

**RONALD MCDONALD HOUSE CHARITIES OF  
OKLAHOMA CITY, INC.**

**OKLAHOMA CITY, OKLAHOMA**

**FINANCIAL STATEMENTS**

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

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

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## INDEPENDENT AUDITOR'S REPORT

To the Executive Committee of the Board of Directors  
Ronald McDonald House Charities of Oklahoma City, Inc.

### ***Opinion***

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

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

### ***Basis for Opinion***

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

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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



CERTIFIED PUBLIC ACCOUNTANTS

Oklahoma City, Oklahoma  
April 27, 2022

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

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,357,149	\$ 2,130,371
Accounts Receivable, Net	82,323	30,810
Promises to Give for Program Expansion, Net	760,428	423,847
Prepaid Expenses	20,840	29,306
Cash Restricted for Program Expansion	1,978,447	1,508,509
Total Current Assets	5,199,187	4,122,843
<b>NONCURRENT ASSETS</b>		
Promises to Give for Program Expansion, Net	305,777	525,919
Operating Investments	902,136	825,447
Endowment Investments	2,889,943	2,645,063
Investments Restricted for Program Expansion	-	1,685,242
Property and Equipment, Net	4,026,473	4,729,096
Total Noncurrent Assets	8,124,329	10,410,767
Total Assets	\$ 13,323,516	\$ 14,533,610
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 100,145	\$ 2,311,593
Deferred Revenue	-	13,111
Paycheck Protection Program - Refundable Advance	-	129,000
Total Current Liabilities	100,145	2,453,704
Total Liabilities	100,145	2,453,704
<b>NET ASSETS</b>		
Without Donor Restrictions	7,150,408	6,860,081
With Donor Restrictions	6,072,963	5,219,825
Total Net Assets	13,223,371	12,079,906
Total Liabilities and Net Assets	\$ 13,323,516	\$ 14,533,610

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

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

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Contributions and Grants	\$ 891,221	\$ 663,917	\$ 1,555,138	\$ 654,212	\$ 60,462	\$ 714,674
Special Events Revenue	297,917	179,230	477,147	188,765	17,656	206,421
Other Income	288,328	-	288,328	413,096	-	413,096
Net Assets Released from Restrictions	234,889	(234,889)	-	1,151,735	(1,151,735)	-
Total Revenues and Other Support	<u>1,712,355</u>	<u>608,258</u>	<u>2,320,613</u>	<u>2,407,808</u>	<u>(1,073,617)</u>	<u>1,334,191</u>
<b>EXPENSES</b>						
Program Services	845,844	-	845,844	1,343,493	-	1,343,493
Cost of Direct Benefits to Donors	66,681	-	66,681	24,065	-	24,065
Management and General Administration	336,787	-	336,787	298,473	-	298,473
Fundraising	254,729	-	254,729	289,653	-	289,653
Total Expenses	<u>1,504,041</u>	<u>-</u>	<u>1,504,041</u>	<u>1,955,684</u>	<u>-</u>	<u>1,955,684</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>						
	<u>208,314</u>	<u>608,258</u>	<u>816,572</u>	<u>452,124</u>	<u>(1,073,617)</u>	<u>(621,493)</u>
<b>NONOPERATING ACTIVITIES</b>						
Gain(Loss) on Sale of Assets	-	-	-	(23,514)	-	(23,514)
Investment Income, Net	82,013	244,880	326,893	180,107	450,861	630,968
Total Nonoperating Activities	<u>82,013</u>	<u>244,880</u>	<u>326,893</u>	<u>156,593</u>	<u>450,861</u>	<u>607,454</u>
<b>CHANGE IN NET ASSETS</b>						
	290,327	853,138	1,143,465	608,717	(622,756)	(14,039)
Net Assets - Beginning of Year	<u>6,860,081</u>	<u>5,219,825</u>	<u>12,079,906</u>	<u>6,251,364</u>	<u>5,842,581</u>	<u>12,093,945</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 7,150,408</u>	<u>\$ 6,072,963</u>	<u>\$ 13,223,371</u>	<u>\$ 6,860,081</u>	<u>\$ 5,219,825</u>	<u>\$ 12,079,906</u>

