

# ELLIN & TUCKER

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**RONALD MCDONALD HOUSE CHARITIES OF MARYLAND, INC.  
AND SUBSIDIARY  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**



**RMHC**<sup>®</sup>  
Maryland

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**December 31, 2019 and 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Ronald McDonald House Charities of Maryland, Inc.

### **REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

We have audited the accompanying consolidated financial statements of Ronald McDonald House Charities of Maryland, Inc. and Subsidiary (collectively referred to as the Organization) which comprise the Consolidated Statements of Financial Position as of December 31, 2019 and 2018 and the related Consolidated Statements of Activities, Functional Expenses and Cash Flows for the years then ended and the related notes to the consolidated financial statements.

### **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT, CONTINUED**

**OPINION**

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In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities of Maryland, Inc. and Subsidiary as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



ELLIN & TUCKER  
Certified Public Accountants

Baltimore, Maryland  
May 29, 2020

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**Ronald McDonald House Charities of Maryland, Inc. and Subsidiary**  
**December 31, 2019 and 2018**

**ASSETS**

<b>ASSETS</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Cash and Cash Equivalents	\$ 2,839,975	\$ 4,469,076
Restricted Cash	379,528	444,528
Investments (Note 2)	6,524,917	5,710,879
Pledges Receivable, Net (Note 3)	1,498,006	4,028,203
Other Receivables, Net of Allowance of \$10,000 in 2018	244,027	149,985
Note Receivable (Note 5)	8,115,600	8,115,600
Prepaid Expenses and Other Assets	81,583	85,013
Property and Equipment, Net (Note 4)	<u>32,608,111</u>	<u>29,548,359</u>
Total Assets	<u>\$ 52,291,747</u>	<u>\$ 52,551,643</u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 217,506	\$ 2,800,945
Notes Payable (Note 6)	<u>11,324,806</u>	<u>11,251,848</u>
Total Liabilities	<u>11,542,312</u>	<u>14,052,793</u>

**COMMITMENTS (Note 7)**

**NET ASSETS**

Without Donor Restrictions	40,132,364	12,282,728
With Donor Restrictions (Note 8)	<u>617,071</u>	<u>26,216,122</u>
Total Net Assets	<u>40,749,435</u>	<u>38,498,850</u>
Total Liabilities and Net Assets	<u>\$ 52,291,747</u>	<u>\$ 52,551,643</u>

*(See Independent Auditors' Report and Accompanying Notes)*

**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**Ronald McDonald House Charities of Maryland, Inc. and Subsidiary**  
**For the Years Ended December 31, 2019 and 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>						
Contributions	\$ 1,692,874	\$ 58,000	\$ 1,750,874	\$ 1,275,326	\$ 74,493	\$ 1,349,819
Capital Campaign	-	1,337,098	1,337,098	-	2,305,800	2,305,800
Special Events, Net of Cost of Direct Benefits to Donors of \$351,845 and \$413,812, Respectively	1,098,255	-	1,098,255	1,273,361	-	1,273,361
Guest Fees	73,049	-	73,049	67,441	-	67,441
In-Kind Contributions	1,139,636	-	1,139,636	301,009	-	301,009
Net Assets Released from Restrictions	27,064,261	(27,064,261)	-	53,948	(53,948)	-
<b>Total Revenues, Gains, and Other Support</b>	<b>31,068,075</b>	<b>(25,669,163)</b>	<b>5,398,912</b>	<b>2,971,085</b>	<b>2,326,345</b>	<b>5,297,430</b>
<b>EXPENSES</b>						
Program Services	3,409,157	-	3,409,157	1,936,755	-	1,936,755
Management and General	390,071	-	390,071	315,896	-	315,896
Fundraising	245,095	-	245,095	237,277	-	237,277
<b>Total Expenses</b>	<b>4,044,323</b>	<b>-</b>	<b>4,044,323</b>	<b>2,489,928</b>	<b>-</b>	<b>2,489,928</b>
Change in Net Assets from Operations	27,023,752	(25,669,163)	1,354,589	481,157	2,326,345	2,807,502
<b>INVESTMENT INCOME (LOSS), NET (Note 2)</b>	<b>825,884</b>	<b>70,112</b>	<b>895,996</b>	<b>(119,488)</b>	<b>(16,402)</b>	<b>(135,890)</b>
Change in Net Assets	27,849,636	(25,599,051)	2,250,585	361,669	2,309,943	2,671,612
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>12,282,728</b>	<b>26,216,122</b>	<b>38,498,850</b>	<b>11,921,059</b>	<b>23,906,179</b>	<b>35,827,238</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 40,132,364</b>	<b>\$ 617,071</b>	<b>\$ 40,749,435</b>	<b>\$ 12,282,728</b>	<b>\$ 26,216,122</b>	<b>\$ 38,498,850</b>

*(See Independent Auditors' Report and Accompanying Notes)*

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**Ronald McDonald House Charities of Maryland, Inc. and Subsidiary**  
**For the Year Ended December 31, 2019**

