

**RONALD MCDONALD HOUSE CHARITIES OF
EASTERN IOWA & WESTERN ILLINOIS
IOWA CITY, IOWA**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021



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**RONALD MCDONALD HOUSE CHARITIES OF
EASTERN IOWA & WESTERN ILLINOIS
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YEARS ENDED DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ronald McDonald House Charities of
Eastern Iowa & Western Illinois
Iowa City, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ronald McDonald House Charities of Eastern Iowa & Western Illinois (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 Eastern Iowa & Western Illinois as of December 31, 2022 and 2021, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ronald McDonald House Charities of Eastern Iowa & Western Illinois 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 Eastern Iowa & Western Illinois' ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Eastern Iowa & Western Illinois' 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 Eastern Iowa & Western Illinois' 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
July 19, 2023

**RONALD MCDONALD HOUSE CHARITIES OF
EASTERN IOWA & WESTERN ILLINOIS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 382,285	\$ 527,032
Contributions Receivable, Net	41,568	763,032
Contributed Leases, Net	86,967	41,949
Prepaid Expenses	33,057	26,908
Other Assets	13,798	18,029
Beneficial Use of Land	7,557	7,557
Total Current Assets	565,232	1,384,507
NONCURRENT ASSETS		
Contributed Leases, Net	226,469	-
Investments	4,336,702	4,303,504
Property and Equipment, Net	2,045,145	1,709,547
Beneficial Use of Land	30,854	38,411
Beneficial Interest in Assets Held by Others	303,693	381,634
Total Noncurrent Assets	6,942,863	6,433,096
Total Assets	\$ 7,508,095	\$ 7,817,603
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 319,749	\$ 129,962
NET ASSETS		
Without Donor Restrictions	4,358,011	4,115,308
With Donor Restrictions	2,830,335	3,572,333
Total Net Assets	7,188,346	7,687,641
Total Liabilities and Net Assets	\$ 7,508,095	\$ 7,817,603

See accompanying Notes to Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF
EASTERN IOWA & WESTERN ILLINOIS
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions	\$ 1,339,247	\$ 53,633	\$ 1,392,880	\$ 1,553,719	\$ 1,663,673	\$ 3,217,392
Contributed Goods and Services	114,391	356,227	470,618	64,673	-	64,673
Special Events Revenue	151,156	-	151,156	107,821	-	107,821
Room Donation/Fees	6,545	-	6,545	4,739	-	4,739
Other Loss	(1,839)	-	(1,839)	(2,514)	-	(2,514)
Net Assets Released from Restrictions	793,333	(793,333)	-	1,278,579	(1,278,579)	-
Total Revenues and Other Support	<u>2,402,833</u>	<u>(383,473)</u>	<u>2,019,360</u>	<u>3,007,017</u>	<u>385,094</u>	<u>3,392,111</u>
EXPENSES						
Program Services	1,474,180	-	1,474,180	1,275,238	-	1,275,238
Cost of Direct Benefits to Donors	39,428	-	39,428	28,153	-	28,153
Management and General Administration	142,512	-	142,512	141,244	-	141,244
Fundraising	271,919	-	271,919	261,896	-	261,896
Total Expenses	<u>1,928,039</u>	<u>-</u>	<u>1,928,039</u>	<u>1,706,531</u>	<u>-</u>	<u>1,706,531</u>
CHANGE IN NET ASSETS FROM OPERATIONS	474,794	(383,473)	91,321	1,300,486	385,094	1,685,580
CHANGE IN VALUE OF BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS	-	(59,753)	(59,753)	-	27,893	27,893
INVESTMENT INCOME (LOSS), NET	<u>(232,091)</u>	<u>(298,772)</u>	<u>(530,863)</u>	<u>76,484</u>	<u>249,832</u>	<u>326,316</u>
CHANGE IN NET ASSETS	242,703	(741,998)	(499,295)	1,376,970	662,819	2,039,789
Net Assets - Beginning of Year	<u>4,115,308</u>	<u>3,572,333</u>	<u>7,687,641</u>	<u>2,738,338</u>	<u>2,909,514</u>	<u>5,647,852</u>
NET ASSETS - END OF YEAR	<u>\$ 4,358,011</u>	<u>\$ 2,830,335</u>	<u>\$ 7,188,346</u>	<u>\$ 4,115,308</u>	<u>\$ 3,572,333</u>	<u>\$ 7,687,641</u>