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

**RONALD MCDONALD HOUSE CHARITIES OF OKLAHOMA CITY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	Program Services			Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
	Ronald McDonald Family Room	Ronald McDonald House Oklahoma Children's Hospital	Total				
Salaries	\$ 39,775	\$ 168,943	\$ 208,718	\$ 195,525	\$ 119,987	\$ -	\$ 524,230
Employee Benefits	6,774	32,190	38,964	12,659	14,742	-	66,365
Payroll Taxes	3,936	16,567	20,503	12,304	11,563	-	44,370
Total Salaries and Related Expenses	50,485	217,700	268,185	220,488	146,292	-	634,965
Advertising	-	-	-	-	3,885	-	3,885
Automobile	-	-	-	1,203	-	-	1,203
Cleaning Services and Supplies	5,275	40,527	45,802	-	-	-	45,802
Depreciation	21,312	167,377	188,689	2,862	-	-	191,551
Family Support Services and Supplies	56	32,239	32,295	-	-	-	32,295
Insurance	2,683	7,132	9,815	6,085	3,844	-	19,744
Maintenance and Repairs	115	413	528	-	-	-	528
Meetings, Education and Training	-	-	-	1,449	-	-	1,449
Office Supplies	42	2,771	2,813	1,429	2,226	-	6,468
Postage and Courier	-	10	10	316	4,183	-	4,509
Printing and Publishing	-	-	-	-	2,664	-	2,664
Professional Fees	-	-	-	51,997	-	-	51,997
Rent	41,234	200,152	241,386	20,000	-	-	261,386
Technology	550	-	550	228	12,728	-	13,506
Telephone	-	9,475	9,475	7,891	-	-	17,366
Travel, Meals, and Entertainment	-	25	25	223	300	66,681	67,229
Furnishings and Housewares	-	4,285	4,285	-	-	-	4,285
Other	70	41,916	41,986	22,616	78,607	-	143,209
Total Expenses	\$ 121,822	\$ 724,022	\$ 845,844	\$ 336,787	\$ 254,729	\$ 66,681	\$ 1,504,041

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

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

	Program Services						
	Ronald McDonald Family Room	Ronald McDonald House Oklahoma Children's Hospital	Total	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
Salaries	\$ 30,385	\$ 161,284	\$ 191,669	\$ 174,662	\$ 106,238	\$ -	\$ 472,569
Employee Benefits	3,517	15,463	18,980	3,662	14,304	-	36,946
Payroll Taxes	3,047	14,675	17,722	11,728	9,325	-	38,775
Total Salaries and Related Expenses	36,949	191,422	228,371	190,052	129,867	-	548,290
Advertising	-	-	-	-	5,152	-	5,152
Automobile	-	-	-	1,760	-	-	1,760
Cleaning Services and Supplies	136	21,877	22,013	-	-	-	22,013
Depreciation	22,477	66,251	88,728	3,122	-	-	91,850
Family Support Services and Supplies	420	126,307	126,727	-	-	-	126,727
Insurance	1,473	7,978	9,451	5,970	2,052	-	17,473
Maintenance and Repairs	-	797	797	-	-	-	797
Meetings, Education and Training	-	161	161	955	233	-	1,349
Office Supplies	353	1,210	1,563	4,137	3,262	-	8,962
Postage and Courier	-	21	21	21	10	-	52
Printing and Publishing	-	-	-	-	1,821	-	1,821
Professional Fees	-	-	-	50,111	67,500	-	117,611
Rent	41,234	145,076	186,310	20,288	-	-	206,598
Technology	-	-	-	-	8,997	-	8,997
Telephone	-	6,434	6,434	7,297	-	-	13,731
Travel, Meals, and Entertainment	-	494	494	1,425	18	24,065	26,002
Furnishings and Housewares	-	655,306	655,306	-	-	-	655,306
Other	320	16,797	17,117	13,335	70,741	-	101,193
Total Expenses	\$ 103,362	\$ 1,240,131	\$ 1,343,493	\$ 298,473	\$ 289,653	\$ 24,065	\$ 1,955,684

