

Ronald McDonald House of Cleveland, Inc.

Consolidated Financial Report
December 31, 2019

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RSM US LLP

Independent Auditor's Report

To the Board of Trustees
Ronald McDonald House of Cleveland, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Ronald McDonald House of Cleveland, Inc., which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House of Cleveland, Inc. as of December 31, 2019 and 2018, and the change 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations 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 financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Cleveland, Ohio
September 14, 2020

Ronald McDonald House of Cleveland, Inc.

Consolidated Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents:		
Operating	\$ 1,352,342	\$ 455,839
Capital campaign	83,221	92,340
Barter account	127,722	109,915
Money markets	285,750	180,571
Construction	-	92,825
Sinking fund	-	2,752,872
Total cash and cash equivalents	1,849,035	3,684,362
Certificates of deposit	99,994	149,829
Receivables:		
Capital campaign pledges, net	321,500	322,150
Pledges and grants	207,324	181,390
Other	638	37,193
Prepaid expenses and other assets	16,039	44,822
Total current assets	2,494,530	4,419,746
Other assets:		
Funds held by others	16,743	13,810
Capital campaign pledges, net	12,724	308,298
Investments	4,877,721	4,225,575
Note receivable	-	3,930,000
	4,907,188	8,477,683
Property, buildings and equipment:		
Vehicles	58,485	58,485
Land, building and improvements	15,053,814	15,036,427
Furniture, fixtures and equipment	1,510,925	1,527,891
	16,623,224	16,622,803
Accumulated depreciation	(5,695,891)	(5,260,457)
Net property, buildings and equipment	10,927,333	11,362,346
 Total assets	 \$ 18,329,051	 \$ 24,259,775

See notes to consolidated financial statements.

Ronald McDonald House of Cleveland, Inc.

Consolidated Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 234,619	\$ 257,127
Deferred revenue	29,830	12,939
Notes payable	-	2,500,000
Total current liabilities	264,449	2,770,066
Long-term liabilities:		
Notes payable	-	8,424,000
Less: deferred financing costs, net	-	620,829
Total long-term liabilities	-	7,803,171
Total liabilities	264,449	10,573,237
Net assets:		
Without donor restrictions:		
Operating	3,105,355	7,054,344
Board designated	1,500,000	1,500,000
Capital fund	272,628	268,524
Net investment in plant	10,927,333	3,191,218
Total without donor restrictions	15,805,316	12,014,086
With donor restrictions	2,259,286	1,672,452
Total net assets	18,064,602	13,686,538
Total liabilities and net assets	\$ 18,329,051	\$ 24,259,775

See notes to consolidated financial statements.

Ronald McDonald House of Cleveland, Inc.

Consolidated Statement of Activities
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Room revenue	\$ 301,275	\$ -	\$ 301,275
Allowance for "no charge" rooms	(156,459)	-	(156,459)
Net room revenue	144,816	-	144,816
In-kind	483,030	-	483,030
Contributions	1,467,887	464,869	1,932,756
Special events, net	460,743	-	460,743
Annual fund	423,803	-	423,803
Contributions - related party	80,000	-	80,000
Other income	120,000	-	120,000
Net assets released from restrictions	165,754	(165,754)	-
Total operating support and revenues	3,346,033	299,115	3,645,148
Expenses:			
Program service	3,245,776	-	3,245,776
Management and general	483,345	-	483,345
Fundraising	464,160	-	464,160
Total expenses	4,193,281	-	4,193,281
(Decrease) increase from operating activity	(847,248)	299,115	(548,133)
Non-operating activity:			
Interest and dividends	119,855	35,811	155,666
Interest expense	(274,516)	-	(274,516)
Net gain on exercise of put option	4,343,658	-	4,343,658
Realized gain on investments	124,152	55,491	179,643
Unrealized gain on investments	442,560	196,417	638,977
Loss on disposal of fixed assets	(3,750)	-	(3,750)
Construction loan fees	(113,481)	-	(113,481)
Total non-operating activity	4,638,478	287,719	4,926,197
Change in net assets	3,791,230	586,834	4,378,064
Net assets at beginning of year	12,014,086	1,672,452	13,686,538
Net assets at end of year	\$ 15,805,316	\$ 2,259,286	\$ 18,064,602

See notes to consolidated financial statements.

Ronald McDonald House of Cleveland, Inc.

Consolidated Statement of Activities
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Room revenue	\$ 277,040	\$ -	\$ 277,040
Allowance for "no charge" rooms	(134,745)	-	(134,745)
Net room revenue	142,295	-	142,295
In-kind	738,452	-	738,452
Contributions	1,299,718	165,754	1,465,472
Special events, net	463,609	-	463,609
Annual fund	444,632	-	444,632
Contributions - related party	80,000	-	80,000
Other income	20,000	-	20,000
Net assets released from restrictions	199,247	(199,247)	-
Total operating support and revenues	3,387,953	(33,493)	3,354,460
Expenses:			
Program service	3,265,397	-	3,265,397
Management and general	450,603	-	450,603
Fundraising	436,358	-	436,358
Total expenses	4,152,358	-	4,152,358
Decrease from operating activity	(764,405)	(33,493)	(797,898)
Non-operating activity:			
Interest and dividends	112,209	39,545	151,754
Interest expense	(327,720)	-	(327,720)
Realized gain on investments	66,723	40,495	107,218
Unrealized loss on investments	(280,252)	(169,311)	(449,563)
Construction loan fees	(115,512)	-	(115,512)
Total non-operating activity	(544,552)	(89,271)	(633,823)
Change in net assets	(1,308,957)	(122,764)	(1,431,721)
Net assets at beginning of year	13,323,043	1,795,216	15,118,259
Net assets at end of year	\$ 12,014,086	\$ 1,672,452	\$ 13,686,538

See notes to consolidated financial statements.

