



**RONALD MCDONALD HOUSE
CHARITIES® OF JACKSONVILLE, INC.**

FINANCIAL STATEMENTS

December 31, 2020 and 2019



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Ronald McDonald House Charities® of Jacksonville, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 Ronald McDonald House Charities® of Jacksonville, Inc. as of December 31, 2020 and 2019, 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 Ronald McDonald House Charities® of Jacksonville, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to 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 doubt about Ronald McDonald House Charities® of Jacksonville, Inc.'s ability to continue as a going concern within one year after 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Ronald McDonald House Charities® of Jacksonville, 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 Ronald McDonald House Charities® of Jacksonville, 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.

Carri Riggs & Ingram, L.L.C.

Jacksonville, Florida
May 27, 2021

Ronald McDonald House Charities of Jacksonville, Inc.
Statements of Financial Position

<i>December 31,</i>	2020	2019
Assets		
Cash and cash equivalents	\$ 1,483,869	\$ 930,625
Contributions and other receivables	121,475	66,527
Pledges receivable, net	29,000	46,636
Prepaid expenses and other assets	17,225	30,652
Investments, at fair value	7,758,015	7,451,399
Property and equipment, net	15,644,590	16,331,433
Total assets	\$ 25,054,174	\$ 24,857,272
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 82,429	\$ 65,201
Deferred revenue	55,500	100,000
Note and interest payable	280,070	-
Capital lease obligation	10,996	859
Total liabilities	428,995	166,060
Net assets		
Without donor restrictions	22,173,740	22,327,727
With donor restrictions	2,451,439	2,363,485
Total net assets	24,625,179	24,691,212
Total liabilities and net assets	\$ 25,054,174	\$ 24,857,272

The accompanying notes are an integral part of these financial statements.

Ronald McDonald House Charities of Jacksonville, Inc.
Statements of Activities

<i>Year Ended December 31, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Contributions and grants	\$ 1,922,228	\$ -	\$ 1,922,228
Room contributions	47,640	-	47,640
In-kind contributions	98,885	-	98,885
Investment income, net	86,978	41,883	128,861
Net realized investment losses	(89,467)	(43,714)	(133,181)
Net unrealized investment gains	590,414	211,122	801,536
Other income	784	-	784
Total revenues and other support before net assets released from restrictions	2,657,462	209,291	2,866,753
Net assets released from restrictions -- satisfaction of donor restrictions	121,337	(121,337)	-
Total revenues and other support	2,778,799	87,954	2,866,753
Expenses			
Program services	2,195,107	-	2,195,107
Supporting services			
Management and general	332,199	-	332,199
Fundraising	405,480	-	405,480
Total supporting services	737,679	-	737,679
Total expenses	2,932,786	-	2,932,786
Change in net assets	(153,987)	87,954	(66,033)
Net assets, beginning of year	22,327,727	2,363,485	24,691,212
Net assets, end of year	\$ 22,173,740	\$ 2,451,439	\$ 24,625,179

The accompanying notes are an integral part of these financial statements.

Ronald McDonald House Charities of Jacksonville, Inc.
Statements of Activities

<i>Year Ended December 31, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support			
Contributions and grants	\$ 3,608,113	\$ 30,000	\$ 3,638,113
Room contributions	143,176	-	143,176
In-kind contributions	172,981	-	172,981
Gross revenues from special events	819,599	-	819,599
Less costs of direct benefits to donors	(252,532)	-	(252,532)
Net revenues from special events	567,067	-	567,067
Investment income, net	93,244	48,294	141,538
Net realized investment losses	(1,256)	(2,571)	(3,827)
Net unrealized investment gains	491,436	283,235	774,671
Other income	2,469	-	2,469
Total revenues and other support before net assets released from restrictions	5,077,230	358,958	5,436,188
Net assets released from restrictions -- satisfaction of donor restrictions	141,789	(141,789)	-
Total revenues and other support	5,219,019	217,169	5,436,188
Expenses			
Program services	2,341,280	-	2,341,280
Supporting services			
Management and general	301,907	-	301,907
Fundraising	467,122	-	467,122
Total supporting services	769,029	-	769,029
Total expenses	3,110,309	-	3,110,309
Change in net assets	2,108,710	217,169	2,325,879
Net assets, beginning of year	20,219,017	2,146,316	22,365,333
Net assets, end of year	\$ 22,327,727	\$ 2,363,485	\$ 24,691,212

The accompanying notes are an integral part of these financial statements.