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



**RONALD MCDONALD HOUSE CHARITIES OF OKLAHOMA CITY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 1,143,465	\$ (14,039)
Adjustments to Reconcile Change in Net Assets to Net Cash		
From (Used for) Operating Activities:		
Depreciation Expense	191,551	91,849
Non-Cash Contributions of Investments	(75,419)	-
Net Unrealized (Gain)/Loss on Investments	(38,787)	(447,009)
(Gain)/Loss on Sale of Assets	-	23,514
Changes in Operating Assets and Liabilities:		
Receivables and Promises to Give	(167,952)	237,954
Prepaid Expenses	8,466	4,691
Accounts Payable, Accrued Liabilities, and Deferred Revenue	(1,713,487)	(1,335,132)
Paycheck Protection Program - Refundable Advance	(129,000)	129,000
	(781,163)	(1,309,172)
<b>Net Cash Provided by (Used in) Operating Activities</b>		
<b>Cash Flows From Investing Activities</b>		
Purchases of Property and Equipment	-	(196,904)
Purchases of Investments	(271,897)	(406,038)
Proceeds from Sales of Investments	1,749,776	-
	1,477,879	(602,942)
<b>Net Cash Provided by (Used in) Investing Activities</b>		
<b>Net Increase in Cash, Cash Equivalents, and Restricted Cash</b>	696,716	(1,912,114)
<b>Cash, Cash Equivalents, and Restricted Cash at Beginning of Year</b>	3,638,880	5,550,994
<b>Cash, Cash Equivalents, and Restricted Cash at End of Year</b>	\$ 4,335,596	\$ 3,638,880
<b>Reconciliation of Cash, Cash Equivalents, and Restricted Cash to the Statements of Financial Position</b>		
Cash and Cash Equivalents	\$ 2,357,149	\$ 2,130,371
Cash Restricted for Program Expansion	1,978,447	1,508,509
<b>Total Cash, Cash Equivalents, and Restricted Cash</b>	\$ 4,335,596	\$ 3,638,880
<b>Supplemental Schedule of Non-Cash Investing Activities</b>		
Purchases of Property and Equipment Funded by		
Accounts Payable	\$ (511,072)	\$ 2,218,195

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

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

**NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Ronald McDonald House Charities of Oklahoma City, Inc. (“RMHC-OKC” or the “Organization”) is an Oklahoma nonprofit charitable corporation formed in June 1980. The mission of Ronald McDonald House Charities (“RMHC” or “RMHC Global”) is to create, find and support programs that directly improve the health and well-being of children and their families. Collectively, RMHC and the network of local Chapters ascribe to five core values: we are focused on the critical needs of children, we lead with compassion, we celebrate the diversity of our people and our programs, we value our heritage and we operate with accountability and transparency.

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

**Ronald McDonald House**

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

In response to the growing demand for services, RMHC-OKC conducted a community needs assessment with partner hospitals in 2016. Using historical and projected data provided by this assessment and a well-honed model from RMHC Global, it was determined that the number of families needing a place to stay for medical purposes would continue to grow significantly over the next 5-10 years. The assessment concluded RMHC-OKC’s programs would need to grow from the current 28 room capacity to 76 rooms nightly.

Forty rooms, 12 more than the total existing capacity, would be needed to meet the projected demand for services by families seeking treatment at Oklahoma Children’s Hospital alone. Another 36 rooms would be needed to meet the needs of families seeking treatment at other partner hospitals.

As part of its strategic plan to help close the service gap, in 2017, the Board of Directors approved the sale of the Ronald McDonald House on NE 14<sup>th</sup> St, and the relocation of its capacity as part of an expansion of the Ronald McDonald House at Oklahoma Children’s Hospital. Up to 14 families nightly were temporarily served in a nearby hotel to maintain capacity until the consolidation and expansion of the Ronald McDonald House at Oklahoma Children’s Hospital was completed in July 2020.

Also in 2017, the Board of Directors authorized an \$8.8M campaign to build a new 36 bedroom Ronald McDonald House in NW Oklahoma City (NWOKC). Following a task

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**NOTES TO FINANCIAL STATEMENTS**  
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force evaluation in 2020 of increases in building costs, the Board of Directors adopted a phased in approach to the project and reauthorized the campaign for \$9M.

**Ronald McDonald Family Room**

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

**Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and are presented on the basis of net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. All other net assets, including board-designated or appropriated amounts, are net assets without donor restrictions and are reported as part of the net assets without donor restriction class.

**Measure of Operations**

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

**Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management of the Organization to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Cash Equivalents**

Cash equivalents include money market funds and all highly liquid investments with a maturity date of less than three months from the date of purchase. The Organization's cash balances that are maintained in bank accounts may exceed Federal Deposit Insurance Corporation limits from time to time. The Organization has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash.

**RONALD MCDONALD HOUSE CHARITIES OF OKLAHOMA CITY, INC.**  
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**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. If necessary, management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes that all accounts are fully collectible and that no allowance for uncollectible receivables is necessary as of both December 31, 2021 and 2020.