Ronald McDonald House of Cleveland, Inc.

**Consolidated Statement of Functional Expenses
Year Ended December 31, 2019**

	Program service	Management and General	Fundraising	Total
Salaries and benefits	\$ 1,274,464	\$ 315,332	\$ 267,094	\$ 1,856,890
Depreciation and amortization	527,297	27,752	-	555,049
In-kind	469,411	-	-	469,411
Repairs and maintenance	224,897	11,837	-	236,734
Annual fund	-	-	184,551	184,551
Utilities	157,011	8,264	-	165,275
Professional fees	55,535	84,240	-	139,775
Supplies	121,041	6,371	-	127,412
Miscellaneous	94,274	21,333	5,333	120,940
Promotional	66,315	-	-	66,315
Family Room/Hospitality Suite	65,450	-	-	65,450
Red Treehouse	43,523	-	-	43,523
Telephone	39,156	2,175	2,175	43,506
Dues and subscriptions	34,365	-	-	34,365
Insurance	25,316	1,406	1,406	28,128
Volunteer activities	19,422	-	-	19,422
STAR Center	11,691	-	-	11,691
Travel	7,605	1,086	2,173	10,864
Office	6,209	1,686	1,428	9,323
Program expansion	2,794	1,863	-	4,657
Total expenses	\$ 3,245,776	\$ 483,345	\$ 464,160	\$ 4,193,281

See notes to consolidated financial statements.

Ronald McDonald House of Cleveland, Inc.

**Consolidated Statement of Functional Expenses
Year Ended December 31, 2018**

	Program service	Management and General	Fundraising	Total
Salaries and benefits	\$ 1,176,180	\$ 298,325	\$ 236,185	\$ 1,710,690
Depreciation and amortization	522,364	27,492	-	549,856
In-kind	674,452	-	-	674,452
Repairs and maintenance	213,378	11,230	-	224,608
Annual fund	-	-	187,733	187,733
Utilities	161,293	8,489	-	169,782
Professional fees	25,259	68,800	-	94,059
Supplies	110,664	5,824	-	116,488
Miscellaneous	95,103	23,237	5,809	124,149
Promotional	57,409	-	-	57,409
Family Room/Hospitality Suite	62,651	-	-	62,651
Red Treehouse	33,691	-	-	33,691
Telephone	35,425	1,968	1,968	39,361
Dues and subscriptions	38,008	-	-	38,008
Insurance	24,539	1,363	1,363	27,265
Volunteer activities	17,055	-	-	17,055
STAR Center	3,453	-	-	3,453
Travel	4,566	652	1,305	6,523
Office	8,853	2,520	1,995	13,368
Program expansion	1,054	703	-	1,757
Total expenses	\$ 3,265,397	\$ 450,603	\$ 436,358	\$ 4,152,358

See notes to consolidated financial statements.

Ronald McDonald House of Cleveland, Inc.

**Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018**

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 4,378,064	\$ (1,431,721)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net gain on exercise of put option	(4,343,658)	-
Unrealized (gain) loss on investments	(638,977)	449,563
Realized gain on investments	(179,643)	(107,218)
Change in allowance for uncollectible pledges	(3,096)	(3,117)
Change in discount on pledges receivable	(10,230)	(19,670)
Depreciation and amortization	555,049	549,856
Loss on disposal of fixed assets	3,750	-
Contributed property, buildings and equipment	(13,619)	(64,000)
Changes in assets and liabilities:		
Receivables	320,171	287,056
Prepaid expenses and other assets	28,783	10,495
Accounts payable and accrued expenses	(22,508)	30,761
Deferred revenue	16,891	(44,463)
Net cash provided by (used in) operating activities	90,977	(342,458)
Cash flows from investing activities:		
Purchase of property, buildings and equipment	(84,299)	(96,181)
Payments received on notes receivable	310,235	-
Miscellaneous proceeds in connection with the exit of the New Market Tax Credit transaction	134,384	-
Purchase of investments	(318,721)	(827,899)
Redemptions of certificates of deposit	149,835	-
Purchase of certificates of deposit	(100,000)	(149,829)
Proceeds from sale of investments	482,262	994,358
Net cash provided by (used in) investing activities	573,696	(79,551)
Cash flows from financing activities:		
Payments on long-term debt	(2,500,000)	-
Net cash used by financing activities	(2,500,000)	-
Net decrease in cash and cash equivalents	(1,835,327)	(422,009)
Cash and cash equivalents:		
Beginning	3,684,362	4,106,371
Ending	\$ 1,849,035	\$ 3,684,362

See notes to consolidated financial statements.

Ronald McDonald House of Cleveland, Inc.

