



Ronald
McDonald
House®
Dallas

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2021 AND 2020



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**RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	5
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	7
CONSOLIDATED STATEMENTS OF CASH FLOWS	9
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	10
SUPPLEMENTARY INFORMATION	
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION	28
CONSOLIDATING STATEMENTS OF ACTIVITIES	30



INDEPENDENT AUDITORS' REPORT

Board of Directors
Ronald McDonald House of Dallas, Inc. and Affiliates
Dallas, Texas

Report on the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Ronald McDonald House of Dallas, Inc. and Affiliates (the Organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House of Dallas, Inc. and Affiliates as of December 31, 2021 and 2020, and the changes in its consolidated net assets and its consolidated 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 (GAAS). 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 for one year after the date the consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organizations'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 consolidated 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.

Supplementary Information

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
June 6, 2022

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

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,807,510	\$ 4,940,982
Accounts Receivable	6,316	1,705
Pledges Receivable, Net of Allowance	169,700	268,095
Short-Term Investments	1,568,463	1,575,373
Prepaid Expenses and Other Assets	61,666	52,813
Total Current Assets	7,613,655	6,838,968
NONCURRENT ASSETS		
Pledges Receivable, Net of Discount	45,351	145,233
Investments	23,916,116	21,405,966
Property and Equipment, Net	20,050,152	21,060,023
Beneficial Interest Held in Trust	406,314	371,360
Total Noncurrent Assets	44,417,933	42,982,582
Total Assets	\$ 52,031,588	\$ 49,821,550
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 117,692	\$ 91,161
Accrued Liabilities	68,400	66,796
Deferred Revenue	19,328	-
Total Current Liabilities	205,420	157,957
NET ASSETS		
Without Donor Restrictions	48,007,343	45,902,432
With Donor Restrictions	3,818,825	3,761,161
Total Net Assets	51,826,168	49,663,593
Total Liabilities and Net Assets	\$ 52,031,588	\$ 49,821,550

See accompanying Notes to Consolidated Financial Statements.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Public Support:			
Contributions and Grants	\$ 1,779,760	\$ 192,937	\$ 1,972,697
In-Kind Contributions	198,685	-	198,685
Special Events Cash Contributions	1,161,307	-	1,161,307
Special Events In-Kind Contributions	75,730	-	75,730
Total Gross Special Events Contributions	<u>1,237,037</u>	<u>-</u>	<u>1,237,037</u>
Total Public Support	3,215,482	192,937	3,408,419
Other Revenue:			
Program Service Fees	67,245	-	67,245
Other Income	299,746	-	299,746
Net Assets Released from Restrictions	171,404	(171,404)	-
Total Other Revenue	<u>538,395</u>	<u>(171,404)</u>	<u>366,991</u>
 Total Revenue and Support	 3,753,877	 21,533	 3,775,410
EXPENSES			
Program Expenses	3,477,365	-	3,477,365
Costs of Direct Benefits to Donors	58,875	-	58,875
Supporting Services	116,223	-	116,223
Fundraising	601,119	-	601,119
Total Expenses	<u>4,253,582</u>	<u>-</u>	<u>4,253,582</u>
 CHANGE IN NET ASSETS FROM OPERATIONS	 (499,705)	 21,533	 (478,172)
 CHANGE IN FAIR VALUE OF BENEFICIAL INTEREST HELD IN TRUST	 -	 34,954	 34,954
 INVESTMENT INCOME, NET	 <u>2,604,616</u>	 <u>1,177</u>	 <u>2,605,793</u>
 CHANGE IN NET ASSETS	 2,104,911	 57,664	 2,162,575
Net Assets - Beginning of Year	<u>45,902,432</u>	<u>3,761,161</u>	<u>49,663,593</u>
 NET ASSETS - END OF YEAR	 <u>\$ 48,007,343</u>	 <u>\$ 3,818,825</u>	 <u>\$ 51,826,168</u>

See accompanying Notes to Consolidated Financial Statements.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Public Support:			
Contributions and Grants	\$ 1,565,594	\$ 336,749	\$ 1,902,343
In-Kind Contributions	72,895	-	72,895
Special Events Cash Contributions	619,285	-	619,285
Special Events In-Kind Contributions	89,941	-	89,941
Total Gross Special Events Contributions	<u>709,226</u>	<u>-</u>	<u>709,226</u>
Total Public Support	<u>2,347,715</u>	<u>336,749</u>	<u>2,684,464</u>
Other Revenue:			
Program Service Fees	64,232	-	64,232
Gain on Disposal of Fixed Assets	69	-	69
Paycheck Protection Program - See Note 21	-	267,700	267,700
Other Income	1,582	-	1,582
Net Assets Released from Restrictions	<u>8,126,967</u>	<u>(8,126,967)</u>	<u>-</u>
Total Other Revenue	<u>8,192,850</u>	<u>(7,859,267)</u>	<u>333,583</u>
Total Revenue and Support	10,540,565	(7,522,518)	3,018,047
EXPENSES			
Program Expenses	3,121,203	-	3,121,203
Costs of Direct Benefits to Donors	19,677	-	19,677
Supporting Services	93,702	-	93,702
Fundraising	718,931	-	718,931
Total Expenses	<u>3,953,513</u>	<u>-</u>	<u>3,953,513</u>
CHANGE IN NET ASSETS FROM OPERATIONS	6,587,052	(7,522,518)	(935,466)
CHANGE IN FAIR VALUE OF BENEFICIAL INTEREST HELD IN TRUST	-	56,604	56,604
INFREQUENT AND UNUSUAL LOSS - SEE NOTE 19	(21,891)	-	(21,891)
INVESTMENT INCOME, NET	<u>2,207,952</u>	<u>1,094</u>	<u>2,209,046</u>
CHANGE IN NET ASSETS	8,773,113	(7,464,820)	1,308,293
Net Assets - Beginning of Year	<u>37,129,319</u>	<u>11,225,981</u>	<u>48,355,300</u>
NET ASSETS - END OF YEAR	<u>\$ 45,902,432</u>	<u>\$ 3,761,161</u>	<u>\$ 49,663,593</u>

See accompanying Notes to Consolidated Financial Statements.

