



**Ronald McDonald House of Fort Worth, Inc.**

**Financial Statements  
December 31, 2022 and 2021**

# Ronald McDonald House of Fort Worth, Inc.

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## **Independent Auditors' Report**

To the Board of Directors of  
Ronald McDonald House of Fort Worth, Inc.

### **Opinion**

We have audited the accompanying financial statements of Ronald McDonald House of Fort Worth, Inc. (a nonprofit organization) (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 the Organization 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 (GAAP).

### **Prior Period Financial Statements**

The financial statements of the Organization as of December 31, 2021, were audited by other auditors who report dated June 23, 2022 expressed an unmodified opinion.

### **Basis for Opinion**

We conducted our audit 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 the Organization 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 the financial statements in accordance with GAAP, 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 the Organization's ability to continue as a going concern within one year after the date that 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 the Organization'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 the Organization'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.



A Limited Liability Partnership

Arlington, Texas  
May 12, 2023

**Ronald McDonald House of Fort Worth, Inc.**  
**Statements of Financial Position**  
**December 31, 2022 and 2021**

	2022	2021
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,020,233	\$ 1,392,620
Certificates of deposit	1,010,285	1,000,000
Accounts receivable	22,239	2,543
Unconditional promises to give	65,000	40,947
Other receivable	-	95,961
Prepaid expenses	39,913	36,533
<b>Total current assets</b>	2,157,670	2,568,604
Investments in marketable securities	6,253,144	6,217,830
Property and equipment, net	7,000,093	7,404,285
Assets restricted in perpetuity:		
Investments in marketable securities	1,131,250	1,131,250
<b>Total assets</b>	<b>\$ 16,542,157</b>	<b>\$ 17,321,969</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 218,990	\$ 171,865
Deferred revenue	70,829	62,647
<b>Total current liabilities</b>	289,819	234,512
<b>Net assets:</b>		
Without donor restrictions:		
Undesignated	7,633,573	9,496,497
Board-designated quasi-endowment	7,263,429	6,217,830
With donor restrictions	1,355,336	1,373,130
<b>Total net assets</b>	16,252,338	17,087,457
<b>Total liabilities and net assets</b>	<b>\$ 16,542,157</b>	<b>\$ 17,321,969</b>

See notes to financial statements.

**Ronald McDonald House of Fort Worth, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Contributions of financial assets	\$ 2,037,234	\$ 316,250	\$ 2,353,484
Contributions of nonfinancial assets	171,199	-	171,199
Special events (net of direct costs \$401,227)	861,787	-	861,787
Room donations/fees	130,072	-	130,072
Net assets released from restrictions	334,044	(334,044)	-
<b>Total revenue and support</b>	<b>3,534,336</b>	<b>(17,794)</b>	<b>3,516,542</b>
<b>Expenses:</b>			
Program services	2,349,454	-	2,349,454
Management and general	319,865	-	319,865
Fundraising	623,122	-	623,122
<b>Total expenses</b>	<b>3,292,441</b>	<b>-</b>	<b>3,292,441</b>
<b>Nonoperating income (loss):</b>			
Investment loss, net	(1,091,294)	-	(1,091,294)
Proceeds from sale of property and equipment	4,200	-	4,200
Other income	27,874	-	27,874
<b>Total nonoperating income (loss)</b>	<b>(1,059,220)</b>	<b>-</b>	<b>(1,059,220)</b>
<b>Change in net assets</b>	<b>(817,325)</b>	<b>(17,794)</b>	<b>(835,119)</b>
<b>Net assets at beginning of year</b>	<b>15,714,327</b>	<b>1,373,130</b>	<b>17,087,457</b>
<b>Net assets at end of year</b>	<b>\$ 14,897,002</b>	<b>\$ 1,355,336</b>	<b>\$ 16,252,338</b>

See notes to financial statements.

**Ronald McDonald House of Fort Worth, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Contributions of financial assets	\$ 1,986,323	\$ 96,890	\$ 2,083,213
Contributions of nonfinancial assets	84,302	-	84,302
Special events (net of direct costs \$128,621)	540,080	-	540,080
Room donations/fees	81,744	-	81,744
Net assets released from restrictions	261,408	(261,408)	-
<b>Total revenue and support</b>	<b>2,953,857</b>	<b>(164,518)</b>	<b>2,789,339</b>
<b>Expenses:</b>			
Program services	2,055,323	-	2,055,323
Management and general	327,118	-	327,118
Fundraising	537,557	-	537,557
<b>Total expenses</b>	<b>2,919,998</b>	<b>-</b>	<b>2,919,998</b>
<b>Nonoperating income:</b>			
Investment income, net	558,385	146,791	705,176
Other income	464,353	-	464,353
<b>Total nonoperating income</b>	<b>1,022,738</b>	<b>146,791</b>	<b>1,169,529</b>
<b>Change in net assets</b>	<b>1,056,597</b>	<b>(17,727)</b>	<b>1,038,870</b>
<b>Net assets at beginning of year</b>	<b>14,657,730</b>	<b>1,390,857</b>	<b>16,048,587</b>
<b>Net assets at end of year</b>	<b>\$ 15,714,327</b>	<b>\$ 1,373,130</b>	<b>\$ 17,087,457</b>

See notes to financial statements.