**Contributions Receivable/Promises to Give**

Contributions receivable are unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Promises to give are written off when deemed uncollectible.

**Investments**

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

**Property and Equipment**

Property and equipment are stated at cost, if purchased, or estimated fair value, if donated, at the date of donation. Purchases of \$5,000 or more are capitalized. Purchases less than \$5,000 and maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	20 - 50 Years
Office Furniture and Equipment	3 - 10 Years
Automobiles	5 Years

**Impairment of Long-Lived Assets**

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

**RONALD MCDONALD HOUSE CHARITIES OF OKLAHOMA CITY, INC.**  
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**Donated Assets, Property and Equipment, and Services**

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

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

**Deferred Revenue**

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

**Net Assets**

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

**Without Donor Restrictions**

Net assets that are not subject to donor-imposed restrictions or law.

**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**

**Contributions and Grants**

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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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.

*Sponsorship and Special Event Revenue*

The portion of revenue from sponsorships, special events, and ticket sales that relates to the commensurate value the sponsor or attendee receives in return is recognized when the related events are held and performance obligations are met.

**Functional Expenses**

The statements of functional expenses report actual expenses that do not require allocation.

**Income Tax Status**

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

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**NOTE 2 LIQUIDITY**

The Organization had \$2,460,312 of financial assets, as of December 31, 2021, available to meet cash needs for general expenditures within one year of the statement of financial position date, which consisted of the current assets per the statement of financial position, reduced by \$1,978,447 cash and \$760,428 current contributions receivable not available for general use because of donor-imposed restrictions.

The Organization had \$2,190,487 of financial assets, as of December 31, 2020, available to meet cash needs for general expenditures within one year of the statement of financial position date, which consisted of the current assets per the statement of financial position, reduced by \$1,508,509 cash and \$423,847 current contributions receivable not available for general use because of donor-imposed restrictions.

The Organization maintains financial assets, consisting of cash and short-term investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. As part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments. In addition, the Organization maintains an operating reserve that allows for annual spending.

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**NOTE 3 CONTRIBUTIONS RECEIVABLE/PROMISES TO GIVE**

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

	2021	2020
Amounts due in:		
Less than One Year	\$ 760,428	\$ 423,847
More than Five Years	310,200	529,478
Total	1,070,628	953,325
Unamortized Discount	(4,423)	(3,559)
Net Contributions Receivable	\$ 1,066,205	\$ 949,766

The discount rate used for the years ended December 31, 2021 and 2020 ranged from 0.60% to 1.47%.

**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.

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

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>Assets</b>				
Investments:				
Mutual Funds:				
Money Market	\$ 82,016	\$ -	\$ -	\$ 82,016
Bonds	819,280	-	-	819,280
Equity Funds	2,890,783	-	-	2,890,783
Total Assets	<u>\$ 3,792,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,792,079</u>

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

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>Assets</b>				
Investments:				
Mutual Funds:				
Money Market	\$ 755,828	\$ -	\$ -	\$ 755,828
Bonds	831,176	-	-	831,176
Equity Funds	2,557,327	-	-	2,557,327
Debt Securities:				
U.S. Treasury	1,011,421	-	-	1,011,421
Total Assets	<u>\$ 5,155,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,155,752</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 2 investments are determined by reference to quoted prices for similar assets in less active markets. Fair value of Level 3 investments are determined from valuation techniques in which one or more inputs are unobservable. The carrying amounts of all other assets and liabilities reflected in the statements of financial position for the Organization's financial instruments approximates their respective fair value due to the short-term maturities of those instruments. There have been no changes in valuation techniques and related inputs.

**Investments**

Overall Investment Objective

The overall investment objective of the Organization is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating



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

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

	2021	2020
Interest and Dividend Income	\$ 288,106	\$ 183,959
Realized and Unrealized Gains, Net	38,787	447,009
Investment Income, Net	<u>\$ 326,893</u>	<u>\$ 630,968</u>

**NOTE 5 PROPERTY AND EQUIPMENT**

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

	2021	2020
Buildings and Improvements	\$ 4,664,568	\$ 1,443,263
Construction in Progress	42,140	3,827,000
Office Furniture and Equipment	299,772	250,524
Automobiles	31,359	31,359
Total, at Cost	<u>5,037,839</u>	<u>5,552,146</u>
Accumulated Depreciation	<u>(1,011,366)</u>	<u>(823,050)</u>
Total Property and Equipment	<u>\$ 4,026,473</u>	<u>\$ 4,729,096</u>

For the year ended December 31, 2020, included in construction in progress was \$2,218,195 of estimated costs related to the Ronald McDonald House in Garrison Tower, 4th Floor. In 2021, final construction costs were \$511,072 less than the amount initially accrued for at December 31, 2020. In 2021, this net amount, \$1,707,123, was placed into service and reclassified to buildings and improvements.

