

**RMHC OF WESTERN NEW YORK, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**

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December 31, 2021 and 2020

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
RMHC of Western New York, Inc.

### Opinion

We have audited the accompanying statements of financial position of RMHC of Western New York, Inc. (the Organization) as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America (GAAP).

### 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 the Organization, 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 GAAP, 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 for one year after the date that the financial statements are 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 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 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 the 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.

A handwritten signature in blue ink that reads "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

May 17, 2022

**Statements of Financial Position**

December 31,	2021	2020
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 252,890	\$ 219,927
Short-term investments	488,848	488,799
Contributions receivable	75,857	65,063
Prepaid expenses	27,910	28,291
	<u>845,505</u>	<u>802,080</u>
<b>Noncurrent assets:</b>		
Investments (Note 2)	4,783,840	4,201,371
Property and equipment, net (Note 3)	757,488	756,402
	<u>\$ 6,386,833</u>	<u>\$ 5,759,853</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 53,989	\$ 16,191
Deferred revenue	4,700	3,200
Rental deposits	7,128	7,128
Grant payable (Note 4)	16,349	22,000
	<u>82,166</u>	<u>48,519</u>
<b>Noncurrent liabilities:</b>		
Grant payable (Note 4)	-	15,800
<b>Net assets:</b>		
Without donor restrictions	5,462,595	4,915,709
With donor restrictions (Note 6)	842,072	779,825
	<u>6,304,667</u>	<u>5,695,534</u>
	<u>\$ 6,386,833</u>	<u>\$ 5,759,853</u>

**Statement of Activities**

For the year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue:			
Contributions			
Public support	\$ 552,158	\$ 33,000	\$ 585,158
RMHC Global	86,781	1,500	88,281
In-kind	55,116	-	55,116
Room donations	8,861	-	8,861
Special events revenue	213,313	-	213,313
Rental, net of expenses of \$53,594	37,396	-	37,396
Other income	8,248	-	8,248
Net assets released from restrictions	34,400	(34,400)	-
Total operating revenues	<u>996,273</u>	<u>100</u>	<u>996,373</u>
Operating expenses:			
Program services			
Ronald McDonald House	614,900	-	614,900
Ronald McDonald Family Room	65,723	-	65,723
Supporting services			
Management and general	187,324	-	187,324
Fundraising and development	149,404	-	149,404
Costs of direct benefit to donors	19,835	-	19,835
Total operating expenses	<u>1,037,186</u>	<u>-</u>	<u>1,037,186</u>
Change in net assets from operating activities	<u>(40,913)</u>	<u>100</u>	<u>(40,813)</u>
Nonoperating activities:			
Contributions	-	66,694	66,694
Investment activity (Note 2)	520,010	65,122	585,132
COVID-19 related expenses	(1,880)	-	(1,880)
Net assets released from restrictions	69,669	(69,669)	-
Total nonoperating activities	<u>587,799</u>	<u>62,147</u>	<u>649,946</u>
Change in net assets	<u>546,886</u>	<u>62,247</u>	<u>609,133</u>
Net assets - beginning	<u>4,915,709</u>	<u>779,825</u>	<u>5,695,534</u>
Net assets - ending	<u>\$ 5,462,595</u>	<u>\$ 842,072</u>	<u>\$ 6,304,667</u>

**Statement of Activities**

For the year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating revenue:</b>			
Contributions			
Public support	\$ 335,181	\$ 3,550	\$ 338,731
RMHC Global	25,474	50,000	75,474
In-kind	69,352	-	69,352
Room donations	3,459	-	3,459
Special events revenue	163,430	-	163,430
Rental, net of expenses of \$50,595	32,295	-	32,295
Net assets released from restrictions	16,950	(16,950)	-
Total operating revenues	<u>646,141</u>	<u>36,600</u>	<u>682,741</u>
<b>Operating expenses:</b>			
Program services			
Ronald McDonald House	528,314	-	528,314
Ronald McDonald Family Room	50,100	-	50,100
Supporting services			
Management and general	165,039	-	165,039
Fundraising and development	89,596	-	89,596
Costs of direct benefit to donors	19,852	-	19,852
Total operating expenses	<u>852,901</u>	<u>-</u>	<u>852,901</u>
Change in net assets from operating activities	<u>(206,760)</u>	<u>36,600</u>	<u>(170,160)</u>
<b>Nonoperating activities:</b>			
Contributions	-	63,500	63,500
Paycheck Protection Program loan (Note 5)	84,327	-	84,327
Investment activity (Note 2)	348,183	49,944	398,127
COVID-19 related expenses	(6,419)	-	(6,419)
Net assets released from restrictions	28,500	(28,500)	-
Total nonoperating activities	<u>454,591</u>	<u>84,944</u>	<u>539,535</u>
Change in net assets	247,831	121,544	369,375
Net assets - beginning	<u>4,667,878</u>	<u>658,281</u>	<u>5,326,159</u>
Net assets - ending	<u>\$ 4,915,709</u>	<u>\$ 779,825</u>	<u>\$ 5,695,534</u>