**Ronald McDonald House of Fort Worth, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2022**

	Program Services	Management and General	Fundraising	Total
Compensation and related costs	\$ 897,551	\$ 208,334	\$ 309,005	\$ 1,414,890
Advertising and marketing	-	-	48,534	48,534
Automobile/transportation	4,424	1,553	-	5,977
Bank charges	-	-	38,919	38,919
Cleaning services and supplies	34,916	823	823	36,562
Depreciation	655,022	17,237	17,237	689,496
Events and catering	-	-	401,277	401,277
Family support services and supplies	329,010	7,652	18,684	355,346
Insurance	84,431	2,145	2,145	88,721
Linens and laundry	30,610	-	-	30,610
Maintenance and repairs	113,356	2,807	2,807	118,970
Meeting, education and training	4,535	14,669	1,365	20,569
Miscellaneous	10,404	12,876	12,952	36,232
Postage and printing	4,351	1,182	14,035	19,568
Professional fees	-	43,992	152,448	196,440
Technology	41,630	1,196	944	43,770
Telephone	10,929	2,175	-	13,104
Utilities	128,285	3,224	3,224	134,733
<b>Total expenses</b>	<b>2,349,454</b>	<b>319,865</b>	<b>1,024,399</b>	<b>3,693,718</b>
<b>Less expenses included with revenues on the statement of activities</b>				
Direct costs of special events	-	-	(401,277)	(401,277)
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 2,349,454</b>	<b>\$ 319,865</b>	<b>\$ 623,122</b>	<b>\$ 3,292,441</b>

See notes to financial statements.



**Ronald McDonald House of Fort Worth, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2021**

	Program Services	Management and General	Fundraising	Total
Compensation and related costs	\$ 849,695	\$ 196,557	\$ 291,835	\$ 1,338,087
Advertising and marketing	-	-	32,222	32,222
Automobile/transportation	2,710	952	-	3,662
Bank charges	-	-	26,748	26,748
Cleaning services and supplies	35,240	923	923	37,086
Depreciation	603,549	15,883	15,883	635,315
Events and catering	-	-	128,621	128,621
Family support services and supplies	213,785	4,972	12,141	230,898
Insurance	81,884	2,081	2,081	86,046
Linens and laundry	18,692	-	-	18,692
Maintenance and repairs	119,010	2,947	2,947	124,904
Meeting, education and training	1,783	5,767	537	8,087
Miscellaneous	7,727	8,252	10,976	26,955
Postage and printing	4,484	1,218	14,464	20,166
Professional fees	-	82,666	124,201	206,867
Technology	26,437	760	600	27,797
Telephone	10,758	2,141	-	12,899
Utilities	79,569	1,999	1,999	83,567
<b>Total expenses</b>	<b>2,055,323</b>	<b>327,118</b>	<b>666,178</b>	<b>3,048,619</b>
<b>Less expenses included with revenues on the statement of activities</b>				
Direct costs of special events	-	-	(128,621)	(128,621)
<b>Total expenses included in the expense section on the statement of activities</b>	<b><u>\$ 2,055,323</u></b>	<b><u>\$ 327,118</u></b>	<b><u>\$ 537,557</u></b>	<b><u>\$ 2,919,998</u></b>

See notes to financial statements.

# Ronald McDonald House of Fort Worth, Inc.

## Statement of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (835,119)	\$ 1,038,870
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	689,496	635,315
Realized and unrealized (gains) losses on investments	1,280,688	(542,815)
Gain on sale of property and equipment	(4,200)	-
Change in operating assets and liabilities:		
Accounts receivable	(19,696)	16,086
Other receivable	95,961	(95,961)
Unconditional promises to give	(24,053)	293,845
Prepaid expenses	(3,380)	34,557
Accounts payable and accrued expenses	47,125	30,579
Deferred revenue	8,182	(36,922)
<b>Net cash provided by operating activities</b>	<b>1,235,004</b>	<b>1,373,554</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(285,304)	(92,004)
Proceeds from sale of property and equipment	4,200	-
Redemption of certificates of deposit	1,000,000	-
Purchases of certificates of deposit	(1,010,285)	(1,000,000)
Purchases of investments	(3,831,417)	(2,345,156)
Proceeds from sale of investments	2,515,415	2,179,728
<b>Net cash used by investing activities</b>	<b>(1,607,391)</b>	<b>(1,257,432)</b>
<b>Net change in cash and cash equivalents</b>	<b>(372,387)</b>	<b>116,122</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,392,620</b>	<b>1,276,498</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,020,233</b>	<b>\$ 1,392,620</b>

See notes to financial statements.