See accompanying Notes to Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF
EASTERN IOWA & WESTERN ILLINOIS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program Services			Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
	Ronald McDonald House	Ronald McDonald Family Rooms	Total				
Salaries	\$ 356,063	\$ 144,384	\$ 500,447	\$ 41,664	\$ 131,211	\$ -	\$ 673,322
Employee Health and Retirement Benefits	50,185	16,583	66,768	6,871	23,676	-	97,315
Payroll Taxes	26,875	10,713	37,588	3,170	9,302	-	50,060
Total Salaries and Related Expenses	433,123	171,680	604,803	51,705	164,189	-	820,697
Automobile Expenses	1,808	-	1,808	-	-	-	1,808
Depreciation	139,762	-	139,762	1,426	1,426	-	142,614
Donor Recognition	414	-	414	-	939	-	1,353
House Supplies	68,505	46,865	115,370	-	-	-	115,370
Family Programs	102,497	893	103,390	-	-	-	103,390
Insurance	24,871	-	24,871	3,642	-	-	28,513
Linens and Laundry	6,679	214	6,893	-	-	-	6,893
Maintenance and Repair	134,619	112	134,731	-	-	-	134,731
Meetings, Training, and Seminars	1,298	2	1,300	304	385	-	1,989
Supplies	44,930	942	45,872	60	4,860	39,428	90,220
Other Expenses	8,233	173	8,406	9,977	946	-	19,329
Postage	1,130	-	1,130	-	395	-	1,525
Printing and Publishing	4,457	-	4,457	-	-	-	4,457
Professional Fees	-	-	-	57,784	-	-	57,784
Rent	7,557	87,387	94,944	-	-	-	94,944
Technology	159	-	159	216	14,656	-	15,031
Telephone	5,369	-	5,369	-	-	-	5,369
Travel, Meals, and Entertainment	1,452	3,823	5,275	2,875	1,596	-	9,746
Utilities	42,538	-	42,538	434	434	-	43,406
Contract Services	98,234	-	98,234	14,089	-	-	112,323
Miscellaneous Fundraising	-	-	-	-	81,599	-	81,599
Guest Parking Fees	33,719	-	33,719	-	-	-	33,719
Volunteer Recognition	735	-	735	-	494	-	1,229
Total Expenses	<u>\$ 1,162,089</u>	<u>\$ 312,091</u>	<u>\$ 1,474,180</u>	<u>\$ 142,512</u>	<u>\$ 271,919</u>	<u>\$ 39,428</u>	<u>\$ 1,928,039</u>

See accompanying Notes to Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF
EASTERN IOWA & WESTERN ILLINOIS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Services			Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
	Ronald McDonald House	Ronald McDonald Family Rooms	Total				
Salaries	\$ 326,628	\$ 168,051	\$ 494,679	\$ 40,241	\$ 129,954	\$ -	\$ 664,874
Employee Health and Retirement Benefits	47,452	18,661	66,113	6,797	22,833	-	95,743
Payroll Taxes	24,215	12,603	36,818	2,869	9,158	-	48,845
Total Salaries and Related Expenses	398,295	199,315	597,610	49,907	161,945	-	809,462
Automobile Expenses	2,714	-	2,714	-	-	-	2,714
Depreciation	146,883	-	146,883	1,499	1,499	-	149,881
Donor Recognition	180	-	180	-	1,497	-	1,677
House Supplies	48,198	36,551	84,749	-	206	-	84,955
Insurance	24,460	-	24,460	1,320	-	-	25,780
Linens and Laundry	7,085	-	7,085	-	-	-	7,085
Maintenance and Repair	84,571	-	84,571	-	-	-	84,571
Meetings, Training, and Seminars	1,135	-	1,135	446	83	-	1,664
Supplies	7,649	1,504	9,153	39	2,614	28,153	39,959
Other Expenses	49,277	1,596	50,873	6,806	1,679	-	59,358
Postage	1,672	-	1,672	13	471	-	2,156
Printing and Publishing	3,513	-	3,513	-	-	-	3,513
Professional Fees	-	-	-	63,888	-	-	63,888
Rent	7,557	81,636	89,193	-	-	-	89,193
Technology	6,070	-	6,070	2,396	9,123	-	17,589
Telephone	2,129	-	2,129	-	-	-	2,129
Travel, Meals, and Entertainment	193	1,901	2,094	-	945	-	3,039
Utilities	35,871	-	35,871	366	366	-	36,603
Contract Services	90,934	-	90,934	14,564	-	-	105,498
Miscellaneous Fundraising	-	-	-	-	81,468	-	81,468
Guest Parking Fees	32,988	-	32,988	-	-	-	32,988
Volunteer Recognition	1,361	-	1,361	-	-	-	1,361
Total Expenses	<u>\$ 952,735</u>	<u>\$ 322,503</u>	<u>\$ 1,275,238</u>	<u>\$ 141,244</u>	<u>\$ 261,896</u>	<u>\$ 28,153</u>	<u>\$ 1,706,531</u>