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Mission: Ronald McDonald House of Cleveland, Inc. supports families whose children receive treatment at area medical centers by providing a home-like environment and essential resources and services.

Friends of the Garden House, Inc., a supporting organization of the Ronald McDonald House of Cleveland, Inc., and was created primarily to facilitate execution of the new market tax credit transaction as disclosed in Note 8. The Friends of the Garden House, Inc. was dissolved in 2019 and the remaining net assets in the amount of \$525,676 were transferred to Ronald McDonald House of Cleveland, Inc.

Significant accounting policies consist of the following:

Basis of consolidation: These consolidated financial statements include the financial activity of the Ronald McDonald House of Cleveland, Inc. and Friends of the Garden House, Inc. (collectively, the "financial statements"). Collectively, these organizations are referred to as "RMH" in these financial statements. All intercompany transactions have been eliminated in the consolidation.

Basis of presentation: The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. RMH is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are net assets that are free of donor imposed restrictions as well as net assets designated by the governing board.

Net assets with donor restrictions include net assets from grants, contributions, investment income or other inflows where the use is limited by donor imposed restrictions that either expire by the passage of time or can be fulfilled by actions of RMH. Net assets with donor restrictions also includes net assets required to be held in perpetuity as imposed by the donor.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related asset is limited by donor imposed restrictions. When a donor restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, donor restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

Room revenue: RMH recognizes room revenue at its net realized value as cash is collected.

Contributions: RMH recognizes contributions as revenue in the period in which the pledge (promise to give) is received. RMH considers all contributions to be without donor restrictions unless specifically restricted by the donor. Donated items are reflected as contributions at their estimated fair value at the time of the donation.

Ronald McDonald House of Cleveland, Inc.

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Cash and cash equivalents: Cash and cash equivalents include highly liquid debt instruments with a maturity, when purchased, of three months or less and are stated at cost, which approximates fair value.

Certificates of deposit: Certificates of deposit are stated at fair value.

Concentration of credit risk: Financial instruments that potentially subject RMH to concentrations of credit risk consist principally of cash and cash equivalents and investments. RMH maintains its cash and cash equivalents with financial institutions and although at times invested amounts exceed federally insured limits, management does not believe RMH is exposed to any substantial credit risk. Investments are subject to market fluctuation; therefore, the investment portfolio is monitored on a regular basis by management.

Allowance: Management estimates an allowance based on their review of delinquent accounts and an assessment of RMH's historical evidence of collections. On a continuing basis, management analyzes delinquent accounts receivable and, once those receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account. The Organization does not have a policy for charging interest on past due balances. At December 31, 2019 and 2018, RMH had an allowance of \$3,386 and \$6,482, respectively, for uncollectible pledges receivables.

Pledges receivable: 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 cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Investments: In accordance with the *Investments - Debt and Equity Securities Topic of the Accounting Standards Codification (ASC)*, investments are reported in the statements of financial position at fair value with any realized and unrealized gains and losses reported in the statements of activities. Investment income and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless a donor or law imposes restrictions on their use.

RMH invests in a professionally managed portfolio that contains fixed income and equity investments. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term could materially affect investment balances and the amounts reported in the financial statements.

The realized gains and losses represent the difference between the proceeds and the carrying value of investments sold. Unrealized gains and losses represent the difference between the cost and fair value of the investment.

Ronald McDonald House of Cleveland, Inc.

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Property, buildings and equipment: Property, buildings and equipment are stated at cost at date of acquisition or fair value at the date of donation. Expenditures that significantly increase values, change capacities or extend useful lives are capitalized. Maintenance and repairs necessary to maintain property and equipment in operating condition are charged to operations. Costs of additions and improvements are capitalized. Leasehold improvements are amortized over the lease term. Depreciation is provided on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Vehicles	5
Furniture, fixtures and equipment	5-10
Buildings and improvements	10-40

Depreciation expense was \$529,181 and \$523,988 for the years ended December 31, 2019 and 2018, respectively.

Deferred financing costs: Deferred financing costs were amortized over the life of the respective loans using a method which approximated the effective-interest method. Amortization expense was \$25,868 during the year ended December 31, 2019. The loans associated with these financing costs were forgiven during the year ended December 31, 2019 as a result of the New Market Tax Credit transaction, resulting in a write-off of \$594,961, which is netted with the gain on the exercise of the put option on the statement of activities (see Note 8). Accumulated amortization was \$155,208 at December 31, 2018 and amortization expense was \$25,868 for the year ended December 31, 2018.

Valuation of long-lived assets: RMH requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. For the years ended December 31, 2019 and 2018, no impairment losses were recognized.

Deferred revenue: The deferred revenue consists of cash collected in advance for the Euclid Corridor project and special events at December 31, 2019 and 2018, respectively.

Board designated net assets: RMH's Board of Trustees has designated \$1.5 million in net assets to function as an operating reserve at December 31, 2019 and 2018, respectively.

Allocation of functional expenses: The financial statements report certain categories of expense that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Depreciation and amortization, insurance, repairs and maintenance, supplies, and utilities are allocated based on square footage. Professional fees, program expansion, travel, telephone, and miscellaneous are allocated based on full-time equivalents. Salaries and benefits and office expenses are allocated on the basis of estimates of time and effort.

