

Ronald McDonald House Charities of Northeast Ohio, Inc.

Consolidated Financial Report
For the Period July 1, 2020 to December 31, 2020

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RSM US LLP

Independent Auditor's Report

To the Board of Trustees
Ronald McDonald House Charities of Northeast Ohio, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Ronald McDonald House Charities of Northeast Ohio, Inc., which comprise the consolidated statement of financial position as of December 31, 2020, the related consolidated statements of activities, functional expenses and cash flows for the period July 1, 2020 through December 31, 2020, 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 audit. We conducted our audit 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 Charities of Northeast Ohio, Inc. as of December 31, 2020, and the change in its net assets and its cash flows for the period July 1, 2020 through December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was 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
July 1, 2021

Ronald McDonald House Charities of Northeast Ohio, Inc.

Consolidated Statement of Financial Position
December 31, 2020

Assets

Current assets:

Cash and cash equivalents	\$ 2,397,844
Receivables:	
Capital campaign pledges, net	13,859
Pledges and grants	79,902
Other	116,003
Prepaid expenses and other assets	39,923
Total current assets	<u>2,647,531</u>

Property, buildings and equipment:

Vehicles	37,699
Land, building and improvements	28,585,145
Furniture, fixtures and equipment	2,618,813
	<u>31,241,657</u>
Accumulated depreciation	<u>(8,749,820)</u>
Net property, buildings and equipment	<u>22,491,837</u>

Other assets:

Funds held by others	19,004
Capital campaign pledges, net	9,534
Investments	15,621,236
Note receivable	6,596,353
	<u>22,246,127</u>

Total assets

\$ 47,385,495

See notes to consolidated financial statements.

Ronald McDonald House Charities of Northeast Ohio, Inc.

Consolidated Statement of Financial Position
December 31, 2020

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 352,122
Accrued expenses and other liabilities	108,720
Deferred revenue	18,330
Paycheck Protection Program loans	514,900
Total current liabilities	<u>994,072</u>

Long-term liabilities:

Notes payable	9,689,000
Less: deferred financing costs, net	<u>(328,361)</u>
Total long-term liabilities	<u>9,360,639</u>

Total liabilities 10,354,711

Net assets:

Without donor restrictions:	
Operating	15,003,057
Board designated	1,500,000
Capital fund	290,986
Net investment in plant	12,834,891
Total without donor restrictions	<u>29,628,934</u>

With donor restrictions	<u>7,401,850</u>
Total net assets	<u>37,030,784</u>

Total liabilities and net assets \$ 47,385,495

See notes to consolidated financial statements.

Ronald McDonald House Charities of Northeast Ohio, Inc.

Consolidated Statement of Activities

For the Period July 1, 2020 through December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Room revenue	\$ 52,601	\$ -	\$ 52,601
Allowance for "no charge" rooms	(21,978)	-	(21,978)
Net room revenue	30,623	-	30,623
In-kind	570,497	-	570,497
Contributions	1,458,653	4,489,084	5,947,737
Special events, net	164,083	-	164,083
Annual fund	610,013	-	610,013
Rental income	74,506	-	74,506
Other income	105,709	-	105,709
Net assets released from restrictions	108,015	(108,015)	-
Total operating support and revenues	3,122,099	4,381,069	7,503,168
Expenses:			
Program service	2,829,897	-	2,829,897
Management and general	372,588	-	372,588
Fundraising	441,608	-	441,608
Total expenses	3,644,093	-	3,644,093
(Decrease) increase from operating activity	(521,994)	4,381,069	3,859,075
Non-operating activity:			
Interest and dividends	91,881	35,750	127,631
Interest expense	(48,445)	-	(48,445)
Realized and unrealized gains on investments	590,444	327,034	917,478
Loss on disposal of property, buildings and equipment	(41,983)	-	(41,983)
Total non-operating activity	591,897	362,784	954,681
Change in net assets	69,903	4,743,853	4,813,756
Net assets at July 1, 2020	29,559,031	2,657,997	32,217,028
Net assets at end of year	\$ 29,628,934	\$ 7,401,850	\$ 37,030,784

See notes to consolidated financial statements.

Ronald McDonald House Charities of Northeast Ohio, Inc.