# Ronald McDonald House of Fort Worth, Inc.

## Notes to Financial Statements

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### 1. Organization

Ronald McDonald House of Fort Worth, Inc. (Organization) is a Texas nonprofit corporation. 1004 7th Avenue Holding Corporation (Holding Corporation) was a Texas nonprofit corporation, organized to support its sole member, Ronald McDonald House of Fort Worth, Inc. by providing financial and other resources to assist the Organization in achieving the fulfillment of its mission. Specifically, the Holding Corporation developed and leased certain real property to the Organization to be used for administration and programs. On March 5, 2021, the Organization received formal notification from the Office of the Secretary of the State for formal filing of the Certificate of Termination of the Holding Corporation.

The mission of the Organization is to create, find and support programs that directly, and indirectly, improve the health and well-being of children and their families. The Organization ascribes to five core values: we are focused on the critical needs of children, we lead with compassion, we celebrate the diversity of our people and our programs, we value our heritage and we operate with accountability and transparency.

The Organization fulfills its mission through sustainable programs that enable family-centered care, bridge access to quality health care, are a vital part of the health care continuum and strengthen families during difficult times. The following program, operated by the Organization, represents its core function: When children must travel to access top medical care, accommodations and support for families can be expensive or not readily available. The Organization helps families stay close to their ill or injured child through the Ronald McDonald House program located in North Texas, which provides temporary lodging, meals and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers' ability to spend more time with their child, to interact with their clinical care team and to participate in critical medical care decisions.

The Organization is primarily supported by grants and donations received from individuals and other organizations.

# Ronald McDonald House of Fort Worth, Inc.

## Notes to Financial Statements

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### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The Organization prepares the financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### *Financial Statement Presentation*

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

*Net assets with donor restrictions* - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

#### *Financial Instruments and Credit Risk Concentrations*

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, unconditional promises to give, accounts receivable and investments in marketable securities. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. Unconditional promises to give are unsecured and are due from various donors and expected to be collected in one year. Accounts receivable are unsecured and are due from various government agencies. The Organization continually evaluates the collectability of unconditional promises to give and accounts receivable and

# Ronald McDonald House of Fort Worth, Inc.

## Notes to Financial Statements

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maintains allowances for potential losses, if considered necessary. Marketable securities are subject to various risks, such as interest rate, credit and overall market volatility risks.

The Organization maintains cash balances at various financial institutions located in Texas. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, the Organization's uninsured balances totaled \$272,867.

### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash and highly liquid investments with a maturity of three months or less when purchased.

### ***Investments***

The Organization's investments in marketable securities consist of mutual funds that are stated at fair value in the statements of financial position. Interest, dividends and realized and unrealized gains and losses are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

### ***Property and Equipment***

Property and equipment purchased by the Organization are recorded at cost or if acquired by gift, at the fair value at the date of the gift. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000; the fair value of donated property and equipment is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of 5-20 years.

### ***Impairment of Long-Lived Assets***

Management of the Organization periodically reviews the carrying value of its long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized to the extent fair value of a long-lived asset is less than the carrying amount. Fair value is determined based on the estimated future cash inflows attributable to the asset less estimated future cash outflows. No such losses were recognized during the years ended December 31, 2022 and 2021.

### ***Revenue Recognition***

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

# Ronald McDonald House of Fort Worth, Inc.

## Notes to Financial Statements

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Event sponsorship revenue is recognized at the date the event occurs. Advanced payments for the event sponsorships are reported as deferred revenue until the date of the event.

Donated materials, goods and services are reflected as contributions of nonfinancial assets at their estimated fair values at date of receipt. The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

### ***Concentrations***

For the year ended December 31, 2022, the Organization received contributions from one donor that totaled approximately 10%. No such concentration existed for the year ended December 31, 2021.

### ***Income Taxes***

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. For the years ended December 31, 2022 and 2021, the Organization had no unrelated business income. Accordingly, no provision for income taxes has been provided in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2022 and 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

### ***Allocation of Functional Expenses***

The costs of providing various program services and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are allocated between program services and support services based on management's judgment considering square footage, time spent or direct relation to the program or support service benefited.