	Program Services	Supporting Services			Total
		Management and General	Fund Raising	Total	
Salaries	\$ 826,094	\$ 110,165	\$ 133,606	\$ 243,771	\$ 1,069,865
Employee Benefits	85,368	8,539	13,014	21,553	106,921
Payroll Taxes	63,722	8,325	10,158	18,483	82,205
<b>Total Salaries and Related Expenses</b>	<b>975,184</b>	<b>127,029</b>	<b>156,778</b>	<b>283,807</b>	<b>1,258,991</b>
Bank Charges	-	91,299	-	91,299	91,299
Cleaning Services and Supplies	89,021	-	-	-	89,021
Conferences and Meetings	21,033	6,937	-	6,937	27,970
Dues and Subscriptions	6,229	2,867	641	3,508	9,737
Family Support Services	399,647	-	-	-	399,647
House Operations	405,755	1,784	3,650	5,434	411,189
House Security	127,926	-	-	-	127,926
House Supplies	50,391	2,215	590	2,805	53,196
Insurance	41,673	4,136	-	4,136	45,809
Interest	-	72,176	-	72,176	72,176
Lease	50,000	-	-	-	50,000
Maintenance and Repairs	57,113	2,824	-	2,824	59,937
Marketing and Public Relations	31,392	944	51,647	52,591	83,983
Postage, Printing and Publishing	1,796	86	215	301	2,097
Professional Development	2,495	1,695	65	1,760	4,255
Professional Fees	-	45,861	-	45,861	45,861
Special Events	-	-	27,614	27,614	27,614
Telephone	14,642	3,802	-	3,802	18,444
Transportation and Parking	26,211	1,243	152	1,395	27,606
Utilities	134,837	308	349	657	135,494
<b>Total Expenses before Depreciation and Amortization</b>	<b>2,435,345</b>	<b>365,206</b>	<b>241,701</b>	<b>606,907</b>	<b>3,042,252</b>
Depreciation and Amortization	973,812	24,865	3,394	28,259	1,002,071
<b>Total Expenses</b>	<b>\$ 3,409,157</b>	<b>\$ 390,071</b>	<b>\$ 245,095</b>	<b>\$ 635,166</b>	<b>\$ 4,044,323</b>

*(See Independent Auditors' Report and Accompanying Notes)*

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**Ronald McDonald House Charities of Maryland, Inc. and Subsidiary**  
**For the Year Ended December 31, 2018**

	Program Services	Supporting Services			Total
		Management and General	Fund Raising	Total	
Salaries	\$ 638,649	\$ 54,804	\$ 136,121	\$ 190,925	\$ 829,574
Employee Benefits	64,547	5,514	14,416	19,930	84,477
Payroll Taxes	49,107	3,992	10,335	14,327	63,434
<b>Total Salaries and Related Expenses</b>	<b>752,303</b>	<b>64,310</b>	<b>160,872</b>	<b>225,182</b>	<b>977,485</b>
Bad Debt Expenses	-	85,600	-	85,600	85,600
Bank Charges	-	54,733	-	54,733	54,733
Cleaning Services and Supplies	70,345	-	-	-	70,345
Conferences and Meetings	7,123	5,675	204	5,879	13,002
Dues and Subscriptions	5,500	-	781	781	6,281
Family Support Services	252,723	-	-	-	252,723
House Operations	151,432	1,606	260	1,866	153,298
House Supplies	46,023	3,598	274	3,872	49,895
Insurance	28,851	4,831	-	4,831	33,682
Lease	50,000	-	-	-	50,000
Maintenance and Repairs	63,332	1,378	177	1,555	64,887
Marketing and Public Relations	42,081	-	17,274	17,274	59,355
Postage, Printing and Publishing	19,367	-	15,557	15,557	34,924
Professional Development	15,326	-	-	-	15,326
Professional Fees	1,270	66,173	-	66,173	67,443
Special Events	-	-	40,385	40,385	40,385
Telephone	10,729	3,575	-	3,575	14,304
Transportation and Parking	72,012	-	-	-	72,012
Utilities	83,096	246	367	613	83,709
<b>Total Expenses before Depreciation and Amortization</b>	<b>1,671,513</b>	<b>291,725</b>	<b>236,151</b>	<b>527,876</b>	<b>2,199,389</b>
Depreciation and Amortization	265,242	24,171	1,126	25,297	290,539
<b>Total Expenses</b>	<b>\$ 1,936,755</b>	<b>\$ 315,896</b>	<b>\$ 237,277</b>	<b>\$ 553,173</b>	<b>\$ 2,489,928</b>