**Consolidated Statement of Functional Expenses
For the Period July 1, 2020 through December 31, 2020**

	Program Service	Management and General	Fundraising	Total
Salaries and benefits	\$ 1,070,967	\$ 198,810	\$ 221,193	\$ 1,490,970
Depreciation and amortization	513,585	27,179	-	540,764
In-kind	570,497	-	-	570,497
Repairs and maintenance	147,949	7,787	-	155,736
Annual fund	-	-	209,300	209,300
Utilities	94,057	4,950	-	99,007
Professional fees	40,680	110,721	-	151,401
Supplies	85,123	4,480	-	89,603
Miscellaneous	87,309	11,007	2,752	101,068
Promotional	29,348	-	-	29,348
Family Room/Hospitality Suite	16,239	-	-	16,239
Red Treehouse	11,062	-	-	11,062
Telephone	40,170	2,232	2,232	44,634
Dues and subscriptions	17,571	-	-	17,571
Insurance	21,413	1,190	1,190	23,793
Volunteer activities	1,626	-	-	1,626
STAR Center	4,440	-	-	4,440
Care Mobile	56,696	-	-	56,696
Travel	1,387	198	396	1,981
Office	19,778	4,034	4,545	28,357
Total expenses	\$ 2,829,897	\$ 372,588	\$ 441,608	\$ 3,644,093

See notes to consolidated financial statements.

Ronald McDonald House Charities of Northeast Ohio, Inc.

Consolidated Statement of Cash Flows
For the Period July 1, 2020 through December 31, 2020

Cash flows from operating activities:	
Change in net assets	\$ 4,813,756
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Realized and unrealized gains on investments	(917,478)
Depreciation and amortization	540,764
Contributions received for long-term purposes	(1,360,000)
Loss on disposal of property, buildings and equipment	41,983
Changes in assets and liabilities:	
Receivables	389,796
Prepaid expenses and other assets	3,261
Accounts payable	166,556
Accrued expenses and other liabilities	68,872
Deferred revenue	5,500
Net cash provided by operating activities	<u>3,753,010</u>
Cash flows from investing activities:	
Purchase of property, buildings and equipment	(13,997)
Purchase of investments	(8,932,512)
Proceeds from sale of investments	94,751
Net cash used in investing activities	<u>(8,851,758)</u>
Cash flows from financing activities:	
Contributions received for long-term purposes	1,360,000
Net cash provided by financing activities	<u>1,360,000</u>
Net decrease in cash and cash equivalents	(3,738,748)
Cash and cash equivalents:	
Beginning - July 1, 2020	<u>6,136,592</u>
Ending	<u>\$ 2,397,844</u>

See notes to consolidated financial statements.

Ronald McDonald House Charities of Northeast Ohio, Inc.

Notes to Consolidated Financial Statements

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

Mission: Ronald McDonald House Charities of Northeast Ohio, Inc. enhances the healthcare experience for families and children through comfort, care, and supportive services. The mission is fulfilled 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. Ronald McDonald House Charities of Northeast Ohio, Inc. operates a Ronald McDonald House in Akron, Ohio and Cleveland, Ohio.

Children's Family Care, Inc. was incorporated on March 30, 1983 in the State of Ohio for the purpose of providing support for families with children receiving medical care at Children's Hospital Medical Center of Akron and support of other not-for-profit entities.

Significant accounting policies consist of the following:

Basis of consolidation: These consolidated financial statements include the financial activity of the Ronald McDonald House Charities of Northeast Ohio, Inc. and Children's Family Care, Inc. (collectively, the "financial statements"). Collectively, these organizations are referred to as "RMHC NEO" 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. RMHC NEO 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 RMHC NEO. Net assets with donor restrictions also include endowment funds which are subject to the restriction of donors that the principal be invested in perpetuity and only the distributions are utilized.

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.

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.

Ronald McDonald House Charities of Northeast Ohio, Inc.

Notes to Consolidated Financial Statements

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

Concentration of credit risk: Financial instruments that potentially subject RMHC NEO to concentrations of credit risk consist principally of cash and cash equivalents and investments. RMHC NEO maintains its cash and cash equivalents with financial institutions and although at times invested amounts exceed federally insured limits, management believes the risk associated with exceeding these limits is balanced by the stability of the financial institutions involved. 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 RMHC NEO'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. RMHC NEO does not have a policy for charging interest on past due balances. At December 31, 2020, RMHC NEO had an allowance of \$241 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 consolidated statement of financial position at fair value with any realized and unrealized gains and losses reported in the consolidated statement 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.