Ronald McDonald House Charities of Jacksonville, Inc.
Statements of Functional Expenses

<i>Year Ended December 31, 2020</i>	Program Services	Management and General	Fundraising	Total Functional Expenses	Costs of Direct Benefits to Donors	Total Expenses
Salaries and benefits	\$ 953,583	\$ 276,364	\$ 314,422	\$ 1,544,369	\$ -	\$ 1,544,369
Program supplies and expense	118,036	-	-	118,036	-	118,036
Professional fees	1,900	9,258	14,073	25,231	-	25,231
Contract services	93,542	-	-	93,542	-	93,542
Printing and publications	3,678	1,315	12,833	17,826	-	17,826
Office supplies and expense	3,295	5,914	1,741	10,950	-	10,950
Postage and shipping	125	181	3,043	3,349	-	3,349
Maintenance and repairs	27,638	-	-	27,638	-	27,638
Dues and subscriptions	516	2,745	1,909	5,170	-	5,170
Telephone	27,919	840	647	29,406	-	29,406
Computer and information technology	24,684	11,805	24,266	60,755	-	60,755
Occupancy	101,132	1,032	1,032	103,196	-	103,196
Travel and lodging	989	3,223	3,023	7,235	-	7,235
Meetings, training and seminars	631	4,150	484	5,265	-	5,265
Depreciation	738,317	7,534	7,534	753,385	-	753,385
Insurance	83,985	1,749	1,750	87,484	-	87,484
Fundraising expenses - indirect	-	858	10,749	11,607	-	11,607
Interest	-	2,132	-	2,132	-	2,132
Bank service fees	467	47	6,602	7,116	-	7,116
Taxes and licenses - other	492	187	350	1,029	-	1,029
Miscellaneous	14,178	2,865	1,022	18,065	-	18,065
Total expenses including costs of direct benefits to donors	2,195,107	332,199	405,480	2,932,786	-	2,932,786
Less cost of direct benefits to donors netted against special event revenues on the statement of activities	-	-	-	-	-	-
Total expenses	\$ 2,195,107	\$ 332,199	\$ 405,480	\$ 2,932,786	\$ -	\$ 2,932,786

The accompanying notes are an integral part of these financial statements.

Ronald McDonald House Charities of Jacksonville, Inc.
Statements of Functional Expenses

<i>Year Ended December 31, 2019</i>	Program Services	Management and General	Fundraising	Total Functional Expenses	Costs of Direct Benefits to Donors	Total Expenses
Salaries and benefits	\$ 969,983	\$ 232,174	\$ 322,385	\$ 1,524,542	\$ -	\$ 1,524,542
Program supplies and expense	205,005	86	96	205,187	-	205,187
Professional fees	1,800	8,808	32,566	43,174	-	43,174
Contract services	98,728	-	-	98,728	-	98,728
Printing and publications	5,136	1,727	8,819	15,682	-	15,682
Office supplies and expense	5,640	7,802	2,315	15,757	-	15,757
Postage and shipping	463	390	2,637	3,490	-	3,490
Maintenance and repairs	25,013	-	-	25,013	-	25,013
Dues and subscriptions	524	2,513	1,994	5,031	-	5,031
Telephone	26,958	996	600	28,554	-	28,554
Computer and information technology	21,662	11,219	15,644	48,525	-	48,525
Occupancy	124,848	1,266	1,266	127,380	-	127,380
Travel and lodging	3,477	8,051	3,720	15,248	-	15,248
Meetings, training and seminars	2,091	7,828	1,094	11,013	-	11,013
Depreciation	753,110	7,685	7,685	768,480	-	768,480
Insurance	83,949	1,749	1,749	87,447	-	87,447
Fundraising expenses - special events	-	-	-	-	252,532	252,532
Fundraising expenses - indirect	685	858	48,437	49,980	-	49,980
Interest	-	8,171	-	8,171	-	8,171
Bank service fees	1,122	176	15,765	17,063	-	17,063
Taxes and licenses - other	364	306	350	1,020	-	1,020
Miscellaneous	10,722	102	-	10,824	-	10,824
Total expenses including costs of direct benefits to donors	2,341,280	301,907	467,122	3,110,309	252,532	3,362,841
Less cost of direct benefits to donors netted against special event revenues on the statement of activities	-	-	-	-	(252,532)	(252,532)
Total expenses	\$ 2,341,280	\$ 301,907	\$ 467,122	\$ 3,110,309	\$ -	\$ 3,110,309

