RONALD MCDONALD HOUSE CHARITIES OF GREATER LAS VEGAS, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.

DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Ronald McDonald House Charities
of Greater Las Vegas, Inc.

Opinion

We have audited the accompanying financial statements of Ronald McDonald House Charities of Greater Las Vegas, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 Greater Las Vegas, Inc. as of December 31, 2023 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 Greater Las Vegas, 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ronald McDonald House Charities of Greater Las Vegas, 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 are considered material if there is a substantial likelihood that, individualy 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 Greater Las Vegas, 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 Greater Las Vegas, 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.

Report on Summarized Comparative Information

We have previously audited Ronald McDonald House Charities of Greater Las Vegas, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Holdsworth, Russo & Company, P.C.

Las Vegas, Nevada
April 24, 2024

RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 213,134	$ 175,736
Cash and cash equivalents, restricted	-	100,206
Investments	3,334,736	2,993,773
Accounts receivable	323	3,426
Unconditional promises to give, current	362,576	74,104
Gift cards	7,350	8,310
Prepaid expenses	29,734	16,287
Deposits	-	308,150
	3,947,853	3,679,992
OTHER ASSETS		
Property and equipment, net	8,879,517	4,143,761
Cash and cash equivalents, restricted for long-term purposes	705,433	3,452,901
Unconditional promises to give, less current portion, net	306,156	914,656
Operating lease right-of-use (ROU) assets, net	7,749	11,112
	$ 13,846,708	$ 12,202,422
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 457,917	$ 33,051
Accrued expenses	51,188	48,228
Deferred revenue	1,500	11,500
Line of credit	1,000,000	1,000,000
Operating lease liabilities, current	3,413	3,363
	1,514,018	1,096,142
OTHER LIABILITIES		
Security deposit	3,085	3,085
Operating lease liabilities, less current portion	4,336	7,749
	1,521,439	1,106,976
NET ASSETS		
Without donor restrictions	10,951,104	6,553,579
With donor restrictions	1,374,165	4,541,867
	12,325,269	11,095,446
	$ 13,846,708	$ 12,202,422

See accompanying notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023		2022	
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenue, gains and other support:				
Contributions		$ 2,121,547		$ 1,557,255
Special events				
Special event revenue	$ 520,288		$ 421,286	
Direct benefits to donors	(119,813)		(109,291)	
Net revenues from special events		400,475		311,995
In-kind contributions		431,336		204,817
Investment return, net		385,523		-
Rental income		39,692		39,692
Room donations		14,372		7,927
Other income		16,162		24,812
Gain on disposal of assets		-		26,000
Released from restrictions		3,404,659		73,397
		6,813,766		2,245,895
Expenses and losses:				
Program expenses:				
Ronald McDonald House		1,318,918		1,064,937
Ronald McDonald Family Room		183,348		159,045
Scholarships and grants		165,118		208,999
Care Mobile		200,952		200,423
Supporting services:				
Fundraising		346,049		307,788
Management and general		201,856		196,737
		2,416,241		2,137,929
Investment return, net		-		467,042
		2,416,241		2,604,971
Change in net assets without donor restrictions		4,397,525		(359,076)
NET ASSETS WITH DONOR RESTRICTIONS				
Contributions		236,957		2,501,564
Released from restrictions		(3,404,659)		(73,397)
Change in net assets with donor restrictions		(3,167,702)		2,428,167

See accompanying notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CHANGE IN NET ASSETS	1,229,823	2,069,091
NET ASSETS, BEGINNING OF YEAR	11,095,446	9,026,355
NET ASSETS, END OF YEAR	$ 12,325,269	$ 11,095,446

