



RONALD MCDONALD HOUSE CHARITIES OF CENTRAL FLORIDA, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020





REPORT OF INDEPENDENT AUDITOR

The Board of Directors and Management
Ronald McDonald House Charities of Central Florida, Inc.
Orlando, Florida

Opinion

We have audited the accompanying financial statements of Ronald McDonald House Charities of Central Florida, Inc. (“the Organization”), which consist of the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses 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 Central Florida, 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 audits 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the Organization’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 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.

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- Identify and assess the risk 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 the Organization'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
May 12, 2022

RONALD MCDONALD HOUSE CHARITIES OF CENTRAL FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 2,122,602	\$ 1,328,142
Assets restricted for long-term purposes	4,064	84,212
Investments	636,293	575,739
Other assets	417,292	276,961
Property and equipment, net	11,809,994	12,271,208
Promised use of contributed land	424,218	442,084
Total assets	\$ 15,414,463	\$ 14,978,346
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 174,807	\$ 157,708
Note payable	—	414,768
Total liabilities	174,807	572,476
NET ASSETS		
Without donor restrictions		
Undesignated	2,921,408	1,981,556
Designated for the J. Darrell Kelley quasi-endowment fund	27,971	24,578
Net investment in property and equipment	11,809,994	11,856,440
Total net assets without donor restrictions	14,759,373	13,862,574
With donor restrictions	480,283	543,296
Total net assets	15,239,656	14,405,870
Total liabilities and net assets	\$ 15,414,463	\$ 14,978,346

The Accompanying Notes are an Integral
Part of These Financial Statements

RONALD MCDONALD HOUSE CHARITIES OF CENTRAL FLORIDA, INC.
STATEMENTS OF ACTIVITIES

	For The Year Ended December 31, 2021			For The Year Ended December 31, 2020
	Without Donor Restrictions	With Donor Restrictions	Total	
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS				
Contributions without donor restrictions	\$ 2,590,339	\$ —	\$ 2,590,339	\$ 2,049,047
Contributions with donor restrictions	—	260,840	260,840	114,333
Special events revenue	720,586	—	720,586	700,373
Grant revenue	279,272	—	279,272	293,985
Noncash contributions	212,651	—	212,651	423,185
Auxiliary and other activities	126,708	—	126,708	119,309
Net assets released from restrictions	<u>323,853</u>	<u>(323,853)</u>	<u>—</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>4,253,409</u>	<u>(63,013)</u>	<u>4,190,396</u>	<u>3,700,232</u>
Expenses				
Program activities				
House operations	<u>2,733,208</u>	<u>—</u>	<u>2,733,208</u>	<u>2,908,266</u>
Total program activities	<u>2,733,208</u>	<u>—</u>	<u>2,733,208</u>	<u>2,908,266</u>
Supporting activities				
Fundraising	302,800	—	302,800	306,080
Cost of direct benefits to donors	165,805	—	165,805	86,947
General and administrative	<u>154,797</u>	<u>—</u>	<u>154,797</u>	<u>156,032</u>
Total supporting activities	<u>623,402</u>	<u>—</u>	<u>623,402</u>	<u>549,059</u>
Total expenses	<u>3,356,610</u>	<u>—</u>	<u>3,356,610</u>	<u>3,457,325</u>
Change in net assets without donor restrictions	896,799	—	896,799	977,729
Change in net assets with donor restrictions	<u>—</u>	<u>(63,013)</u>	<u>(63,013)</u>	<u>(734,822)</u>
CHANGE IN NET ASSETS	896,799	(63,013)	833,786	242,907
NET ASSETS - Beginning of year	<u>13,862,574</u>	<u>543,296</u>	<u>14,405,870</u>	<u>14,162,963</u>
NET ASSETS - End of year	<u>\$ 14,759,373</u>	<u>\$ 480,283</u>	<u>\$ 15,239,656</u>	<u>\$ 14,405,870</u>

The Accompanying Notes are an Integral
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RONALD MCDONALD HOUSE CHARITIES OF CENTRAL FLORIDA, INC.
STATEMENTS OF CASH FLOWS