Ronald McDonald House of Cleveland, Inc.

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income taxes: The Ronald McDonald House of Cleveland, Inc. is a not-for-profit organization as described in section 501(c)(3) of the Internal Revenue Code. The Ronald McDonald House of Cleveland, Inc. is exempt from federal income taxes on related income pursuant to 501(a) of the Internal Revenue Code. Friends of the Garden House, Inc. is a not-for profit organization as described in section 501(c)(3) of the Internal Revenue Code and a supporting organization as described in section 509(a)(3) of the Internal Revenue Code.

The Financial Accounting Standards Board (FASB) provides guidance for how uncertain income tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing RMH's tax returns to determine whether the tax positions are more-likely-than-not of being sustained when challenged or when examined by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year. For the years ended December 31, 2019 and 2018, management has determined that there are no uncertain tax positions.

Recent accounting pronouncements: In June 2018, The FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The objective of this statement is to assist entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange transactions subject to other guidance and determining whether a contribution is conditional. For transactions in which an entity is the resource recipient, the statement was effective for fiscal years beginning after December 15, 2018. For transactions in which the entity serves as a resource provider, the statement is effective for fiscal years beginning after December 15, 2019. RMH adopted the portion of this standard applicable to transactions where they are the resource recipient effective January 1, 2019, which did not have a significant impact on the financial statements.

In November 2016, the FASB issued ASU 2016-18, "*Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*." This ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. For all non-public entities, this guidance is effective for fiscal years beginning after December 31, 2018, and interim periods within fiscal years beginning after December 31, 2019. Early adoption is permitted, and retrospective application is required. RMH adopted this standard during the year ended December 31, 2019, which did not have a significant impact on the financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts from Customers (Topic 606)*, requiring an Organization to recognize the amount of the revenue to which it expects to be entitled for the transfer of promised good or services to customers. RMH elected to defer ASU 2014-09 and will adopt the new revenue guidance effective January 1, 2020, by recognizing the cumulative effect of applying the standard as a change to net assets at the beginning of the year as a result of the issuance of ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)—Effective Dates for Certain Entities* in June, 2020.

In February 2016, the FASB issued ASU 2016-02, which supersedes the leasing guidance in Topic 840, *Leases*. The ASU requires the rights and obligations arising from lease contracts, including existing and new arrangements, to be recognized as assets and liabilities on the consolidated statement of financial position. The standard was effective for fiscal years beginning after December 15, 2019. RMH elected to defer ASC 842 and will adopt the lease guidance in years beginning after December 15, 2021 as a result of the issuance of ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)—Effective Dates for Certain Entities* in June, 2020.

Ronald McDonald House of Cleveland, Inc.

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820)*. This ASU improves the effectiveness of the notes to financial statements through changes in the disclosure requirements around fair value measurement. The new standard will be effective for fiscal years beginning after December 15, 2019. RMH is currently evaluating the impact of the standard on the financial statements.

Reclassification: Certain reclassification of the 2018 amounts have been made to conform to the 2019 presentation.

Subsequent events: RMH has evaluated subsequent events for potential recognition and/or disclosure through September 14, 2020, the date the financial statements were available to be issued. See Note 16 for additional information relating to subsequent events.

Note 2. Capital Campaign Pledges

On January 19, 2012, RMH launched a capital campaign that raised \$12.1 million for a new addition and improvements to the existing facility. With the expansion and renovations complete, RMH is now able to serve 55 families each night. Through December 31, 2019, RMH collected \$11.8 million of the \$12.1 million raised related to the campaign.

Pledges receivable are due in future years as follows at December 31:

2020	\$	321,500
2021		7,100
2022		5,000
2023		5,000
Total		<u>338,600</u>
Less: present value of discounted pledges		(990)
Less: allowance for uncollectible pledges		<u>(3,386)</u>
	\$	<u><u>334,224</u></u>

The present value discount and allowance for uncollectible capital campaign pledges at December 31, 2018 were \$11,220 and \$6,482, respectively.

Note 3. Note Receivable

On October 31, 2012, Friends of the Garden House, Inc. entered into a Promissory Note (the Note) in the principal amount of \$3,930,000 with Chase NMTC Garden House Investment Fund, LLC (the Investment Fund). The proceeds of the Note were invested by the Investment Fund into NMTC Leveraged XIV, LLC and CNMC Sub-CDE 7, LLC (collectively the CDE's) who loaned the funds to the Ronald McDonald House of Cleveland, Inc. (see Note 8). The term of the note was 30 years and accrued interest at the rate of 1% per annum. The Note was secured by a pledge of the Investment Fund's membership interests in the CDE's.

As more fully disclosed in Note 8, Ronald McDonald House of Cleveland, Inc. successfully completed the seven year tax credit compliance period associated with the NMTC transaction. As a result, the Friends of the Garden House, Inc. exercised a put option of \$1,000, received a principal payment of \$310,235 from the Investment Fund, and miscellaneous proceeds in connection with the exit of the NMTC transaction of \$134,384, and relieved the remaining note foregoing any future repayment of principal. The balance of the Note was \$0 and \$3,930,000 at December 31, 2019 and 2018, respectively.

