

**RONALD MCDONALD HOUSE CHARITIES, INC.**  
Chicago, Illinois

**FINANCIAL STATEMENTS**  
December 31, 2023 and 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAcconnect.com](https://CLAcconnect.com)

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>INDEPENDENT AUDITORS' REPORT .....</b>	<b>1</b>
 <b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	5
Statements of Cash Flows .....	6
 Notes to Financial Statements .....	 7



## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Ronald McDonald House Charities, Inc.  
Chicago, Illinois

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Ronald McDonald House Charities, Inc. (RMHC) which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RMHC as of December 31, 2023 and 2022, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RMHC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 RMHC's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RMHC'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 RMHC'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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Oak Brook, Illinois  
May 7, 2024

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

<b>ASSETS</b>	<b>2023</b>	<b>2022</b>
	<i>(In Thousands)</i>	
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 40,892	\$ 22,596
Contributions Receivable, Net	15,952	11,626
Short-Term Investments	6,092	5,726
Other Current Assets	4,520	4,311
Total Current Assets	67,456	44,259
<b>NONCURRENT ASSETS</b>		
Contributions Receivable, Net	861	1,355
Investments	185,848	166,561
Other Noncurrent Assets	-	163
	186,709	168,079
<b>TOTAL ASSETS</b>	<b>\$ 254,165</b>	<b>\$ 212,338</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Other Liabilities	\$ 4,823	\$ 4,635
Grants Payable, Net	11,227	6,251
Total Current Liabilities	16,050	10,886
<b>NET ASSETS</b>		
Without Donor Restrictions	234,019	197,049
With Donor Restrictions	4,096	4,403
Total Net Assets	238,115	201,452
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 254,165</b>	<b>\$ 212,338</b>

The accompanying notes are an integral part of the financial statements.

**RONALD MCDONALD HOUSE CHARITIES, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>			<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
	<i>(In Thousands)</i>					
<b>REVENUES</b>						
Contributions	\$ 94,237	\$ 4,335	\$ 98,572	\$ 71,897	\$ 1,117	\$ 73,014
In-Kind Contributions	36,841	-	36,841	18,342	-	18,342
Special Events Revenue	4,334	-	4,334	2,017	-	2,017
Program Service and Other Revenue	753	-	753	216	-	216
Net Assets Released from Restrictions	4,642	(4,642)	-	2,341	(2,341)	-
Total Revenues	<u>140,807</u>	<u>(307)</u>	<u>140,500</u>	<u>94,813</u>	<u>(1,224)</u>	<u>93,589</u>
<b>EXPENSES</b>						
Program Services	109,350	-	109,350	66,246	-	66,246
Management and General Administration	9,856	-	9,856	10,899	-	10,899
Fundraising	6,941	-	6,941	8,126	-	8,126
Cost of Direct Benefit to Donors	86	-	86	-	-	-
Total Expenses	<u>126,233</u>	<u>-</u>	<u>126,233</u>	<u>85,271</u>	<u>-</u>	<u>85,271</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<u>14,574</u>	<u>(307)</u>	<u>14,267</u>	<u>9,542</u>	<u>(1,224)</u>	<u>8,318</u>
<b>INVESTMENT INCOME (LOSS), NET</b>	<u>22,396</u>	<u>-</u>	<u>22,396</u>	<u>(24,800)</u>	<u>-</u>	<u>(24,800)</u>
<b>CHANGE IN NET ASSETS</b>	36,970	(307)	36,663	(15,258)	(1,224)	(16,482)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>197,049</u>	<u>4,403</u>	<u>201,452</u>	<u>212,307</u>	<u>5,627</u>	<u>217,934</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 234,019</u>	<u>\$ 4,096</u>	<u>\$ 238,115</u>	<u>\$ 197,049</u>	<u>\$ 4,403</u>	<u>\$ 201,452</u>

The accompanying notes are an integral part of the financial statements.