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

	Program	Supporting Services	Fundraising	Cost of Direct Benefits to Donors	Total
Payroll and Related	\$ 1,101,293	\$ 78,719	\$ 284,773	\$ -	\$ 1,464,785
Depreciation	1,270,364	34	49,807	-	1,320,205
Events and Catering	2,180	93	72,429	23,555	98,257
Facility Maintenance and Repairs	388,480	-	19	-	388,499
Professional Fees	170,647	25,926	36,598	8,342	241,513
Utilities	125,177	157	6,400	-	131,734
Miscellaneous	3,673	2	729	731	5,135
Volunteer Program	2,095	-	639	-	2,734
Family Assistance	13,647	-	-	-	13,647
Bank and Merchant Fees	1,456	-	25,693	-	27,149
Marketing	10,526	-	12,077	589	23,192
Staff and Board Development	14,009	2,231	6,954	-	23,194
Groceries and Household Supplies	163,084	-	-	-	163,084
Insurance	81,627	4,535	4,535	-	90,697
Office Expenses	26,915	1,331	49,446	25,658	103,350
Program Supplies	5,965	-	86	-	6,051
Bad Debts (Recoveries)	(9,462)	-	-	-	(9,462)
In-Kind Expenses	105,689	3,195	50,934	-	159,818
	<u>\$ 3,477,365</u>	<u>\$ 116,223</u>	<u>\$ 601,119</u>	<u>\$ 58,875</u>	<u>\$ 4,253,582</u>
Total Expenses					

See accompanying Notes to Consolidated Financial Statements.

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

	Program	Supporting Services	Fundraising	Cost of Direct Benefits to Donors	Total
Payroll and Related	\$ 1,162,025	\$ 71,861	\$ 372,070	\$ -	\$ 1,605,956
Depreciation	1,196,002	177	76,064	-	1,272,243
Events and Catering	923	-	68,543	17,835	87,301
Facility Maintenance and Repairs	219,236	-	574	-	219,810
Professional Fees	165,931	13,885	18,145	-	197,961
Utilities	122,868	133	7,080	-	130,081
Miscellaneous	2,385	2	625	1,841	4,853
Volunteer Program	4,302	-	74	-	4,376
Family Assistance	13,201	-	-	-	13,201
Bank and Merchant Fees	2,190	66	26,338	-	28,594
Marketing	19,642	-	8,328	-	27,970
Staff and Board Development	8,651	1,442	9,662	-	19,755
Groceries and Household Supplies	121,159	-	667	-	121,826
Insurance	76,153	4,231	4,231	-	84,615
Office Expenses	22,826	1,375	36,602	-	60,803
Program Supplies	4,753	-	-	-	4,753
Bad Debts (Recoveries)	(53,233)	-	-	-	(53,233)
In-Kind Expenses	32,189	530	89,928	-	122,647
	<u>\$ 3,121,203</u>	<u>\$ 93,702</u>	<u>\$ 718,931</u>	<u>\$ 19,677</u>	<u>\$ 3,953,513</u>
Total Expenses	<u>\$ 3,121,203</u>	<u>\$ 93,702</u>	<u>\$ 718,931</u>	<u>\$ 19,677</u>	<u>\$ 3,953,513</u>

See accompanying Notes to Consolidated Financial Statements.

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,162,575	\$ 1,308,293
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	1,320,205	1,272,243
Amortization of Discount on Pledges Receivable	(12,617)	(55,023)
Bad Debt (Recoveries)	(9,462)	(53,233)
Donated Fixed Assets	(66,270)	(8,286)
Gain on Disposal of Fixed Assets	-	(69)
Net Realized and Unrealized (Gains) on Investments	(1,631,673)	(1,778,972)
Beneficial Interest Held in Trust	(34,954)	(56,604)
(Increase) Decrease in Assets:		
Accounts Receivable	(4,611)	133,452
Pledges Receivable	41,114	(720)
Prepaid Expenses and Other Assets	(8,853)	3,053
Due from RMHD	-	7,934
Increase (Decrease) in Liabilities:		
Accounts Payable	26,531	(356,670)
Accrued Liabilities	1,604	(396,558)
Deferred Revenue	19,328	(21,921)
Net Cash Provided (Used) by Operating Activities	1,802,917	(3,081)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	3,981,436	12,609,702
Purchase of Investments	(4,853,003)	(12,852,773)
Purchase of Property and Equipment	(244,066)	(993,360)
Net Cash Used in Investing Activities	(1,115,633)	(1,236,431)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of Contributions With Donor Restrictions	179,243	1,065,374
Net Cash Provided by Financing Activities	179,243	1,065,374
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	866,527	(174,138)
Cash and Cash Equivalents - Beginning of Year	4,940,982	5,115,119
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,807,510	\$ 4,940,982
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated Fixed Assets	\$ 66,270	\$ 8,286

See accompanying Notes to Consolidated Financial Statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ronald McDonald House of Dallas, Inc. (RMHD) was incorporated in the state of Texas on June 5, 1978, as a nonprofit organization. RMHD provides a home-away-from-home for families of injured or seriously ill children through the age of 21 who are undergoing treatment at area hospitals. RMHD is primarily supported by contributions from the general public.