RMHC NEO 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 Charities of Northeast Ohio, 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 \$485,785 for the period July 1, 2020 through December 31, 2020.

Deferred financing costs: Deferred financing costs are amortized over the life of the respective loans. Accumulated amortization and amortization expense was \$294,749 and \$54,979, respectively, during the period July 1, 2020 through December 31, 2020. The remaining unamortized financing costs are presented as a reduction of notes payable.

Valuation of long-lived assets: RMHC NEO 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. No impairment losses were recognized in these financial statements.

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

Board designated net assets: RMHC NEO's Board of Trustees has designated \$1.5 million in net assets to function as an operating reserve at December 31, 2020.

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

Contributions: RMHC NEO recognizes contributions as revenue in the period in which the pledge (promise to give) is received. RMHC NEO 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.

Contribution concentrations: Contributions received from one donor during the period July 1, 2020 to December 31, 2020 amounted to \$4,053,872, which represents approximately 68% of total contributions.

In-kind contributions: In-kind contributions represent donated goods and professional services. The estimated fair value of goods and services received are recorded as contributions and expenses at the date they are received.

Ronald McDonald House Charities of Northeast Ohio, Inc.

Notes to Consolidated Financial Statements

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

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, 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.

Income taxes: The Ronald McDonald House Charities of Northeast Ohio, Inc. is a not-for-profit organization as described in section 501(c)(3) of the Internal Revenue Code. The Ronald McDonald House Charities of Northeast Ohio, Inc. is exempt from federal income taxes on related income pursuant to 501(a) of the Internal Revenue Code. Children's Family Care, Inc. is a not-for profit organization as described in section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes. Children's Family Care, Inc. is a private foundation, subject to an excise tax on its investment income. There was no excise tax expense for the period ended July 1, 2020 to December 31, 2020.

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 RMHC NEO'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 period July 1, 2020 through December 31, 2020, management has determined that there are no uncertain tax positions.

Recent accounting pronouncements: RMHC NEO adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaced most existing revenue recognition guidance in U.S. GAAP and permits the use of either a full retrospective or retrospective with cumulative effect method. RMHC NEO selected the retrospective with cumulative effect transition method. There was no significant effect on the financial statements as a result of the adoption of this ASU.

During the period July 1, 2020 to December 31, 2020, RMHC NEO adopted 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. There was no significant effect on the financial statements as a result of the adoption of this ASU.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required. Management is in the process of evaluating the impact of this ASU on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this update clarify and improve presentation and disclosure of contributed nonfinancial assets. This ASU is effective for annual periods beginning after June 15, 2021 and early adoption is permitted. Management is in the process of evaluating the impact of this ASU on its financial statements.

Ronald McDonald House Charities of Northeast Ohio, Inc.

Notes to Consolidated Financial Statements

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

Subsequent events: RMHC NEO has evaluated subsequent events for potential recognition and/or disclosure through July 1, 2021, the date the financial statements were available to be issued.

Note 2. Merger

On June 1, 2020, the Ronald McDonald House of Cleveland, Inc. (Cleveland), RMHC NEO of Akron, Inc. (Akron) and Ronald McDonald House Charities of Northeastern Ohio, Inc. (Charities) entered into an agreement and plan of merger (Agreement).

In accordance with the terms of the Agreement, effective July 1, 2020, Charities and Akron were merged with and into Cleveland in accordance with the provisions of the Agreement and the Ohio Revised Code and their separate corporate existence ceased. Cleveland was the surviving corporation in the merger and continues to exist under the laws of the State of Ohio. Cleveland was renamed the "Ronald McDonald House Charities of Northeast Ohio, Inc." (RMHC NEO).

Through the merger, the three entities seek to better serve the Northeast Ohio area and to provide support for families whose children receive treatment at Northeast Ohio medical centers. RMHC NEO accounted for the merger in accordance with Accounting Standards Codification (ASC), *Not-for-Profit Entities, 805 Business Combinations, U.S. Merger of Not-for-Profit Entities*, which requires the new not-for-profit entity to recognize in its financial statements the assets and liabilities reported in the separate financial statements of the merging entities as of the merger date in accordance with generally accepted accounting principles (GAAP). In addition, the not-for-profit entity resulting from a merger of not-for-profit entities, RMHC NEO, is a new reporting entity, with no activities before the merger date. The new entity's initial reporting period begins with the merger date in this instance of July 1, 2020.