Notes to Consolidated Financial Statements

Note 4. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, RMH uses various methods including market, income and cost approaches. Based on these approaches, RMH often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. RMH utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, RMH is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 — Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 — Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 — Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, RMH performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

For the fiscal year ended December 31, 2019 and 2018, the application of valuation techniques applied to similar assets has been consistent. The inputs or methodology used for valuing financial instruments are not necessarily an indication of the risks associated with investing in these instruments.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments: The fair value of the investments is the fair value based on quoted market prices, when available, or market prices provided by recognized broker dealers using nationally known pricing services.

Funds held by others: RMH participates in a pooled fund held and managed by the Cleveland Foundation. The Cleveland Foundation provided the fair value of RMH's interest in the pooled fund.

Certificates of deposit: The fair value of the certificates of deposit is the fair value based on quoted market prices.

Ronald McDonald House of Cleveland, Inc.

Notes to Consolidated Financial Statements

Note 4. Fair Value Measurements (Continued)

Fair value on a recurring basis: The table below presents the balances of assets measured at fair value on a recurring basis as of December 31:

	2019			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Equity:				
Domestic	\$ 2,125,025	\$ 2,125,025	\$ -	\$ -
International	682,803	682,803	-	-
Fixed income-domestic	1,382,084	1,382,084	-	-
Equity securities-domestic	687,809	687,809	-	-
Funds held by others	16,743		16,743	
Certificates of deposit	99,994	-	99,994	-
Total	\$ 4,994,458	\$ 4,877,721	\$ 116,737	\$ -

	2018			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Equity:				
Domestic	\$ 1,973,375	\$ 1,973,375	\$ -	\$ -
International	579,937	579,937	-	-
Fixed income-domestic	1,130,267	1,130,267	-	-
Equity securities-domestic	541,996	541,996	-	-
Funds held by others	13,810	-	13,810	-
Certificates of deposit	149,829	-	149,829	-
Total	\$ 4,389,214	\$ 4,225,575	\$ 163,639	\$ -

Note 5. Investments

The following summarizes the fair values, cost and cumulative unrealized appreciation (depreciation) of investments at December 31:

	2019		
	Fair Value	Cost	Cumulative Unrealized Appreciation
Mutual funds:			
Equity	\$ 2,807,828	\$ 1,601,189	\$ 1,206,639
Fixed income	1,382,084	1,348,991	33,093
Equities	687,809	463,327	224,482
	\$ 4,877,721	\$ 3,413,507	\$ 1,464,214

Ronald McDonald House of Cleveland, Inc.

Notes to Consolidated Financial Statements

Note 4. Investments (Continued)

	2018		
	Fair Value	Cost	Cumulative Unrealized Appreciation (Depreciation)
Mutual funds:			
Equity	\$ 2,553,312	\$ 1,782,398	\$ 770,914
Fixed income	1,130,267	1,150,483	(20,216)
Equities	541,996	464,359	77,637
	<u>\$ 4,225,575</u>	<u>\$ 3,397,240</u>	<u>\$ 828,335</u>

Note 6. Funds Held by Others

RMH established an organization endowment fund (Fund) at the Cleveland Foundation. Any individual or organization may make additions to this Fund with any gift, bequest or other transfer to the Cleveland Foundation. The purpose of this Fund is to support the programs and activities of RMH. Income earned on the Fund is distributed to RMH under the terms of the agreement. The balances at December 31, 2019 and 2018 are \$16,743 and \$13,810, respectively.

Note 7. Line of Credit Agreement

RMH has an unsecured bank line of credit available totaling \$200,000, which is due on demand and expires on September 14, 2020. The agreement requires interest on borrowings based on the Bank's prime rate (4.75% at December 31, 2019 and 5.50% at December 31, 2018), minus one percentage point. There were no amounts outstanding at December 31, 2019 and 2018. RMH is currently in negotiations with the bank to extend the line of credit.

Note 8. Notes Payable

On October 31, 2012, RMH entered into the following promissory notes (the Notes) with the following entities, the proceeds of which were used to fund RMH's building expansion and related construction costs:

<u>Lender</u>	<u>Description</u>	<u>Balance at December 31, 2019</u>	<u>Balance at December 31, 2018</u>
NMTC Leveraged XIV, LLC	QLICI Loan A	\$ -	\$ 2,875,001
NMTC Leveraged XIV, LLC	QLICI Loan B	-	3,005,356
NMTC Leveraged XIV, LLC	QLICI Loan C	-	3,043,643
CNMC Sub-CDE 7, LLC	QLICI Loan D	-	624,999
CNMC Sub-CDE 7, LLC	QLICI Loan E	-	794,644
CNMC Sub-CDE 7, LLC	QLICI Loan F	-	580,357
Total		<u>\$ -</u>	<u>\$ 10,924,000</u>

Ronald McDonald House of Cleveland, Inc.

Notes to Consolidated Financial Statements

Note 8. Notes Payable (Continued)

QLICI Loans A, B and C accrued interest at the rate of 3% per annum; QLICI Loans D and E accrued interest at the rate of 3.4129% per annum; and QLICI Loan F accrued interest at the rate of 1.99% per annum. Principal balances on the notes could not be repaid prior to the expiration of the New Market Tax Credit (NMTC) compliance period, as defined in the credit agreement. The Notes were secured by all assets of the Ronald McDonald House of Cleveland, Inc. and were subject to certain negative and affirmative covenants under the terms of the credit agreement. RMH was required to maintain a sinking fund.