**Statement of Functional Expenses**

For the year ended December 31, 2021

	Program Services		Supporting Services			Rental Expenses	Total
	Ronald McDonald House	Ronald McDonald Family Room	Management and General	Fundraising and Development	Costs of Direct Benefit to Donors		
Salaries	\$ 336,661	\$ 41,379	\$ 113,583	\$ 90,515	\$ -	\$ 8,108	\$ 590,246
Payroll taxes	29,303	3,504	9,428	7,134	-	629	49,998
Employee benefits	35,997	1,022	4,032	3,531	-	332	44,914
Total personnel costs	401,961	45,905	127,043	101,180	-	9,069	685,158
Depreciation	46,171	4,884	6,005	3,003	-	9,047	69,110
Professional fees	-	-	18,700	-	-	-	18,700
Food	32,550	6,803	-	-	14,771	-	54,124
Repairs and maintenance	35,807	30	4,216	2,108	-	11,759	53,920
Volunteer recognition	17,634	108	-	-	-	-	17,742
Supplies	13,378	3,290	-	-	5,064	-	21,732
Utilities	23,896	-	2,811	1,406	-	6,752	34,865
Insurance	17,538	327	2,101	1,050	-	2,842	23,858
Printing and postage	5,799	-	130	2,185	-	-	8,114
Office expenses	11,020	-	16,731	836	-	-	28,587
Marketing and meetings	7,490	68	3,214	616	-	-	11,388
Promotions and appeals	-	-	-	33,511	-	-	33,511
Grant	549	-	-	-	-	-	549
Other	1,107	4,308	6,373	3,509	-	14,125	29,422
	\$ 614,900	\$ 65,723	\$ 187,324	\$ 149,404	\$ 19,835	\$ 53,594	\$ 1,090,780

See accompanying notes.



**Statement of Functional Expenses**

For the year ended December 31, 2020

	Program Services		Supporting Services			Rental Expenses	Total
	Ronald McDonald House	Ronald McDonald Family Room	Management and General	Fundraising and Development	Costs of Direct Benefit to Donors		
Salaries	\$ 277,919	\$ 33,944	\$ 89,029	\$ 45,442	\$ -	\$ 5,843	\$ 452,177
Payroll taxes	24,052	2,809	7,411	3,749	-	484	38,505
Employee benefits	34,457	1,155	3,406	2,866	-	272	42,156
Total personnel costs	336,428	37,908	99,846	52,057	-	6,599	532,838
Depreciation	46,735	4,066	5,976	2,988	-	8,851	68,616
Professional fees	-	-	24,263	14,500	-	-	38,763
Food	20,917	2,920	-	-	11,767	-	35,604
Repairs and maintenance	25,907	70	2,423	1,211	-	12,480	42,091
Volunteer recognition	20,500	45	-	-	-	-	20,545
Supplies	9,190	1,900	-	64	3,618	-	14,772
Utilities	19,871	-	2,338	1,169	-	6,007	29,385
Insurance	17,483	316	2,093	1,046	-	3,009	23,947
Printing and postage	10,907	-	124	2,489	-	-	13,520
Office expenses	11,546	99	19,414	2,214	-	-	33,273
Marketing and meetings	7,090	483	525	651	-	-	8,749
Promotions and appeals	-	-	-	3,751	-	-	3,751
Grant	940	-	-	-	-	-	940
Other	800	2,293	8,037	7,456	4,467	13,649	36,702
	\$ 528,314	\$ 50,100	\$ 165,039	\$ 89,596	\$ 19,852	\$ 50,595	\$ 903,496

See accompanying notes.