Ronald McDonald House Charities of Northeast Ohio, Inc.

Notes to Consolidated Financial Statements

Note 2. Merger (Continued)

The following table summarizes the amounts recognized at the merger date:

	Cleveland	Akron	Charities	Eliminations	Total
Assets:					
Cash and cash equivalents	\$ 1,659,225	\$ 3,983,196	\$ 494,171	\$ -	\$ 6,136,592
Contribution receivables	400,256	17,324	165,897	-	583,477
Other receivables	13,031	12,586	-	-	25,617
Prepaid expenses and other assets	6,076	60,538	1,305	(24,735)	43,184
Property, buildings, and equipment, net	10,688,071	12,316,782	755	-	23,005,608
Funds held by others	15,746	-	-	-	15,746
Investments	4,942,611	623,938	302,706	-	5,869,255
Note receivable	-	6,596,353	-	-	6,596,353
Total assets:	<u>\$ 17,725,016</u>	<u>\$ 23,610,717</u>	<u>\$ 964,834</u>	<u>\$ (24,735)</u>	<u>\$ 42,275,832</u>
Liabilities:					
Accounts payable	\$ 185,554	\$ 24,749	\$ 88	\$ (24,735)	\$ 185,656
Accrued expenses and other liabilities	6,786	32,972	-	-	39,758
Deferred revenue	12,830	-	-	-	12,830
Paycheck Protection Program loan	341,000	173,900	-	-	514,900
Notes payable	-	9,689,000	-	-	9,689,000
Less: deferred financing costs, net	-	(383,340)	-	-	(383,340)
Total liabilities:	<u>\$ 546,170</u>	<u>\$ 9,537,281</u>	<u>\$ 88</u>	<u>\$ (24,735)</u>	<u>\$ 10,058,804</u>
Net assets:					
Net assets without donor restrictions	\$ 15,103,936	\$ 13,490,349	\$ 964,746	\$ -	\$ 29,559,031
Net assets with donor restrictions	2,074,910	583,087	-	-	2,657,997
Total net assets:	<u>\$ 17,178,846</u>	<u>\$ 14,073,436</u>	<u>\$ 964,746</u>	<u>\$ -</u>	<u>\$ 32,217,028</u>

Note 3. Cash and Cash Equivalents

Cash and cash equivalents at December 31 consisted of the following:

Operating	\$ 1,833,579
Barter account	134,863
Money market accounts	302,742
Savings account- pledged per New Market Tax Credit (NMTC)	126,660
	<u>\$ 2,397,844</u>

Note 4. Capital Campaign Pledges

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

2021	\$ 14,100
2022	5,000
2023	5,000
Total	<u>24,100</u>
Less: present value of discounted pledges	(466)
Less: allowance for uncollectible pledges	(241)
	<u>\$ 23,393</u>

Ronald McDonald House Charities of Northeast Ohio, Inc.

Notes to Consolidated Financial Statements

Note 5. Note Receivable

During 2016, several transactions were entered into in order to make additional funds available through the New Markets Tax Credit (NMTC) Program. The goal of the NMTC program is to spur revitalization efforts of low-income and impoverished communities across the United States and its Territories by providing tax credit incentives to investors in certified community development entities. The tax credit for investors equals 39% of the investment, and investors receive the tax credit over a seven year period. A community development entity (CDE) is required to participate and has the primary mission of providing financing for revitalization projects in low-income communities.

On June 30, 2016, the Ronald McDonald House in Akron, Ohio loaned \$6,596,353 to Chase NMTC RMHA Investment Fund, LLC (the Chase Fund). The Chase Fund also received equity from a tax credit investor and then made Qualified Equity Investments (QEI's) in Western Reserve DF Affiliate VI, LLC (Western Reserve CDE) and CNMC Sub-COE 107, LLC (CNMC COE) (collectively, the CDE's). The CDE's made loans to finance the expansion construction of the Ronald McDonald House in Akron, Ohio.

The outstanding balance of the note receivable from the Chase Fund was \$6,596,353 at December 31, 2020. The note requires quarterly interest payments of 1.4686% per annum until June 30, 2023; at which point interest and principal payments of \$84,620 will be due quarterly until maturity on June 30, 2046. The note is collateralized by a security interest in the membership interest of the Chase Fund.

Interest income from the NMTC leverage loan was \$48,437 for the period July 1, 2020 to December 31, 2020, and is included in interest and dividends on the consolidated statement of activities.