Ronald McDonald House of Dallas Endowment Foundation (EF) is a nonprofit organization established on December 9, 1998, to support and benefit RMHD by investing and managing gifts, grants, contributions, and bequests intended to benefit the long-term goals of RMHD, and by holding, managing, and investing an endowment fund for RMHD. Under EF's Articles of Incorporation and Bylaws, RMHD's Board of Directors has the authority to elect a simple majority of EF's trustees. Notwithstanding this relationship, EF is not required by its articles or bylaws to make annual grants or distributions to RMHD.

Ronald McDonald House of Dallas Family Assistance Foundation (FAF) is a nonprofit organization established on December 9, 1998, to support and benefit RMHD and its families by owning, maintaining, and improving the house facility, as well as maintaining an assistance fund to benefit the needs of these families. Under FAF's Articles of Incorporation and Bylaws, RMHD's Board of Directors has the authority to elect a simple majority of FAF's trustees. Notwithstanding this relationship, FAF is not required by its articles or bylaws to make annual grants or distributions to RMHD.

COVID-19 continued to create challenges for Ronald McDonald House of Dallas in 2021. While the Organization was able to serve families throughout the pandemic, it did have to suspend volunteers and groups until June/July of 2021. The Organization was able to have one cooking group a day and had to reduce the number of cooking volunteers to no more than six. The Organization did not bring back any activity groups in 2021. There were greater restrictions on who was able to be served and the Organization could only accept families who needed a five day stay or longer. Due to this and other restrictions as well as the reduction of staff in the building, the number of families the Organization was able to serve significantly decreased. The Organization also had increased costs due to the continued need to cater many of the meals for guest families and to serve all meals in single serving containers for families to eat in their own rooms or outside. The Organization's protocols were extremely effective as it did not have any COVID outbreaks in the facility.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

In February 2021, the Organization incurred extensive damage due to two water suppression pipe breaks during a multi-day winter freeze, which is uncommon in the area where the Organization is located. The Organization's staff quickly flew into action and found temporary housing for the guest families while working to assess and remediate the damage. Families were placed in a hotel for five days and the Organization continued to provide them three meals a day. The Organization never stopped caring for the families. As soon as it was safe, the families returned. However, this was not without modification to how the families were served. The kitchen was out of service, so a makeshift serving station was created in the media room. One section of the building was completely closed off while contractors worked to repair the damage. Furniture and playroom toys were damaged in six rooms. After three months of repairs, all damaged areas were restored. An insurance claim was filed and all costs were covered by replacement value coverage along with a grant covering the deductible portion of the claim. As a result of this experience, the Organization had plumbers come out to assess and advise the Organization on how to best prepare for a similar event in the future.

Basis of Presentation and Consolidation

The accompanying consolidated financial statements include the accounts of RMHD, EF, and FAF, and 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). All significant intercompany transactions and balances have been eliminated in consolidation. The consolidated entities are collectively referred to as the "Organization."

Measure of Operations

The Organization's change in net assets from operations on the consolidated statement of activities and changes in net assets includes all operating revenues and expenses that are an integral part of its program and supporting activities, net assets released from donor restrictions to support operating expenditures and other nonoperating funds to support current operating activities. The measure of operations excludes investment return on investments and infrequent and unusual losses.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these consolidated financial statements include those assumed in recording depreciation, allocation of functional expenses, valuation and allowances for pledges receivable, and fair value of beneficial interest held in trust. Actual results could vary from these estimates.

Cash and Cash Equivalents

All short-term investments with original maturities of ninety days or less are considered to be cash equivalents.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable and Promises to Give

Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires or is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give that are due more than one year beyond the statement of financial position date are discounted to a net present value using an estimated discount factor for risk-free borrowing.

Pledges receivable are considered past due when payments are not made under the terms of the pledge agreement. There were no past due pledges receivable at December 31, 2021 and 2020. FAF had bad debt recoveries of (\$9,462) and (\$53,233) for uncollectible receivables for the years ended December 31, 2021 and 2020, respectively. The allowance for doubtful accounts is established through a provision for bad debts charged to expense and represents management's best estimate of possible losses that may occur within the pledges receivable portfolio; however, its establishment involves an element of uncertainty and future events may cause significant fluctuations. Allocations of the allowance may be made for specific pledges receivable, but the entire allowance is available for any receivable that, in management's judgment, should be written off.

Investments

Investments, which consist of marketable equity securities and debt securities, are reported at their fair values in the consolidated statements of financial position. Securities that have been donated are recorded at the fair value as of the date of the gift. Increases or decreases in fair value are recorded as unrealized gains and losses and are reflected on the consolidated statement of activities and changes in net assets along with all realized gains and losses under the caption "Investment Income, Net."