**Statements of Cash Flows**

For the years ended December 31,	2021	2020
<b>Operating activities:</b>		
Change in net assets	\$ 609,133	\$ 369,375
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	69,110	68,616
Loss on disposal of property and equipment	4,336	6,763
Net realized and unrealized gains on investments	(525,752)	(333,630)
Contributions restricted for long-term purposes	(66,694)	(63,500)
Changes in other assets and liabilities:		
Short-term investments	(49)	99,069
Contributions receivable	(10,794)	(6,151)
Prepaid expenses	381	(2,250)
Accounts payable and accrued expenses	37,798	(31,710)
Deferred revenue	1,500	1,200
Rental deposits	-	1,450
Grant payable	(21,451)	(21,060)
<b>Net operating activities</b>	<b>97,518</b>	<b>88,172</b>
<b>Investing activities:</b>		
Purchase of property and equipment	(74,532)	(48,324)
Proceeds from sale of investments	1,110,210	336,372
Purchase of investments	(1,166,927)	(434,055)
<b>Net investing activities</b>	<b>(131,249)</b>	<b>(146,007)</b>
<b>Financing activities:</b>		
Proceeds from contributions restricted for long-term purposes	66,694	63,500
Net increase in cash	32,963	5,665
Cash - beginning of year	219,927	214,262
Cash - end of year	\$ 252,890	\$ 219,927

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

#### Organization

RMHC of Western New York, Inc. (the Organization) is a New York nonprofit charitable corporation formed in 1982. The mission of the Organization is to create, find and support programs that directly improve the health and well-being of children and their families. The Organization is operated by a local volunteer Board of Directors and is funded primarily by contributions from the local Western New York State community. The Organization keeps families with sick/injured children together and near the care and resources they need.

The Organization ascribes to five core values: we are focused on the critical needs of children, we lead with compassion, we celebrate the diversity of our people and our programs, we value our heritage, and we operate with accountability and transparency.

The following programs represent the core functions of the Organization:

#### *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 Buffalo, NY, which provides temporary lodging, meals and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers' ability to spend more time with their child, to interact with their clinical care team and to participate in critical medical care decisions.

#### *Ronald McDonald Family Room*

When a child is critically ill, parents may be reluctant to leave the hospital. In order to provide comfort and support to their child, it is important that parents have an opportunity to rest, have a meal or have a moment of quiet. Located inside medical care facilities, the Ronald McDonald Family Room program in Oishei 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 (GAAP).

#### Measure of Operations

The Organization's change in net assets from operating activities on the statements of activities includes all operating revenues and expenses that are an integral part of its program and supporting activities, and net assets released from donor restrictions to support operating expenditures. The measure of operations excludes return on investments, contributions received for long-term purposes, and any activities related to the pandemic discussed in Note 13.

#### Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management 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

Cash in financial institutions may exceed federally insured limits and subject the Organization to concentrations of credit risk at various times during the year.

#### Short-Term Investments

The Organization classifies money market funds as short-term investments.

#### Investments

Investments are stated at estimated fair value and consist of marketable securities and fixed term annuities.

Investment holdings are exposed to interest rate, market and credit risks. Due to the level of risk associated with certain investment holdings and the level of uncertainty related to changes in the value of investment holdings, it is at least reasonably possible that changes in values in the near term could materially affect the amounts reported in the accompanying financial statements.

## Property and Equipment

Property and equipment are stated at cost or fair market value at the date of donation, net of accumulated depreciation. Maintenance and repairs are charged to operations as incurred; additions of \$1,000 and a useful life greater than one year are capitalized. Depreciation is provided using the straight-line method over estimated useful asset lives as follows:

Buildings and improvements	7-40 years
Furniture and equipment	5-7 years
Vehicles	5-8 years
Hospital lounge	5 years

## Net Assets

The Organization's financial position and activities are reported according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are those whose use has been limited by donors for a specified time period, purpose or to be maintained by the Organization in perpetuity.

## Revenue Recognition

### Contributions

Contributions, including unconditional promises to give, are reported at fair value at the date the contribution or pledge to give is received. Contributions are recorded as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, 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.

In-kind contributions consist of noncash donations of assets (primarily equipment), goods (primarily food and supplies), and services. Noncash donations of assets and goods are recognized as contributions at estimated fair value at the date they are received. Donated services are recognized as contributions if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise have been 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.

Contributions receivable are stated at the amount management expects to collect from outstanding balances.

The Organization is, on occasion, the beneficiary under various wills and trust agreements. Such amounts to be received are recorded when a will is declared valid by probate court and the proceeds are measurable.