	For The Years Ended December 31,	
	2021	2020
OPERATING CASH FLOWS		
Cash received from contributions	\$ 2,630,339	\$ 2,049,047
Cash received from special events	720,586	700,373
Cash received from auxiliary and other activities	68,098	49,289
Cash paid for operating activities and costs	(2,667,342)	(2,430,076)
Interest paid	(15,345)	(22,477)
Net operating cash flows	736,336	346,156
INVESTING CASH FLOWS		
Net (purchases) sales of investments	(1,944)	3,038
Net purchases of and improvements to property and equipment	(105,424)	(83,516)
Net release of assets restricted for long-term purposes	15,322	30,955
Net investing cash flows	(92,046)	(49,523)
FINANCING CASH FLOWS		
Borrowings	279,272	293,985
Contributions restricted for long-term purposes	220,840	114,333
Repayments of note payable	(414,768)	(805,232)
Net financing cash flows	85,344	(396,914)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	729,634	(100,281)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - Beginning of year	1,392,968	1,493,249
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - End of year	\$ 2,122,602	\$ 1,392,968
REPORTED IN THE STATEMENTS OF FINANCIAL POSITION AS FOLLOWS		
Cash and cash equivalents	\$ 2,122,602	\$ 1,328,142
Restricted cash included in "assets restricted for long-term purposes"	—	64,826
Total cash, cash equivalents, and restricted cash	\$ 2,122,602	\$ 1,392,968
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ 833,786	\$ 242,907
Adjustments to reconcile change in net assets to net operating cash flows		
Conversion of note payable to grant revenue	(279,272)	(293,985)
Net gain on investments	(58,610)	(70,020)
Contributions restricted for long-term purposes	(220,840)	(114,333)
Depreciation	566,638	559,933
Change in other assets	(140,331)	43,120
Change in promised use of contributed land	17,866	18,408
Change in accounts payable and accrued expenses	17,099	(39,874)
Net operating cash flows	\$ 736,336	\$ 346,156

SUPPLEMENTAL DISCLOSURE

During the year ended December 31, 2021 and 2020, \$279,272 and \$293,985, respectively, of principal reductions of certain notes payable are included in "grant revenue" in the accompanying statements of activities. See Note H.

RONALD MCDONALD HOUSE CHARITIES OF CENTRAL FLORIDA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2021

	Program activities	Supporting activities				Total expenses
	House operations	Fundraising	Cost of direct benefits to donors	General and administrative	Total supporting activities	
Salaries, wages, and payroll taxes	\$ 1,076,946	\$ 193,236	\$ —	\$ 88,320	\$ 281,556	\$ 1,358,502
Depreciation	566,638	—	—	—	—	566,638
Printing and publishing	221,681	11,774	—	—	11,774	233,455
Repairs and maintenance	200,763	—	—	—	—	200,763
Cost of direct benefits to donors	—	—	165,805	—	165,805	165,805
Office space	108,064	28,212	—	8,591	36,803	144,867
Utilities	138,646	—	—	—	—	138,646
House supplies	125,064	—	—	—	—	125,064
Professional fees and contract services	31,403	11,537	—	23,146	34,683	66,086
Insurance	65,957	—	—	—	—	65,957
Miscellaneous	7,179	40,514	—	—	40,514	47,693
Telephone	40,095	—	—	2,110	2,110	42,205
Cleaning service and supplies	33,899	—	—	—	—	33,899
Other house and room management - other supplies	30,091	—	—	—	—	30,091
House programs	25,932	—	—	—	—	25,932
Bank charges and credit card fees	—	—	—	18,941	18,941	18,941
Interest	15,345	—	—	—	—	15,345
Public relations	11,972	3,199	—	—	3,199	15,171
Linens and laundry	15,000	—	—	—	—	15,000
Marketing supplies	—	—	—	8,554	8,554	8,554
Donor recognition and communications	—	8,428	—	—	8,428	8,428
Auto expense	7,715	—	—	—	—	7,715
Meetings, trainings, and seminars	4,375	—	—	1,875	1,875	6,250
Travel	1,530	1,530	—	1,530	3,060	4,590
Postage	36	4,370	—	—	4,370	4,406
Taxes and licenses	2,568	—	—	1,730	1,730	4,298
Volunteers	1,836	—	—	—	—	1,836
Dues and subscriptions	473	—	—	—	—	473
Total	\$ 2,733,208	\$ 302,800	\$ 165,805	\$ 154,797	\$ 623,402	\$ 3,356,610

The Accompanying Notes are an Integral
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RONALD MCDONALD HOUSE CHARITIES OF CENTRAL FLORIDA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2020