Split Interest Agreements

The Organization accepts gifts subject to split interest agreements. These gifts are generally in the form of externally managed charitable remainder annuity trusts (CRATs) and charitable remainders unitrusts (CRUTs). At the time the trust is determined to be irrevocable, the beneficial interest held in trust is recorded at fair value which constitutes the present value of estimated future cash receipts to be received from the assets of the trust.

These trusts are revalued annually and the beneficial interest adjusted accordingly. Funds subject to split interest agreements are classified as net assets with donor restrictions based upon donor designations and the passage of time.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost, when purchased, or at fair value as of the date of the gift, when donated. All donations of and expenditures for property and equipment in excess of \$2,000 are capitalized. Major expenditures and expenditures which substantially increase useful lives are capitalized. Maintenance, repairs, and replacements, which do not improve or extend the lives of the respective assets, are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed, and any gain or loss is included in operations.

Depreciation is calculated using the straight-line method at rates sufficient to amortize the related costs over the estimated useful lives of the respective assets. Estimated useful lives as of December 31, 2021 and 2020 are as follows:

Building	25 Years
Furniture and Fixtures, Playground Equipment, and Train Exhibit	3 to 10 Years
Transportation Equipment	3 to 5 Years

Donated Assets, Property and Equipment, and Services

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

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

Deferred Revenue

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 boards have designated, from net assets without donor restrictions, net assets for operating reserve, capital reserve, and board-designated endowment.

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.

Revenue Recognition

Contribution and Grants

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

Conditional grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as Deferred Revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made. The Organization has not received any conditional awards during the years ended December 31, 2021 and 2020.

Sponsorship Revenue

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

Special Event Revenue – Ticket Sales

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of 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. The expenses that are allocated include: salaries and wages, employee benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort; depreciation, insurance, maintenance and repairs, rent, utilities, meetings, education, training and travel, office supplies, technology and telephone, which are allocated based on professional judgment.

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 RMHD, EF, or FAF'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 organizations other than a private foundation under Section 509(a)(2).

RMHD, EF, and FAF each believe that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Concentrations of Credit Risk

Financial instruments exposed to concentrations of credit risk consisted primarily of cash, cash equivalents, pledges receivable, and investments. Cash in excess of federally insured limits is maintained in financial institutions which management considers to be of high credit quality. The Organization did not incur and do not anticipate incurring losses related to these balances. The Organization has a formal investment policy of placing investments in financial institutions and limiting the size of any investment with any single entity or type of investment. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term which could materially affect investment balances.

NOTE 2 LIQUIDITY

The Organization has \$5,062,574 and \$4,245,404 of financial assets, as of December 31, 2021 and 2020, respectively, available to meet cash needs for general expenditures within one year of the statement of financial position date, which consists of total current assets per the statement of financial position, reduced by \$120,000 and \$196,743 of current pledges receivable, as of December 31, 2021 and 2020, respectively, not available for general use because of contractual or donor-imposed restrictions, and reduced by board-designated operating and capital reserve amounts totaling \$2,377,915 and \$2,361,970, respectively, and prepaid expenses and other assets totaling \$61,666 and \$52,813, respectively, as of December 31, 2021 and 2020.

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

NOTE 2 LIQUIDITY (CONTINUED)

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 180 days of normal operating expenses, which are, on average, approximately \$1,325,000.

The Board of Directors designates a portion of any operating surplus to its reserves. These board-designated reserves have been set aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities.

NOTE 3 PLEDGES RECEIVABLE

The pledges receivable at December 31, 2021 and 2020, are expected to be realized in the following periods:

	2021	2020
Amounts due in:		
Less than One Year	\$ 178,200	\$ 286,057
One to Five Years	50,000	162,500
Total	228,200	448,557
Less:		
Allowance for Uncollectible Pledges	8,500	17,962
Unamortized Discount	4,649	17,267
Total Pledges Receivable	\$ 215,051	\$ 413,328

The discount rate used for the years ended December 31, 2021 and 2020 was 5%.

NOTE 4 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 OF DALLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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

	2021			Total
	Level 1	Level 2	Level 3	
Beneficial Interest Held in Trust	\$ -	\$ -	\$ 406,314	\$ 406,314
Class of Investments:				
Mutual Funds - Equities	\$ 13,431,430	\$ -	\$ -	\$ 13,431,430
Mutual Funds - Bonds	1,567,581	-	-	1,567,581
Equities	9,932,119	-	-	9,932,119
EFTs	289,719	-	-	289,719
Total	<u>\$ 25,220,849</u>	<u>\$ -</u>	<u>\$ -</u>	25,220,849
Investment Cash Equivalents				263,730
Total Investments				<u>\$ 25,484,579</u>
	2020			Total
	Level 1	Level 2	Level 3	
Beneficial Interest Held in Trust	\$ -	\$ -	\$ 371,360	\$ 371,360
Class of Investments:				
Mutual Funds - Equities	\$ 14,686,542	\$ -	\$ -	\$ 14,686,542
Mutual Funds - Bonds	1,572,914	-	-	1,572,914
Equities	6,446,797	-	-	6,446,797
Total	<u>\$ 22,706,252</u>	<u>\$ -</u>	<u>\$ -</u>	22,706,252
Investment Cash Equivalents				275,087
Total Investments				<u>\$ 22,981,339</u>

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 3 investments are determined from valuation techniques in which one or more inputs are unobservable. The Organization reviewed and evaluated the values and assumptions used in determining the fair value for Level 3 financial instruments, which is determined by calculating the present value of future distributions expected to be received using published Internal Revenue Service life expectancy tables and discount rates of 1.52% and 0.93% as of December 31, 2021 and 2020, respectively.