*(See Independent Auditors' Report and Accompanying Notes)*



**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Ronald McDonald House Charities of Maryland, Inc. and Subsidiary**  
**For the Years Ended December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 2,250,585	\$ 2,671,612
<b>Adjustments to Reconcile Changes in Net Assets to Net Cash (Used in) Provided by Operating Activities:</b>		
Contributions Restricted for Long-Term Purposes	(1,274,598)	(2,195,138)
Depreciation and Amortization	1,002,071	290,539
(Gain) Loss on Investments, Net	(637,986)	402,597
<b>Net Changes in:</b>		
Pledges and Other Receivables	(209,043)	(93,607)
Prepaid Expenses and Other Assets	3,430	(28,981)
Accounts Payable and Accrued Expenses	(2,583,439)	17,421
Net Cash (Used in) Provided by Operating Activities	<u>(1,448,980)</u>	<u>1,064,443</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of Investments	(2,698,032)	(796,311)
Sales of Investments	2,521,980	588,627
Proceeds from Sale of Property and Equipment	1,450,000	-
Expenditures for Property and Equipment	(5,438,865)	(17,567,058)
Net Cash Used in Investing Activities	<u>(4,164,917)</u>	<u>(17,774,742)</u>
<b>FINANCING ACTIVITIES</b>		
Collections of Contributions Restricted for Long-Term Purposes	3,919,796	5,092,496
Issuance of Note Receivable	-	(8,115,600)
Proceeds from Notes Payable	-	11,720,000
Loan Origination Fees	-	(501,591)
Net Cash Provided by Financing Activities	<u>3,919,796</u>	<u>8,195,305</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	(1,694,101)	(8,514,994)
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR</b>	<u>4,913,604</u>	<u>13,428,598</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<u>\$ 3,219,503</u>	<u>\$ 4,913,604</u>

*(See Independent Auditors' Report and Accompanying Notes)*

**NOTE 1**    **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF ACTIVITIES**

Ronald McDonald House Charities of Maryland, Inc. (RMH) is a not-for-profit organization that provides a home away from home for seriously ill children and their families.

Hope Has a New Address: RMH 2.0, Inc. (RMH 2.0) was formed in 2018 for the purpose of the construction of the new house (Note 13). RMH is the sole member of RMH 2.0.

**PRINCIPLES OF CONSOLIDATION**

The accompanying consolidated financial statements include the accounts of RMH and RMH 2.0 (collectively referred to as the Organization). All significant intercompany transactions and balances have been eliminated in consolidation.

**ACCOUNTING STANDARDS CODIFICATION**

All references in the consolidated financial statements to the Codification refer to the Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (GAAP) issued by the Financial Accounting Standards Board (FASB). The Codification is the single source of authoritative GAAP in the United States.

**NEW ACCOUNTING STANDARDS ADOPTED**

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended by subsequent ASUs (collectively, ASC 606) which amends the existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods or services. The Organization adopted ASU 2014-09 effective January 1, 2019 using the modified retrospective transition method. The adoption of ASU 2014-09 did not materially impact the timing and measurement of revenue recognition. As a result, the Organization did not recognize a cumulative effect adjustment to the opening balance of net assets.

The Organization adopted FASB ASU 2016-18, Statement of Cash Flows (Topic 230), which standardizes the existing accounting standards for restricted cash presented with the cash flow statement. The Organization adopted this ASU effective January 1, 2019, using the retrospective method.

*(See Independent Auditors' Report)*

In June 2019, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which clarifies when a grant should be accounted for as a contribution or an exchange transaction. The Organization adopted ASU 2018-08 as of January 1, 2019 under the modified prospective approach. The adoption of ASU 2018-08 did not materially impact the consolidated financial statements.

**BASIS OF ACCOUNTING AND PRESENTATION**

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with GAAP. Under the accrual basis of accounting, revenue and other support are recorded when earned and expenses are recorded when incurred. Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

**REVENUE RECOGNITION**

Pledges and contributions are recorded when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received and unconditional promises to give are measured at their fair values and reported as support within net assets with donor restrictions or net assets without donor restrictions depending on the existence and nature of any donor restrictions.

**USE OF ESTIMATES**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**FUNCTIONAL EXPENSES**

Functional expenses have been allocated between program and supporting services based on an analysis of personnel's time and space utilized for the related activities.

**CASH AND CASH EQUIVALENTS**

The Organization maintains its cash in bank deposit accounts and money market funds which, at times, may exceed federally insured limits. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

*(See Independent Auditors' Report)*

The Organization considers all highly liquid investments with original maturities of less than three months to be cash equivalents.

**RESTRICTED CASH**

In accordance with the loan agreements to finance the construction of the new house, the Organization was required to establish reserve accounts. The funds are used to pay certain asset management and servicing fees.

**DEPRECIATION**

Depreciation is provided on the straight-line method over the estimated useful lives of the related assets. It is the Organization's policy to capitalize property and equipment greater than \$2,500. Lesser amounts are expensed.

**VALUATION OF LONG-LIVED ASSETS**

The Organization accounts for the valuation of long-lived assets under the Codification for the impairment or disposal of long-lived assets. The Codification requires long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to the future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed are reportable at the lower of the carrying amount of fair value, less costs to sell.

