RONALD MCDONALD HOUSE CHARITIES OF GREATER LAS VEGAS, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.

DECEMBER 31, 2022 AND 2021

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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, 2022, 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, 2022 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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
May 15, 2023

RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 175,736	$ 644,548
Cash and cash equivalents, restricted	100,206	38,168
Investments	2,993,773	3,465,279
Accounts receivable	3,426	18,685
Unconditional promises to give, current	74,104	143,049
Gift cards	8,310	7,441
Prepaid expenses	16,287	8,392
Deposits	308,150	-
	3,679,992	4,325,562
OTHER ASSETS		
Property and equipment, net	4,143,761	3,873,297
Cash and cash equivalents, restricted for long-term purposes	3,452,901	1,649,778
Unconditional promises to give, less current portion, net	914,656	282,705
Operating lease right-of-use (ROU) assets, net	11,112	-
	$ 12,202,422	$ 10,131,342
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 33,051	$ 50,772
Accrued expenses	48,228	51,130
Deferred revenue	11,500	-
Line of credit	1,000,000	1,000,000
Operating lease liabilities	3,363	-
	1,096,142	1,101,902
OTHER LIABILITIES		
Security deposit	3,085	3,085
Operating lease liabilities, net of current portion	7,749	-
	1,106,976	1,104,987
NET ASSETS		
Without donor restrictions	6,553,579	6,912,655
With donor restrictions	4,541,867	2,113,700
	11,095,446	9,026,355
	$ 12,202,422	$ 10,131,342

See accompanying notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES
OF GREATER LAS VEGAS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022		2021	
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenue, gains and other support:				
Contributions		$ 1,607,075		$ 1,535,786
Special events				
Special event revenue	$ 421,286		$ 413,003	
Direct benefits to donors	(109,291)		(86,359)	
Net revenues from special events		311,995		326,644
Room donations		7,927		9,686
Rental income		39,692		39,248
In-kind contributions		204,817		228,160
Investment return, net		-		300,907
Other income		24,812		47,925
Gain on disposal of assets		26,000		-
Released from restrictions		23,577		134,867
		2,245,895		2,623,223
Expenses and losses:				
Program expenses:				
Ronald McDonald House		1,064,937		817,882
Ronald McDonald Family Room		159,045		152,813
Scholarships and grants		208,999		235,207
Care Mobile		200,423		189,000
Supporting services:				
Fundraising		307,788		267,622
Management and general		196,737		176,863
		2,137,929		1,839,387
Investment return, net		467,042		-
		2,604,971		1,839,387
Change in net assets without donor restrictions		(359,076)		783,836
NET ASSETS WITH DONOR RESTRICTIONS				
Contributions		2,451,744		1,791,742
Released from restrictions		(23,577)		(134,867)
Change in net assets with donor restrictions		2,428,167		1,656,875

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, 2022 AND 2021

	2022	2021
CHANGE IN NET ASSETS	2,069,091	2,440,711
NET ASSETS, BEGINNING OF YEAR	9,026,355	6,585,644
NET ASSETS, END OF YEAR	$ 11,095,446	$ 9,026,355

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, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	Program Services				Supporting Services				
	Ronald McDonald House	Ronald McDonald Family Room	Scholarships and Grants	Care Mobile	Fundraising	Management and General	Direct Benefits to Donors	2022 Totals	2021 Totals
Salaries and related	$ 626,763	$ 72,166	$ 66,805	$ 43,000	$ 164,385	$ 99,188	$ -	$ 1,072,307	$ 859,944
Accounting	-	-	-	-	-	18,250	-	18,250	15,500
Advertising	5,129	-	1,250	2,189	6,432	1,830	-	16,830	17,560
Auto and travel	7,444	198	183	118	518	419	-	8,880	6,999
Bank fees	-	-	-	-	-	15,188	-	15,188	12,778
Conferences	-	-	-	-	-	2,848	-	2,848	4,536
Depreciation	118,655	12,704	916	342	1,572	2,557	-	136,746	144,137
Direct mail expenses	-	-	-	-	63,200	-	-	63,200	45,889
Facilities and equipment rental	542	62	58	37	142	86	73,269	74,196	64,923
Third-party fundraising expenses	-	-	-	-	18,343	-	-	18,343	18,864
Guest services	108,134	1,903	-	-	-	-	-	110,037	70,605
Insurance	43,397	4,647	335	125	575	935	-	50,014	42,279
Meals and entertainment	4,215	485	449	289	1,105	667	-	7,210	5,563
Occupancy	2,845	50,586	-	-	-	-	-	53,431	49,744
Office and supplies	15,494	1,773	1,642	1,057	13,031	2,841	24,733	60,571	37,230
Outreach	-	-	-	-	1,000	-	-	1,000	-
Postage and printing	12,629	1,454	1,346	866	3,312	1,999	-	21,606	19,373
Professional fees	13,337	1,536	1,422	915	28,298	10,308	11,289	67,105	65,996
Professional dental services	-	-	-	150,000	-	-	-	150,000	150,000
Repairs and maintenance	55,623	6,100	2,202	1,339	5,203	18,203	-	88,670	50,251
Scholarships and grants	-	-	132,000	-	-	-	-	132,000	164,450
Security	5,643	604	43	16	75	122	-	6,503	29,193
Taxes and licenses	-	-	-	-	-	20,324	-	20,324	3,350
Utilities	45,087	4,827	348	130	597	972	-	51,961	46,582
	$ 1,064,937	$ 159,045	$ 208,999	$ 200,423	$ 307,788	$ 196,737	109,291	2,247,220	1,925,746
Less: Direct benefits to donors							(109,291)	(109,291)	(86,359)
							$ -	$ 2,137,929	$ 1,839,387