The changes in the balances of Level 3 financial assets were as follows for the years ended December 31, 2021 and 2020:

	2021	2020
Beneficial Interest Held in Trust		
Beginning Balance	\$ 371,360	\$ 314,756
Change in Fair Value	34,954	56,604
Ending Balance	<u>\$ 406,314</u>	<u>\$ 371,360</u>

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

NOTE 5 PROPERTY AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>
Land	\$ 2,547,147	\$ 2,547,147
Land Improvements	105,650	105,650
Building	24,858,354	24,810,523
Furniture and Fixtures	2,157,745	2,807,955
Train Exhibit	1,120,136	1,070,210
Transportation Equipment	166,042	99,772
Total, at Cost	<u>30,955,074</u>	<u>31,441,257</u>
Less: Accumulated Depreciation	10,904,922	10,381,234
Total Property and Equipment	<u>\$ 20,050,152</u>	<u>\$ 21,060,023</u>

NOTE 6 BENEFICIAL INTEREST IN TRUST

RMHD is named as a beneficiary in an irrevocable charitable remainder annuity trust held by a third-party trustee. At the date the remainder trust was established, a beneficial interest in trust and restricted contribution revenue was recognized for the present value of the estimated future benefits to be received when the trust assets are distributed. The beneficial interest is adjusted during the term of the trust for changes in the value of the assets. The beneficial interest in the remainder trust is calculated using discount rates of 1.52% and 0.93% at December 31, 2021 and 2020, respectively, a rate of return of 5%, and Internal Revenue Service (IRS) mortality tables.

RMHD's beneficial interest in the trust is \$406,314 and \$371,360 as of December 31, 2021 and 2020, respectively.

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

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
Subject to Expenditure for Specific Purpose:		
Family Room	\$ 26,851	\$ 61,835
Cooking Groups	1,804	6,050
Salad Bar	756	756
Capital Campaign	2,783,416	2,818,049
Capital Reserves	33,658	11,236
Technology	52,151	-
Toy Shop Renovation	20,000	-
Holiday Gift Drive	2,000	-
	2,920,636	2,897,926
Subject to Passage of Time:		
Beneficial Interest Held in Trust	406,314	371,360
	406,314	371,360
Subject to Organization Spending Policy and Appropriation:		
Ronald Mcdonald House Operations:		
Original Donor-Restricted Gift Amount and Amounts		
Required to be Maintained in Perpetuity by Donor	491,875	491,875
Total - Ronald Mcdonald House Operations	491,875	491,875
Total Net Assets With Donor Restrictions	\$ 3,818,825	\$ 3,761,161

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 year ended December 31:

	2021	2020
Purpose Restrictions Accomplished:		
Family Room	\$ 34,984	\$ 675
Turf	-	50,000
Cooking Groups	4,446	2,899
Salad Bar	-	4,372
Capital Campaign	70,125	7,801,321
Paycheck Protection Program	-	267,700
IT Updates	61,849	-
Total Restrictions Released	\$ 171,404	\$ 8,126,967

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

NOTE 9 NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Board-Designated Endowment	\$ 22,578,366	\$ 20,227,694
Board-Designated Operating Reserve	1,568,461	1,575,372
Board-Designated Capital Reserve	809,454	786,598
Total	<u>\$ 24,956,281</u>	<u>\$ 22,589,664</u>

NOTE 10 REVENUE RECOGNITION

The following table shows the Organization's revenue disaggregated according to the timing of the transfer of goods or services:

	<u>2021</u>	<u>2020</u>
Revenue Recognized at a Point in Time		
Medicaid Payments	\$ 50,355	\$ 60,545
Special Event Sponsorships	322,623	331,890
Special Event Ticket Sales	240,831	130,465
Total Revenue Recognized at a Point in Time	<u>\$ 613,809</u>	<u>\$ 522,900</u>

There is no contract revenue recognized over time.

The Organization's contract assets and liabilities consist of:

	<u>2021</u>	<u>2020</u>
Accounts Receivable		
Medicaid Payments	\$ 6,270	\$ 1,705
Total Accounts Receivable	<u>\$ 6,270</u>	<u>\$ 1,705</u>
Deferred Revenue		
Special Events	\$ 19,328	\$ -
Total Deferred Revenue	<u>\$ 19,328</u>	<u>\$ -</u>

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

NOTE 11 DONATED ASSETS AND SERVICES

The Organization received donated materials, investments, equipment, and services for the following purposes for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Operations	\$ 152,093	\$ 34,361
Furnishings for New Construction	9,840	8,286
Special Events	73,996	89,928
Stock	26,165	30,261
Legal	12,321	-
Total	<u>\$ 274,415</u>	<u>\$ 162,836</u>

These amounts are included in revenue as contributions without donor restrictions which are reflected in the consolidated statements of activities and changes in net assets.

NOTE 12 COMMITMENTS AND CONTINGENCIES

Operating Leases

RMHD has obligations under noncancelable lease agreements for the use of office equipment expiring in 2023. Total lease expense was approximately \$8,600 and \$5,700 for the years ended December 31, 2021 and 2020, respectively. Future minimum lease payments required under the agreement are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 8,818
2023	8,818
Total	<u>\$ 17,636</u>

NOTE 13 ENDOWMENTS

The Organization's endowment consists of the following:

- One individual fund established by a donor to provide annual funding for general operations.
- One individual fund of certain net assets without donor restrictions designated by the Boards of the Organization.