**DONATED GOODS AND SERVICES**

The Organization receives a significant amount of donated services from unpaid volunteers who assist with clerical and resident comfort activities. Donated goods and services with an identifiable value have been recognized in the Consolidated Statements of Activities.

**INCOME TAXES**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization follows the provisions of Accounting for Uncertainty in Income Taxes under the Income Taxes Topic of the Codification. The Codification requires the evaluation of tax positions, which include maintaining its tax-exempt status and the taxability of any unrelated business income, and does not allow recognition of tax positions which do not meet a "more-

*(See Independent Auditors' Report)*

likely-than-not” threshold of being sustained by the applicable tax authority. Management does not believe it has taken any tax positions that would not meet this threshold.

**INVESTMENTS**

Investments are reported at fair value in the Consolidated Statements of Financial Position. Realized and unrealized gains and losses are included in the change in net assets. See Note 2 for a discussion of fair value measurements.

**RISKS AND UNCERTAINTIES**

The Organization invests in various investment securities, which are exposed to various risks, such as interest rate, credit and overall volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the Consolidated Statements of Financial Position.

**RECLASSIFICATIONS**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**NOTE 2 VALUATION OF INVESTMENTS**

Investments at December 31, 2019 and 2018 consisted of the following:

	<b>2019</b>	<b>2018</b>
Cash Equivalents	\$ 1,076,643	\$ 155,090
Mutual Funds	5,018,478	5,322,374
Common Stocks	429,796	233,415
Total	<b>\$ 6,524,917</b>	<b>\$ 5,710,879</b>

The Fair Value Measurements and Disclosures Topic of the Codification establishes a hierarchal disclosure framework, which prioritizes and ranks the level of market price observability used in measuring investments and other financial instruments at fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*(See Independent Auditors’ Report)*

- Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2      Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Below is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2019 and 2018.

Mutual Funds and Common Stocks: Valued at quoted prices in an active market.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2019 and 2018:

*(See Independent Auditors' Report)*

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**  
**Ronald McDonald House Charities of Maryland, Inc. and Subsidiary**

	Level 1 and Total	
	2019	2018
<b>Mutual Funds:</b>		
Emerging Markets	\$ 77,020	\$ 36,865
Fixed Income	823,940	3,075,550
Bond Funds	1,181,084	596,050
International	998,950	522,841
Large Cap Growth	222,518	127,519
Large Cap Value	1,109,206	615,315
Mid Cap Growth	212,847	162,336
Mid Cap Value	266,588	100,782
Small Cap Growth	126,325	84,744
Small Cap Value	-	372
<b>Common Stocks:</b>		
Small Cap Value	174,289	87,795
Large Cap Core	255,507	145,620
	<u>\$5,448,274</u>	<u>\$5,555,789</u>
Investment Securities, at Fair Value	<u>\$5,448,274</u>	<u>\$5,555,789</u>

Cash equivalents are excluded from the fair value hierarchy as cash equivalents are generally measured at cost. As such, short-term investments of \$1,076,643 and \$155,090 held in the Organization's investment portfolio at December 31, 2019 and 2018, respectively, have been excluded from this table.

Investment income (loss) for the years ended December 31, 2019 and 2018 consisted of the following:

	2019	2018
Dividends and Interest	\$ 281,829	\$ 287,340
Net Realized (Loss) Gain on Sale of Investments	(32,502)	103,946
Unrealized Appreciation (Depreciation) on Investments	670,488	(506,543)
	919,815	(115,257)
Less: Investment Fees	23,819	20,633
	<u>\$ 895,996</u>	<u>\$ (135,890)</u>

*(See Independent Auditors' Report)*

**NOTE 3 PLEDGES RECEIVABLE**

Pledges receivable represent unconditional promises to give from donors. Pledges receivable at December 31, 2019 and 2018 were as follows:

	<b>2019</b>	<b>2018</b>
Amounts Due in Less than One Year	\$ 798,006	\$ 2,811,923
Amounts Due in One to Five Years	760,000	1,316,280
Amounts Due in More than Five Years	-	75,000
 Total Commitment	 1,558,006	 4,203,203
 Less: Allowance for Uncollectibility	 20,000	 95,000
Less: Present Value of Money Discount	40,000	80,000
 Pledges Receivable, Net	 \$ 1,498,006	 \$ 4,028,203

Pledges which are due in more than one year are reflected at the present value of expected future cash flows using a discount rate of 3%.

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment as of December 31, 2019 and 2018 consisted of the following:

	<b>2019</b>	<b>2018</b>
Building and Building Improvements	\$ 31,290,526	\$ 6,699,363
Furniture and Office Equipment	2,415,090	148,345
Automotive Equipment	71,702	71,702
New House Construction in Progress	-	28,050,899
	 33,777,318	 34,970,309
Less: Accumulated Depreciation	1,169,207	5,421,950
 Total	 \$ 32,608,111	 \$ 29,548,359

Construction of the new house was in progress at December 31, 2018 and placed in service in April 2019. The previous building and building improvements were sold in May 2019 for \$1,450,000.

