

FINANCIAL REPORT  
RONALD MCDONALD HOUSE CHARITIES  
OF SOUTH LOUISIANA, INC.

DECEMBER 31, 2021

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.

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## INDEPENDENT AUDITOR'S REPORT

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August 11, 2022

To the Board of Directors  
Ronald McDonald House Charities  
of South Louisiana, Inc.  
New Orleans, Louisiana

### Opinion

We have audited the accompanying financial statements of Ronald McDonald House Charities of South Louisiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 South Louisiana, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ronald McDonald House Charities of South Louisiana, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free of 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 South Louisiana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 South Louisiana, Inc.'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 Ronald McDonald House Charities of South Louisiana, Inc.'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.

*Duplantier, Hrapmann, Hogan & Maher, LLP*

New Orleans, Louisiana

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 4,376,244
Investments	3,062,523
Accounts receivable	75,737
Other assets	<u>230</u>
Total current assets	<u>7,514,734</u>

PROPERTY AND EQUIPMENT, NET	<u>860,201</u>
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TOTAL ASSETS	<u><u>\$ 8,374,935</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	<u>\$ 31,239</u>
Total current liabilities	<u>31,239</u>

NET ASSETS:

Without donor restrictions:	
Undesignated	1,299,369
Designated:	
Property and equipment	696,827
Program expansion	2,500,000
House operations	<u>1,350,000</u>
Total net assets - without donor restrictions	5,846,196
With donor restrictions:	
Endowment fund	<u>2,497,500</u>
Total net assets	<u>8,343,696</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 8,374,935</u></u>
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See accompanying independent auditor's report and notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Ronald McDonald House operations	\$ 2,868	\$ -	\$ 2,868
Contributions	623,758	-	623,758
Fundraising events	382,222	-	382,222
Interest and dividends	47,518	-	47,518
Unrealized and realized gain on investments	110,428	267,450	377,878
PPP loan forgiveness	62,500	-	62,500
Employee retention tax credit	69,824	-	69,824
Insurance proceeds	89,789	-	89,789
Miscellaneous income	2,882	-	2,882
In-kind contributions	<u>20,791</u>	<u>-</u>	<u>20,791</u>
Total revenues and other support	<u>1,412,580</u>	<u>267,450</u>	<u>1,680,030</u>
EXPENSES:			
Program services	516,580	-	516,580
Supporting services:			
Management and general	150,497	-	150,497
Fundraising	<u>337,604</u>	<u>-</u>	<u>337,604</u>
Total expenses	<u>1,004,681</u>	<u>-</u>	<u>1,004,681</u>
Change in net assets	407,899	267,450	675,349
Net assets - beginning of year	<u>5,438,297</u>	<u>2,230,050</u>	<u>7,668,347</u>
Net assets - end of year	<u>\$5,846,196</u>	<u>\$2,497,500</u>	<u>\$8,343,696</u>

See accompanying independent auditor's report and notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021

		<u>Supporting services</u>		
	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
	<u>Services</u>	<u>and general</u>		
Advertising	\$ 1,910	\$ 47	\$ 23,248	\$ 25,205
Bank charges	-	2,160	-	2,160
Computer/IT	12,433	5,712	7,566	25,711
Contract labor	1,952	57,260	11,538	70,750
Depreciation	36,758	907	1,775	39,440
Dues and subscriptions	607	15	29	651
Housekeeping	24,608	-	-	24,608
In-kind donations	19,378	478	935	20,791
Insurance	61,412	1,516	2,965	65,893
Legal and professional	1,280	7,117	174,351	182,748
Miscellaneous	2,077	1,941	131	4,149
Office	198	3,560	198	3,956
Payroll taxes	21,702	536	1,047	23,285
Postage and printing	102	720	2,418	3,240
Repairs and maintenance	100,401	2,455	4,803	107,659
Salaries	125,709	61,106	88,363	275,178
Security	45,832	-	-	45,832
Special events	-	-	15,816	15,816
Supplies	19,568	13	26	19,607
Travel and seminars	33	2,624	27	2,684
Utilities and telephone	35,941	1,997	1,997	39,935
Van expenses	2,752	-	-	2,752
Website	1,927	333	371	2,631
	<u>\$ 516,580</u>	<u>\$ 150,497</u>	<u>\$ 337,604</u>	<u>\$ 1,004,681</u>

See accompanying independent auditor's report and notes to financial statements.



RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets	\$ 675,349
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	39,440
Unrealized gain on investments, net	(278,890)
Realized gain on sales of investments	(98,988)
Changes in operating assets and liabilities:	
Increase in accounts receivable and other assets	(75,737)
Decrease in accounts payable and accrued liabilities	<u>(42,813)</u>
Net cash provided by operating activities	<u>218,361</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

New building construction costs	(500,000)
Proceeds from sales of investments	7,058,444
Purchase of investments	<u>(7,610,817)</u>
Net cash used by investing activities	<u>(1,052,373)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (834,012)

CASH AND CASH EQUIVALENTS - Beginning of year 5,210,256

CASH AND CASH EQUIVALENTS - End of year \$ 4,376,244

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the year for:	
Interest	<u>\$ -</u>
Income taxes	<u>\$ -</u>

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NATURE OF OPERATIONS

Ronald McDonald House Charities of South Louisiana, Inc. ("House") was created in 1983. It is a nonprofit organization which provides a "home-away-from-home" to families of seriously ill children and provides programs that give comfort, compassion, and care to children and their families.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Basis of Presentation:

U.S. GAAP requires the House to report information regarding its financial position and activities according to the following net assets classifications:

- Net assets without donor restrictions - net assets whose use by the House is not restricted by donors, even though their use may be limited in other respects, such as by board designation. There were Board designated net assets in the amount of \$4,546,827 at December 31, 2021.
- Net assets with donor restrictions - net assets whose use by the House has been limited by donors (a) to later periods of time or other specific dates, or (b) for specified purposes, relating to scholarships awarded to disabled individuals. There were net assets with donor restrictions in the amount of \$2,497,500 at December 31, 2021.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The House has adopted a policy to classify donor-restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments:

Investments are recorded at fair market value. The unrealized appreciation (depreciation) is included in the statement of activities. For contributed investments, fair value of the gift is determined by the market value at the date of donation.

Revenue Recognition:

Revenue is recorded at net realizable amounts from House guests as services are rendered. At December 31, 2021, revenue from fees earned from House operations was \$2,868.

Contributions consist of grants and gifts from individuals, corporations, foundations, and Ronald McDonald House Charities, Inc. Contributions received are measured at their fair value and recorded as increases in net assets without donor restrictions or donor-restricted net assets, depending on the existence and/or nature of any donor restrictions.

The House also hosts fundraising events. There are no restrictions from this support, and the funds are used for the House's primary activities and general operations.

Contributed Services:

The House records non-cash donations as contributions at their estimated fair values at the date of donation. The House recognizes donated services, if significant in amount, which create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions consisting of both time and resources for the year ended December 31, 2021 were \$20,791. In addition, a substantial number of volunteers have contributed significant amounts of their time in the House's program services. However, these volunteer services do not meet all of the applicable requirements of financial accounting standards necessary to be recorded in the financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment:

Property and equipment are recorded at cost and depreciated using the straight-line method over the useful lives of the assets, which range as follows:

- |                             |            |
|-----------------------------|------------|
| • Building and improvements | 7-39 years |
| • Equipment                 | 5-7 years  |
| • Canister boxes            | 5 years    |
| • Vehicles                  | 5 years    |

Expenditures for major additions of property and equipment in excess of \$1,000 whose useful lives extend beyond a one-year period and betterments which naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Donated assets are recognized at their estimated fair values at the date of donation. Expenditures for maintenance and repairs are charged to expense as incurred.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated include salaries, payroll taxes, and office supplies, which are allocated on the basis of estimates of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the House.

Net Assets With Donor Restrictions:

Revenue with donor restrictions and net assets with donor restrictions are primarily composed of proceeds from the sale of donated stock and the remaining shares of the donated stock, which both had donor restrictions. The donor specifically stipulated that only the dividends and earnings received from the investment may be used to fund operations and was setup as a perpetual endowment.

Income Taxes:

The House is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for income taxes.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes: (Continued)

FASB Accounting Standards Codification 740 (ASC 740) requires that a tax position be recognized or derecognized based on a “more than not” threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. The House has evaluated its tax positions and determined that it does not have any uncertain tax positions that meet the criteria under ASC 740.

The House’s forms 990 for 2020, 2019, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

Advertising:

The House expenses advertising costs when incurred. Advertising expense for the year ended December 31, 2021 was \$25,205.

Accounts Receivable:

Accounts receivable consists of amounts due from the federal government and a related party, Ronald McDonald House Charities, Inc. The House considers the collectability of each account individually. Management believes all accounts receivable are collectible and therefore there is no allowance for doubtful accounts.

2. PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at December 31, 2021:

Land	\$ 209,501
New construction costs	500,000
Building and improvements	917,282
Vehicle	36,737
Collection canister boxes	257,306
Equipment and appliances	<u>145,447</u>
	2,066,273
Accumulated depreciation	<u>(1,206,072)</u>
Property and equipment, net	<u>\$ 860,201</u>

Depreciation expense for the year ended December 31, 2021 was \$39,440.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

3. CONCENTRATIONS:

Financial instruments which potentially subject the House to concentrations of credit risk include cash and investments. The House maintains its cash in bank deposit accounts which typically exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2021, the House's cash exceeded the FDIC insurance by \$257,739. These balances are protected up to a limit of \$250,000 at each individual bank.

Money market funds in the amount of \$2,449,689 are not insured nor guaranteed by FDIC insurance. The Funds seek to maximize current income to the extent consistent with the preservation of capital and the maintenance of liquidity by investing exclusively in high quality money market instruments. The Fund only invests in U.S. government securities and repurchase agreements relating to such securities

The House receives substantially all of its income from grants, fundraising events, and donations from individuals and businesses located primarily in the New Orleans area. Any significant decrease in these donations could negatively impact the House's operations.

For the year ended December 31, 2021, three donors accounted for approximately 36% of donation revenues, which includes donations from individuals, corporations and fundraising events held by the House.