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, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,069,091	$ 2,440,711
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	136,746	144,137
Amortization of pledge discount	(776)	(971)
Realized/unrealized (gain)/loss on investments	553,867	(187,199)
Donated property and equipment	(138,973)	(204,606)
Gain on disposal of fixed assets	(26,000)	-
Donated gift cards	(869)	(3,492)
Amortization of operating lease ROU asset	3,333	-
(Increase) decrease in operating assets:		
Accounts receivable	15,259	15,987
Unconditional promises to give	(562,229)	(130,024)
Prepaid expenses	(7,895)	9,053
Deposits	(308,150)	-
Increase (decrease) in operating liabilities:		
Accounts payable	(17,721)	12,378
Accrued expenses	(2,902)	16,882
Deferred revenue	11,500	(9,500)
Security deposit	-	38
Operating lease liabilities	(3,333)	-
Net cash provided by operating activities	1,720,948	2,103,394
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,035,149	458,436
Purchases of investments	(1,117,510)	(877,694)
Proceeds from sale of property and equipment	26,000	-
Purchases of property and equipment	(268,238)	(251,393)
Net cash used in investing activities	(324,599)	(670,651)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,396,349	1,432,743
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,332,494	899,751
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,728,843	$ 2,332,494

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, 2022 AND 2021

	2022	2021
SUMMARY OF CASH ACCOUNTS		
Cash and cash equivalents	$ 175,736	$ 644,548
Cash and cash equivalents, restricted	100,206	38,168
Cash and cash equivalents, restricted for long-term purposes	3,452,901	1,649,778
	$ 3,728,843	$ 2,332,494
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	$ 45,382	$ 30,612
Assets acquired through accounts payable	$ -	$ 33,594
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, 2022 and 2021 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, 2022 and 2021. 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, 2022 and 2021, consists of services to the House totaling $106,182 and $115,796, 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 8,351 and 6,685 hours, which at an hourly rate determined by the Independent Sector Research would be valued at $32 and $30 per hour, or $267,232 and $200,550, for the years ended December 31, 2022 and 2021, 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, 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, guest services, professional dental services, occupancy, outreach, 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, office and supplies and professional fees.

The following expenses were allocated on the basis of a combination of employee time and effort, square footage basis and on the nature of the expense: 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.

Recently Adopted Accounting Guidance

During the year ended December 31, 2022, the House adopted the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021 and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The House included its implementation of the standard in Note 13.

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

The House adopted the standard effective January 1, 2022 and recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Guidance (Continued)

The House elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the House recognized on January 1, 2022 a lease liability of $14,445, which represents the present value of the remaining operating lease payments of $14,885, discounted using a risk free rate of 1.45%, and a ROU asset of $14,445.

Adoption of the standard did not have a material impact on the House's statement of financial position, statement of activities or statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

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, 2021, from which the summarized information was derived. Additionally, certain reclassifications have been made to the 2021 financial statements to conform to the 2022 presentation.

Date of Management's Review

Subsequent events have been evaluated through May 15, 2023, 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, 2022, which could be drawn upon, as discussed in Note 11.

The following table reflects the House's financial assets as of December 31, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY (CONTINUED)

	2022	2021
Cash and cash equivalents	$ 275,942	$ 682,716
Investments	2,993,773	3,465,279
Accounts receivable	3,426	18,685
Unconditional promises to give, current	22,000	92,463
Total for general expenditures within one year	$ 3,295,141	$ 4,259,143

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, 2022 and 2021:

	2022	2021
Equities	$ 1,870,537	$ 2,058,970
Money market funds	86,208	105,417
Bonds	917,220	1,174,407
Other mutual funds	119,808	126,485
	$ 2,993,773	$ 3,465,279

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.