The accompanying notes are an integral part of these financial statements.

Ronald McDonald House Charities of Jacksonville, Inc.
Statements of Cash Flows

<i>For the years Ended December 31,</i>	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (66,033)	\$ 2,325,879
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	753,385	768,480
Donated securities	(29,101)	(25,236)
Proceeds from sale of donated securities	24,125	24,933
Donated property and equipment	(9,727)	(3,000)
Net realized and unrealized gains on investments	(668,355)	(770,844)
Changes in operating assets and liabilities		
Contributions and other receivables	(54,948)	(12,445)
Pledges receivable, net	17,636	95,077
Prepaid expenses and other assets	13,427	(5,938)
Accounts payable and accrued expenses	17,228	(48,589)
Deferred revenue	(44,500)	95,413
Net cash provided (used) by operating activities	(46,863)	2,443,730
Investing activities		
Acquisition of property and equipment	(58,363)	(9,120)
Disposition of property and equipment	1,548	-
Proceeds from sale of investments	1,905,067	280,098
Purchase of investments	(1,538,352)	(2,307,549)
Net cash provided (used) by investing activities	309,900	(2,036,571)
Financing activities		
Payments on borrowings under bank line of credit	-	(268,701)
Payments on capital lease obligation	(3,358)	(3,324)
Acquisition of payroll protection program loan	280,070	-
Acquisition of capital lease	13,495	-
Net cash provided (used) by financing activities	290,207	(272,025)
Net change in cash and cash equivalents	553,244	135,134
Cash and cash equivalents at beginning of year	930,625	795,491
Cash and cash equivalents at end of year	\$ 1,483,869	\$ 930,625

Supplemental disclosure of cash flow information: See Note 19.

The accompanying notes are an integral part of these financial statements.

Ronald McDonald House Charities of Jacksonville, Inc. Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Ronald McDonald House Charities® of Jacksonville, Inc. (the “Organization”) is a nonprofit corporation established to support the health and well-being of children by providing lodging and other services for critically ill, chronically ill and seriously injured children and their families. The Organization is licensed by McDonald’s Corporation as an independent chapter of Ronald McDonald House Charities®, Inc.

The Organization operates a Ronald McDonald House® (the “House”) in Jacksonville, Florida which provides lodging and other support services to families who have children with serious illnesses or injuries admitted to Jacksonville area hospitals. The Organization also operates a Ronald McDonald Family Room® at Wolfson Children’s Hospital, which is volunteer-staffed and provides a place of respite for families visiting their critically ill child.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements 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). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to allowances for uncollectible unconditional promises to give, useful life and depreciation method of property and equipment, fair value of investments, and the allocation of functional expenses.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Ronald McDonald House Charities of Jacksonville, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributions and Other Receivables

Contributions and other receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on contributions and other receivables using the allowance method. The allowance is based on experience and other circumstances, which may affect the receipt of payment. Receivables are considered impaired if full payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. At December 31, 2020 and 2019, there was no allowance for contributions and other receivables as management considers all collectible.

Pledges Receivable

Pledges receivable and unconditional promises to give are recognized as revenue when the donor commits the gift or pledge. Conditional promises to give are recognized as revenue when the specified conditions are substantially met and the promises become unconditional. 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 using a credit risk adjusted discount rate of return of 3.75% for December 31, 2019. All pledges are considered collectable within one year, therefore not adjusted for future cash flows for December 31, 2020.