See accompanying notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	Program Services				Supporting Services				
	Ronald McDonald House	Ronald McDonald Family Room	Scholarships and Grants	Care Mobile	Fundraising	Management and General	Direct Benefits to Donors	2023 Totals	2022 Totals
Salaries and related	$ 744,604	$ 75,552	$ 68,438	$ 44,767	$ 187,408	$ 105,724	$ -	$ 1,226,493	$ 1,072,307
Accounting	-	-	-	-	-	12,500	-	12,500	18,250
Advertising	1,809	-	-	-	22,574	-	-	24,383	16,830
Auto and travel	7,914	182	165	108	451	2,044	-	10,864	8,880
Bank fees	-	-	-	-	-	20,775	-	20,775	15,188
Conferences	1,910	-	-	-	-	908	-	2,818	2,848
Depreciation	154,686	16,561	1,194	446	2,050	3,334	-	178,271	136,746
Direct mail expenses	-	-	-	-	54,883	-	-	54,883	63,200
Facilities and equipment rental	1,673	170	154	101	421	237	81,405	84,161	74,196
Third-party fundraising expenses	-	-	-	-	23,868	-	-	23,868	18,343
Guest services	123,131	11,258	-	-	-	-	-	134,389	110,037
Insurance	30,948	3,314	239	89	410	667	-	35,667	50,014
Interest	28,467	2,888	2,617	1,712	7,165	4,042	-	46,891	-
Meals and entertainment	7,163	727	658	431	1,803	1,017	-	11,799	7,210
Occupancy	3,440	52,103	-	-	-	-	-	55,543	53,431
Office and supplies	19,062	1,603	1,453	949	8,515	2,244	26,273	60,099	60,571
Outreach	-	-	-	-	-	-	-	-	1,000
Postage and printing	7,781	790	715	468	1,958	1,105	-	12,817	21,606
Professional fees	15,210	-	-	-	27,153	33,813	12,135	88,311	67,105
Professional dental services	-	-	-	150,159	-	-	-	150,159	150,000
Repairs and maintenance	113,808	12,064	2,687	1,557	6,630	5,040	-	141,786	88,670
Scholarships and grants	-	-	86,355	-	-	-	-	86,355	132,000
Security	3,610	386	28	10	48	78	-	4,160	6,503
Taxes and licenses	-	-	-	-	-	7,172	-	7,172	20,324
Utilities	53,702	5,750	415	155	712	1,156	-	61,890	51,961
	$ 1,318,918	$ 183,348	$ 165,118	$ 200,952	$ 346,049	$ 201,856	119,813	2,536,054	2,247,220
Less: Direct benefits to donors							(119,813)	(119,813)	(109,291)
							$ -	$ 2,416,241	$ 2,137,929

See accompanying notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,229,823	$ 2,069,091
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	178,271	136,746
Amortization of pledge discount	9,399	(776)
Realized/unrealized (gain)/loss on investments	(260,679)	553,867
Donated property and equipment	(354,517)	(138,973)
Gain on disposal of fixed assets	-	(26,000)
Donated gift cards	960	(869)
Amortization of operating lease ROU asset	3,363	3,333
(Increase) decrease in operating assets:		
Accounts receivable	3,103	15,259
Unconditional promises to give	310,629	(562,229)
Prepaid expenses	(13,447)	(7,895)
Deposits	308,150	(308,150)
Increase (decrease) in operating liabilities:		
Accounts payable	3,135	(17,721)
Accrued expenses	2,960	(2,902)
Deferred revenue	(10,000)	11,500
Operating lease liabilities	(3,363)	(3,333)
Net cash provided by operating activities	1,407,787	1,720,948
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	547,988	1,035,149
Purchases of investments	(628,272)	(1,117,510)
Proceeds from sale of property and equipment	-	26,000
Purchases of property and equipment	(4,137,779)	(268,238)
Net cash used in investing activities	(4,218,063)	(324,599)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	(2,150,000)	-
Proceeds from line of credit	2,150,000	-
Net cash provided by financing activities	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,810,276)	1,396,349
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,728,843	2,332,494
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 918,567	$ 3,728,843