The lenders made the CDE loans to the Ronald McDonald House of Cleveland, Inc. on the basis that the loans would qualify as “qualified low-income community investments” for the purpose of generating tax credits under Section 45D of the Internal Revenue Code of 1986.

On November 1, 2019, Ronald McDonald House of Cleveland, Inc. successfully completed the seven year tax credit compliance period as dictated by the credit agreement. As a result, principal payments in the amounts of \$2,053,572 and \$446,428 were made on QLICI Loans A and D, respectively and the remaining loans in the amount of \$8,424,000 were forgiven as a result of the exercise of the put by the Friends of the Garden House as disclosed in Note 3. Such principal payments were made utilizing the remaining funds maintained in the sinking fund.

As a result of this transaction, RMH recognized a gain in the net amount of \$4,343,658.

Cash paid for interest and interest expense was \$274,516 and \$327,720 for the years ended December 31, 2019 and 2018, respectively.

Note 9. Endowment Funds

RMH's endowment consists of two individual donor restricted endowment funds established for a variety of purposes. 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.

RMH is subject to the State of Ohio's Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restriction. The Board of Trustees of RMH has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, RMH considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. RMH has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measure required under law. Additionally, in accordance with UPMIFA, RMH 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 RMH 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 appreciation of investments
- (6) Other resources of RMH
- (7) The investment policies of RMH

Ronald McDonald House of Cleveland, Inc.

Notes to Consolidated Financial Statements

Note 9. Endowment Funds (Continued)

Endowment net asset composition by type of fund as of December 31:

	2019	2018
Donor-restricted endowment funds:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 1,079,510	\$ 1,079,510
Accumulated investment gains	714,907	427,188
Total endowment funds	\$ 1,794,417	\$ 1,506,698

RMH's disclosure of the beginning and ending balances of the endowment fund, for the years ended December 31, is as follows:

	With Donor Restrictions
Balance at January 1, 2018	\$ 1,595,969
Net investment loss	(89,271)
Balance at December 31, 2018	1,506,698
Net investment gain	287,719
Balance at December 31, 2019	\$ 1,794,417

Funds with 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 RMH to retain as a fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature reported in unrestricted net assets at December 31, 2019 and 2018.

Return objectives and risk parameters: RMH has adopted an investment policy for endowment assets that attempts to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that RMH must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a variety of indexes/benchmarks which includes the S&P 500 index while assuming a moderate level of investment risk. Long term investment performance is expected to exceed the trailing three year average of the appropriate benchmark.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, RMH relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). RMH targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy: RMH seeks to maximize the long-term total return of its financial assets consistent with its current and future funding needs. In line with these objectives, it is the intent of RMH that all income and capital gains generated in the portfolio to be retained within the endowment fund and periodically reinvested in accordance with the Investment Policy. However, if the Board elects to appropriate for expenditure income earned on its endowment funds, the calculation will be based on 5% of the average twelve quarter end market values. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Ronald McDonald House of Cleveland, Inc.

Notes to Consolidated Financial Statements

Note 10. Net Assets

Net assets with donor restrictions consist of the following at December 31:

	2019	2018
Net assets with donor restrictions:		
Subject to expenditure for specified purpose:		
Family Room	\$ 11,096	\$ 12,256
STAR Center	90,484	81,590
Red Treehouse	21,519	18,245
Other	341,770	53,663
	<u>464,869</u>	<u>165,754</u>
Subject to RMH's spending policy and appropriation:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	1,079,510	1,079,510
Accumulated investment gains	714,907	427,188
	<u>1,794,417</u>	<u>1,506,698</u>
Total net assets with donor restrictions	<u><u>\$ 2,259,286</u></u>	<u><u>\$ 1,672,452</u></u>

Note 11. Special Events

Special events activity consists of the following for the years ended December 31:

	2019		
	Revenue	Expense	Net Revenue
Pro Am	\$ 410,650	\$ 204,222	\$ 206,428
Wine Women & Shoes	297,900	108,016	189,884
Night at the Races	55,485	21,962	33,523
Affiliate groups	50,703	19,795	30,907
	<u>\$ 814,738</u>	<u>\$ 353,995</u>	<u>\$ 460,743</u>
	2018		
	Revenue	Expense	Net Revenue
Pro Am	\$ 438,745	\$ 244,626	\$ 194,119
Wine Women & Shoes	227,916	80,715	147,201
Tackle the Tower	48,663	11,798	36,865
Night at the Races	55,826	21,690	34,136
Affiliate groups	111,965	60,677	51,288
	<u>\$ 883,115</u>	<u>\$ 419,506</u>	<u>\$ 463,609</u>

Ronald McDonald House of Cleveland, Inc.