**RONALD MCDONALD HOUSE CHARITIES, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2023 AND 2022**

<u>Year Ended December 31, 2023</u>	<u>Ronald McDonald House</u>	<u>Ronald McDonald Family Room</u>	<u>Ronald McDonald Care Mobile</u>	<u>RMHC Local Chapter Grants and Support</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Cost of Direct Benefits to Donors</u>	<u>Total</u>
	<i>(In Thousands)</i>								
Grants	\$ 5,613	\$ 1,950	\$ 1,391	\$ 49,477	\$ 58,431	\$ -	\$ -	\$ -	\$ 58,431
Professional Fees	-	-	688	9,344	10,032	3,081	2,748	-	15,861
Donated Goods and Services	-	-	-	33,888	33,888	1,905	1,048	-	36,841
Meetings, Education, and Training	-	-	-	1,048	1,048	29	530	86	1,693
Travel, Meals, and Entertainment	-	-	-	1,563	1,563	109	41	-	1,713
Advertising	-	-	-	145	145	4,090	401	-	4,636
Other	-	-	62	4,181	4,243	642	2,173	-	7,058
<b>TOTAL EXPENSES</b>	<b>\$ 5,613</b>	<b>\$ 1,950</b>	<b>\$ 2,141</b>	<b>\$ 99,646</b>	<b>\$ 109,350</b>	<b>\$ 9,856</b>	<b>\$ 6,941</b>	<b>\$ 86</b>	<b>\$ 126,233</b>

<u>Year Ended December 31, 2022</u>	<u>Ronald McDonald House</u>	<u>Ronald McDonald Family Room</u>	<u>Ronald McDonald Care Mobile</u>	<u>RMHC Local Chapter Grants and Support</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Cost of Direct Benefits to Donors</u>	<u>Total</u>
	<i>(In Thousands)</i>								
Grants	\$ 3,835	\$ 1,703	\$ 101	\$ 36,347	\$ 41,986	\$ -	\$ -	\$ -	\$ 41,986
Professional Fees	-	-	23	4,676	4,699	1,984	1,895	-	8,578
Donated Goods and Services	-	-	-	14,788	14,788	2,435	1,119	-	18,342
Meetings, Education, and Training	-	-	-	58	58	33	323	-	414
Travel, Meals, and Entertainment	-	-	-	389	389	38	24	-	451
Advertising	-	-	-	83	83	5,766	2,663	-	8,512
Other	-	-	45	4,198	4,243	643	2,102	-	6,988
<b>TOTAL EXPENSES</b>	<b>\$ 3,835</b>	<b>\$ 1,703</b>	<b>\$ 169</b>	<b>\$ 60,539</b>	<b>\$ 66,246</b>	<b>\$ 10,899</b>	<b>\$ 8,126</b>	<b>\$ -</b>	<b>\$ 85,271</b>

The accompanying notes are an integral part of the financial statements.

**RONALD MCDONALD HOUSE CHARITIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
	<i>(In Thousands)</i>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 36,663	\$ (16,482)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Net Realized and Unrealized (Gains)/Losses on Investments	(16,901)	28,880
Bad Debt	11	2
Amortization	163	281
Effects of Changes in Operating Assets and Liabilities:		
Contributions Receivable	(3,843)	814
Other Assets	(209)	(1,792)
Accounts Payable and Other Liabilities	188	(133)
Grants Payable	4,976	(451)
	<u>21,048</u>	<u>11,119</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(81,600)	(41,626)
Proceeds from Sale of Investments	78,848	32,533
	<u>(2,752)</u>	<u>(9,093)</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	18,296	2,026
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>22,596</u>	<u>20,570</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 40,892</u>	<u>\$ 22,596</u>
 <b>SUPPLEMENTAL DISCLOSURES</b>		
Donated Stock	<u>\$ 1,449</u>	<u>\$ 121</u>

The accompanying notes are an integral part of the financial statements.



**RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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

**Organization**

Ronald McDonald House Charities, Inc. (RMHC) is an Illinois nonprofit charitable corporation formed on September 7, 1977. The mission of RMHC is to provide essential services that remove barriers, strengthen families, and promote healing when children need healthcare. RMHC fulfills its mission by creating programs that address targeted needs and by supporting these programs and other activities conducted by its RMHC Local Chapters (Chapters) worldwide.

Ronald McDonald House Charities is a system of independent, separately registered public benefit organizations, referred to as “Chapters” by RMHC. Each Chapter is licensed by McDonald’s Corporation and RMHC to use RMHC related trademarks in conjunction with identifying its charitable organization, fundraising activities and the operation of its programs; the license agreement also sets standards of operations for programs, governance, finance, branding, and reporting.