*(See Independent Auditors' Report)*



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**  
**Ronald McDonald House Charities of Maryland, Inc. and Subsidiary**

**NOTE 5**      **NOTE RECEIVABLE**

In July 2018, the Organization entered into a loan agreement with RMH Baltimore Investment Fund, LLC to facilitate the tax credit transactions used to fund the construction of the new house (Note 13). The note receivable at December 31, 2019 is interest only at 1% with quarterly payments through December 2025. Effective March 2026, interest and principal payments of approximately \$93,000 will be due in quarterly installments through maturity in September 1, 2050.

**NOTE 6**      **NOTES PAYABLE**

Notes payable as of December 31, 2019 and 2018 consisted of:

	<b>2019</b>	<b>2018</b>
Note Payable, interest only at .739% through March 1, 2026, then quarterly payments of \$48,861 until maturity in December 2056, collateralized by new house	\$ 5,410,400	\$ 5,410,400
Note Payable, interest only at .739% through March 1, 2026, then quarterly payments of \$20,858 until maturity in December 2056, collateralized by new house	2,309,600	2,309,600
Note Payable, interest only at .739% through March 1, 2026, then quarterly payments of \$24,430 until maturity in December 2056, collateralized by new house	2,705,200	2,705,200
Note Payable, interest only at .739% through March 1, 2026, then quarterly payments of \$11,693 until maturity in December 2056, collateralized by new house	1,294,800	1,294,800
	11,720,000	11,720,000
Less: Loan Origination Fees, Net of Accumulated Amortization of \$106,398 and \$33,439, Respectively	395,194	468,152
	<b>\$ 11,324,806</b>	<b>\$ 11,251,848</b>

*(See Independent Auditors' Report)*

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**  
**Ronald McDonald House Charities of Maryland, Inc. and Subsidiary**

Future principal payments on notes payable are as follows:

Year Ended December 31,	2020	\$	-
	2021		-
	2022		-
	2023		-
	2024		-
	Thereafter		<u>11,720,000</u>
			<u><u>\$11,720,000</u></u>

**NOTE 7**    **COMMITMENTS**

The Organization has a ground lease with the City of Baltimore to lease the land located at the new house for \$1 per year through July 2066 with an option to extend for an additional 25 years. The Organization has recorded the fair value of this rent of approximately \$50,000 as in-kind contributions revenue and lease expense for the years ended December 31, 2019 and 2018.

**NOTE 8**    **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2019 and 2018 are as follows:

	<b>2019</b>	<b>2018</b>
<b>Subject to Expenditure for Specified Purposes:</b>		
New House Construction	\$ -	\$25,632,036
Family Expenses	42,522	54,216
Vending Product	19,275	18,412
<b>Subject to Organization's Spending Policy and Appropriation:</b>		
<b>Investment in Perpetuity (Including Amounts Greater than Original Gift Amounts of \$481,250), Which, Once Appropriated, is Expendable to Support:</b>		
Any Activities of the Organization	<u>555,274</u>	<u>511,458</u>
Total	<u><u>\$ 617,071</u></u>	<u><u>\$26,216,122</u></u>

**NOTE 9**    **ENDOWMENT FUNDS**

The Organization's endowment consists of one donor-restricted endowment fund established to provide a source of income for ongoing operating expenses. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

*(See Independent Auditors' Report)*

**INTERPRETATION OF RELEVANT LAW**

The Organization is subject to the Maryland Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) Duration and preservation of the fund
- (2) Purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) Possible effect of inflation and deflation
- (5) Expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) Investment policies of the Organization

**ENDOWMENT FUND COMPOSITION BY TYPE OF FUND AS OF DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Donor-Restricted Endowment Funds:</b>			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 481,250	\$481,250
Accumulated Investment Gains	-	74,024	74,024
	<u>\$ -</u>	<u>\$ 555,274</u>	<u>\$555,274</u>

*(See Independent Auditors' Report)*

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**  
**Ronald McDonald House Charities of Maryland, Inc. and Subsidiary**

**ENDOWMENT FUND COMPOSITION BY TYPE OF FUND AS OF DECEMBER 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Donor-Restricted Endowment Funds:</b>			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 481,250	\$481,250
Accumulated Investment Gains	-	30,208	30,208
	<u>\$ -</u>	<u>\$ 511,458</u>	<u>\$511,458</u>

**CHANGES IN ENDOWMENT FUNDS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Funds, January 1, 2018	\$ -	\$ 553,996	\$553,996
Investment Return, Net	-	(16,402)	(16,402)
Appropriation of Endowment Assets for Expenditure	-	(26,136)	(26,136)
Endowment Funds, December 31, 2018	-	511,458	511,458
Investment Return, Net	-	70,112	70,112
Appropriation of Endowment Assets for Expenditure	-	(26,296)	(26,296)
Endowment Funds, December 31, 2019	<u>\$ -</u>	<u>\$ 555,274</u>	<u>\$555,274</u>

**UNDERWATER ENDOWMENT FUNDS**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the Organization to

*(See Independent Auditors' Report)*

retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2019 and 2018.