	Program activities		Supporting activities			Total expenses
	House operations	Fundraising	Cost of direct benefits to donors	General and administrative	Total supporting activities	
Salaries, wages, and payroll taxes	\$ 1,041,218	\$ 169,167	\$ —	\$ 96,951	\$ 266,118	\$ 1,307,336
Depreciation	559,933	—	—	—	—	559,933
House supplies	336,766	—	—	—	—	336,766
Printing and publishing	202,334	10,550	—	—	10,550	212,884
Repairs and maintenance	203,973	—	—	—	—	203,973
Office space	106,131	27,577	—	8,393	35,970	142,101
Utilities	136,309	—	—	—	—	136,309
Cost of direct benefits to donors	—	—	86,947	—	86,947	86,947
Miscellaneous	13,964	62,799	—	—	62,799	76,763
Insurance	67,685	—	—	—	—	67,685
Professional fees and contract services	30,469	11,088	—	22,222	33,310	63,779
House programs	51,233	—	—	—	—	51,233
Telephone	37,191	—	—	1,957	1,957	39,148
Other house and room management - other supplies	33,986	—	—	—	—	33,986
Cleaning service and supplies	31,880	—	—	—	—	31,880
Interest	22,477	—	—	—	—	22,477
Linens and laundry	18,177	—	—	—	—	18,177
Bank charges and credit card fees	—	15	—	18,144	18,159	18,159
Donor recognition and communications	—	15,262	—	—	15,262	15,262
Travel	2,326	2,326	—	2,326	4,652	6,978
Public relations	1,095	4,608	—	—	4,608	5,703
Auto expense	4,545	—	—	—	—	4,545
Marketing supplies	—	—	—	3,799	3,799	3,799
Postage	1,023	2,688	—	—	2,688	3,711
Taxes and licenses	1,608	—	—	1,762	1,762	3,370
Volunteers	1,602	—	—	—	—	1,602
Meetings, trainings, and seminars	1,116	—	—	478	478	1,594
Dues and subscriptions	1,225	—	—	—	—	1,225
Total	\$ 2,908,266	\$ 306,080	\$ 86,947	\$ 156,032	\$ 549,059	\$ 3,457,325

The Accompanying Notes are an Integral
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RONALD MCDONALD HOUSE CHARITIES OF CENTRAL FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

Ronald McDonald House Charities of Central Florida, Inc. (“the Organization”) is a Florida not-for-profit corporation. The purpose of the Organization is to create, find, and support programs that directly improve the health and well-being of children and families. The Organization’s primary activity is the operation of three Ronald McDonald Houses (“the Houses”) in the Central Florida area. The Houses have a combined 84 bedrooms, which are used to provide temporary lodging to families of seriously ill children being treated at AdventHealth for Children, Arnold Palmer Medical Center, and Nemours Children’s Hospital.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Organization recognizes cash contributions as revenue when the contributions are received by the Organization. Contributions received are recorded as without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. 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.”

Cash and cash equivalents

The Organization considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

Assets restricted for long-term purposes

Assets restricted for long-term purposes primarily consist of cash and cash equivalents and pledges receivable and are restricted by donors for capital projects.

Investments

Investments consist of mutual funds, which are carried at estimated fair value. Estimated fair value is determined based on quoted market prices. Accordingly, investments are considered to be valued using Level 1 inputs for fair value measurement purposes.

Property and equipment

Property and equipment is stated at original cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is provided using the straight-line method over the expected useful lives of the related assets.

Net assets

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. The J. Darrell Kelley quasi-endowment fund was established by the Board of Directors, and the earnings of the fund are to be used to support the ongoing operations of the Organization. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

Functional allocation of expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time.

Income taxes

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. The Organization is further classified as a public charity and not a private foundation for federal tax purposes. The Organization has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements.

RONALD MCDONALD HOUSE CHARITIES OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those related to the estimated useful lives of property and equipment and the estimated fair value of investments, the promised use of contributed land, and noncash contributions. Actual results could differ from the estimates.

Recently adopted accounting pronouncement

Financial Accounting Standard Board Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Topic 606) is effective for the Organization’s December 31, 2021 financial statements. The ASU generally applies to organizations that enter into contracts with customers to transfer goods or services and establishes a performance obligation to revenue recognition. The adoption of the ASU had no effect on the Organization’s net assets as of January 1, 2020, or the change in net assets for the years ended December 31, 2021 and 2020.