Note 6. 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, RMHC NEO uses various methods including market, income and cost approaches. Based on these approaches, RMHC NEO 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. RMHC NEO 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, RMHC NEO 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.

Ronald McDonald House Charities of Northeast Ohio, Inc.

Notes to Consolidated Financial Statements

Note 6. Fair Value Measurements (Continued)

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

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, which is made up of mutual funds and equity securities, 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: RMHC NEO participates in a pooled fund held and managed by the Cleveland Foundation. The Cleveland Foundation provided the fair value of RMHC NEO's interest in the pooled fund. The underlying assets in the pooled fund consist of securities, whose fair value is based on reported market prices, in addition to alternative investments for which a readily determined fair value does not exist. The fair value of the alternative investment portfolio is determined based on valuations received by the Cleveland Foundation from the underlying fund manager.

Fair value on a recurring basis: The table below presents the balances of assets measured at fair value on a recurring basis at December 31, 2020:

	Total	Level 1	Level 2	Level 3
Mutual funds:				
Equity:				
Domestic	\$ 3,157,647	\$ 3,157,647	\$ -	\$ -
International	860,325	860,325	-	-
Fixed income-domestic	1,632,306	1,632,306	-	-
Equity securities-domestic	796,809	796,809	-	-
Funds held by others	19,004	-	19,004	-
	<u>6,466,091</u>	<u>6,447,087</u>	<u>19,004</u>	<u>-</u>
Cash and cash equivalents	<u>9,174,149</u>			
Total	<u><u>\$ 15,640,240</u></u>			

Ronald McDonald House Charities of Northeast Ohio, Inc.

Notes to Consolidated Financial Statements

Note 7. Equity Securities

The following summarizes the fair values, cost and cumulative unrealized appreciation of investments at December 31, 2020:

	Fair Value	Cost	Cumulative Unrealized Appreciation
Mutual funds:			
Equity	\$ 4,017,972	\$ 2,271,312	\$ 1,746,660
Fixed income	1,632,306	1,501,081	131,225
Equities	796,809	463,376	333,433
Cash and cash equivalents	9,174,149	9,174,149	-
	<u>\$ 15,621,236</u>	<u>\$ 13,409,918</u>	<u>\$ 2,211,318</u>

Note 8. Funds Held by Others

An endowment fund (Fund) was established 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 the Fund is to support the programs and activities of RMHC NEO. Income earned on the Fund is distributed to RMHC NEO under the terms of the agreement. The balance at December 31, 2020 was \$19,004.

Note 9. Paycheck Protection Program Loans

On March 27, 2020, the CARES (Coronavirus Aid, Relief, and Economic Security) 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 of 2020, the RMHC NEO received two PPP loans in the amounts of \$341,000 and \$173,900. Both PPP loans have a stated interest rate of 1% and principal and interest payments of \$14,357 and \$7,322, respectively, were set to begin November, 2020. The balance could be prepaid in full at any time without penalty. Although there were no assurances that RMHC NEO would meet loan forgiveness criteria, the loan had an outlined application process in which satisfaction of certain conditions may result in forgiveness of some or all of the loan. Subsequent to year end, the RMHC NEO was granted forgiveness of both loans and will recognize \$514,900 into contribution revenue during the year ended December 31, 2021.

Ronald McDonald House Charities of Northeast Ohio, Inc.

Notes to Consolidated Financial Statements

Note 10. Notes Payable

Notes payable consist of the following at December 31, 2020:

Western Reserve DF Affiliate VI, LLC Loan A-1: Bearing interest at 1% annum: interest only payments due quarterly until June 1, 2023; at which point interest and principal payments of \$61,072 will be due quarterly until maturity on September 30, 2046, secured by leasehold mortgage on building and improvements located at 141 West State Street, Akron, Ohio 44302

\$ 5,013,750

Western Reserve DF Affiliate VI, LLC Loan B-1: Bearing interest at 1% annum: interest only payments due quarterly until June 1, 2023; at which point interest and principal payments of \$25,717 will be due quarterly until maturity on September 30, 2046, secured by leasehold mortgage on building and improvements located at 141 West State Street, Akron, Ohio 44302

2,111,250

CNMC SUB-CDE 107, LLC Loan A-2: Bearing interest at 1% per annum: interest only payments due quarterly until June 1, 2023; at which point interest and principal payments of \$19,276 will be due quarterly until maturity on September 30, 2046, secured by mortgage on building and improvements located at 141 West State Street, Akron, Ohio 44302

1,582,603

CNMC SUB-CDE 107, LLC Loan B-2: Bearing interest at 1% per annum: interest only payments due quarterly until June 1, 2023; at which point interest and principal payments of \$11,954 will be due quarterly until maturity on September 30, 2046, secured by mortgage on building and improvements located at 141 West State Street, Akron, Ohio 44302

981,397

\$ 9,689,000

Ronald McDonald House Charities of Northeast Ohio, Inc.