**RETURN OBJECTIVES AND RISK PARAMETERS**

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for operating expenses while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner intended to produce results which exceed the price and yield results of a composite index that is a weighted blend of the indices which reflects the Organization's target asset allocation while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return, before appropriation of expenditures, of approximately 5% in excess of the Consumer Price Index annually. Actual returns in any given year may vary from this amount.

**STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES**

To satisfy its long-term rate-of-return objective, the Organization relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

**SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY**

The Organization has a policy of appropriating for distribution each year up to 5% of its endowment fund's average fair value as of year end for the preceding three years in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at the rate of the Consumer Price Index plus 5% annually. The Organization generally does not permit spending from underwater endowment funds when the funds are underwater.

**NOTE 10 RETIREMENT PLAN**

The Organization maintains a 401(k) retirement plan for eligible employees. During 2019 and 2018, the Organization's contribution to the plan was \$30,000 and \$24,641, respectively.

*(See Independent Auditors' Report)*

**NOTE 11 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. 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 incurs a fee of 25% related to revenues from all national fundraising efforts facilitated by RMHC Global, as defined by the License Agreement. RMHC Global receives all national fundraising revenues and remits its portion of contributions, net of the 25% fee, to RMH. During the years ended December 31, 2019 and 2018, the Organization received \$263,682 and \$251,196, respectively, from RMHC Global from these revenue streams.

**NOTE 12 SUPPLEMENTAL CASH FLOW INFORMATION**

Cash paid during the years ended December 31, 2019 and 2018 for interest was \$86,611 and \$32,238, respectively. A total of \$14,435 and \$39,456 was capitalized to New House Construction in Progress during the years ended December 31, 2019 and 2018, respectively, prior to being placed in service in April 2019.

**NOTE 13 NEW HOUSE TRANSACTION**

In 2018, the Organization entered into a series of complex transactions designed to provide funding to construct the new house. The transactions allowed other unrelated parties to utilize federal and state new market tax credits, which could not be utilized by the Organization. These credits are subject to recapture to the extent the Organization does not meet certain performance standards. The requirements include various economic and community impacts that will respond to the needs of the surrounding community, as specified in the agreement.

Accordingly, the unrelated parties entered into debt, lease and other agreements designed to protect their financial interest in the transaction and which incentivized the Organization to meet performance standards during the compliance period. Conversely, the Organization negotiated provisions in the agreements which provide options to relieve the Organization of

*(See Independent Auditors’ Report)*

these significant obligations upon expiration of the compliance period. The compliance period expires in May 2025.

**NOTE 14 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization's financial assets available to meet cash needs for general expenditures within one year of the Consolidated Statements of Financial Position date are as follows:

	<b>2019</b>	<b>2018</b>
Cash and Cash Equivalents	\$ 2,839,975	\$ 4,469,076
Investments	6,524,917	5,710,879
Pledges Receivable	1,498,006	4,028,203
Other Receivables	244,027	149,985
Total Financial Assets	11,106,925	14,358,143
Receivables Scheduled to be Collected in More than One Year	(720,000)	(1,391,280)
<b>Contractual or Donor-Imposed Restrictions:</b>		
Endowment Funds	(555,274)	(511,458)
Donor Contributions Restricted to Specific Purposes	(61,797)	(25,704,664)
Property and Equipment Not Placed in Service as of Year End Included in Donor Contributions Restricted to Specific Purposes	-	25,632,036
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<b>\$ 9,769,854</b>	<b>\$12,382,777</b>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, management performs a periodic review of the cash flow projections.

**NOTE 15 SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through May 29, 2020, the date the consolidated financial statements were available to be issued.

*(See Independent Auditors' Report)*

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2020 operations and financial results, including the receipt of contributions and collections on outstanding pledges receivable. In addition, both domestic and international equity markets have experienced significant declines since December 31, 2019. 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 occurred subsequent to year-end are still developing.

In April 2020, the Organization received a loan of \$220,584 under the Small Business Administration Paycheck Protection Program. A portion or all of the loan may be forgiven provided that the funds are used for the specific purposes outlined by the Paycheck Protection Program.

*(See Independent Auditors' Report)*





**SUPPLEMENTARY INFORMATION**



**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
 Ronald McDonald House Charities of Maryland, Inc.

We have audited the consolidated financial statements of Ronald McDonald House Charities of Maryland, Inc. and Subsidiary as of and for the years ended December 31, 2019 and 2018, and our report thereon dated May 29, 2020, which expressed an unmodified opinion on those consolidated financial statements, appears on Pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Statements of Financial Position and Activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

ELLIN & TUCKER  
 Certified Public Accountants

Baltimore, Maryland  
 May 29, 2020

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**Ronald McDonald House Charities of Maryland, Inc. and Subsidiary**  
**December 31, 2019**