See accompanying notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
SUMMARY OF CASH ACCOUNTS		
Cash and cash equivalents	$ 213,134	$ 175,736
Cash and cash equivalents, restricted	-	100,206
Cash and cash equivalents, restricted for long-term purposes	705,433	3,452,901
	$ 918,567	$ 3,728,843
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	$ 46,891	$ 45,382
Property and equipment acquired through accounts payable	$ 421,731	$ -
Operating lease ROU assets obtained for operating lease liabilities	$ -	$ 14,445

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Ronald McDonald House Charities of Greater Las Vegas, Inc. (RMHC or the House) is a nonprofit corporation under the laws of the State of Nevada. This "home away from home" provides temporary housing, meals, transportation, and other support services for families who must travel to Las Vegas to seek critical medical treatment for their children. RMHC also operates a Ronald McDonald Family Room right on the grounds of Sunrise Children's Hospital, offering free meals, a comfortable lounge, hot showers, sleeping and napping accommodations, and computer access for family members with infants in the Neonatal Intensive Care Unit. RMHC also awards annual scholarships to local high school seniors, as well as qualifying continuing college students in Clark and Nye Counties. Another RMHC program, the Ronald McDonald Care Mobile, is a mobile state-of-the-art dental van that travels to rural communities and inner-city neighborhoods throughout Nevada to serve children from low-income families who have little to no access to critical dental care. Financial support for RMHC comes from individual donors, foundations, local companies, and corporations, as well as fundraising events, primarily from the Southern Nevada region.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections. Under ASC 958-205, the House is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Estimates

Timely 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 certain reported amounts, some of which may require revision in future periods.

Income Tax Status

The House is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the House considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consist of revenue due from various sources. Accounts receivables are stated at the amount management expects to collect from outstanding balances. It is the House's policy to charge off uncollectable accounts receivable when management determines the receivables will not be collected. There was no allowance at December 31, 2023 and 2022 as all accounts receivable were determined to be collectable.

Unconditional Promises to Give

Unconditional promises to give represent promises from donors to give to the House. Contributions are recognized when the donor makes a promise to give to the House that is, in substance, unconditional. Conditional promises to give are recognized at net realizable value when the conditions on which they depend are substantially met. Promises to give are stated at the amount management expects to collect from outstanding balances. It is the House's policy to charge off uncollectible balances when management determines the promise to give will not be collected. No allowance for uncollectible promises to give was present at December 31, 2023 and 2022. Unconditional promises to give expected to be collected in greater than one year are recognized net of a discount to present value.

Gift Cards

Gift card inventory consisted of donated gift cards and vouchers, recorded at approximate fair value at the date of donation, which are used for the House's various programs.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method. The House capitalizes items that have a cost of $1,000 or more and a useful life of greater than one year.

Impairment of Long-Lived Assets

The House reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net undiscounted 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 which the carrying amount of the assets exceeds the fair value of the assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donor-Imposed Restrictions

Contributions received are recorded as increases in net assets with or without restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the House. The value of donated services included in the financial statements for the years ended December 31, 2023 and 2022, consists of services to the House totaling $144,848 and $106,182, respectively. The types of services provided include cab services for houseguests and construction management architect services related to construction of the new building.

A portion of the House's functions and programs are supported by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the services do not meet the criteria as set forth in the FASB ASC 958, *Not-for-Profit Entities*. These volunteers donated 12,368 and 8,351 hours, which at an hourly rate determined by the Independent Sector Research would be valued at $32 and $32 per hour, or $395,776 and $267,232, for the years ended December 31, 2023 and 2022, respectively.

Advertising

The House uses advertising for the programmatic, scholarship and fundraising functions. Advertising is expensed as incurred.

Deferred Revenue

Event attendance fees or sponsorships collected in advance are included in deferred revenue in the accompanying statement of financial position. This deferred revenue is expected to be recognized within one year.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The House is the lessee of office equipment and office space for The Family Room located inside Sunrise Hospital and determines if an arrangement is a lease at inception. Operating leases for equipment are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position. There are no ROU assets or operating lease liabilities for lease office space as the space is donated to the House.