See accompanying Notes to Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF
EASTERN IOWA & WESTERN ILLINOIS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (499,295)	\$ 2,039,789
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	142,614	149,881
Contributed Leases	(358,872)	(1,744)
Amortization of Contributed Leases	87,387	81,636
Contributed Property and Equipment	(950)	-
Contributed Stock	(300,000)	-
Loss on Disposal of Property and Equipment	1,839	2,514
Change in Value of Beneficial Interest in Assets Held by Others	59,753	(27,893)
Net Realized and Unrealized (Gains) Losses on Investments	591,540	(251,588)
Amortization of Beneficial Use of Land	7,557	7,557
Forgiveness of PPP Loan	-	(309,600)
(Increase) Decrease in Assets:		
Contributions Receivable	721,464	(679,285)
Prepaid Expenses	(6,149)	20,985
Other Assets	4,231	(12,516)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	41,507	(18,972)
Net Cash Provided by Operating Activities	<u>492,626</u>	<u>1,000,764</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(2,825,625)	(1,749,301)
Proceeds from Sale of Investments	2,500,887	824,517
Purchases of Property and Equipment	(330,823)	(120,524)
Distributions from Beneficial Interest in Assets Held by Others	18,188	16,431
Net Cash Used by Investing Activities	<u>(637,373)</u>	<u>(1,028,877)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program Loan	<u>-</u>	<u>154,800</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(144,747)	126,687
Cash and Cash Equivalents - Beginning of Year	<u>527,032</u>	<u>400,345</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 382,285</u>	<u>\$ 527,032</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Purchases of Property and Equipment Included in Accounts Payable	<u>\$ 148,280</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF
EASTERN IOWA & WESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ronald McDonald House Charities of Eastern Iowa & Western Illinois (the Organization) is an Iowa nonprofit charitable corporation formed in 1982. Ronald McDonald House Charities (RMHC) is committed to providing services that directly improve the health and well-being of children, while offering a community of comfort and support for families seeking medical care for a child.

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 Ronald McDonald House Charities:

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 Iowa City, which provide 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.

Ronald McDonald Family Rooms

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 St. Luke's Hospital and University of Iowa 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 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. 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.

**RONALD MCDONALD HOUSE CHARITIES OF
EASTERN IOWA & WESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 nonoperating funds to support current operating activities. The measure of operations excludes investment return on investments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 maintains a cash management repo account with their local bank in which daily transfers are made to ensure cash balances are fully collateralized.

Contributions Receivable

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. Contributions receivable are written off when deemed uncollectible. The Organization has recorded an allowance for uncollectible receivables of \$-0- as of December 31, 2022 and 2021.

The Organization is the beneficiary under various wills and trust agreements of which the total realizable amount is not presently determinable. Such amounts are recorded when a will is declared valid by probate court and the proceeds are measurable.

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.

**RONALD MCDONALD HOUSE CHARITIES OF
EASTERN IOWA & WESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

The Organization maintains master investment accounts for its donor-restricted and board-designated endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

Property and equipment are stated at cost, if purchased, or estimated fair value, if donated, at the date of donation. Additions of \$5,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Construction in progress is not depreciated until the asset is placed into service. Depreciation is calculated using a tax basis for additions capitalized prior to 2014 and is now calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	5 to 39 Years
Office Furniture and Equipment	5 to 10 Years
Vehicles	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 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.