Notes to Consolidated Financial Statements

Note 12. Retirement Plan

Eligible employees of RMH may participate in a 401(k) plan. The plan is available to employees who have attained the age of 21 and completed six months of service for elective matching and one year of service for discretionary profit sharing. Employees may elect to contribute up to 80% of their compensation, not to exceed \$18,500 and \$18,000 for the years ended December 31, 2019 and 2018, respectively. RMH contributes to the plan on behalf of each participant, 50% of the participant's elective contribution up to 5%. Effective January 1, 2016, the plan was amended to include a Safe Harbor non-elective contribution of 3% payable at the end of each plan year. Additionally, the Board of Trustees decided to make a discretionary contribution to the plan of 3% for the years ended December 31, 2019 and 2018. Retirement plan expense for the years ended December 31, 2019 and 2018 was \$81,858 and \$70,074, respectively.

Note 13. Related Party

In connection with an affiliation agreement, Ronald McDonald House Charities of Northeastern Ohio, Inc. (RMHC) provides annual grants to RMH. Revenue was \$80,000 for each of the years ended December 31, 2019 and 2018.

In connection with a licensing agreement effective April 28, 1998, McDonald's Corporation is the licensor of the Ronald McDonald House of Cleveland, Inc. As such, RMH retains the right to use the RMHC trademarks and related copyrights in connection with the operation and maintenance of RMH and fundraising.

During the year ended December 31, 2018, RMH entered into a consulting services agreement with the Ronald McDonald House of Akron, Inc. (RMH-Akron) whereby RMH provides consulting services on a part-time basis to RMH-Akron. RMH recognized \$120,000 and \$20,000 of income for these services for the years ended December 31, 2019 and 2018, respectively. These services are recorded as other income in the statement of activities. The agreement was extended through June 30, 2020.

Note 14. In-Kind

In-kind contributions are \$483,030 and \$738,452 for the years ended December 31, 2019 and 2018, respectively. These amounts are reflected as in-kind expenses except that for the years ended December 31, 2019 and 2018, RMH recognized contributed assets in the amounts of \$13,619 and \$64,000, respectively.

Not reflected in the statements of activities as program service activities is the value of approximately 35,860 hours donated by more than 317 volunteers and 35,860 hours donated by more than 315 volunteers in order to further the charitable purpose of RMH, Family Rooms, and Hospitality Suite for each of the years ended December 31, 2019 and 2018, respectively. The value of these volunteer hours approximates \$911,920 and \$862,446 for each of the years ended December 31, 2019 and 2018, respectively.

Ronald McDonald House of Cleveland, Inc.

Notes to Consolidated Financial Statements

Note 15. Liquidity and Availability

The following reflects RMH's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of December 31:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	\$ 1,849,035	\$ 3,684,362
Certificates of deposit	99,994	149,829
Receivables	542,186	849,031
Funds held by others	16,743	13,810
Investments	4,877,721	4,225,575
Total financial assets	7,385,679	8,922,607
Less amounts not available to be used for general expenditure within one year:		
Sinking fund	-	2,752,872
Grant receivables for restricted gifts, net	6,165	126,049
Donor restricted by purpose	264,869	-
Capital campaign pledge receivables restricted, net	-	322,150
Capital campaign pledge receivables due after one year, net	12,724	308,298
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	1,079,510	1,079,510
Accumulated investment gains	714,907	427,188
Board designated funds	1,500,000	1,500,000
Financial assets not available to be used within one year	3,578,175	6,516,067
Financial assets available to meet general expenditures within one year	\$ 3,807,504	\$ 2,406,540

RMH's endowment fund consists of original donor restricted gift amounts and amounts required to be maintained in perpetuity by donor and accumulated investment gains. As described in Note 9, if the board of trustees elects to appropriate for expenditure income earned on its endowment funds, the calculation is based on 5% of the average twelve quarter end market values. Management does not anticipate that an appropriation from the endowment fund will be required during the year ended December 31, 2020.

Net assets with donor restrictions are all expected to be spent for general expenditure during the year ended December 31, 2020.

The board has designated net assets in the amount of \$1,500,000 that may be expended in the event of financial distress or immediate liquidity needs resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. Therefore, these amounts are not intended to be available to meet general expenditure during the year ended December 31, 2020.

As part of RMH's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, RMH invests cash in excess of daily requirements in short term investments. To help manage unanticipated liquidity needs, RMH has a committed line of credit in the amount of \$200,000, which it could draw upon.

Ronald McDonald House of Cleveland, Inc.

Notes to Consolidated Financial Statements

Note 16. Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and on March 11, 2020, declared COVID-19 a pandemic. The coronavirus and actions taken to mitigate the spread of it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. The extent to which COVID-19 impacts the Organization will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and actions taken to contain COVID-19 or its impact, among others.

On March 27, 2020, the CARES Act was signed into law. The CARES Act legislation is intended to provide relief for small businesses that have been negatively impacted by the COVID-19 pandemic. One of the many provisions of the CARES Act, the Paycheck Protection Program (PPP) provides loans to small businesses to prevent layoffs and business closures during the pandemic. In April 2020, the Organization applied for and received a PPP loan in the amount of \$341,000. Although there are no assurances, if certain conditions of the PPP loan program are met, the PPP loan is forgivable.