RMHC ensures delivery of the mission across the globe by building and sustaining a robust infrastructure of support for local Chapters. This includes operations, licensing and compliance, finance, risk management, communications, marketing and development. Following are the program activities operated by RMHC:

**Support of RMHC Local Chapters:**

- *Ronald McDonald House*
  - RMHC provides grants for new and expanding Ronald McDonald House programs. The Ronald McDonald House program provides comfort, support and resources for families with children who are sick.
- *Ronald McDonald Family Room*
  - RMHC provides grants for new Ronald McDonald Family Room programs, which offer a quiet place within the walls of the hospital. Ronald McDonald Family programs provide families with children in the hospital with a place to rest and recharge while remaining near their child’s bedside.
- *Ronald McDonald Care Mobile*
  - RMHC develops and funds the capital build for all new Ronald McDonald Care Mobiles programs. Ronald McDonald House Care Mobile programs bring dental, medical and health care resources to underserved communities around the world.

**RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Support of RMHC Local Chapters:** (continued)

- *RMHC Local Chapter Grants and Support*
  - RMHC provides expertise in all aspects of the three core program operations, other program development, and nonprofit management for its Chapters worldwide. Support also includes general program support grants. RMHC is committed to strengthening the global system of Chapters, by providing such grants and programmatic support to help each Chapter achieve a high level of excellence in management and operations, and to help them effectively and efficiently fulfill their mission. Activities include, among others: resource development; sharing best practices to improve all aspects of RMHC; strategic planning; technology upgrades; ongoing training and education of board, staff, and volunteers to encourage excellence in delivering programs, fundraising and administrative practices; investment in environmental sustainability activities such as energy audits, water and waste efficiency projects at Ronald McDonald House programs; facilitation of networking opportunities; and developing local fundraising capabilities to grow resources and meet new and expanding program needs.

**Basis of Presentation**

The financial statements of RMHC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and are presented on the basis of net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. All other net assets, including board-designated or appropriated amounts, are net assets without donor restrictions and are reported as part of the net assets without donor restriction class.

**Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management of RMHC to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Measure of Operations**

The Organization's change in net assets from operations on the statements of activities includes all operating revenues and expenses that are an integral part of its program and supporting activities, net assets released from donor restrictions to support operating expenditures and other non-operating funds to support current operating activities. The measure of operations excludes investment return on investments.

**RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash Equivalents**

Cash equivalents include money market funds and all highly liquid investments with a maturity date of less than three months from the date of purchase. The organization's cash balances that are maintained in bank accounts may exceed Federal Deposit Insurance Corporation limits from time to time. RMHC has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash.

**Contributions Receivable**

Contributions receivable are unconditional promises to give. RMHC has received unconditional promises to give consisting of pledges, bequests, and split-interest agreements. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed at the date of the gift using risk-free interest rates applicable to the years in which the promises are received. There were no unconditional promises to give received in 2023 and 2022 that were expected to be collected in future years. Amortization of the discounts is included in contribution revenue. Contributions receivable are written off when deemed uncollectible.

Contributions receivable also include the value of various split interest agreements. Split-interest agreements include five charitable remainder trusts from which RMHC will receive a percentage of the remaining assets upon the death of the initial beneficiaries, and an annuity from which RMHC receives annual payments during the donor's lifetime. A receivable has been recorded for the present value of the expected future cash flows using published life expectancy tables and a discount rate of 5.8% in 2023 and 5.2% in 2022. The fair value of the receivable is updated annually and the change in value and amortization of the present value discounts are included in contribution revenue.

RMHC is the beneficiary under various wills and trust agreements of which the total realizable amount is not presently determinable. Such amounts are recorded when a will is declared valid by probate court and the proceeds are measurable.

**Cash Surrender Value of Life Insurance**

RMHC carries the value of contributed life insurance policies at cash surrender value, which approximates fair value in the statements of financial position.