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.

**RONALD MCDONALD HOUSE CHARITIES OF
EASTERN IOWA & WESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions or law. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and a board-designated endowment.

With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition

Contributions (Including Room Donation/Fees)

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. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

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

Special Events Revenue (including Sponsorships and Ticket Sales)

Special events revenue is recognized as revenue in the period the promise was made as the related revenue is not refundable. The portion that relates to the commensurate value the attendee/sponsor receives in return is recognized when the related events are held and performance obligations are met.

Advertising

The Organization expenses advertising costs as incurred.

**RONALD MCDONALD HOUSE CHARITIES OF
EASTERN IOWA & WESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: depreciation and utilities, which are allocated on a square footage basis; salaries and related expenses, which are allocated on the basis of estimates of time and effort.

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.

Adoption of Accounting Principle

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued to improve the effectiveness of disclosures related to contributions of nonfinancial assets. The Organization adopted the standard for the year ended December 31, 2022. This adoption had no impact on the Organization's financial position.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. The Organization was not entered into any material lease agreements during the adoption period, therefore adoption has no impact on the financial statements.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

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NOTE 2 LIQUIDITY

The Organization has \$260,345 and \$1,119,376 of financial assets, as of December 31, 2022 and 2021, respectively, available to meet cash needs for general expenditures within one year of the statement of financial position date, which consists of cash and cash equivalents and contributions receivable per the statement of financial position, reduced by \$163,509 and \$107,688 as of December 31, 2022 and 2021, respectively, not available for general use because of contractual or donor-imposed restrictions or board designations.

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 short-term investments. Occasionally, the board of directors designates a portion of any operating surplus to its operating reserve, which was \$150,000 as of December 31, 2022 and 2021. There is an established board-designated fund where the governing board of directors has the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities.

In addition, although the Organization does not intend to spend from its board-designated endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from its board-designated endowment could be made available if necessary. The accumulated gain on the donor-restricted endowment required to be maintained in perpetuity by the donor could also be made available by the board of directors, if necessary.

NOTE 3 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

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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.

The fair values of assets measured on a recurring basis as of December 31, 2022 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 446,570	\$ -	\$ -	\$ 446,570
International Equity	542,496	-	-	542,496
Asset Allocation	83,549	-	-	83,549
Bonds	409,996	-	-	409,996
Equity Securities:				
U.S. Corporate Equity Securities	1,174,079	-	-	1,174,079
Debt Securities:				
Corporate	-	414,707	-	414,707
Total	<u>2,656,690</u>	<u>414,707</u>	<u>-</u>	<u>3,071,397</u>
Money Market	1,187,090	-	-	1,187,090
U.S. Treasuries	<u>78,215</u>	<u>-</u>	<u>-</u>	<u>78,215</u>
Total Investments	3,921,995	414,707	-	4,336,702
Beneficial Interest in Assets Held by Others	<u>-</u>	<u>-</u>	<u>303,693</u>	<u>303,693</u>
Total	<u>\$ 3,921,995</u>	<u>\$ 414,707</u>	<u>\$ 303,693</u>	<u>\$ 4,640,395</u>

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Investments:				
Mutual Funds:				
Domestic Equity	\$ 360,489	\$ -	\$ -	\$ 360,489
International Equity	394,224	-	-	394,224
Asset Allocation	120,414	-	-	120,414
Bonds	956,912	-	-	956,912
Equity Securities:				
U.S. Corporate Equity Securities	<u>1,304,265</u>	<u>-</u>	<u>-</u>	<u>1,304,265</u>
Total	<u>3,136,304</u>	<u>-</u>	<u>-</u>	<u>3,136,304</u>
Money Market	<u>1,167,200</u>	<u>-</u>	<u>-</u>	<u>1,167,200</u>
Total Investments	4,303,504	-	-	4,303,504
Beneficial Interest in Assets Held by Others	<u>-</u>	<u>-</u>	<u>381,634</u>	<u>381,634</u>
Total	<u>\$ 4,303,504</u>	<u>\$ -</u>	<u>\$ 381,634</u>	<u>\$ 4,685,138</u>

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NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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 is 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.