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

NOTE 13 ENDOWMENTS (CONTINUED)

Absent explicit donor restrictions to the contrary, the Boards of the Organization have 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 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 fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Boards, for endowment assets that attempt to protect the related assets and provide a reasonable return until authorized use. 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 3.5%, while growing the funds if possible. The Organization expects its endowment assets, over time, to produce an average rate of return greater than the annual distribution amount. 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.

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

NOTE 13 ENDOWMENTS (CONTINUED)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets at December 31, 2020	\$ 20,966,011	\$ 491,875	\$ 21,457,886
Investment Income, Net	2,610,823	-	2,610,823
Contributions	2,168	-	2,168
Other Changes	5,556	-	5,556
Other Expenses	(120,591)	-	(120,591)
Endowment Net Assets at December 31, 2021	\$ 23,463,967	\$ 491,875	\$ 23,955,842
Board-Designated Endowment Funds	\$ 22,578,366	\$ -	\$ 22,578,366
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Retained by Donor	-	491,875	491,875
Portion Subject to Appropriation Under UPMIFA	885,601	-	885,601
Total Funds	\$ 23,463,967	\$ 491,875	\$ 23,955,842

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

NOTE 13 ENDOWMENTS (CONTINUED)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets at December 31, 2019	\$ 18,999,240	\$ 491,875	\$ 19,491,115
Investment Return, Net	2,161,197	-	2,161,197
Contributions	2,957	-	2,957
Other Changes	(5,093)	-	(5,093)
Other Expenses	(192,290)	-	(192,290)
Endowment Net Assets at December 31, 2020	<u>\$ 20,966,011</u>	<u>\$ 491,875</u>	<u>\$ 21,457,886</u>
Board-Designated Endowment Funds	\$ 20,227,694	\$ -	\$ 20,227,694
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Retained by Donor	-	491,875	491,875
Portion Subject to Appropriation Under UPMIFA	<u>738,317</u>	<u>-</u>	<u>738,317</u>
Total Funds	<u>\$ 20,966,011</u>	<u>\$ 491,875</u>	<u>\$ 21,457,886</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 to be retained as a fund of perpetual duration. There were no such deficiencies as of December 31, 2021 and 2020.

Spending Policy

RMHD holds the Kroc Endowment, the income of which is appropriated when earned. All other endowment funds are owned and held by EF. EF targets spending at no more than 3.5% of the average value of its endowment funds over the previous 16 rolling quarters ending June of the previous year. RMHD may request contributions from EF, which has absolute discretion regarding whether and when to make contributions to RMHD.

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

NOTE 14 RETIREMENT PLAN

RMHD has a 401(k) defined contribution retirement plan covering all employees meeting specified eligibility requirements. RMHD contributed \$79,436 and \$80,334 to the plan for the years ended December 31, 2021 and 2020, respectively.

NOTE 15 RELATIONSHIPS WITH AFFILIATES

The board of trustees of EF adopted a Total Return Policy (the Policy) to guide in the distribution of funds from EF to RMHD. Under the terms of the Policy, EF may distribute annually (if requested) up to, but not more than, 3.5% of the average value of its investment assets over the previous 16 rolling quarters to RMHD.

RMHD maintains individual administrative agreements with FAF and EF, wherein RMHD agrees to provide personnel and office facilities for the management of the administrative and business affairs of FAF and EF. In exchange, FAF and EF agree to pay fees to RMHD to be determined by the parties in accordance with procedures set forth in the agreements. The agreements will continue year-to-year until terminated by mutual agreement or with 30 days written notice from any one of the three parties. During 2021 and 2020, no fees were allocated to FAF or EF by RMHD.

NOTE 16 PUBLIC SUPPORT REVENUE

Public support revenue consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Contributions	\$ 2,171,382	\$ 1,975,238
Special Events:		
40th Anniversary Cookbook	417,289	-
Young Friends' Auction	19,526	12,570
The Trains at Northpark	800,222	696,656
Total Special Events	<u>1,237,037</u>	<u>709,226</u>
Total Public Support	<u>\$ 3,408,419</u>	<u>\$ 2,684,464</u>

NOTE 17 RELATED PARTY TRANSACTIONS

At December 31, 2021 and 2020, pledges receivable due from related parties for both the capital campaign and operations were \$10,000 and \$15,360, respectively. These amounts are included in pledges receivable in the Statements of Financial Position.

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

NOTE 18 CONCENTRATIONS

For the year ended December 31, 2021 and 2020, RMHD did not receive significant pledges from specific donors.

NOTE 19 INFREQUENT AND UNUSUAL LOSS

During the year ended December 31, 2020, due to the ongoing COVID-19 pandemic, the Organization was forced to cancel several special events as a result of government shutdown orders and an abundance of caution for social distancing protocols. Certain expenses for these cancelled events had already been prepaid and could not be recouped by the Organization. During the year ended December 31, 2021 and 2020 infrequent and unusual losses totaled \$-0- and \$21,891, respectively.

NOTE 20 RECENT ACCOUNTING PRONOUCEMENTS

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of 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.