**RONALD MCDONALD HOUSE CHARITIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Software**

Software and web development are stated at cost and amortized when placed in service. Amortization is calculated using the straight-line method over the estimated useful lives of the assets, generally three years. RMHC capitalizes all acquisitions in excess of \$10,000. Ongoing maintenance contracts are charged to expense when incurred. The balance in software as of December 31, 2023 and 2022 is as follows:

	2023	2022
	<i>(In Thousands)</i>	
Software and Web Enhancements	\$ 1,542	\$ 1,552
Accumulated Amortization	(1,542)	(1,389)
Total	\$ -	\$ 163

The net book value of software costs is reported in other noncurrent assets on the statements of financial position.

**Investments**

RMHC records all investments in equity securities with readily determinable fair values and all investments in debt securities and commodities at fair value in the statements of financial position. Realized and unrealized investment gains and losses and income are included in the statements of activities.

Investments in alternative investments are based on the net asset value of such investments. The calculated net asset values are provided by the respective fund managers and are based on historical costs, appraisals, and other estimates that require varying degrees of judgment. Management utilizes the best available information for reported values, which in some instances are valuations as of an interim date not more than three months before year-end. As alternative investments are not readily marketable, their estimated value is subject to uncertainty and may differ from the value that would have been used had a market for such investments existed. Therefore, the resulting differences may be material. The financial statements of alternative investments are audited annually. Realized and unrealized investment gains and losses and income are included in the statements of activities. As of December 31, 2023 and 2022, RMHC had no plans or intentions to sell investments at amounts different from NAV.

**RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated Assets, Software, and Services**

Donated marketable securities, software, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, RMHC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. RMHC reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

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 RMHC. RMHC also receives donated services from other contributors and volunteers that are not measurable, and therefore, are excluded from the financial statements.

**Net Assets**

Net assets of RMHC and changes therein are classified and reported as follows:

**Without Donor Restrictions**

Net assets that are not subject to donor-imposed restrictions or law.

**With Donor Restrictions**

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**Revenue Recognition**

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Conditional grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as Deferred Revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made. Contributions of approximately \$3,070,000 have not been recognized in the accompanying statement of activities because certain milestones have not been met.

**RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Sponsorship Revenue*

The portion of sponsorship revenue that relates to the commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met.

*Special Event Revenue – Attendee Fees*

The portion of attendee fees that relate to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met.

**Functional Expenses**

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of RMHC. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include donated services and occupancy, which are allocated on the basis of estimates of time and effort.

**Income Tax Status**

RMHC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income, if any, from certain activities not directly related to the tax-exempt purpose of RMHC is subject to taxation as unrelated business income. In addition, RMHC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

RMHC believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. There were no income taxes for unrelated business income for the years ended December 31, 2023 and 2022.

**RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2 – LIQUIDITY**

As of December 31, 2023 and 2022 financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	2023	2022
	<i>(In Thousands)</i>	
Financial Assets		
Cash and Cash Equivalents	\$ 40,892	\$ 22,596
Contributions Receivable, Net	15,952	11,626
Short-Term Investments	6,092	5,726
Other Current Assets	162	112
Total Financial Assets	63,098	40,060
Less Amounts Not Available to be Used for General Expenditures Within one Year		
Restricted by Donors With Purpose Restrictions	3,233	3,046
Total Financial Assets to Meet Cash Needs for General Expenditures Within One Year	\$ 59,865	\$ 37,014

RMHC maintains financial assets, consisting of cash and short-term investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. As part of its liquidity management, RMHC invests cash in excess of daily requirements in various short-term investments. In addition, RMHC maintains an operating reserve that allows for annual spending of 5% of assets based on a rolling 2-year average market value in addition to investment income and earnings, if needed. \$9,871,000 and \$9,527,000 of appropriations from the operating reserve, as of December 31, 2023 and 2022, respectively, were available within the next 12 months.

**RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 3 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable consists primarily of pledges, bequests, and split-interest agreements, as of the years ended December 31:

	2023	2022
	<i>(In Thousands)</i>	
Amounts Due in:		
Less than One Year	\$ 15,952	\$ 11,626
One to Five Years	229	693
More than Five Years	698	758
Total	16,879	13,077
Unamortized Discount	(45)	(75)
Allowance for Uncollectible	(21)	(21)
Net Contributions Receivable	\$ 16,813	\$ 12,981

**NOTE 4 – FAIR VALUE MEASUREMENTS AND INVESTMENTS**

**Fair Value Measurements**

In determining fair value, RMHC uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. A hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Levels within the hierarchy are based on the reliability of inputs as follows:

*Level 1* - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

*Level 2* - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.



**RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 4 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)**

The fair values of assets measured on a recurring basis at December 31, 2023 are as follows:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV	Total
	<i>(In Thousands)</i>				
<b>Assets</b>					
Investments:					
Mutual Funds:					
Domestic Equity	\$ 65,921	\$ -	\$ -	\$ -	\$ 65,921
International Equity	24,989	-	-	-	24,989
Global	31,050	-	-	-	31,050
Commodities	8,866	-	-	-	8,866
Bonds	42,497	-	-	-	42,497
U.S. Corporate Equity					
Securities	18,404	-	-	-	18,404
Private Equity	-	-	-	213	213
Total Investments	<u>\$ 191,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213</u>	<u>\$ 191,940</u>
Contributions Receivable, Net					
Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 979</u>	<u>\$ -</u>	<u>\$ 979</u>

The fair values of assets measured on a recurring basis at December 31, 2022 are as follows:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV	Total
	<i>(In Thousands)</i>				
<b>Assets</b>					
Investments:					
Mutual Funds:					
Domestic Equity	\$ 44,069	\$ -	\$ -	\$ -	\$ 44,069
International Equity	21,557	-	-	-	21,557
Global	53,475	-	-	-	53,475
Commodities	8,530	-	-	-	8,530
Bonds	28,736	-	-	-	28,736
U.S. Corporate Equity					
Securities	15,884	-	-	-	15,884
Private Equity	-	-	-	36	36
Total Investments	<u>\$ 172,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ 172,287</u>
Contributions Receivable, Net					
Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,013</u>	<u>\$ -</u>	<u>\$ 1,013</u>

**RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 4 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)**

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value of Level 3 split-interest agreements is determined by calculating the present value of future distributions expected to be received using published life expectancy tables and a discount rate of 5.8% in 2023 and 5.2% in 2022. Split-interest agreements are included in contributions receivable on the statements of financial position. There has been no change in valuation techniques from the prior year.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	2023	2022
	<i>(In Thousands)</i>	
Beginning Balance	\$ 1,013	\$ 2,363
Payments Received	(97)	-
Contributions	6	-
Change in Value	57	(1,350)
Ending Balance	\$ 979	\$ 1,013

RMHC uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate fair values of alternative investments, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

**Investments**

The overall investment objective of RMHC is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. RMHC diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the Board of Trustees, which oversees the investment program of RMHC in accordance with established guidelines.

The composition of investment income on the investment portfolio of RMHC for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
	<i>(In Thousands)</i>	
Interest and Dividend Income, Net	\$ 5,495	\$ 4,080
Realized and Unrealized Gains (Losses), Net	16,901	(28,880)
Investment Income (Losses), Net	\$ 22,396	\$ (24,800)

**RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 4 – FAIR VALUE MEASUREMENTS AND INVESTMENTS (Continued)**

**Alternative Investments**

In addition to traditional securities within the fair value measurement framework, RMHC holds interests in alternative investment funds, solely in private equity. These funds employ buy-out and venture capital strategies. Therefore, such funds often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Due to the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the interests of RMHC in these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

As of December 31, 2023 and 2022, the following table summarizes the nature of such alternative investments:

<i>2023 (In Thousands)</i>				
Investment Category	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Private Equity	\$ 213	\$ 3,787	None	Not applicable

<i>2022 (In Thousands)</i>				
Investment Category	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Private Equity	\$ 36	None	None	Not applicable

**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes and periods as of December 31:

	2023	2022
	<i>(In Thousands)</i>	
<b>Subject to Expenditure for Specific Purpose:</b>		
Program Activities:		
Ronald McDonald House	\$ 651	\$ 557
Ronald McDonald Care Mobile	23	22
Ronald McDonald Family Room	49	98
Local Chapter Support	2,412	2,581
	3,135	3,258
<b>Subject to Passage of Time:</b>		
For Periods After December 31	961	1,145
Total Net Assets With Donor Restrictions	\$ 4,096	\$ 4,403

**RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 6 – NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

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 donors as follows for the years ended December 31, 2023 and 2022:

	2023	2022
	<i>(In Thousands)</i>	
<b>Purpose Restrictions Accomplished:</b>		
Ronald McDonald House	\$ 1,568	\$ 339
Ronald McDonald Care Mobile	27	26
Ronald McDonald Family Room	152	117
Local Chapter Support	2,648	1,634
	4,395	2,116
<b>Subject to Passage of Time:</b>		
For Periods After December 31	247	225
Total Net Assets With Donor Restrictions	\$ 4,642	\$ 2,341

**NOTE 7 – CONTRIBUTED NONFINANCIAL ASSETS**

The Organization received the following contributions of nonfinancial assets for the year ending December 31, 2023 and 2022 as follows:

	2023	2022
	<i>(In Thousands)</i>	
<b>Expenses</b>		
Advertising	\$ 30,076	\$ 11,380
Airline Tickets	237	210
Professional Services	6,528	6,752
Total Contributed Nonfinancial Assets	\$ 36,841	\$ 18,342

The organization recognized contributed nonfinancial assets within revenue, including advertising, airline tickets, and professional services.

Advertising is provided to RMHC through Public Service Announcements (PSAs) by various television networks, which is managed by a vendor. The PSAs are shown during unpurchased, open time slots and recorded by the television networks. The vendor tracks this data and then employs a third party to value the PSAs' fair value if the time slots had been purchased. All PSAs shown during the fiscal year are compiled and provided to RMHC to record the fair value. Other advertisements are also provided to RMHC through various mediums and are recorded at fair value.

**RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 7 – CONTRIBUTED NONFINANCIAL ASSETS** (Continued)

Airline tickets are provided to RMHC from airlines. Airline tickets are provided at the fair value purchase price of tickets. Airline tickets are also provided through unused airline miles and valued by the airline under the fair value purchase price of tickets.

The day-to-day operations of RMHC are performed by employees of McDonald's Corporation that are dedicated to RMHC and who work under the direction of the independent governing board of RMHC. RMHC receives donated professional services from McDonald's Corporation including certain employee services, benefits, human resource support and use of its facilities and equipment, as part of its commitment to support RMHC. These donated services are reported in the financial statements based on the estimated fair value for similar services and totaled \$6,452,000 and \$6,498,000, for the years ended December 31, 2023 and 2022, respectively. For the remaining employee services, RMHC has an agreement with McDonald's Corporation to compensate them for duties performed. Payments to McDonald's Corporation totaled \$4,155,000 and \$2,993,000 for the years ended December 31, 2023 and 2022, respectively, of which \$1,105,000 and \$874,000 was in accounts payable for the years ended December 31, 2023 and 2022, respectively.

All donated services and assets were utilized by the programs and supporting services of RMHC. There were no donor-imposed restrictions associated with the donated services and assets.

**NOTE 8 – RELATED PARTY TRANSACTIONS**

RMHC provides ongoing program grants to all of its Chapters around the world. These program grants are pre-authorized by the board of RMHC 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. Grants totaling \$2,003,000 and \$1,704,000, during the years ended December 31, 2023 and 2022, respectively, were provided to Chapters where certain members of the RMHC board also serve as officers and/or directors of the Chapter.

**NOTE 9 – CONCENTRATIONS**

McDonald's Corporation provides support to RMHC through donated goods and services (see Note 7), direct contributions, and facilitation of fundraisers at its company-owned and franchised restaurants, of which the proceeds collected are remitted to RMHC. Contributions from these efforts totaled \$83,634,000 and \$65,996,000, during the years ended December 31, 2023 and 2022, respectively. This represents 60% and 71% of total revenues, of which \$11,553,000 and \$8,215,000 are included in contributions receivable as of December 31, 2023 and 2022, respectively.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

RMHC is party to various legal actions, the outcomes of which cannot be predicted with certainty. Management believes the outcomes of these legal proceedings, either individually or combined, will not have a materially adverse effect on RMHC's financial position or activities.

**RONALD MCDONALD HOUSE CHARITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 11 – SUBSEQUENT EVENT DISCLOSURES**

Management evaluated subsequent events through May 7, 2024, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.

This information is an integral part of the accompanying financial statements.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAglobal.com/disclaimer](http://CLAglobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.