Assets measured at fair value on a recurring basis using significant observable inputs (Level 3):

	<u>2022</u>	<u>2021</u>
Beginning Balance	\$ 381,634	\$ 370,172
Distributions	(18,188)	(16,431)
Change in Value of Beneficial Interest in Assets Held by Others	<u>(59,753)</u>	<u>27,893</u>
Ending Balance	<u>\$ 303,693</u>	<u>\$ 381,634</u>

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

	<u>2022</u>	<u>2021</u>
Interest and Dividend Income, Net	\$ 60,677	\$ 74,728
Realized and Unrealized Gains (Losses), Net	<u>(591,540)</u>	<u>251,588</u>
Investment Income (Loss), Net	<u>\$ (530,863)</u>	<u>\$ 326,316</u>

NOTE 4 PROPERTY AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>
Construction in Progress	\$ 455,786	\$ 8,284
Buildings and Improvements	4,597,704	4,611,151
Office Furniture and Equipment	233,950	266,024
Automobile	<u>27,052</u>	<u>27,052</u>
Total, at Cost	5,314,492	4,912,511
Accumulated Depreciation	<u>(3,269,347)</u>	<u>(3,202,964)</u>
Total Property and Equipment	<u>\$ 2,045,145</u>	<u>\$ 1,709,547</u>

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NOTE 5 BENEFICIAL USE OF LAND

In 1983, the Organization entered into a lease agreement with the University of Iowa whereby the Organization would lease certain land owned by the University of Iowa. The initial term of the lease was for a 45-year period that ends on January 31, 2028. An independent appraisal determined that the fair value of the space at the time of inception was \$304,384. The annual rental value was estimated to be approximately \$7,557 per year. The value remaining on the use of land as of December 31, 2022 and 2021 is \$38,411 and \$45,968, respectively, and has been recorded as such on the statements of financial position. For each of the years ended December 31, 2022 and 2021, rent expense of \$7,557 was recorded in connection with this lease agreement.

NOTE 6 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

A donor has contributed assets to an unrelated third-party in exchange for a promise by the unrelated third-party to pay a fixed amount for a specified period of time to individuals designated by the donor. Under the terms of the agreement, no trust exists, as the assets received are held by and the liability is an obligation of the unrelated third-party. The Organization is named as a beneficiary in the agreements. Accordingly, contribution revenue with donor restrictions and the related assets are recognized at fair value in the period in which the Organization received notice that the agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets are recorded in the accompanying statements of activities as the change in value of beneficial interest in assets held by others.

NOTE 7 ENDOWMENT FUNDS

The Organization's endowment consists of two individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the board of directors.

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, and (7) the Organization's investment policies.

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NOTE 7 ENDOWMENT FUNDS (CONTINUED)

Investment Return Objectives, Risk Parameters, and Strategies: The Organization has adopted investment objectives to seek maximum total return consistent with the preservation of principal, diversification, and avoidance of excessive risk. An equity-oriented strategy is required to meet the investment objectives. As a result, it is acceptable for the majority of assets to be invested in equity or equity-like securities, including real estate assets (real estate and natural resources). The preferable approach is to invest funds in mutual fund type investments. Real assets provide the added benefit of inflation protection. Fixed income and diversifying strategies will be used to lower short-term volatility and provide stability, especially during periods of deflation and negative equity markets. A target for asset allocations will be 60-70% equities and 30-40% fixed income. Fixed income assets other than cash equivalents shall have a Moody's or Standard Poor's rating of at least "BAA." A blended benchmark of each sub asset class held within the Organization's portfolio will be utilized for the purpose of evaluating investment and manager performance. The goal shall be to meet or exceed, net of management fees, the return of each sub asset class.

Spending Policy: The spending policy is set by the board of directors and is reviewed annually.