	<b><u>ASSETS</u></b>			
<b><u>ASSETS</u></b>	<b><u>RMH</u></b>	<b><u>RMH 2.0</u></b>	<b><u>Eliminations</u></b>	<b><u>Consolidated</u></b>
Cash and Cash Equivalents	\$ 2,820,933	\$ 19,042	\$ -	\$ 2,839,975
Restricted Cash	-	379,528	-	379,528
Investments	6,524,917	-	-	6,524,917
Pledges Receivable, Net	1,498,006	-	-	1,498,006
Other Receivables	244,027	-	-	244,027
Note Receivable	8,115,600	-	-	8,115,600
Prepaid Expenses and Other Assets	81,583	-	-	81,583
Property and Equipment, Net	1,643,883	30,964,228	-	32,608,111
Total Assets	<u>\$ 20,928,949</u>	<u>\$ 31,362,798</u>	<u>\$ -</u>	<u>\$ 52,291,747</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b><u>LIABILITIES</u></b>				
Accounts Payable and Accrued Expenses	\$ 198,205	\$ 19,301	\$ -	\$ 217,506
Notes Payable	-	11,324,806	-	11,324,806
Total Liabilities	<u>198,205</u>	<u>11,344,107</u>	<u>-</u>	<u>11,542,312</u>
<b><u>NET ASSETS</u></b>				
Without Donor Restrictions	20,113,673	20,018,691	-	40,132,364
With Donor Restrictions	617,071	-	-	617,071
Total Net Assets	<u>20,730,744</u>	<u>20,018,691</u>	<u>-</u>	<u>40,749,435</u>
Total Liabilities and Net Assets	<u>\$ 20,928,949</u>	<u>\$ 31,362,798</u>	<u>\$ -</u>	<u>\$ 52,291,747</u>

*(See Independent Auditors' Report on Supplementary Information and Note)*

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**Ronald McDonald House Charities of Maryland, Inc. and Subsidiary**  
**December 31, 2018**

	<b><u>ASSETS</u></b>			
<b><u>ASSETS</u></b>	<b><u>RMH</u></b>	<b><u>RMH 2.0</u></b>	<b><u>Eliminations</u></b>	<b><u>Consolidated</u></b>
Cash and Cash Equivalents	\$ 3,860,105	\$ 608,971	\$ -	\$ 4,469,076
Restricted Cash	-	444,528	-	444,528
Investments	5,710,879	-	-	5,710,879
Pledges Receivable, Net	4,028,203	-	-	4,028,203
Other Receivables, Net of Allowance of \$10,000	149,985	-	-	149,985
Note Receivable	8,115,600	-	-	8,115,600
Prepaid Expenses and Other Assets	86,513	-	(1,500)	85,013
Property and Equipment, Net	2,401,688	27,146,671	-	29,548,359
Total Assets	<u>\$ 24,352,973</u>	<u>\$ 28,200,170</u>	<u>\$ (1,500)</u>	<u>\$ 52,551,643</u>
	<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b><u>LIABILITIES</u></b>				
Accounts Payable and Accrued Expenses	\$ 2,782,894	\$ 19,551	\$ (1,500)	\$ 2,800,945
Notes Payable	-	11,251,848	-	11,251,848
Total Liabilities	<u>2,782,894</u>	<u>11,271,399</u>	<u>(1,500)</u>	<u>14,052,793</u>
<b><u>NET ASSETS</u></b>				
Without Donor Restrictions	20,985,993	(8,703,265)	-	12,282,728
With Donor Restrictions	584,086	25,632,036	-	26,216,122
Total Net Assets	<u>21,570,079</u>	<u>16,928,771</u>	<u>-</u>	<u>38,498,850</u>
Total Liabilities and Net Assets	<u>\$ 24,352,973</u>	<u>\$ 28,200,170</u>	<u>\$ (1,500)</u>	<u>\$ 52,551,643</u>

*(See Independent Auditors' Report on Supplementary Information and Note)*

**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**Ronald McDonald House Charities of Maryland, Inc. and Subsidiary**  
**For the Year Ended December 31, 2019**