Notes to Consolidated Financial Statements

Note 10. Notes Payable (Continued)

Scheduled maturities of notes payable are as follows:

2021	\$	-
2022		-
2023		236,038
2024		472,076
2025		472,076
Thereafter		8,508,810
		<u>\$ 9,689,000</u>

Cash paid for interest and interest expense was \$48,445 for the period July 1, 2020 through December 31, 2020.

Note 11. Endowment Funds

RMHC NEO's endowment consists of 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.

RMHC NEO 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 RMHC NEO 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, RMHC NEO 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. RMHC NEO has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measure required under law. Additionally, in accordance with UPMIFA, RMHC NEO 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 RMHC NEO 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 RMHC NEO
- (7) The investment policies of RMHC NEO

Ronald McDonald House Charities of Northeast Ohio, Inc.

Notes to Consolidated Financial Statements

Note 11. Endowment Funds (Continued)

Endowment net asset composition by type of fund at December 31, 2020:

Donor-restricted endowment funds:

Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 2,080,760
Accumulated investment gains	1,837,609
Total endowment funds	<u>\$ 3,918,369</u>

RMHC NEO's disclosure of the beginning and ending balances of the endowment fund, for the period July 1, 2020 through December 31, 2020, is as follows:

	<u>With Donor Restrictions</u>
Balance at July 1, 2020	\$ 2,195,585
Contributions	1,360,000
Net investment gain	362,784
Appropriations	-
Balance at December 31, 2020	<u>\$ 3,918,369</u>

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 RMHC NEO to retain as a fund of perpetual duration. In accordance with GAAP, there were no deficiencies of this nature reported in net assets without donor restrictions.

Return objectives and risk parameters: RMHC NEO 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 RMHC NEO 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, RMHC NEO 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). RMHC NEO 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: RMHC NEO 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 RMHC NEO 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 of Trustees 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 RMHC NEO'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 Charities of Northeast Ohio, Inc.

Notes to Consolidated Financial Statements

Net 12. Net Assets

Net assets with donor restrictions consist of the following at December 31, 2020:

Net assets with donor restrictions:

Subject to expenditure for specified purpose:

Family Room	\$ 14,155
Family Meal Program	93,426
Mahoning Valley Western, PA	2,693,872
Kitchen Renovation	300,000
Technology Upgrade	264,651
Capital Projects	56,549
Other	60,828
	<u>3,483,481</u>

Subject to RMHC NEO's spending policy and appropriation:

Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	2,080,760
Accumulated investment gains	1,837,609
	<u>3,918,369</u>

Total net assets with donor restrictions \$ 7,401,850

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time for other events stipulated by the donors totaling \$108,015 during the period July 1, 2020 to December 31, 2020.

Note 13. Special Events

Special events activity consists of the following for the period July 1, 2020 through December 31, 2020:

	Revenue	Expense	Net Revenue
Wine Women & Shoes	\$ 115,004	\$ 29,465	\$ 85,539
Red Tie Event	45,708	9,201	36,507
Pulling Together for Kids	34,127	5,770	28,357
Emerging Leaders	19,565	5,885	13,680
	<u>\$ 214,404</u>	<u>\$ 50,321</u>	<u>\$ 164,083</u>

Ronald McDonald House Charities of Northeast Ohio, Inc.

Notes to Consolidated Financial Statements

Note 14. Retirement Plan

Eligible employees of RMHC NEO 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 \$19,500 for the period January 1, 2020 through December 31, 2020. RMHC NEO 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 period July 1, 2020 through December 31, 2020. Retirement plan expense for the period July 1, 2020 through December 31, 2020 was \$94,469.