Changes in endowment net assets and net assets by type of fund were as follows for the fiscal year ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	\$ 1,891,069	\$ 2,412,435	\$ 4,303,504
Investment Return, Net	(238,360)	(298,772)	(537,132)
Contributions	1,070,330	-	1,070,330
Appropriation of Endowment Asset for Expenditure	(500,000)	-	(500,000)
Endowment Net Assets, End of Year	<u>\$ 2,223,039</u>	<u>\$ 2,113,663</u>	<u>\$ 4,336,702</u>
Board-Designated Endowment Funds	\$ 2,223,039	\$ -	\$ 2,223,039
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Retained by Donor	-	500,000	500,000
Portion Subject to Appropriation under UPMIFA	-	1,613,663	1,613,663
Total Funds	<u>\$ 2,223,039</u>	<u>\$ 2,113,663</u>	<u>\$ 4,336,702</u>

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NOTE 7 ENDOWMENT FUNDS (CONTINUED)

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 964,529	\$ 2,162,603	\$ 3,127,132
Investment Return, Net	76,540	249,832	326,372
Contributions	1,000,000	-	1,000,000
Appropriation of Endowment Asset for Expenditure	(150,000)	-	(150,000)
Endowment Net Assets, End of Year	<u>\$ 1,891,069</u>	<u>\$ 2,412,435</u>	<u>\$ 4,303,504</u>
Board-Designated Endowment Funds	\$ 1,891,069	\$ -	\$ 1,891,069
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Retained by Donor	-	500,000	500,000
Portion Subject to Appropriation under UPMIFA	-	1,912,435	1,912,435
Total Funds	<u>\$ 1,891,069</u>	<u>\$ 2,412,435</u>	<u>\$ 4,303,504</u>

No funds are underwater as of December 31, 2022 and 2021.

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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:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specific Purpose:		
Toy Room	\$ 1,442	\$ 1,478
Refresh Project	-	14,097
Linens and Love	12,066	2,442
Healthy Initiatives	-	2,671
Beneficial Use of Land	38,411	45,968
St. Luke's Family Room Contributed Lease	95,886	30,944
University of Iowa Children's Hospital Family Room Contributed Lease	<u>217,550</u>	<u>11,005</u>
Total	<u>365,355</u>	<u>108,605</u>
Subject to Passage of Time:		
For Periods after December 31	351,317	1,051,293
Subject to the Organization's Spending Policy and Appropriation:		
Ronald McDonald House Operations:		
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	500,000	500,000
Accumulated Gain	<u>1,613,663</u>	<u>1,912,435</u>
Total Ronald McDonald House Operations	<u>2,113,663</u>	<u>2,412,435</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 2,830,335</u></u>	<u><u>\$ 3,572,333</u></u>

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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 years ended December 31:

	<u>2022</u>	<u>2021</u>
Purpose Restrictions Accomplished:		
Beneficial Use of Land	\$ 7,557	\$ 7,557
St. Luke's Family Room Contributed Lease	36,483	36,526
University of Iowa Children's Hospital Family Room Contributed Lease	48,258	43,367
Toy Room	35	-
Refresh Project	14,097	86,951
Remodeling, RMH Iowa City	-	12,514
Healthy Initiatives	2,671	4,829
Linens and Love	<u>2,442</u>	<u>7,085</u>
Total	111,543	198,829
Time Restrictions Expired:		
Passage of Specified Time	<u>681,790</u>	<u>1,079,750</u>
Total Restrictions Released	<u>\$ 793,333</u>	<u>\$ 1,278,579</u>

NOTE 10 NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Board-Designated Endowment	\$ 2,223,039	\$ 1,891,069
Board-Designated Operating Reserve	<u>150,000</u>	<u>150,000</u>
Total	<u>\$ 2,373,039</u>	<u>\$ 2,041,069</u>

NOTE 11 DONATED GOODS AND SERVICES

The Organization is provided two contributed spaces through lease agreements. See Note 12 for the fair market valuation technique and financial statement recognition. During the years ended December 31, 2022 and 2021, \$358,872 and \$1,744 was recognized as revenue, respectively, and \$87,387 and \$81,636 was recognized as expenses, respectively, relating to these agreements. The contributed spaces are utilized by the Organization's programs. Activity related to these lease agreements is included in net assets with donor restrictions, see Note 8 for more information.