An allowance for uncollectible pledges is provided when management determines the receivable will not be collected based on experience and other circumstances. At December 31, 2020 and 2019, an allowance for uncollectible pledges of \$5,000 and \$5,117 respectively, was recorded.

Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Realized gains and losses on disposition of investments are determined by comparison to specific cost acquisition to proceeds at the time of disposal. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Ronald McDonald House Charities of Jacksonville, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Estimated useful lives used in computing depreciation are as follows:

Land	Not depreciated
Buildings and improvements	7 - 39 years
Furniture, fixtures and equipment	3 - 10 years
Transportation equipment	5 years

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the future undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying amount of the asset, an impairment loss is recognized. Long-lived assets and certain intangible assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell. No events or circumstances were identified during December 31, 2020 and 2019 that would cause an impairment loss.

Deferred Revenue

Revenues received in advance related to fundraising events or program services that could be returned to the donor should the funding not be spent in accordance with the requirements are recorded as deferred revenue. The revenue is recognized as earned in the period which the event takes place or the program service funding requirements are met.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Ronald McDonald House Charities of Jacksonville, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net Assets (continued)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated a portion of the net assets without donor restrictions to support the organization's mission and to provide an operating reserve.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. It is the Organization's policy to sell donated securities immediately upon receipt.

Donated Services

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 have to be purchased by the Organization. Volunteers also provide fundraising and House program activities throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Ronald McDonald House Charities of Jacksonville, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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. Expenses not charged to a specific program or supporting function require allocation on a reasonable basis that is consistently applied as follows: depreciation, insurance, occupancy (including utilities), and communications expense (telephone and cable), are allocated on an estimated square footage basis. Office equipment expense, including interest on equipment leases, certain office supplies, general postage and printing, certain professional fees, and information technology are allocated based on full-time equivalents. Salaries and wages, payroll taxes and employee benefits are allocated on the basis of actual time and effort.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. Unrelated business income could result from rent, administration of self-insurance activities, and commissions. No unrelated business income has been identified.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2020 and 2019, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued, May 27, 2021. See Note 20 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Ronald McDonald House Charities of Jacksonville, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the impact of this ASU on the Organization's financial reporting.

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This change in accounting principal is effective for fiscal years beginning after June 15, 2021. The Organization is evaluating the impact of this ASU on the Organization's financial reporting.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization receives contributions restricted by donors, and considers contributions restricted for programs, which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization maintains financial assets, consisting of cash and investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are reallocated if necessary. As part of its liquidity management, the Organization invests cash in excess of daily requirements in various investments. In addition, the Organization maintains a board-designated fund that allows for annual spending of income and appreciation approved by the board. Distributions are made annually from donor-restricted perpetual endowment funds based on the endowment spending policy (See Note 10).

Ronald McDonald House Charities of Jacksonville, Inc.
Notes to Financial Statements

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY (continued)

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

<i>December 31,</i>	2020	2019
Total assets at year end	\$ 25,054,174	\$ 24,857,272
Less non-financial assets		
Prepaid expenses and other assets	(17,225)	(30,652)
Property and equipment, net	(15,644,590)	(16,331,433)
Financial assets at year-end	9,392,359	8,495,187
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Board designated funds	(4,018,664)	(3,569,872)
Donor- restricted perpetual endowment	(1,764,406)	(1,764,406)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,609,289	\$ 3,160,909

As more fully described in Note 7, the Organization also had a committed line of credit in the amount of \$500,000, however, this line of credit expired in 2019

In addition, although the Organization does not intend to spend from its board-designated fund, other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation, amounts from its board-designated fund could be made available if necessary.

Ronald McDonald House Charities of Jacksonville, Inc.
Notes to Financial Statements

Note 4: PLEDGES RECEIVABLE

Pledges receivable consist of the following:

<i>December 31,</i>	2020	2019
Due in less than one year	\$ 34,000	\$ 38,500
Due in one to five years	-	13,750
Total restricted pledges	34,000	52,250
Less:		
Allowance for uncollectible pledges	(5,000)	(5,117)
Discount to present value	-	(497)
 Pledges receivable, net	 \$ 29,000	 \$ 46,636

Approximately \$100 in bad debts was written off during the year ended December 31, 2020, and approximately \$14,800 was written off during the year ended December 31, 2019. Pledges receivable with due dates extending beyond one year have been discounted at an annual rate of 3.75% for the year ended December 31, 2019.