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

	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 4. FAIR VALUE OF ASSETS (CONTINUED)

	2021	Level 1
Equities	$ 2,058,970	$ 2,058,970
Money market funds	105,417	105,417
Bonds	1,174,407	1,174,407
Other mutual funds	126,485	126,485
Total	$ 3,465,279	$ 3,465,279

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2022	2021
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	387,791
Website and database	60,000	60,000
Vehicles	31,237	83,632
Construction in progress	775,617	413,147
	6,093,627	5,738,813
Less: accumulated depreciation	(1,949,866)	(1,865,516)
	$ 4,143,761	$ 3,873,297

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 $45,382 and $30,612 in 2022 and 2021, respectively.

NOTE 6. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are recorded at the present value of estimated future cash flows using a discount rate of .42% for the years ended December 31, 2022 and 2021. Amounts are recorded as net assets with donor restrictions until released from restriction.

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

	2022	2021
Current receivable balance	$ 74,104	$ 143,049
Long-term receivable balance, net of discount	914,656	282,705
	$ 988,760	$ 425,754

NOTE 6. UNCONDITIONAL PROMISES TO GIVE (CONTINUED)

Expected collections of unconditional promises to give are as follows:

Gross receivables due in less than one year	$ 885,543	$ 246,299
Gross receivables due in one to five years	104,210	181,214
	989,753	427,513
Less: discount to net present value	(993)	(1,759)
	$ 988,760	$ 425,754

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Scholarships	$ 14,591	$ 29,668
Care Mobile	85,615	-
Food drive	-	8,500
O'Bannon house	4,014,340	1,777,928
Time restricted	427,321	297,604
	$ 4,541,867	$ 2,113,700

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:	2022	2021
Care Mobile	$ -	$ 76,367
Remodel	-	58,500
Scholarships	15,077	-
Food drive	8,500	-
	$ 23,577	$ 134,867

Net assets with donor restrictions consisted of the following:

	2022	2021
Cash and cash equivalents	$ 3,553,107	$ 1,687,946
Unconditional promises to give	988,760	425,754
	$ 4,541,867	$ 2,113,700

NOTE 8. TRANSACTIONS WITH AFFILIATE

House receives grants and other donations from the national Ronald McDonald House Charities. The House received income totaling $75,085 and $116,949 in 2022 and 2021, respectively. A total of $22,000 and $25,000 of these amounts were included in unconditional promises to give in 2022 and 2021, respectively.

NOTE 9. OPERATING LEASES

The House has leases for a postage machine and a copier that expire in June 2023 and March 2026, respectively. In 2022, the House bought out the lease for the postage machine.

Total operating lease costs for the year ended December 31, 2022 was $3,502. The weighted average remaining lease term is 4.3 years and the weighted average discount rate is 1.45% as of December 31, 2022.

Future minimum lease payments under the operating lease are as follows:

2023	$ 3,502
2024	3,502
2025	3,502
2026	876
Total future minimum lease payments	11,382
Less: imputed interest	(270)
Total operating lease liabilities	11,112
Less: current portion	(3,363)
Long-term operating lease liabilities	$ 7,749

Rental expense under non-cancellable leases totaled $7,371 for the year ended December 31, 2021.

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, 2022 and 2021, rent expense in the amount of $50,586 and $49,112 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, 2022 and 2021 was $15,311 and $24,125, 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. At December 31, 2022, the LIBOR rate was 4.33%. The line of credit is collateralized by the House's investments. As of December 30, 2022 and 2021, 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 $235,159 for the year ended December 31, 2022.

NOTE 13. IN-KIND CONTRIBUTIONS

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

Category	Usage	2022	2021
Guest Services	Ronald McDonald House	$ 60,449	$ 50,187
Construction in progress	Ronald McDonald House/ New House	94,234	106,499
Furniture and equipment	Ronald McDonald House	44,739	57,500
Advertising	Ronald McDonald House	4,145	2,922
Advertising	Scholarships	1,250	373
Advertising	Fundraising	3,225	8,907
Repairs and maintenance	Ronald McDonald House	-	4,026
		$ 208,042	$ 230,414

The total in-kind contribution amount here includes $3,225 and $2,254 of in-kind advertising revenue for the years ended December 31, 2022 and 2021, 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. 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, 2022 and 2021 was $39,692 and $39,248, respectively.

Future minimum lease income payments are as follows:

2023	$	39,692
2024		39,692
Total future minimum lease income payments	$	79,384