Economic uncertainties

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus originating in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Organization’s financial condition and has taken actions to mitigate its impact. Such actions include availing the Organization of relief measures available under federal law and reducing the overall scope and cost of operations. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity.

Reclassifications

Certain amounts included in the 2020 financial statements have been reclassified to conform to classifications adopted during 2021. The reclassifications had no material effect on the accompanying financial statements.

Subsequent events

The Organization has evaluated for possible financial reporting and disclosure of subsequent events through May 12, 2022, the date as of which the financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the statements of financial position are as follows:

	December 31,	
	2021	2020
Cash and cash equivalents, including cash restricted for long-term purposes	\$ 2,122,602	\$ 1,392,968
Investments	636,293	575,739
Total financial assets available	2,758,895	1,968,707
Less amounts unavailable for general expenditure within one year due to:		
Long-term donor-imposed restrictions	—	(64,826)
Net financial assets available within one year	\$ 2,758,895	\$ 1,903,881

RONALD MCDONALD HOUSE CHARITIES OF CENTRAL FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Organization is primarily supported by contributions. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has certain assets limited to use for donor-restricted purposes. Because a donor's restriction requires resources to be used in a specific manner or in a future period, the Organization must maintain sufficient resources to meet its responsibilities to its donors. The Organization also has a quasi-endowment established by the Board of Directors. Thus, those financial assets may not be available for general expenditure within one year of December 31, 2021 and 2020, and are excluded from net financial assets available to meet general expenditures within one year. Management of the Organization believes the Organization has sufficient investments available for general operations that may be drawn upon in the event of unanticipated financial distress or an immediate liquidity need.

NOTE D – CONCENTRATIONS

The Organization maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

NOTE E – ASSETS RESTRICTED FOR LONG-TERM PURPOSES

Assets restricted for long-term purposes were restricted for capital projects and consisted of the following:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Cash	\$ —	\$ 64,826
Pledges receivable	<u>4,064</u>	<u>19,386</u>
Total assets restricted for long-term purposes	<u>\$ 4,064</u>	<u>\$ 84,212</u>

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<u>Category</u>	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 394,013	\$ 394,013
Buildings and building improvements	15,722,053	15,634,313
Furniture, fixtures, and equipment	1,937,745	1,920,061
Vehicles	<u>91,080</u>	<u>91,080</u>
Total property and equipment	18,144,891	18,039,467
Less: Accumulated depreciation	<u>(6,334,897)</u>	<u>(5,768,259)</u>
Net property and equipment	<u>\$ 11,809,994</u>	<u>\$ 12,271,208</u>

Depreciation expense amounted to \$566,638 and \$559,933 during 2021 and 2020, respectively. The Organization's land is subject to certain restrictive covenants limiting the use of the properties as Ronald McDonald House locations.

RONALD MCDONALD HOUSE CHARITIES OF CENTRAL FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE G – PROMISED USE OF CONTRIBUTED LAND

During a prior year, the Organization entered into a lease agreement with The Nemours Foundation (a Florida not-for-profit organization) to lease certain real property at Nemours Children’s Hospital in Orlando, Florida for a term of 50 years. The lease expires in September 2064. The lease agreement requires nominal rent of \$10 a year, which was paid in full in a prior year. The lease requires the Organization to use the property to construct and operate a Ronald McDonald House (“the House”). The Organization completed the construction of the House on the property in a prior year and uses the property for the operation of the House. The estimated fair value of the lease agreement (discounted for present value) was recognized as a contribution at the inception of the lease agreement. The estimated fair value of the leased property at December 31, 2021 and 2020 is \$424,218 and \$442,084, respectively, and is included in “promised use of contributed land” in the accompanying statements of financial position. The estimated fair value of rent annually recognized by the Organization from this agreement was \$22,200 during 2021 and 2020.

NOTE H – NOTE PAYABLE

As of December 31, 2020, the Organization’s note payable required monthly payments of \$3,065 (including interest at a fixed rate of 3.75% per annum). Prior to September 2020, when the note was refinanced, the Organization was required to make minimum principal reductions of \$200,000 during each twelve month period, and the stated interest rate was 3.99% per annum. The note was secured by a blanket lien on all of the Organization’s assets and an agreement not to encumber or transfer certain property. The Organization paid the note in full during 2021.