**NOTE 6 PAYCHECK PROTECTION PROGRAM**

On April 10, 2020 the Organization received loan proceeds in the amount of \$129,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP). On March 16, 2021, the PPP loan proceeds were forgiven by the U.S. Small Business Administration (SBA). The Organization recognized these proceeds as contribution and grant revenue without donor restriction on the Statement of Activities during the year ended December 31, 2021.

Under the second round of Paycheck Protection Program funding, the Organization applied for and was approved for an additional \$129,270 loan. The loan was received on March 23, 2021. The loan accrues interest at 1%, with the first ten months of interest deferred, has a term of five years and is unsecured and guaranteed by the Small Business Administration. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization received forgiveness of \$129,270 on November 7, 2021. The Organization recognized these proceeds as contribution and grant revenue without

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donor restriction on the Statement of Activities during the year ended December 31, 2021.

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 7 ENDOWMENT FUNDS**

The Organization's endowment consists of an individual fund established by a donor to provide annual funding for specific activities and general operations.

Absent explicit donor stipulations to the contrary, the Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with the standard of prudence prescribed by UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the various funds
- (2) The purposes of the donor-restricted endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The Organization's investment policies

*Investment Return Objectives, Risk Parameters and Strategies.* The Organization has adopted investment and spending policies for endowment funds that facilitate its ability to provide funding for programs and provide adequate returns for invested funds. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, the endowment assets are invested in a manner that is intended to provide acceptable investment returns, while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return that is consistent with historical returns of assets allocated 60% equity and 40% fixed income and non-equity investments. Actual returns in any given year are dependent on market conditions and other factors, and they may vary from the expected investment return.

To satisfy its long-term rate-of-return objectives, the Organization relies on a strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

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The Organization's investment policy relating to its investment objectives allocates its assets through a prudent diversification that includes equity, fixed income, and non-equity investments. The policy allows portions of the endowment portfolio in excess of permanently restricted amounts to be split into a separate portfolio where it may be appropriated for expenditures approved by the Board of Directors.

*Spending Policy – Donor-restricted endowment.* The Organization has a policy of making available for appropriation a maximum five percent of its endowment fund's average fair value over the prior eight quarters through the calendar year end proceeding the year in which the distribution is planned. This spending policy is consistent with the objective to preserve purchasing power of the endowment assets held as well as to allow for additional real growth through new gifts and investment return.

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 2,645,063	\$ 2,645,063
Investment return, net	<u>-</u>	<u>244,880</u>	<u>244,880</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 2,889,943</u>	<u>\$ 2,889,943</u>

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, beginning of year	\$ -	\$ 2,194,202	\$ 2,194,202
Investment return, net	<u>-</u>	<u>450,861</u>	<u>450,861</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 2,645,063</u>	<u>\$ 2,645,063</u>

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

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**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

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

	2021	2020
<b>Subject to expenditure for specific purpose:</b>		
Program Activities:		
Program Expansion - NW OKC	\$ 3,183,020	\$ 2,574,762
Endowment Funds Yet to be Appropriated for Expenditure	2,391,128	2,146,248
	5,574,148	4,721,010
 <b>Subject to the Organization's spending policy and appropriation:</b>		
Other Restrictions:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	498,815	498,815
Total net assets with donor restrictions	\$ 6,072,963	\$ 5,219,825

**NOTE 9 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:		
Program Expansion – Ronald McDonald House at Oklahoma Children's Hospital	\$ -	\$ 1,057,814
Program Expansion - NW OKC	144	76,265
Share-a-Night	234,745	17,656
Total restrictions released	\$ 234,889	\$ 1,151,735

**NOTE 10 DONATED GOODS AND SERVICES**

Individuals, businesses, and other organizations contribute substantial amounts of materials toward the fulfillment of the Organization's mission. To the extent that contributions of materials are made under the control of RMHC-OKC and are objectively measurable, they are reflected in contributions, program expense and property in the accompanying financial statements. These materials have been valued at their estimated fair market value at the date of receipt.