Note 5: INVESTMENTS

Investments in marketable securities consist of the following:

<i>December 31, 2020</i>	Cost	Market Value
Money market funds	\$ 442,907	\$ 442,907
Mutual funds	5,784,246	7,011,264
Equities	91,494	211,167
Corporate bonds	49,980	54,212
U.S. government securities	34,203	38,465
Total investments in marketable securities	\$ 6,402,830	\$ 7,758,015
 <i>December 31, 2019</i>	 Cost	 Market Value
Money market funds	\$ 2,324,735	\$ 2,324,735
Mutual funds	4,359,390	4,837,655
Equities	71,042	135,356
Corporate bonds	65,139	67,589
U.S. government securities	84,122	86,064
Total investments in marketable securities	\$ 6,904,428	\$ 7,451,399

Ronald McDonald House Charities of Jacksonville, Inc.
Notes to Financial Statements

Note 5: INVESTMENTS (continued)

The Organization's investment income is summarized as follows:

<i>Year Ended December 31,</i>	2020	2019
Interest and dividend income, net of investment fees	\$ 128,861	\$ 141,538
Net realized (losses) gains	(133,181)	(3,827)
Net unrealized gains (losses)	801,536	774,671
Net investment income (loss)	\$ 797,216	\$ 912,382

Investment fees totaled \$50,597 and \$40,171 for the years ended December 31, 2020 and 2019, respectively.

Note 6: PROPERTY AND EQUIPMENT

Property and equipment- net consist of the following:

<i>December 31,</i>	2020	2019
Land	\$ 1,576,142	\$ 1,576,142
Buildings and improvements	18,485,771	18,485,771
Furniture, fixtures and equipment	1,731,195	1,696,370
Transportation equipment	25,734	25,734
	21,818,842	21,784,017
Less accumulated depreciation	(6,174,252)	(5,452,584)
Total property and equipment	15,644,590	16,331,433
Less restricted land	(450,000)	(450,000)
Total unrestricted property and equipment	\$ 15,194,590	\$ 15,881,433

Depreciation expense was \$753,385 and \$768,480 for the years ended December 31, 2020 and 2019, respectively.

See Note 9 for details on the restricted land.

Ronald McDonald House Charities of Jacksonville, Inc. Notes to Financial Statements

Note 7: BANK LINE OF CREDIT

The Organization secured the following financing with a bank as follows:

- **Facility 1:** \$3 million non-revolving line of credit to refinance the previous bank loan of \$1.6 million and to provide funding for the remaining House expansion and renovation expenditures. Interest is payable monthly at a variable rate based on the 30-day LIBOR index rate, and the principal balance is due at maturity on April 30, 2021. The maximum loan amount was reduced to \$2.5 million effective December 31, 2018, and remains at that amount until maturity. There was no outstanding balance at December 31, 2020 and 2019. Interest expense incurred on the note totaled \$7,949 for the year ended December 31, 2019.
- **Facility 2:** \$500,000 revolving line of credit to provide funding for general operating purposes. Interest is payable monthly at a variable rate based on the 30-day LIBOR index rate, with the principal balance due at maturity on April 30, 2019, with a two-year extension option. This option was not exercised and there has been no extension.

The lines of credit were secured by a letter agreement not to encumber the House campus with additional debt, a first assignment of the Organization's current and future capital campaign pledges receivable, and a first assignment of the capital campaign collection account held with the bank. The Organization had to maintain its primary depository relationship with the bank and a minimum of \$3 million in unrestricted liquidity (cash and investments). The Bank closed its local Jacksonville branch in May 2019, so the depository account moved to a local bank.

Note 8: PAYCHECK PROTECTION PROGRAM

In April 2020, the Organization received a loan in the amount of \$278,100 under the Paycheck Protection Program ("PPP") pursuant to the CARES Act and administered by the SBA and has reported it as part in the accompanying balance sheets. The PPP provides for forgivable loans to qualifying organizations. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent and utilities and the borrower maintains specified levels of payroll and employment.

Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Monthly principal and interest payments on the loan commence on the date the SBA remits the borrower's loan forgiveness amount to the lender or, if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period through the loan maturity date of April 2022.

In April 2021, the Organization has formally received forgiveness of the PPP Loan from the SBA. The SBA forgave the PPP note payable, totaling \$278,100, and paid the lender on behalf of the Company. Further, loans issued under \$2 million may be subject to audit by the SBA. The Company may be required to return a portion of the loan proceeds at the conclusion of the SBA audit. Any proceeds required to be returned will be repaid under the statutory terms of the PPP Program, including interest at 1%.

Ronald McDonald House Charities of Jacksonville, Inc.
Notes to Financial Statements

Note 9: NET ASSETS

A summary of net assets without donor restrictions follows:

<i>December 31</i>	2020	2019
Undesignated	\$ 18,155,076	\$ 18,759,813
Board designated		
House and program operations	4,018,664	3,567,914
Total net assets without donor restrictions	\$ 22,173,740	\$ 22,327,727

A summary of net assets with donor restrictions follows:

<i>December 31,</i>	2020	2019
Purpose restricted		
Future event	\$ -	\$ 30,000
Contributed land	450,000	450,000
Total purpose restricted	450,000	480,000
Subject to the Organization's spending policy and appropriation		
Accumulated gain (loss)	237,033	119,079
Restricted in perpetuity		
Original donor restricted gift amount and amount required to be maintained by donor	1,764,406	1,764,406
Total restricted in perpetuity	2,001,439	1,883,485
Total net assets with donor restrictions	\$ 2,451,439	\$ 2,363,485

Ronald McDonald House Charities of Jacksonville, Inc.
Notes to Financial Statements

Note 9: NET ASSETS (continued)

A summary of the release of donor restrictions follows:

<i>For the years ended December 31,</i>	2020		2019	
Time restrictions	\$	30,000	\$	50,000
Purpose restrictions				
Endowments		91,337		91,789
Total net assets with donor restrictions	\$	121,337	\$	141,789

Net assets with donor restrictions are reclassified to net assets without donor restrictions when the time restrictions expires or the funds are utilized for the restricted purpose.

Net assets with donor restrictions that are perpetual in nature consist of endowment contributions to be held in perpetuity. Funds include the Children’s Legacy Fund and the Kroc Endowment Fund. Contributions to these funds were recorded at fair market value at the time of receipt, \$1,231,574 and \$532,832, respectively. Income from the funds is intended to support House program expenditures and are distributed in accordance with the Organization's endowment spending policy.

The Organization received land with donor restrictions that are perpetual in nature that was recorded at its fair market value at the date of contribution. The land is part of the property on which the facility is built and is donor restricted in perpetuity to be used as the site for the Ronald McDonald House facility. In accordance with the terms of the donor agreement, ownership of the land will revert back to the donor if the land is used for any other purpose and it may not be sold.

Note 10: ENDOWMENTS

The Organization’s endowment consists of two individual funds established to support House program expenditures. Its endowment includes donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Finance Committee of the Organization has interpreted the State of Florida’s Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Ronald McDonald House Charities of Jacksonville, Inc. Notes to Financial Statements

Note 10: ENDOWMENT FUND *(continued)*

The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed in SPMIFA. In accordance with SPMIFA, 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, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies determined and recommended by the Finance Committee, and 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. The Organization engages professional investment advisors to handle the investment of endowed and other funds. 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, alternative investments and money market funds. The Organization expects its endowment assets, over time, to produce an average rate of return of approximately 3% over the inflation rate 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.

Spending Policy. The Organization has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value of the prior 12 quarters through September 30. In no case will the distribution exceed 5% of, nor be less than 3% of, the fair value of endowment assets as of September 30 of the previous year. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, all of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at an average rate as indicated in the previous paragraph, less the annual distribution. 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.

Ronald McDonald House Charities of Jacksonville, Inc.
Notes to Financial Statements

Note 10: ENDOWMENT FUND (continued)

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by the donors or by law (underwater endowments). The Organization has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law. The fund was not underwater for the year ended December 31, 2020 and 2019. The fair value of the fund at years ended December 31, 2020 and 2019 was \$2,001,439 and \$1,883,485 respectively. The original funds amount restricted in perpetuity is \$1,764,406 for both years ended December 31, 2020 and 2019.