NOTE 21 PAYCHECK PROTECTION PROGRAM

On April 11, 2020, RMHD received a loan from BOKF, NA dba Bank of Oklahoma in the amount of \$267,700 to fund payroll, rent, utilities, and existing mortgage obligations through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for seven months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Loan bears interest at a fixed rate of 1% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. The amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from April 11, 2020 to September 26, 2020 is the time that the Organization hadDR to spend their PPP Loan funds.

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

NOTE 21 PAYCHECK PROTECTION PROGRAM (CONTINUED)

Management has determined that RMHD met the conditions to recognize full forgiveness of the note payable in the amount of \$267,700 as of December 31, 2020 as the Organization had incurred allowable costs as noted above in that amount through year-end. RMHD was notified by BOKF, NA dba Bank of Oklahoma on January 29, 2021 that the Small Business Administration had formally forgiven and cancelled the note payable in full.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

NOTE 22 SUBSEQUENT EVENTS

Management evaluated subsequent events through June 6, 2022, which is the date the financial statements were available to be issued.

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Ronald McDonald House of Dallas, Inc.	Ronald McDonald House of Dallas Endowment Foundation	Ronald McDonald House of Dallas Family Assistance Foundation	Consolidated Balance
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 2,481,370	\$ 39,726	\$ 3,286,414	\$ 5,807,510
Accounts Receivable	6,316	-	-	6,316
Pledges Receivable, Net of Allowance	58,200	-	111,500	169,700
Short-Term Investments	1,568,463	-	-	1,568,463
Prepaid Expenses and Other Assets	35,112	-	26,554	61,666
Total Current Assets	<u>4,149,461</u>	<u>39,726</u>	<u>3,424,468</u>	<u>7,613,655</u>
NONCURRENT ASSETS				
Pledges Receivable, Net of Discount Investments	-	-	45,351	45,351
Investments	1,377,476	22,538,640	-	23,916,116
Intercompany Receivable (Payable)	155,622	-	(155,622)	-
Property and Equipment, Net	196,110	-	19,854,042	20,050,152
Beneficial Interest Held in Trust	406,314	-	-	406,314
Total Noncurrent Assets	<u>2,135,522</u>	<u>22,538,640</u>	<u>19,743,771</u>	<u>44,417,933</u>
Total Assets	<u>\$ 6,284,983</u>	<u>\$ 22,578,366</u>	<u>\$ 23,168,239</u>	<u>\$ 52,031,588</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 100,376	\$ -	\$ 17,316	\$ 117,692
Accrued Liabilities	68,400	-	-	68,400
Deferred Revenue	19,328	-	-	19,328
Total Current Liabilities	<u>188,104</u>	<u>-</u>	<u>17,316</u>	<u>205,420</u>
NET ASSETS				
Without Donor Restrictions	5,136,046	22,578,366	20,292,931	48,007,343
With Donor Restrictions	960,833	-	2,857,992	3,818,825
Total Net Assets	<u>6,096,879</u>	<u>22,578,366</u>	<u>23,150,923</u>	<u>51,826,168</u>
Total Liabilities and Net Assets	<u>\$ 6,284,983</u>	<u>\$ 22,578,366</u>	<u>\$ 23,168,239</u>	<u>\$ 52,031,588</u>

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Ronald McDonald House of Dallas, Inc.	Ronald McDonald House of Dallas Endowment Foundation	Ronald McDonald House of Dallas Family Assistance Foundation	Consolidated Balance
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,996,686	\$ 47,684	\$ 2,896,612	\$ 4,940,982
Accounts Receivable	1,705	-	-	1,705
Pledges Receivable, Net of Allowance	89,314	-	178,781	268,095
Short-Term Investments	1,575,373	-	-	1,575,373
Prepaid Expenses and Other Assets	46,600	3,106	3,107	52,813
Total Current Assets	<u>3,709,678</u>	<u>50,790</u>	<u>3,078,500</u>	<u>6,838,968</u>
NONCURRENT ASSETS				
Pledges Receivable, Net of Discount Investments	-	-	145,233	145,233
Intercompany Receivable (Payable)	1,230,192	20,175,774	-	21,405,966
Property and Equipment, Net	221,524	1,130	(222,654)	-
Beneficial Interest Held in Trust	155,526	-	20,904,497	21,060,023
	371,360	-	-	371,360
Total Noncurrent Assets	<u>1,978,602</u>	<u>20,176,904</u>	<u>20,827,076</u>	<u>42,982,582</u>
Total Assets	<u>\$ 5,688,280</u>	<u>\$ 20,227,694</u>	<u>\$ 23,905,576</u>	<u>\$ 49,821,550</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 91,161	\$ -	\$ -	\$ 91,161
Accrued Liabilities	66,796	-	-	66,796
Total Current Liabilities	<u>157,957</u>	<u>-</u>	<u>-</u>	<u>157,957</u>
NET ASSETS				
Without Donor Restrictions	4,587,214	20,227,694	21,087,524	45,902,432
With Donor Restrictions	943,109	-	2,818,052	3,761,161
Total Net Assets	<u>5,530,323</u>	<u>20,227,694</u>	<u>23,905,576</u>	<u>49,663,593</u>
Total Liabilities and Net Assets	<u>\$ 5,688,280</u>	<u>\$ 20,227,694</u>	<u>\$ 23,905,576</u>	<u>\$ 49,821,550</u>