## Other Revenue Sources

Special events revenue, which consists primarily of sponsorship revenue and ticket sales, is generally recognized when the event occurs and performance obligations are met. Amounts received in advance from these revenue sources are recorded as deferred revenue until earned. Rental activities are recognized based on space usage.

## Functional Expenses

The Organization's costs of providing program and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain expenses have been allocated among the programs and supporting services benefited. These expenses include salaries and benefits, which are allocated based on estimates of time and effort, and depreciation, utilities, insurance, and repairs and maintenance, which are allocated based on management's estimate of program benefit. Costs of direct benefit to donors consist of costs incurred by the Organization for the benefit of the attendees of its special events. Rental expenses are direct costs associated to the Organization's rental of real property and are shown net of related revenues in the statements of activities.

## Income Taxes

The Organization is a 501(c)(3) corporation exempt from income taxes under §501(a) of the Internal Revenue Code.

## Reclassifications

The 2020 financial statements have been reclassified to conform to the presentation adopted for 2021.

## 2. Investments

	2021	2020
Marketable securities:		
Cash	\$ 82,960	\$ 309,502
Government securities	859,459	557,884
Mutual funds	3,841,421	3,032,121
Fixed term annuities	-	301,864
	<u>\$ 4,783,840</u>	<u>\$ 4,201,371</u>

Investment activity consisted of the following for the years ended December 31:

	2021	2020
Dividends and interest, net	\$ 59,380	\$ 64,497
Net realized and unrealized gains	525,752	333,630
	<u>\$ 585,132</u>	<u>\$ 398,127</u>

### 3. Property and Equipment

	2021	2020
Land	\$ 20,000	\$ 20,000
Building and improvements	1,859,108	1,829,668
Furniture and equipment	274,513	243,741
Vehicles	22,436	22,436
Hospital lounge	25,425	23,141
	<u>2,201,482</u>	<u>2,138,986</u>
Less accumulated depreciation	1,443,994	1,382,584
	<u>\$ 757,488</u>	<u>\$ 756,402</u>

### 4. Grant Payable

In 2017, the Organization granted \$110,000 to a local children's hospital to support a family lounge and laundry facility. The grant is to be paid over a period of five years. The grant was recognized at net present value of the estimated future cash flows discounted using an appropriate interest rate applicable to the year the grant was made. At December 31, 2021 and 2020, grant payable totaled \$16,349 and \$37,800. At December 31, 2021, the remaining grant payable will be paid in 2022.

### 5. Paycheck Protection Program Loan

In 2020, the Organization received a loan of \$84,327 from the Small Business Administration (SBA) under the Paycheck Protection Program of the Coronavirus Aid, Relief and Economic Security (CARES) Act, in response to the pandemic discussed in Note 13. The Organization met the requirements of loan forgiveness and the loan was forgiven by the SBA in 2020. The loan is included as nonoperating activities revenue in the accompanying statement of activities for the year ended December 31, 2020.

### 6. Net Assets with Donor Restrictions

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

	2021	2020
Ronald McDonald Family Room operations	\$ 81,700	\$ 76,600
Unappropriated earnings on perpetual endowment (Note 7)	215,347	168,925
Accumulated principal of perpetual endowment (Note 7)	500,000	500,000
Other	45,025	34,300
	<u>\$ 842,072</u>	<u>\$ 779,825</u>

### 7. Endowment Assets

The Organization's endowment assets arose from donor-restricted gifts that are to be invested in perpetuity, the earnings from which are available for operating expenses. The Organization has adopted investment and spending policies for endowment assets that attempt to provide returns sufficient to address the purposes of the assets over the long-term.

The Board of Directors of the Organization has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original donor restricted gift as of the gift date absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to be held in perpetuity, (b) the original value of subsequent gifts to the endowment fund, and (c) accumulations to the endowment fund made in accordance with the direction of a donor gift instrument at the time the accumulation is added to the fund.

In accordance with NYPMIFA, the Organization considers the following factors to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the fund
- Purposes of the Organization and the fund
- General economic conditions
- Possible effects of inflation and deflation
- Expected total return from income and appreciation of investments
- Other Organization resources
- Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization
- Investment policy of the Organization

Endowment investment income (loss) is reported as an increase (decrease) to net assets with donor restrictions until appropriated for use by the Board of Directors in accordance with the Organization's spending policy. The amount of investment return available for spending during a fiscal year is determined using a 3% average of the endowment asset over the prior three years.