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NOTE 11 DONATED GOODS AND SERVICES (CONTINUED)

The Organization received \$950 and \$313 of donated property and equipment for the years ended December 31, 2022 and 2021, respectively. These items are recorded at their fair value, which is the value the Organization would otherwise have to pay if the items were not donated. Depreciation expense related to the donated property and equipment is allocated among program and supporting services on a square basis footage.

The Organization receives various services/supplies for general operations, programming, and special events. These goods and services are recorded at valued at rates or prices that would be charged for similar products or services. There were no donor-imposed restrictions related to these donated services and supplies for the years ended December 31, 2022 and 2021.

The Organization received the following donated services and supplies for the year ended December 31, 2022:

	Program Services	Management and General	Fundraising	Total
Family Programs	\$ 96,646	\$ -	\$ -	\$ 96,646
Maintenance and Repair	2,420	-	-	2,420
House Supplies	11,490	-	-	11,490
Supplies	-	-	240	240
Total	<u>\$ 110,556</u>	<u>\$ -</u>	<u>\$ 240</u>	<u>\$ 110,796</u>

The Organization received the following donated services and supplies for the year ended December 31, 2021:

	Program Services	Management and General	Fundraising	Total
Family Programs	\$ 36,366	\$ -	\$ -	\$ 36,366
Maintenance and Repair	5,916	-	-	5,916
House Supplies	20,024	-	-	20,024
Donor Recognition	-	-	235	235
Other	-	-	76	76
Total	<u>\$ 62,306</u>	<u>\$ -</u>	<u>\$ 311</u>	<u>\$ 62,617</u>

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NOTE 12 CONTRIBUTED LEASES

The Organization has entered into a lease agreement with St. Luke's Hospital for the Ronald McDonald Family Room expiring in September 2022 with options to renew. The Organization renewed the lease agreement for 36 months effective October 1, 2022. The value of the contributed lease expiring in September 2022 has been discounted at a rate of 1.8%. The value of the lease commencing October 1, 2022 has been discounted at a rate of 1.2%.

Based on the estimated fair value of the space, the Organization has recorded an asset for the present value of the contributed lease. The calculation of the present value of the contributed lease and the related discount to present value are based on certain estimates of the fair value of the space, its annual lease value, and a discount rate. The contribution receivable is amortized to rent expense over the life of the asset. For the years ended December 31, 2022 and 2021, the Organization recognized \$36,940 and \$37,440 of rent expense, respectively, under this lease.

Management believes the contributed lease receivable and discount to present value are reasonable estimates based on information currently known. However, circumstances impacting these estimates could occur which could significantly change these calculations.

Contributed Lease Receivable	\$ 97,573
Less: Discount to Present Value	<u>(1,687)</u>
Net Present Value of Contributed Lease Receivable	<u><u>\$ 95,886</u></u>

Amounts Due in Years Ending December 31:	
Less than One Year	\$ 34,437
One to Five Years	<u>63,136</u>
Total	<u><u>\$ 97,573</u></u>

The Organization has entered into a lease agreement with University of Iowa Children's Hospital for the Ronald McDonald Family Room expiring February 2022 with options to renew. The Organization renewed the lease agreement for 60 months effective March 1, 2022. The value of the contributed lease expiring in February 2022 has been discounted at a rate of 2.4%. The value of the lease commencing March 1, 2022 has been discounted at a rate of 1.2%.

Based on the estimated fair value of the space, the Organization has recorded an asset for the present value of the contributed lease. The calculation of the present value of the contributed lease and the related discount to present value are based on certain estimates of the fair value of the space, its annual lease value, and a discount rate. The contribution receivable is amortized to rent expense over the life of the asset. For the years ended December 31, 2022 and 2021, the Organization recognized \$50,447 and \$44,196 of rent expense, respectively, under this lease.

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NOTE 12 CONTRIBUTED LEASES (CONTINUED)

Management believes the contributed lease receivable and discount to present value are reasonable estimates based on information currently known. However, circumstances impacting these estimates could occur which could significantly change these calculations.