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Ronald McDonald House of Dallas, Inc.	Ronald McDonald House of Dallas Endowment Foundation	Ronald McDonald House of Dallas Family Assistance Foundation	Consolidated Balance
REVENUE AND SUPPORT				
Public Support:				
Contributions and Grants	\$ 1,807,015	\$ 2,168	\$ 163,514	\$ 1,972,697
In-Kind Contributions	176,524	-	22,161	198,685
Total Gross Contributions	<u>1,983,539</u>	<u>2,168</u>	<u>185,675</u>	<u>2,171,382</u>
Special Event Cash Contributions	1,161,307	-	-	1,161,307
Special Event In-Kind Contributions	<u>75,730</u>	<u>-</u>	<u>-</u>	<u>75,730</u>
Total Gross Special Events Contributions	<u>1,237,037</u>	<u>-</u>	<u>-</u>	<u>1,237,037</u>
Total Public Support	<u>3,220,576</u>	<u>2,168</u>	<u>185,675</u>	<u>3,408,419</u>
Other Revenue:				
Program Service Fees	67,245	-	-	67,245
Other Income	1,626	-	298,120	299,746
Intercompany Contributions (Distributions)	<u>(257,445)</u>	<u>-</u>	<u>257,445</u>	<u>-</u>
Total Other Revenue	<u>(188,574)</u>	<u>-</u>	<u>555,565</u>	<u>366,991</u>
Total Revenue and Support	3,032,002	2,168	741,240	3,775,410
EXPENSES				
Program Expenses	1,897,504	104,091	1,475,770	3,477,365
Costs of Direct Benefits to Donors	58,875	-	-	58,875
Supporting Services	96,141	2,617	17,465	116,223
Fundraising	594,396	1,858	4,865	601,119
Total Expenses	<u>2,646,916</u>	<u>108,566</u>	<u>1,498,100</u>	<u>4,253,582</u>
CHANGE IN NET ASSETS FROM OPERATIONS	385,086	(106,398)	(756,860)	(478,172)
CHANGE IN FAIR VALUE OF BENEFICIAL INTEREST HELD IN TRUST	34,954	-	-	34,954
INVESTMENT INCOME, NET	<u>146,516</u>	<u>2,457,070</u>	<u>2,207</u>	<u>2,605,793</u>
CHANGE IN NET ASSETS	566,556	2,350,672	(754,653)	2,162,575
Net Assets - Beginning of Year	<u>5,530,323</u>	<u>20,227,694</u>	<u>23,905,576</u>	<u>49,663,593</u>
NET ASSETS - END OF YEAR	<u>\$ 6,096,879</u>	<u>\$ 22,578,366</u>	<u>\$ 23,150,923</u>	<u>\$ 51,826,168</u>

RONALD MCDONALD HOUSE OF DALLAS, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Ronald McDonald House of Dallas, Inc.	Ronald McDonald House of Dallas Endowment Foundation	Ronald McDonald House of Dallas Family Assistance Foundation	Consolidated Balance
REVENUE AND SUPPORT				
Public Support:				
Contributions and Grants	\$ 1,793,641	\$ 2,957	\$ 105,745	\$ 1,902,343
In-Kind Contributions	62,967	-	9,928	72,895
Total Gross Contributions	<u>1,856,608</u>	<u>2,957</u>	<u>115,673</u>	<u>1,975,238</u>
Special Event Cash Contributions	619,285	-	-	619,285
Special Event In-Kind Contributions	89,941	-	-	89,941
Total Gross Special Events Contributions	<u>709,226</u>	<u>-</u>	<u>-</u>	<u>709,226</u>
Total Public Support	<u>2,565,834</u>	<u>2,957</u>	<u>115,673</u>	<u>2,684,464</u>
Other Revenue:				
Program Service Fees	64,232	-	-	64,232
Gain on Disposal of Fixed Assets	69	-	-	69
Paycheck Protection Program - See Note 21	267,700	-	-	267,700
Other Income	1,582	-	-	1,582
Intercompany Contributions (Distributions)	(72,119)	119	72,000	-
Total Other Revenue	<u>261,464</u>	<u>119</u>	<u>72,000</u>	<u>333,583</u>
Total Revenue and Support	2,827,298	3,076	187,673	3,018,047
EXPENSES				
Program Expenses	1,867,128	85,746	1,168,329	3,121,203
Costs of Direct Benefits to Donors	19,677	-	-	19,677
Supporting Services	87,094	2,187	4,421	93,702
Fundraising	708,676	1,542	8,713	718,931
Total Expenses	<u>2,682,575</u>	<u>89,475</u>	<u>1,181,463</u>	<u>3,953,513</u>
CHANGE IN NET ASSETS FROM OPERATIONS	144,723	(86,399)	(993,790)	(935,466)
CHANGE IN FAIR VALUE OF BENEFICIAL INTEREST HELD IN TRUST	56,604	-	-	56,604
INFREQUENT AND UNUSUAL LOSS - SEE NOTE 19	(21,891)	-	-	(21,891)
INVESTMENT INCOME, NET	<u>135,665</u>	<u>2,070,362</u>	<u>3,019</u>	<u>2,209,046</u>
CHANGE IN NET ASSETS	315,101	1,983,963	(990,771)	1,308,293
Net Assets - Beginning of Year	<u>5,215,222</u>	<u>18,243,731</u>	<u>24,896,347</u>	<u>48,355,300</u>
NET ASSETS - END OF YEAR	<u>\$ 5,530,323</u>	<u>\$ 20,227,694</u>	<u>\$ 23,905,576</u>	<u>\$ 49,663,593</u>