Effective July 1, 2020, RMH entered into an agreement and plan of merger between Ronald McDonald House of Cleveland, Inc. (Cleveland) RMH of Akron, Inc. (Akron) and Ronald McDonald House Charities of Northeastern Ohio, Inc. (Charities), in order to better serve the Northeast Ohio area and to provide support for families whose children receive treatment at Northeast Ohio medical centers. In accordance with the provisions of the agreement and plan of merger and the Ohio Revised Code, Akron and Charities’ corporate existence ceased and Cleveland was the surviving corporation and continued to exist under the laws of the State of Ohio. Cleveland was renamed the “Ronald McDonald House Charities of Northeast Ohio, Inc.” A certificate of merger was filed with the State of Ohio effective July 1, 2020 along with amended and restated articles of incorporation.

Supplementary Information

Ronald McDonald House of Cleveland, Inc.

**Details of Consolidated Statement of Financial Position
December 31, 2019**

	Ronald McDonald House of Cleveland, Inc.	Friends of the Garden House, Inc.	Eliminations/ Adjustments	Total
Assets				
Current assets:				
Cash and cash equivalents				
Operating	\$ 1,352,342	\$ -	\$ -	\$ 1,352,342
Capital campaign	83,221	-	-	83,221
Barter account	127,722	-	-	127,722
Money markets	285,750	-	-	285,750
Total cash and cash equivalents	1,849,035	-	-	1,849,035
Certificates of deposit	99,994	-	-	99,994
Receivables:				
Capital campaign pledges, net	321,500	-	-	321,500
Pledges and grants	207,324	-	-	207,324
Other	638	-	-	638
Prepaid expenses and other assets	16,039	-	-	16,039
Total current assets	2,494,530	-	-	2,494,530
Property, buildings and equipment:				
Vehicles	58,485	-	-	58,485
Land, building and improvements	15,053,814	-	-	15,053,814
Furniture, fixtures and equipment	1,510,925	-	-	1,510,925
	16,623,224	-	-	16,623,224
Accumulated depreciation	(5,695,891)	-	-	(5,695,891)
Net property, buildings and equipment	10,927,333	-	-	10,927,333
Other assets:				
Funds held by others	16,743	-	-	16,743
Capital campaign pledges, net	12,724	-	-	12,724
Investments	4,877,721	-	-	4,877,721
Total other assets	4,907,188	-	-	4,907,188
Total assets	\$ 18,329,051	\$ -	\$ -	\$ 18,329,051

Ronald McDonald House of Cleveland, Inc.

**Details of Consolidated Statement of Financial Position
December 31, 2019**

	Ronald McDonald House of Cleveland, Inc.	Friends of the Garden House, Inc.	Eliminations/ Adjustments	Total
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued expenses	\$ 234,619	\$ -	\$ -	\$ 234,619
Deferred revenue	29,830	-	-	29,830
Total current liabilities	264,449	-	-	264,449
Net assets:				
Without donor restrictions:				
Operating	3,105,355	-	-	3,105,355
Board designated	1,500,000	-	-	1,500,000
Capital fund	272,628	-	-	272,628
Net investment in plant	10,927,333	-	-	10,927,333
Total unrestricted net assets	15,805,316	-	-	15,805,316
With donor restrictions	2,259,286	-	-	2,259,286
Total net assets	18,064,602	-	-	18,064,602
Total liabilities and net assets	\$ 18,329,051	\$ -	\$ -	\$ 18,329,051

Ronald McDonald House of Cleveland, Inc.

**Details of Consolidated Statement of Activities
Year Ended December 31, 2019**

	Ronald McDonald House of Cleveland, Inc.	Friends of the Garden House, Inc.	Eliminations/ Adjustments	Total
Room revenue	\$ 301,275	\$ -	\$ -	\$ 301,275
Allowance for "no charge" rooms	(156,459)	-	-	(156,459)
Net room revenue	144,816	-	-	144,816
In-kind	483,030	-	-	483,030
Contributions	1,932,756	-	-	1,932,756
Special events, net	460,743	-	-	460,743
Annual fund	423,803	-	-	423,803
Contributions - related party	80,000	-	-	80,000
Other Income	120,000	-	-	120,000
Total operating support and revenues	3,645,148	-	-	3,645,148
Expenses:				
Program service	3,245,185	591	-	3,245,776
Management and general	481,122	2,223	-	483,345
Fundraising	464,122	38	-	464,160
Total expenses	4,190,429	2,852	-	4,193,281
Decrease from operating activity	(545,281)	(2,852)	-	(548,133)
Non-operating activity:				
Interest and dividends	122,683	32,983	-	155,666
Interest expense	(274,516)	-	-	(274,516)
Gain (loss) on exercise of put option	7,867,319	(3,523,661)	-	4,343,658
Realized gain on investments	179,643	-	-	179,643
Unrealized gain on investments	638,977	-	-	638,977
Loss on disposal of fixed assets	(3,750)	-	-	(3,750)
Construction loan fees	(113,481)	-	-	(113,481)
Total non-operating activity	8,416,875	(3,490,678)	-	4,926,197
Change in net assets before contribution of net assets	7,871,594	(3,493,530)	-	4,378,064
Transfer of net assets (Note 1)	525,676	(525,676)	-	-
Total change in net assets	8,397,270	(4,019,206)	-	-
Net assets at beginning of year	9,667,332	4,019,206	-	13,686,538
Net assets at end of year	<u>\$ 18,064,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,064,602</u>