ROU assets represent the House's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the House's leases do not provide an implicit rate, a risk-free rate is used based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The House's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The House is the lessor of land to a company for use of a parking lot. The House determines whether its contracts to lease assets to other parties are leases at inception based on whether the contract conveys the right to use of an identified asset for a period of time in exchange for consideration. Control over the use of an asset is predicted upon whether the lessee has both the right to obtain substantially all of the economic benefit from the use of the asset and the ability to direct the use of the asset. Assets leased by the House are included in property and equipment on the statement of financial position.

Revenue is recognized under operating leases as rental income on the statement of activities starting at lease commencement over the term of the lease. The House does not have any rental payments received that are variable in nature nor has the House incurred any material initial direct costs for the lease. The lease agreement does not contain any material residual value guarantees or material restrictive covenants. The House evaluates the recognition of rental income based on the criteria set forth in ASC 842, *Leases.*

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expenses were allocated on the basis of employee time and effort: salaries and related, facilities and equipment rental, interest, meals and entertainment and postage and printing.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (Continued)

The following expenses were allocated on a square footage basis: depreciation, insurance, security and utilities.

The following expenses were directly allocated by function based on the nature of the expense: accounting, advertising, bank fees, conferences, direct mail expenses, third-party fundraising expenses, guest services, professional dental services, occupancy, outreach, professional fees, scholarships and grants and taxes and licenses.

The following expenses were allocated on the basis of a combination of employee time and effort and by direct allocation: auto and travel and office and supplies.

The following expenses were allocated on the basis of a combination of employee time and effort and square footage basis: repairs and maintenance.

Concentration of Credit Risk

The House maintains its deposits at three financial institutions which, at most times, exceeded amounts covered by the Federal Deposit Insurance Corporation (FDIC) limit of $250,000. The House has not experienced any losses on deposits and does not believe they are exposed to a significant risk.

Comparative Financial Information and Reclassifications

The statement of functional expenses includes certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the House's financial statements for the year ended December 31, 2022, from which the summarized information was derived. Additionally, certain reclassifications have been made to the 2022 financial statements to conform to the 2023 presentation.

Date of Management's Review

Subsequent events have been evaluated through April 24, 2024, which is the date the financial statements were available to be issued.

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The House is substantially supported by contribution revenues, and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The House manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To help manage unanticipated liquidity needs, the House has a line of credit for a total of $1,300,000 of which $300,000 is available at December 31, 2023, which could be drawn upon, as discussed in Note 11.

The following table reflects the House's financial assets as of December 31, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

	2023	2022
Cash and cash equivalents	$ 213,134	$ 275,942
Investments	3,334,736	2,993,773
Accounts receivable	323	3,426
Unconditional promises to give, current	308,909	22,000
Total for general expenditures within one year	$ 3,857,102	$ 3,295,141

NOTE 3. INVESTMENTS

Investments are stated at their fair market value and related gains and losses on investments are reported as increases or decreases in net assets without donor restrictions. The following is a summary of investments at December 31:

	2023	2022
Equities	$ 2,031,175	$ 1,870,537
Money market funds	77,032	86,208
Bonds	1,100,710	917,220
Other mutual funds	125,819	119,808
	$ 3,334,736	$ 2,993,773

NOTE 4. FAIR VALUE OF ASSETS

The following are quantitative disclosures about the fair value measurements of assets. Fair value measurements are categorized on three levels:

Level 1 inputs are quoted market prices in active markets for identical assets.
Level 2 inputs are inputs other than quoted prices within Level 1; for example, quoted prices for similar assets.
Level 3 inputs are unobservable inputs for the assets.