Endowment net asset composition by type of fund is as follows:

<i>Year Ended December 31,</i>	2020	2019
Donor-restricted endowment net assets in perpetuity	\$ 1,764,406	\$ 1,764,406
Accumulated surplus (deficit) on donor-restricted endowment net assets available for expenditure	237,033	119,079
Total donor-restricted endowment net assets	\$ 2,001,439	\$ 1,883,485

Changes in endowment net assets follow:

<i>Year Ended December 31,</i>	2020	2019
Endowment net assets - January 1,	\$ 1,883,485	\$ 1,646,316
Investment income	54,565	62,409
Net appreciation (depreciation) on investments	167,407	280,664
Investment management fees	(12,681)	(14,115)
Amounts appropriated for expenditures	(91,337)	(91,789)
Endowment net assets - December 31,	\$ 2,001,439	\$ 1,883,485

Note 11: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Ronald McDonald House Charities of Jacksonville, Inc. Notes to Financial Statements

Note 11: FAIR VALUE MEASUREMENTS *(continued)*

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Equities: Valued at the closing price reported on the active market on which the individual equity securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission (SEC). These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Corporate and municipal bonds: Valued using pricing models maximizing the use of observable inputs for similar securities which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Alternative funds and master limited partnership funds: Valued using pricing models or other valuation methodologies maximizing the use of observable inputs.

Real estate investment trusts: Valued at the daily closing price as reported by the real estate investment trust (REIT). These REIT's are required to publish their daily net asset value (NAV) which is the price at which units can be traded at the measurement date.

Ronald McDonald House Charities of Jacksonville, Inc.
Notes to Financial Statements

Note 11: FAIR VALUE MEASUREMENTS (continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets and liabilities measured at fair value on a recurring basis, are summarized as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Money market funds	\$ 442,907	\$ -	\$ -	\$ 442,907
Mutual funds	6,850,827	-	160,437	7,011,264
Equities	211,167	-	-	211,167
Fixed income	82,464	10,213	-	92,677
Total investments	\$ 7,587,365	\$ 10,213	\$ 160,437	\$ 7,758,015

December 31, 2019	Level 1	Level 2	Level 3	Total
Money market funds	\$ 2,324,735	\$ -	\$ -	\$ 2,324,735
Mutual funds	4,686,591	-	151,064	4,837,655
Equities	135,356	-	-	135,356
Fixed income	153,653	-	-	153,653
Total investments	\$ 7,300,335	\$ -	\$ 151,064	\$ 7,451,399

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended December 31, 2020 and 2019, there were no significant transfers in or out of Levels 1, 2 or 3.

Ronald McDonald House Charities of Jacksonville, Inc.
Notes to Financial Statements

Note 11: FAIR VALUE MEASUREMENTS (continued)

Changes in Fair Value of Level 3 Assets and Related Gains and Losses

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets:

<i>Year Ended December 31,</i>	2020	2019
Fair value, beginning of year	\$ 151,064	\$ 135,803
Level 3 investments purchased	-	7,460
Unrealized gains	9,373	7,801
Fair value, end of year	\$ 160,437	\$ 151,064

Note 12: CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash with a financial institution in excess of the FDIC limit of \$250,000 by approximately \$1,230,000 and \$680,000 at December 31, 2020 and 2019, respectively.

The Organization's credit risk is inherent principally in its investments. Adverse economic conditions either domestically or internationally may result in a reduction of the investments' carrying amount. Market risk of the Organization's investment portfolio is monitored through ongoing review of asset allocations and evaluation by independent investment advisers.