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The Organization entered into an agreement with OU Medicine Inc. to lease the space of the Family Room in Oklahoma Children’s Hospital. The space consists of 2,499 square feet, which consists of respite room for families of patients at Oklahoma Children’s Hospital. Rent expense of \$41,234 each year in 2021 and 2020 is reported as an in-kind donation income and rent expense. The lease agreement expired on December 31, 2016 and is extended through automatic one-year extension terms as provided in the lease agreement.

The Organization entered into an agreement with UHAT (University Hospitals Authority & Trust) to provide support services for 10,020 square feet of space for the Ronald McDonald House in Garrison Tower, 3<sup>rd</sup> floor. This space consists of 14 bedrooms and other amenities for families of patients at Oklahoma Children’s Hospital. Rent expense of \$90,000 each year in 2021 and 2020 is reported as an in-kind donation from Oklahoma Children’s Hospital and rent expense. The lease agreement expires on December 24, 2024 and has two optional five year extensions available.

University Hospitals Trust and Oklahoma Children’s Hospital on behalf of RMHC-OKC entered into an agreement to lease 20,981 square feet of space for a 26 bedroom expansion of the Ronald McDonald House in Garrison Tower, 4th Floor. The space consists of lodging and other amenities for families of patients at Oklahoma Children’s Hospital. Lease expense of \$110,152 in 2021 and \$55,076 in 2020 is reported as an in-kind donation from Oklahoma Children’s Hospital and rent expense. The lease agreement expires in 2030 and has an automatic ten year extension.

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

	2021	2020
Program Expenses	\$ 37,030	\$ 210,660
Red Shoe Gala Auction	4,000	11,574
Rent	241,386	186,310
Total	\$ 282,416	\$ 408,544

**NOTE 11 DEFINED CONTRIBUTION RETIREMENT PLAN**

The Organization has a defined contribution plan qualified under Section 401(k) of the Internal Revenue Code. The plan covers full-time employees of the Organization. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The Organization matches 100% of the first 3% and 50% of the next 2% of salary deferrals to the plan by qualified employees. Employer matching contributions to the plan were \$12,259 and \$0 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 12 TRANSACTIONS WITH RELATED ENTITIES**

RMHC is a system of independent, separately registered public benefit organizations, referred to as “Chapters” within the global organization. RMHC-OKC is an independent operating Chapter within the system. Each Chapter is licensed by McDonald's Corporation and Ronald McDonald House Charities to use RMHC related trademarks in conjunction with fundraising

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activities and the operation of its programs; the License Agreement also sets standards of operations for programs, governance, finance, branding and reporting.

RMHC Global, a separately registered nonprofit organization, ensures delivery of the mission across the globe. As a center of excellence, RMHC Global builds and sustains a robust infrastructure of support to the network of Chapters, including operations, licensing and compliance, finance, risk management, communications, marketing and development. The Organization receives 75% of net revenues from all national fundraising efforts facilitated by RMHC Global, as defined by the license agreement. During the years ended December 31, 2021 and 2020, the Organization received \$194,744 and \$165,827, respectively, from these revenue streams.

Accounts receivable due from related parties included in receivables at December 31, 2021 and 2020 was \$39,526 and \$20,960, respectively.

After 100% participation by all employees and board members in the Northwest Oklahoma City program expansion campaign, amounts due from employees and board members included in promises to give at December 31, 2021 and 2020 were \$17,583 and \$47,708, respectively.

During 2018, RMHC-OKC entered into a lease agreement for temporary office space with a related party. Under this agreement, the Organization paid or will pay monthly rent of \$1,667. The lease agreement will expire on January 31, 2023 and may be extended as provided for in the lease agreement.

**NOTE 13 RISKS AND UNCERTAINTIES**

During the year ended December 31, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2022 operations and financial results. In addition, investment markets may continue to experience significant fluctuations. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NOTE 14 SUBSEQUENT EVENTS**

Management evaluated subsequent events through April 27, 2022, the date the financial statements were available to be issued. There were no material subsequent events that required recognition in the financial statements.

**NOTE 15 RECENT ACCOUNTING PRONOUNCEMENTS**

**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

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for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Organization's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance will be effective for the year ending December 31, 2022. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Organization's financial statements.

**Contributed Nonfinancial Assets**

In September 2020, the FASB issued amended guidance for contributed nonfinancial assets. The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The amendments in the guidance will be effective for fiscal years beginning after June 15, 2021.