NOTE 4. FAIR VALUE OF ASSETS (CONTINUED)

The House's only assets valued at fair value are its investments. The House's investment holdings are as follows:

	2023	Level 1
Equities	$ 2,031,175	$ 2,031,175
Money market funds	77,032	77,032
Bonds	1,100,710	1,100,710
Other mutual funds	125,819	125,819
Total	$ 3,334,736	$ 3,334,736

	2022	Level 1
Equities	$ 1,870,537	$ 1,870,537
Money market funds	86,208	86,208
Bonds	917,220	917,220
Other mutual funds	119,808	119,808
Total	$ 2,993,773	$ 2,993,773

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2023	2022
Building and improvements	$ 2,860,296	$ 2,860,296
Land	1,752,955	1,752,955
Land improvements	180,992	180,992
Furniture and equipment	432,530	432,530
Website and database	60,000	60,000
Vehicles	737,229	31,237
Construction in progress	4,983,652	775,617
	11,007,654	6,093,627
Less: accumulated depreciation	(2,128,137)	(1,949,866)
	$ 8,879,517	$ 4,143,761

The House capitalizes interest costs as a component of construction in progress, based on the actual interest incurred on the long-term borrowings designated for the construction in progress. Total interest incurred was $0 and $45,382 in 2023 and 2022, respectively.

NOTE 6. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are recorded at the present value of estimated future cash flows using discount rates ranging from .42% to 4.43% for the years ended December 31, 2023 and .42% for the year ended December 31, 2022. Amounts are recorded as net assets with donor restrictions until released from restriction.

Unconditional promises to give consist of the following at December 31:

	2023	2022
Current receivable balance	$ 362,576	$ 74,104
Long-term receivable balance, net of discount	306,156	914,656
	$ 668,732	$ 988,760

Expected collections of unconditional promises to give are as follows:

Gross receivables due in less than one year	$ 418,579	$ 885,543
Gross receivables due in one to five years	260,544	104,210
	679,123	989,753
Less: discount to net present value	(10,391)	(993)
	$ 668,732	$ 988,760

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31 are restricted for the following purposes:

Subject to expenditure for a specified purpose:	2023	2022
Scholarships	$ -	$ 14,591
Care Mobile	-	85,615
O'Bannon house	705,433	3,452,901
	705,433	3,553,107
Subject to the passage of time:		
Unconditional promises to give	508,957	272,000
	508,957	272,000
Subject to expenditure for a specified purpose and the passage of time:		
Sunrise Family Room	103,771	155,321
O'Bannon house	56,004	561,439
	159,775	716,760
Total net assets with donor restrictions	$ 1,374,165	$ 4,541,867

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

Satisfaction of purpose restrictions:	2023	2022
Care Mobile	$ 85,615	$ -
Scholarships	14,591	15,077
Food drive	-	8,500
O'Bannon house	2,747,468	-
	2,847,674	23,577
Subject to expenditure for a specified purpose and the passage of time:		
Sunrise Family Room	51,550	49,820
O'Bannon House	505,435	-
	556,985	49,820
	$ 3,404,659	$ 73,397

Net assets with donor restrictions consisted of the following:

	2023	2022
Cash and cash equivalents	$ 705,433	$ 3,553,107
Unconditional promises to give	668,732	988,760
	$ 1,374,165	$ 4,541,867

NOTE 8. TRANSACTIONS WITH AFFILIATE

House receives grants and other donations from the national Ronald McDonald House Charities. The House received income totaling $158,012 and $75,085 in 2023 and 2022, respectively. A total of $32,409 and $22,000 of these amounts were included in unconditional promises to give in 2023 and 2022, respectively.

NOTE 9. OPERATING LEASES

The House has a lease for a copier that expires in March 2026.

Total operating lease costs for the year ended December 31, 2023 and 2022 was $3,502 and $3,502, respectively. The weighted average remaining lease term is 2.25 years and 4.43 years and the weighted average discount rate is 1.45% and 1.45% as of December 31, 2023 and 2022, respectively.