Contributed Lease Receivable	\$ 223,253
Less: Discount to Present Value	<u>(5,703)</u>
Net Present Value of Contributed Lease Receivable	<u><u>\$ 217,550</u></u>

Amounts Due in Years Ending December 31:	
Less than One Year	\$ 52,530
One to Five Years	<u>170,723</u>
Total	<u><u>\$ 223,253</u></u>

NOTE 13 TRANSACTIONS WITH RELATED ENTITIES

Ronald McDonald House Charities (RMHC) is a system of independent, separately registered public benefit organizations, referred to as “Chapters” within the global organization. The Organization is an independent operating Chapter within the RMHC system. Each Chapter is licensed by McDonald’s Corporation and Ronald McDonald House Charities, Inc. to use RMHC related trademarks in conjunction with fundraising activities and the operation of its programs; the license agreement also sets standards of operations for programs, governance, finance, branding, and reporting.

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. 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, 2022 and 2021, the Organization received \$203,081 and \$307,166, respectively, from these revenue streams.

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NOTE 14 RETIREMENT PLAN

The Organization provides a 403(b) Retirement Plan (the Plan) to all employees with the exception of employees who are students or employees who are expected to work fewer than 1,000 hours in the first 12 months of employment. The Organization may, in its sole discretion, make a nonelective contribution to the Plan on behalf of the employees if they have completed at least 1,000 hours of service during the Plan year or are employed by the Organization on the last day of the Plan year. Nonelective contributions will be allocated to the nonelective contribution accounts of each employee eligible to share in such allocations in the ratio that each employee's compensation bears to the compensation of all eligible participants. The nonelective contributions are allocated to the participant account at the end of each Plan year. The Organization's contribution into the Plan for the years ended December 31, 2022 and 2021 totaled \$35,089 and \$33,547, respectively.

NOTE 15 CONCENTRATIONS

Contributions totaling \$300,000 and \$1,600,000 were received from a single donor during the years ending December 31, 2022 and 2021, which represent 15% and 47% of total revenue, respectively. As of December 31, 2021, \$600,000 was included in contributions receivable on the statement of financial position. None of these amounts were included in contributions receivable as of December 31, 2022.

Contributed goods and services revenue related to the lease agreement with University of Iowa Children's Hospital for the Ronald McDonald Family Room, explained in Note 12, totaled \$256,991 for the year ended December 31, 2022, which represents 13% of total revenue. As of December 31, 2022, \$217,550 was included in contributed leases, net on the statement of financial position.

NOTE 16 PAYCHECK PROTECTION PROGRAM LOAN

On April 20, 2020, the Organization applied for and obtained a \$154,800 Paycheck Protection Program (PPP Loan), administered by the U.S. Small Business Administration (the SBA), established under the Coronavirus Aid, Relief, and Economic Security Act (Cares Act). Amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The Organization is following ASC 470, *Debt*, to account for the initial receipts related to the PPP Loan. On January 27, 2021, the PPP Loan was fully forgiven, and the Organization was legally released from the debt. The amount is recorded in contributions on the statement of activities in 2021.

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NOTE 16 PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

On March 18, 2021, the Organization applied for and obtained a \$154,800 Paycheck Protection Program (PPP Loan), administered by the U.S. Small Business Administration (the SBA), established under the Coronavirus Aid, Relief, and Economic Security Act (Cares Act). Amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The Organization is following ASC 470, *Debt*, to account for the initial receipts related to the PPP Loan. On September 24, 2021, the PPP Loan was fully forgiven, and the Organization was legally released from the debt. The amount is recorded in contributions on the statement of activities in 2021.

The SBA may review funding eligibility and usage of funds for compliance and 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 17 EMPLOYEE RETENTION CREDIT

On March 25, 2020, Congress passed the CARES Act that included the Employee Retention Tax Credit (ERC), a refundable tax credit against certain employment taxes on qualified wages an eligible employer pays to employees. Enacted on December 27, 2020, the Taxpayer Certainty and Disaster Tax Relief Act made a number of changes to the ERC. For wages paid after December 31, 2020, and before January 1, 2022, eligible employers can claim a 70% credit on employee wages of \$10,000 per quarter. The Organization was eligible for the ERC for the first quarter of 2021. Credits totaling \$93,373 were filed and recorded as contributions in the statement of activity for the year ending December 31, 2021, and included in contributions receivable in the statement of financial position as of December 31, 2021.

NOTE 18 SUBSEQUENT EVENTS

Management evaluated subsequent events through July 19, 2023, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.



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