Service	\$ 74,013	\$ 110,897
Total Restrictions Released	\$ 74,013	\$ 110,897

**NOTE 9 NET ASSETS WITHOUT DONOR RESTRICTIONS**

The Organization's governing Board of Directors has designated net assets without donor restrictions for the following purposes as of December 31:

	2021	2020
Board-Designated Endowment	\$ 776,000	\$ 643,900
Total	\$ 776,000	\$ 643,900

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**NOTE 10 CONTRIBUTIONS AND GRANTS**

Contributions and grants consist of the following for the year ended December 31:

	2021	2020
Contributions	\$ 496,685	\$ 613,274
Grants	62,215	201,460
PPP Loan Forgiveness	-	90,910
Total Contributions and Grants	\$ 558,900	\$ 905,644

**NOTE 11 TAX-DEFERRED ANNUITY PLAN**

The Organization has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Organization. The Organization contributes 2% of gross salaries to the plan for qualified employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. Employer contributions to the plan were \$7,576 and \$6,024 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 12 TRANSACTIONS WITH RELATED ENTITIES**

Ronald McDonald House Charities, Inc. 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 \$84,627 and \$132,860, respectively, from these revenue streams.

**NOTE 13 CONCENTRATIONS**

As of December 31, 2021, there were no contributions receivable concentrations. As of December 31, 2020, contributions receivable from a single donor totaled \$13,843, which represents 97% of net contributions receivable.

As of December 31, 2021, a single donor contributed \$150,000, which represents 18% of contributions. As of December 31, 2020, there were no contribution concentrations.

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**NOTE 14 CONTINGENCIES AND UNCERTAINTIES**

**COVID-19 Pandemic**

On January 30, 2020, the World Health Organization declared the coronavirus “COVID-19” outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines, or stay-at-home restrictions in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets globally, including the geographical areas in which the Organization operates.

While it is unknown how long these conditions will last and what the complete financial impact will be, the Organization is closely monitoring the impact of the COVID-19 pandemic on all aspects of the operations and are unable at this time to predict the continued impact COVID-19 will have on their business, financial position, and operating results in future periods due to numerous uncertainties. The Organization’s yearly fundraiser was delayed a year due to COVID-19.

**PPP Loan**

The Organization received a loan under the Paycheck Protection Program (“PPP Loan”) for an amount of \$90,910, which was established under the Coronavirus Aid, Relief and Economic Security (“CARES”) Act and administered by the Small Business Administration (“SBA”). The application for the PPP Loan requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the Organization. This certification further requires the Organization to take into account our current business activity and our ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP Loan and the forgiveness of the PPP Loan is dependent on the Organization having initially qualified for the PPP Loan and qualifying for the forgiveness of such PPP Loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP Loan.

The loan is accounted for under ASC 958-605 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, due to management’s determination that sufficient qualifying costs and expenses necessary to qualify for forgiveness have been incurred as of December 31, 2021. As such, the full amount of the loan has been recorded into contributions without donor restrictions on the statement of activities, as permissible pursuant to the accounting standard selected above. In February 2021, the SBA forgave the loan in full.

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**NOTE 15 RECENT ACCOUNTING PRONOUNCEMENTS**

**Leases**

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

**Contributed Nonfinancial Assets**

In September 2020, FASB issued amended guidance for the treatment of contributed nonfinancial assets for not-for-profit ("NFP") entities. The guidance requires NFP entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The guidance also requires new disclosures regarding the inputs for measurement. The guidance will initially be applied using a retrospective approach. The amendments in the guidance will be effective for the year ending December 31, 2022. Early adoption is permitted. Management is evaluating the impact of the guidance on the Organization's financial statements.

**NOTE 16 SUBSEQUENT EVENTS**

Management evaluated subsequent events through October 6, 2022, the date the financial statements were available to be issued. There were no material subsequent events which required recognition or additional disclosure in the financial statements.