	RMH			RMH 2.0			Eliminations	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>								
Contributions	\$ 1,692,874	\$ 58,000	\$ 1,750,874	\$ -	\$ -	\$ -	\$ -	\$ 1,750,874
Capital Campaign	-	1,337,098	1,337,098	-	-	-	-	1,337,098
Special Events, Net of Cost of Direct Benefits to Donors of \$351,845	1,098,255	-	1,098,255	-	-	-	-	1,098,255
Guest Fees	73,049	-	73,049	-	-	-	-	73,049
In-Kind Contributions	1,079,636	-	1,079,636	60,000	-	60,000	-	1,139,636
Intercompany Contributions (Note 1)	545,489	-	545,489	4,444,785	-	4,444,785	(4,990,274)	-
Lease Income	-	-	-	80,250	-	80,250	(80,250)	-
Net Assets Released from Restrictions	1,432,225	(1,432,225)	-	25,632,036	(25,632,036)	-	-	-
Total Revenues, Gains, and Other Support	5,921,528	(37,127)	5,884,401	30,217,071	25,632,036	4,585,035	5,070,524	5,398,912
<b>EXPENSES</b>								
Program Services	2,700,245	-	2,700,245	789,162	-	789,162	(80,250)	3,409,157
Management and General	232,322	-	232,322	157,749	-	157,749	-	390,071
Fundraising	242,380	-	242,380	2,715	-	2,715	-	245,095
Intercompany Contribution Expense (Note 1)	4,444,785	-	4,444,785	545,489	-	545,489	(4,990,274)	-
Total Expenses	7,619,732	-	7,619,732	1,495,115	-	1,495,115	(5,070,524)	4,044,323
Change in Net Assets from Operations	(1,698,204)	(37,127)	(1,735,331)	28,721,956	(25,632,036)	3,089,920	-	1,354,589
<b>INVESTMENT INCOME, NET</b>								
Change in Net Assets	(872,320)	32,985	(839,335)	28,721,956	(25,632,036)	3,089,920	-	2,250,585
<b>NET ASSETS - BEGINNING OF YEAR</b>								
	20,985,993	584,086	21,570,079	(8,703,265)	25,632,036	16,928,771	-	38,498,850
<b>NET ASSETS - END OF YEAR</b>								
	\$ 20,113,673	\$ 617,071	\$ 20,730,744	\$ 20,018,691	\$ -	\$ 20,018,691	\$ -	\$ 40,749,435

*(See Independent Auditors' Report on Supplementary Information and Note)*

	RMH			RMH 2.0			Eliminations	Consolidated
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>								
Contributions	\$ 1,275,326	\$ 74,493	\$ 1,349,819	\$ -	\$ -	\$ -	\$ -	\$ 1,349,819
Capital Campaign	-	2,305,800	2,305,800	-	-	-	-	2,305,800
Special Events, Net of Cost of Direct Benefits to Donors of \$413,812	1,273,361	-	1,273,361	-	-	-	-	1,273,361
Guest Fees	67,441	-	67,441	-	-	-	-	67,441
In-Kind Contributions	301,009	-	301,009	-	-	-	-	301,009
Intercompany Contributions (Note 1)	4,610,613	-	4,610,613	21,602,345	-	21,602,345	(26,212,958)	-
Net Assets Released from Restrictions	53,948	(53,948)	-	-	-	-	-	-
Total Revenues, Gains, and Other Support	<u>7,581,698</u>	<u>2,326,345</u>	<u>9,908,043</u>	<u>21,602,345</u>	<u>-</u>	<u>21,602,345</u>	<u>26,212,958</u>	<u>5,297,430</u>
<b>EXPENSES</b>								
Program Services	1,926,732	-	1,926,732	10,023	-	10,023	-	1,936,755
Management and General	262,958	-	262,958	52,938	-	52,938	-	315,896
Fundraising	237,277	-	237,277	-	-	-	-	237,277
Intercompany Contribution Expense (Note 1)	21,602,345	-	21,602,345	4,610,613	-	4,610,613	(26,212,958)	-
Total Expenses	<u>24,029,312</u>	<u>-</u>	<u>24,029,312</u>	<u>4,673,574</u>	<u>-</u>	<u>4,673,574</u>	<u>(26,212,958)</u>	<u>2,489,928</u>
Change in Net Assets from Operations	(16,447,614)	2,326,345	(14,121,269)	16,928,771	-	16,928,771	-	2,807,502
<b>INVESTMENT LOSS, NET</b>								
Change in Net Assets	(16,567,102)	2,309,943	(14,257,159)	16,928,771	-	16,928,771	-	2,671,612
<b>NET ASSETS - BEGINNING OF YEAR</b>								
Transfer of Net Assets With Donor Restrictions (Note 1)	25,632,036	(25,632,036)	-	(25,632,036)	25,632,036	-	-	-
<b>NET ASSETS - END OF YEAR</b>								
	<u>\$ 20,985,993</u>	<u>\$ 584,086</u>	<u>\$ 21,570,079</u>	<u>\$ (8,703,265)</u>	<u>\$ 25,632,036</u>	<u>\$ 16,928,771</u>	<u>\$ -</u>	<u>\$ 38,498,850</u>

*(See Independent Auditors' Report on Supplementary Information and Note)*

**NOTE 1**    **INTERCOMPANY TRANSACTIONS**

During 2018, RMH 2.0 was formed for the purpose of construction of the new house. As a result, net assets with donor restrictions for construction of the new house were transferred to RMH 2.0 totaling \$25,632,036 in 2018. These assets were released from restriction when the building was placed into service in April 2019.

In addition, construction costs totaling \$4,444,785 and \$21,602,345 were contributed by RMH to RMH 2.0 during the years ended December 31, 2019 and 2018, respectively. RMH was reimbursed by RMH 2.0 for construction costs totaling \$545,489 and \$4,610,613 during the years ended December 31, 2019 and 2018, respectively.

*(See Independent Auditors' Report on Supplementary Information)*