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The House manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged. As part of the House's liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market accounts. The following table reflects the House's financial assets (cash and cash equivalents and investments) as of December 31, 2021, reduced by amounts not available for expenses within one year of the statement of financial position:

Financial assets:	
Cash and cash equivalents	\$ 4,376,244
Investments	3,062,523
Accounts receivable	75,737
Total financial assets	<u>7,514,504</u>
Less those unavailable for general expenses within one year, due to:	
Donor-restricted endowment fund	(2,497,500)
Board-designated net assets	<u>(4,546,827)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 470,177</u>

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

5. FAIR VALUE MEASUREMENTS:

U.S. GAAP defines fair value and establishes a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is broken down into three levels of inputs that market participants would use in valuing the asset or liability, which can be summarized as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Quoted prices for similar assets or liabilities.

Level 3: Valuation based on inputs that are unobservable, therefore requiring management's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Fair value of assets measured on a recurring basis as of December 31, 2021 was as follows:

	Total fair value	Quoted prices (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)
Stocks	\$ 3,062,523	\$ 3,062,523	-	-
Total Investments	\$ 3,062,523	\$ 3,062,523	-	-

Investment income is composed of the following for the year ended December 31, 2021:

Interest and dividends	\$ 47,518
Net realized gain	98,988
Net unrealized gain	<u>278,890</u>
Total	<u>\$ 425,396</u>

6. RELATED PARTIES:

Ronald McDonald House Charities, Inc. (RMHC Global) provides ongoing program grants to all of its Chapters around the world. These program grants are pre-authorized by the board of RMHC Global for the benefit of all Chapters. The grants are available to all Chapters that meet the program parameters; as such, the individual grants do not require any additional Board action. During the year ended December 31, 2021, the House received \$222,105 in grants from RMHC Global.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

6. RELATED PARTIES (Continued):

RHMC Global collects contributions through various programs on behalf of the Chapters around the world. During the year ended December 31, 2021, the House received \$174,147 from RMHC Global for contributions collected on their behalf.

7. ENDOWMENT FUND:

The House's endowment fund consists of McDonald's, Inc. stock and proceeds received from the sale of the stock. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the House has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the House classifies as net assets with donor restriction<sup>374s</sup> (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual 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 SPMIFA, the House 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 House, and (7) the House's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies.* The House has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the House relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). From time to time, the House updates the investment policy to target a diversified asset allocation that can achieve its long-term objectives within prudent risk constraints.



RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

7. ENDOWMENT FUND (Continued):

*Spending Policy.* Only income earned from the fund may be used for House operations.

Endowment net asset composition by type of fund as of December 31, 2021 was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowment funds	\$ -	\$ 2,497,500	\$ 2,497,500
Board-designated endowment funds	-	-	-
Total Funds	<u>\$ -</u>	<u>\$ 2,497,500</u>	<u>\$ 2,497,500</u>

Changes in endowment net assets as of December 31, 2021 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ -	\$ 2,230,050	\$ 2,230,050
Unrealized gain	-	267,450	267,450
Total Funds	<u>\$ -</u>	<u>\$ 2,497,500</u>	<u>\$ 2,497,500</u>

8. FUNDRAISING ACTIVITIES:

The House conducted fundraising activities as part of their program events. Fundraising activities included a golf tournament, and other fundraisers, including adopt a room and others put on by organizations where the House is the beneficiary. These are included with the fundraising activities on the statement of activities. Expenses for fundraising activities are included in the respective category on the statement of functional expenses. Total revenue for these fundraising activities was \$582,222 (including \$200,000 from RMHC Global), and fundraising expenses totaled \$337,604 for the year ended December 31, 2021.

The House began a capital campaign during 2021 in order to raise funds to pay for the new house on the Children's Hospital New Orleans campus. Included in fundraising expenses are \$173,996 of expenses directly related to the capital campaign.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

9. PAYCHECK PROTECTION PROGRAM:

On April 22, 2020, the House received loan proceeds for \$62,500 under the Paycheck Protection Program (PPP). The loan was subject to a note with an interest rate of 1.0% and a maturity date of May 1, 2022. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business.

On May 14, 2021, the House received notice from the Small Business Administration that the balance of the loan and all accrued interest had been forgiven. The loan forgiveness was recognized as revenue for the year ended December 31, 2021.

10. EMPLOYEE RETENTION CREDIT:

Under the provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Company was eligible for a refundable employee retention credit subject to certain criteria. This was intended to help businesses retain their workforces and avoid layoffs during the coronavirus pandemic. It provides a per employee credit to eligible businesses based on a percentage of qualified wages and health insurance benefits paid to employees. It works as a refundable payroll tax credit claimed quarterly, and it can provide reductions to payroll taxes or cash refunds.

The tax credit is equal to 70% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through September 30, 2021. During the year ended December 31, 2021, the House recorded \$69,824, related to the CARES Employee Retention credit.

11. DATE OF MANAGEMENT'S REVIEW:

Management has evaluated subsequent events through August 11, 2022, which is the date the financial statements were available to be issued, and determined that no events occurred that significantly affected the financial statements.