NOTE 9. OPERATING LEASES (CONTINUED)

Future minimum lease payments under the operating lease are as follows as of December 31, 2023:

2024	$ 3,502
2025	3,502
2026	876
Total future minimum lease payments	7,880
Less: imputed interest	(131)
Total operating lease liabilities	7,749
Less: current portion	(3,413)
Long-term operating lease liabilities	$ 4,336

In December 2015, the House entered into a below-market lease for 1,380 square feet of space for the Family Room, located inside Sunrise Hospital. This lease, which expired in November 2020, had an annual base rent of $1. To recognize the fair market value of this lease, an unconditional promise to give and related in-kind contribution revenue of $244,950 was recognized with a discount to present value using a rate of 1.93%. The unconditional promise to give was amortized over the 5-year term of the lease and the corresponding amortization of the discount had been recognized as an in-kind contribution. The House entered into a new 5-year lease agreement which is effective through November 30, 2025. This lease has an annual base rent of $1. To recognize the fair market value of this lease, an unconditional promise to give and related in-kind contribution revenue of $260,095 was recognized with a discount to present value using a rate of .42%. The unconditional promise to give has been amortized over the 5-year term of the lease and the corresponding amortization of the discount has been recognized as an in-kind contribution.

For the years ending December 31, 2023 and 2022, rent expense in the amount of $52,103 and $50,586 respectively, related to this lease was recognized.

NOTE 10. EMPLOYEE BENEFIT PLAN

The House participates in a multiple employer defined contribution plan covering all employees who have completed more than three months of service and contribute to the plan. The House offers a matching contribution to the plan up to 4% of all participants' compensation. The matching contributions are vested on a graded five-year schedule. Total expense for the years ended December 31, 2023 and 2022 was $14,003 and $15,311, respectively.

NOTE 11. LINE OF CREDIT

The House opened a $150,000 line of credit in July 2012 expiring in July 2021 with an interest rate of LIBOR plus 2.948%. In December 2020, the line of credit was increased to $1,300,000. The House renewed the line of credit in December 2023 for an additional three years through December 2026. The calculated interest rate was revised to 2.750 percentage points over the secured overnight financing rate (SOFR), which was 5.360% as of the renewal date. The line of credit is collateralized by the House's investments. As of December 31, 2023 and 2022, the outstanding balance on the line of credit was $1,000,000 and $1,000,000, respectively.

NOTE 12. RELATED PARTIES

The House's Board of Directors' members are active in the oversight of the House. Contributions received from the Board of Directors members were $135,458 and $235,159 for the years ended December 31, 2023 and 2022, respectively.

NOTE 13. IN-KIND CONTRIBUTIONS

The House's in-kind contributions consisted of the following as of December 31,:

Category	Usage	2023	2022
Guest Services	Ronald McDonald House	$ 73,515	$ 60,449
Construction in progress	Ronald McDonald House/ New House	254,517	94,234
Furniture and equipment	Ronald McDonald House	-	44,739
Vehicles	Ronald McDonald House	100,000	-
Advertising	Ronald McDonald House	3,304	4,145
Advertising	Scholarships	-	1,250
Advertising	Fundraising	-	3,225
		$ 431,336	$ 208,042

The total in-kind contribution amount here includes $0 and $3,225 of in-kind advertising revenue for the years ended December 31, 2023 and 2022, respectively, that are included in special events revenue on the statement of activities.

Guest services, furniture and equipment and advertising were all valued at the estimated purchase price for similar items. Professional fees for construction in progress were valued using standard hourly rates of the company providing the services. The vehicle donation was valued at the amount the House received towards the purchase of the Care Mobile. All donated services and goods were utilized by the House.

NOTE 14. LEASE INCOME

The House purchased land in 2020 which includes a parking lot. The original owner of the property had a lease with a company for use of the parking lot. The House has maintained the lease, which was originally through December 31, 2019. The lessee has exercised the first option to extend the lease to December 31, 2024. The lessee will more than likely exercise the second option to extend the lease to December 31, 2029, which the base rent will be negotiated at that time. The lease includes a security deposit of $3,085 to be held as continuing security under the lease terms. Monthly rental payments through December 31, 2024 are $3,308 per month. Total rental income under the lease for the year ended December 31, 2023 and 2022 was $39,692 and $39,692, respectively.

NOTE 14. LEASE INCOME (CONTINUED)

Future minimum lease income payments are as follows:

2024	$ 39,692
Total future minimum lease income payments	$ 39,692