Note 15. Related Party

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

Ronald McDonald House Charities, Inc. (RMHC Global), a separately registered nonprofit organization, ensures delivery of the mission across the globe. As a center of excellence, RMHC Global builds and sustains a robust infrastructure of support to the network of Chapters, including operations, licensing and compliance, finance, risk management, communications, marketing and development. RMHC NEO received \$4,552,502 from all national fundraising efforts facilitated by RMHC Global, as defined by the licensing agreement, during the period July 1, 2020 to December 31, 2020.

Note 16. Leased Land

The land on which the Akron Ronald McDonald House facilities are situated is leased from Children's Hospital Medical Center of Akron under a long-term lease agreement. The current lease expires December 31, 2082, at which time RMHC NEO can extend the lease term by exercising successive options for one-year periods. The agreement required RMHC NEO to pay a \$1 at the beginning of the lease term.

Note 17. In-Kind

In-kind contributions totaled \$570,497 for the period July 1, 2020 through December 31, 2020. These amounts are also reflected as in-kind expenses for the period July 1, 2020 through December 31, 2020.

Not reflected in the consolidated statements of activities as program service is the value of approximately 2,785 hours donated by more than 215 volunteers for the period July 1, 2020 to December 31, 2020 in order to further the charitable purpose of RMHC NEO, Family Rooms, and Hospitality Suites. The value of these volunteer hours approximates \$79,500 for the period July 1, 2020 through December 31, 2020.

Ronald McDonald House Charities of Northeast Ohio, Inc.

Notes to Consolidated Financial Statements

Note 18. Liquidity and Availability

The following reflects RMHC NEO's financial assets as of the consolidated 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, 2020:

Financial assets at year end:	
Cash and cash equivalents	\$ 2,397,844
Receivables	209,764
Funds held by others	19,004
Investments	15,621,236
Total financial assets	<u>18,247,848</u>
Less amounts not available to be used for general expenditure within one year:	
Savings account- pledged per NMTC	126,660
Donor restricted by purpose	3,483,481
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	2,080,760
Accumulated investment gains	1,837,609
Board designated funds	1,500,000
Financial assets not available to be used within one year	<u>9,028,510</u>
Financial assets available to meet general expenditures within one year	<u>\$ 9,219,338</u>

RMHC NEO'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 11, 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, 2021.

The Board of Trustees 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, 2021.

As part of RMHC NEO'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, RMHC NEO invests cash in excess of daily requirements in short term investments.

Ronald McDonald House Charities of Northeast Ohio, Inc.

Notes to Consolidated Financial Statements

Note 19. Pandemic

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. Faced with the challenges of serving families safely, RMHC NEO pivoted, revised, re-purposed, re-invented and re-imagined services. The community generously donated money to the meal program to help provide what volunteer groups could not. They supported fundraising event transitions from in-person to virtual, or modified and masked. Staff learned new roles to provide essential services that individual volunteers could not. When hospital-based programs had to shut their doors, RMHC NEO delivered snacks, activities, and encouragement to the units for patients, families, and health care staff. Red Treehouse, an online resource link program, was uniquely positioned to support families as COVID-19 caused people to seek online resources.

From greeting families at RMHC NEO House and Family Room programs, assisting with donations, to preparing meals, routine maintenance, and landscaping, it is because of the commitment of hundreds of individual and group volunteers that RMHC NEO can carry out its mission. Due to COVID-19, RMHC NEO saw a pause in the ability to have in-person volunteers. While the pandemic prevented volunteers from being onsite, it did not prevent the ingenuity of the volunteers to find unique ways to remain involved. From virtual pet therapy visits and crafty mask donation creation sessions with families, to donating funds and catered meals, volunteers rose to the occasion and helped RMHC NEO continue to feel like home from afar.

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 RMHC NEO operates. The extent to which COVID-19 impacts RMHC NEO will depend on future developments, which are 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.

Supplementary Information

Ronald McDonald House Charities of Northeast Ohio, Inc.