Note 13: COMMITMENTS

The Organization leases certain office equipment accounted for as a capital lease. The capital lease obligation at December 31, 2020 is as follows:

Capital lease payable to a leasing company in monthly installments of \$222; maturing April 2025; collateralized by equipment	\$ 10,996
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Ronald McDonald House Charities of Jacksonville, Inc.
Notes to Financial Statements

Note 13: COMMITMENTS (Continued)

Minimum future lease payments under the capital lease obligation at December 31, 2020 are as follows:

<i>Year Ending December 31,</i>		
2021	\$	2,530
2022		2,563
2023		2,597
2024		2,631
2025		1,002
Total minimum lease payments		11,323
Less amount representing interest		(327)
Present value of minimum lease payments		\$ 10,996

Note 14: DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution retirement plan (the Plan) covering all eligible employees who have completed one year of service and are at least 21 years of age. The Organization matches 50% of the amount contributed by the employee, up to a maximum of 6% of the employee’s gross wages. Employees become 20% vested in the Organization’s contribution for each year of service, up to five years. For the years ended December 31, 2020 and 2019, the Organization’s contributions to the Plan totaled \$16,642 and \$17,314, respectively.

Note 15: DONATED MATERIALS, PROPERTY AND SERVICES

The estimated fair market value of donated materials, property and services included in the financial statements are as follows:

<i>Year Ended December 31,</i>	2020	2019
Fundraising services and expenses	\$ -	\$ 51,049
House program supplies and expenses	70,213	140,572
Property and equipment donations	9,727	3,000
Professional services	9,000	9,000
Other management and general	9,945	20,409
Total donated materials, property and services	\$ 98,885	\$ 224,030

Ronald McDonald House Charities of Jacksonville, Inc.
Notes to Financial Statements

Note 16: SPECIAL EVENTS ACTIVITIES

Due to COVID, all special event activities were cancelled during the year ending December 31, 2020. All revenues collected in relation to these events were released by the donor to be used for general purposes. Therefore, the revenue was reclassified to be included in contributions.

Special events activities, including donated revenues and expenses (Note 15), consist of the following:

<i>Year Ended December 31,</i>	2020	2019
Revenues		
McGala	\$ 119,650	\$ 479,589
Golf Tournament	23,000	203,611
Light Up the House 5k	186,366	136,399
Total revenues before reclass	329,016	819,599
Reclass revenues to contributions	(329,016)	-
Total revenues	-	819,599
Expenses		
Total direct expenses	-	(252,532)
Net special events activities	\$ -	\$ 567,067

Note 17: COMMUNITY FOUNDATION FOR NORTHEAST FLORIDA ENDOWMENTS

The Community Foundation for Northeast Florida, Inc. (the Foundation), a non-profit charitable foundation, previously received donations totaling \$690,775 in the Organization's name. Earnings from these funds are to be used for the benefit and support of the Organization. Amounts available for granting and received by the Organization from the Foundation for the years ended December 31, 2020 and 2019 totaled \$31,240 and \$34,055, respectively.

Note 18: RONALD MCDONALD FAMILY ROOM®

Expenses in salaries for the coordination of volunteers related to the Ronald McDonald Family Room® licensed ancillary program operations (Note 1) include \$14,750 for the year ended December 31, 2019. During 2020, the Room was closed due to COVID. At December 31, 2020, the Room remains closed.

Ronald McDonald House Charities of Jacksonville, Inc.
Notes to Financial Statements

Note 19: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Noncash Investing and Financing Activities

Capital leased assets in the amount of \$13,495 for the year ended December 31, 2020.

Supplemental Cash Flow Disclosure

Cash paid for interest totaled \$2,132 and \$8,171 for the years ended December 31, 2020 and 2019, respectively.

Note 20: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after December 31, 2020 through May 27, 2021, the date the Organization's financial statements were available to be issued.

In April 2021, the Organization has formally received forgiveness of the PPP Loan from the SBA. The SBA forgave the PPP note payable, totaling \$278,100, and paid the lender on behalf of the Company. Further, loans issued under \$2 million may be subject to audit by the SBA. The Company may be required to return a portion of the loan proceeds at the conclusion of the SBA audit. Any proceeds required to be returned will be repaid under the statutory terms of the PPP Program, including interest at 1%.

The Organization received a second PPP loan under the CARES Act in April 2021, in the amount of \$287,000. With this support, the availability of reserve funds and cost-cutting measures, the Organization expects to continue to operate as planned within the constraints resulting from the pandemic.