The Organization's endowment asset activity is as follows for the years ended December 31:

	Unappropriated Earnings	Accumulated Principal	Total
<b>2021</b>			
Endowment assets - beginning of year	\$ 168,925	\$ 500,000	\$ 668,925
Investment activity:			
Dividends and interest, net	6,609	-	6,609
Net gains	58,513	-	58,513
Total investment activity	65,122	-	65,122
Contributions	-	-	-
Appropriated	(18,700)	-	(18,700)
Endowment assets - end of year	\$ 215,347	\$ 500,000	\$ 715,347
<b>2020</b>			
Endowment assets - beginning of year	\$ 136,781	\$ 500,000	\$ 636,781
Investment activity:			
Dividends and interest, net	8,091	-	8,091
Net gains	41,853	-	41,853
Total investment activity	49,944	-	49,944
Contributions	-	-	-
Appropriated	(17,800)	-	(17,800)
Endowment assets - end of year	\$ 168,925	\$ 500,000	\$ 668,925

## 8. Retirement Plan

The Organization maintains a Savings Incentive Match Plan for Employees of Small Employers (SIMPLE) retirement plan for essentially all full-time employees. The Organization matches 100% of the employees' contribution up to a maximum of 3% of gross salaries to the plan for qualified employees. Employer contributions for the years ended December 31, 2021 and 2020 totaled \$9,863 and \$8,389.

## 9. Rental Income

The Organization leases residential apartments to tenants on a month-to-month basis. Rental revenue for these leases totaled \$90,990 and \$82,890 for the years ended December 31, 2021 and 2020.

## 10. Related Party Transactions

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. (RMHC Global) to use the 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.

RMHC Global, a separately registered nonprofit organization, ensures delivery of the mission across the globe. RMHC Global provides an 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 local fundraising efforts facilitated by RMHC Global, as defined by a license agreement. During the years ended December 31, 2021 and 2020, the Organization received \$88,281 and \$75,474, respectively, from these revenue streams.

## 11. Liquidity

The Organization obtains financial assets generally through contributions, investment activity, special events, and rental income. The financial assets are acquired throughout the year to help meet the Organization's needs for general expenditures.

If necessary, the Organization also has access to noncurrent investments totaling approximately \$4,284,000 not subject to donor restriction or are restricted for operating and similar purposes. Although the Organization does not intend to spend from these assets, the assets could be made available, if necessary, through approval by the Board of Directors.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet six months of normal operating expenses, which are approximately \$742,000 and \$709,000 as of December 31, 2021 and 2020.

The Organization's current financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consist of the following at December 31:

	<u>2021</u>	2020
Cash	\$ 252,890	\$ 219,927
Short-term investments	488,848	488,799
Contributions receivable	75,857	65,063
	<u>\$ 817,595</u>	<u>\$ 773,789</u>

## 12. Fair Value Measurements

Accounting guidance requires a three-level fair value hierarchy that prioritizes the inputs used to measure assets at fair value. The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices in active markets for identical assets that the Organization has the ability to access on the reporting date.

Level 2 – Observable prices that are based on inputs not quoted in active markets, but which are corroborated by market data.

Level 3 – Inputs that are unobservable for the asset. Valuations incorporate significant professional judgment to determine the fair value assigned to such assets, including assumptions that a market participant would use in pricing the asset.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The fair values of investment assets are as follows as of December 31:

<u>2021</u>	Based on	
	Level 1	Level 2
Cash	\$ 82,960	\$ -
Government securities	859,459	-
Mutual funds	3,841,421	-
	<u>\$ 4,783,840</u>	<u>\$ -</u>

  

<u>2020</u>	Based on	
	Level 1	Level 2
Cash	\$ 309,502	\$ -
Government securities	557,884	-
Mutual funds	3,032,121	-
Fixed term annuities	-	301,864
	<u>\$ 3,899,507</u>	<u>\$ 301,864</u>

## 13. Risks and Uncertainties due to COVID-19

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. The pandemic is having significant effects on global markets, supply chains, businesses, and communities.

The full extent of the impact of COVID-19 on the Organization's future operational and financial performance will depend on further developments. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

## 14. Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through May 17, 2022, the date the financial statements were available to be issued. Management is not aware of any material subsequent events that require additional recognition or disclosure in the financial statements.