**Details of Consolidated Statement of Financial Position
December 31, 2020**

	Ronald McDonald House of Northeast Ohio, Inc.	Children's Family Care, Inc.	Eliminations/ Adjustments	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 2,262,658	\$ 135,186	\$ -	\$ 2,397,844
Receivables:				
Capital campaign pledges, net	13,859	-	-	13,859
Pledges and grants	79,902	-	-	79,902
Intercompany	-	24,223	(24,223)	-
Other	99,113	16,890	-	116,003
Prepaid expenses and other assets	38,451	1,472	-	39,923
Total current assets	2,493,983	177,771	(24,223)	2,647,531
Property, buildings and equipment:				
Vehicles	37,699	-	-	37,699
Land, building and improvements	15,642,505	12,942,640	-	28,585,145
Furniture, fixtures and equipment	1,545,489	1,073,324	-	2,618,813
	17,225,693	14,015,964	-	31,241,657
Accumulated depreciation	(6,592,863)	(2,156,957)	-	(8,749,820)
Net property, buildings and equipment	10,632,830	11,859,007	-	22,491,837
Other assets:				
Funds held by others	19,004	-	-	19,004
Capital campaign pledges, net	9,534	-	-	9,534
Investments	15,621,236	-	-	15,621,236
Note receivable	6,596,353	-	-	6,596,353
Total other assets	22,246,127	-	-	22,246,127
Total assets	\$ 35,372,940	\$ 12,036,778	\$ (24,223)	\$ 47,385,495

Ronald McDonald House Charities of Northeast Ohio, Inc.

**Details of Consolidated Statement of Financial Position
December 31, 2020**

	Ronald McDonald House of Northeast Ohio, Inc.	Children's Family Care, Inc.	Eliminations/ Adjustments	Total
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 352,122	\$ -	\$ -	\$ 352,122
Accrued expenses and other liabilities	108,720	-	-	108,720
Intercompany payable	24,223	-	(24,223)	-
Deferred revenue	18,330	-	-	18,330
Paycheck Protection Program loans	514,900	-	-	514,900
Total current liabilities	1,018,295	-	(24,223)	994,072
Long-term liabilities:				
Notes payable	-	9,689,000	-	9,689,000
Less: deferred financing costs, net	-	(328,361)	-	(328,361)
Total long-term liabilities	-	9,360,639	-	9,360,639
Total liabilities	1,018,295	9,360,639	(24,223)	10,354,711
Net assets:				
Without donor restrictions:				
Operating	14,528,979	474,078	-	15,003,057
Board designated	1,500,000	-	-	1,500,000
Capital fund	290,986	-	-	290,986
Net investment in plant	10,632,830	2,202,061	-	12,834,891
Total without donor restrictions	26,952,795	2,676,139	-	29,628,934
With donor restrictions	7,401,850	-	-	7,401,850
Total net assets	34,354,645	2,676,139	-	37,030,784
Total liabilities and net assets	\$ 35,372,940	\$ 12,036,778	\$ (24,223)	\$ 47,385,495

Ronald McDonald House Charities of Northeast Ohio, Inc.

**Details of Consolidated Statement of Activities
For the Period July 1, 2020 through December 31, 2020**

	Ronald McDonald House of Northeast Ohio, Inc.	Children's Family Care, Inc.	Eliminations/ Adjustments	Total
Room revenue	\$ 52,601	\$ -	\$ -	\$ 52,601
Allowance for "no charge" rooms	(21,978)	-	-	(21,978)
Net room revenue	30,623	-	-	30,623
In-kind	570,497	-	-	570,497
Contributions	5,947,737	-	-	5,947,737
Special events, net	164,083	-	-	164,083
Annual fund	610,013	-	-	610,013
Contributions - related party	238,861	-	(238,861)	-
Rental income - other	74,506	-	-	74,506
Rental income - related party	-	286,794	(286,794)	-
Other income	105,681	28	-	105,709
Total operating support and revenues	7,742,001	286,822	(525,655)	7,503,168
Expenses:				
Program service	2,862,517	493,035	(525,655)	2,829,897
Management and general	334,468	38,120	-	372,588
Fundraising	441,549	59	-	441,608
Total expenses	3,638,534	531,214	(525,655)	3,644,093
Increase (decrease) from operating activity	4,103,467	(244,392)	-	3,859,075
Non-operating activity:				
Interest and dividends	127,631	-	-	127,631
Interest expense	-	(48,445)	-	(48,445)
Realized and unrealized gains on investments	917,478	-	-	917,478
Loss on disposal of property, buildings and equipment	(41,983)	-	-	(41,983)
Total non-operating activity	1,003,126	(48,445)	-	954,681
Total change in net assets	5,106,593	(292,837)	-	4,813,756
Net assets at July 1, 2020	29,248,052	2,968,976	-	32,217,028
Net assets at end of year	\$ 34,354,645	\$ 2,676,139	\$ -	\$ 37,030,784