Interest expense amounted to \$15,345 and \$22,477 during 2021 and 2020, respectively.

During 2020, the Organization obtained a Paycheck Protection Program loan (“PPP loan 1”) in the amount of \$293,985. PPP loan 1 was granted full forgiveness by the Small Business Administration in December 2020 based on the nature of the Organization’s expenditures during a certain applicable period. The forgiveness of PPP loan 1 has been recognized as a reduction to “note payable” in the accompanying statement of financial position (reducing the balance of PPP loan 1 to zero) as of December 31, 2020, and as “grant revenue” in the accompanying statement of activities for the year ended December 31, 2020.

During 2021, the Organization obtained a Second Draw Paycheck Protection Program Loan (“PPP loan 2”) in the amount of \$279,272. PPP loan 2 was granted full forgiveness by the Small Business Administration in November 2021 based on the nature of the Organization’s expenditures during a certain applicable period. The forgiveness of PPP loan 2 has been recognized as a reduction to “note payable” in the accompanying statement of financial position (reducing the balance of PPP loan 2 to zero) as of December 31, 2021, and as “grant revenue” in the accompanying statement of activities for the year ended December 31, 2021.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were subject to donor restrictions for the following purposes during 2021:

	<u>Balance</u>				<u>Balance</u>
	<u>January 1</u>	<u>Contributions</u>	<u>Transfers</u>	<u>Releases</u>	<u>December 31</u>
Promised use of contributed land	\$ 442,084	\$ —	\$ —	\$ (17,865)	\$ 424,219
Pledges receivable for operations	17,000	40,000	—	(5,000)	52,000
Pledges receivable for capital projects	19,386	35,678	(51,000)	—	4,064
Capital projects	<u>64,826</u>	<u>185,162</u>	<u>51,000</u>	<u>(300,988)</u>	<u>—</u>
Total	<u>\$ 543,296</u>	<u>\$ 260,840</u>	<u>\$ —</u>	<u>\$ (323,853)</u>	<u>\$ 480,283</u>

RONALD MCDONALD HOUSE CHARITIES OF CENTRAL FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were subject to donor restrictions for the following purposes during 2020:

	<u>Balance</u> <u>January 1</u>	<u>Contributions</u>	<u>Transfers</u>	<u>Releases</u>	<u>Balance</u> <u>December 31</u>
Promised use of contributed land	\$ 460,492	\$ —	\$ —	\$ (18,408)	\$ 442,084
Capital projects	731,574	105,788	39,500	(812,036)	64,826
Pledges receivable for capital projects	50,341	8,545	(39,500)	—	19,386
Pledges receivable for operations	35,000	—	—	(18,000)	17,000
Other	<u>711</u>	<u>—</u>	<u>—</u>	<u>(711)</u>	<u>—</u>
 Total	 <u>\$ 1,278,118</u>	 <u>\$ 114,333</u>	 <u>\$ —</u>	 <u>\$ (849,155)</u>	 <u>\$ 543,296</u>

NOTE J – NONCASH CONTRIBUTIONS

The Organization receives donations of tickets from several Central Florida theme parks as well as donations of food and beverages, clothing, toys, daily living essentials, and other similar donations from individuals and corporate partners. Noncash contributions are recognized as revenue at their estimated fair value on the date the gifts are received and are recognized as expenses when the related gifts are distributed to families or as assets depending on the nature of the donation. During 2021 and 2020, the Organization recognized noncash contributions of \$212,651 and \$423,185, respectively, which are included in “noncash contributions” in the accompanying statements of activities.

NOTE K – RETIREMENT PLAN

The Organization maintains a 403(b) retirement plan (“the Plan”) in which employees are eligible to participate upon meeting the eligibility requirements as described in the Plan document. Eligible employees may make tax-deferred contributions to the Plan. The Plan allows for the Organization to make discretionary contributions. The Organization made contributions to the Plan of approximately \$23,000 and \$26,000 during 2021 and 2020, respectively.

NOTE L – OPERATING LEASE

The Organization leases office space under a non-cancellable lease agreement. Future minimum lease payments under the noncancellable operating lease are approximately as follows:

Year Ending	
<u>December 31,</u>	
2022	\$ 85,000
2023	87,000
2024	<u>89,000</u>
 Total	 <u>\$ 261,000</u>

Rent expense related to the office lease (including common area charges) was approximately \$92,000 and \$88,000 for 2021 and 2020, respectively.