# Ronald McDonald House of Fort Worth, Inc.

## Notes to Financial Statements

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### ***Estimates and Assumptions***

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

### ***Reclassification***

Certain items in the 2021 financial statements have been reclassified for comparative purposes to conform with the presentation of the 2022 financial statements.

### ***Accounting Pronouncements Adopted***

The Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07). ASU 2020-07 increases transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in ASU 2020-07 address stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. ASU 2020-07 requires NFPs to present contributed nonfinancial assets as a separate line item in the statement of activities. The Organization has adopted this ASU on the retrospective basis as of and for the year ended December 31, 2022.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes gifts-in-kind, and therefore, no changes were required to net assets as of January 1, 2021.

The Organization adopted ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the current leasing guidance. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The ASU also required expanded disclosures related to the amount, timing and uncertainty of cash flows arising from leases. The Organization determined that the copier lease obligation would not fall under the scope of the new lease standard and the postage meter lease obligation was not significant enough to be recorded in accordance with the standard.

# Ronald McDonald House of Fort Worth, Inc.

## Notes to Financial Statements

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### 3. Investments

Under the Fair Value Measurements and Disclosures topic of the Codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

- |         |                                                                                                                                                                                                                                                                                                 |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;                                                                                                                                                           |
| Level 2 | Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies;                                   |
| Level 3 | Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk. |

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

#### ***Mutual Funds***

These investments are public investment vehicles valued using the net asset value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within level 1 of the valuation hierarchy.



**Ronald McDonald House of Fort Worth, Inc.**  
**Notes to Financial Statements**

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The Organization's investments at fair value are as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Mutual funds:		
Money market	\$ 392,967	\$ 115,920
Fixed income	3,194,623	2,853,315
Hedge	51,484	95,161
Real estate and infrastructure	8,258	-
Equity	<u>3,737,062</u>	<u>4,284,684</u>
	<u>\$ 7,384,394</u>	<u>\$ 7,349,080</u>

Investment income (loss) consists of the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividend income on investments	\$ 234,482	\$ 205,035
Interest income on certificates of deposit	1,118	1,393
Realized and unrealized gains (losses)	(1,280,688)	542,815
Less: Fiduciary fees	<u>(46,206)</u>	<u>(44,067)</u>
<b>Investment income (loss), net</b>	<u>\$ (1,091,294)</u>	<u>\$ 705,176</u>

At December 31, 2022 and 2021, 20% and 25%, respectively, of the Organization's investments are concentrated in the SPDR S&P 500 ETF Trust.

#### **4. Property and Equipment**

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,898,233	\$ 1,898,233
Buildings	14,678,049	14,359,466
Furniture, fixtures and equipment	1,276,078	1,368,959
Vehicle	<u>23,082</u>	<u>33,582</u>
	17,875,442	17,660,240
Less: accumulated depreciation	<u>(10,875,349)</u>	<u>(10,255,955)</u>
Property and equipment, net	<u>\$ 7,000,093</u>	<u>\$ 7,404,285</u>

# Ronald McDonald House of Fort Worth, Inc.

## Notes to Financial Statements

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### 5. Employee Retention Credit and Paycheck Protection Program Loan

The Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted December 27, 2020, amended and extended the Employee Retention Credit (ERC) of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The ERC is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before September 30, 2021. Employers are eligible for the credit if they met certain criteria that include either a full or partial suspension of operations during any calendar quarter between January 1, 2020 through September 30, 2021 due to government orders or a significant decline on gross receipts. The Organization has determined it is eligible for the ERC in the amount of \$232,259. This amount was recognized as other income during the year ended December 31, 2021. The remaining uncollected amount is included in other receivable on the statement of financial position for the year ended December 31, 2021, and was subsequently collected in 2022.

On March 24, 2021, the Organization received proceeds in the amount of \$231,020 to fund payroll, rent, utilities and interest on mortgages and existing debt through the Paycheck Protection Program (PPP Loan). The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, the Organization has classified this loan as a conditional contribution for accounting purposes. The Organization recognized the entire \$231,020 as revenue related to this agreement during the year ended December 31, 2021. The Organization received notification from the SBA on May 24, 2022, that the entire amount of the PPP Loan has been forgiven.

# Ronald McDonald House of Fort Worth, Inc.

## Notes to Financial Statements

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### 6. Net Assets With Donor Restrictions

Net assets with donor restrictions are subject to expenditure for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Family room at Cook Children's Hospital	\$ 36,880	\$ 36,880
House equipment/remodel	1,139	1,139
House operations - Kroc	-	95,267
Keyless guest entry	55,867	-
Meals from the Heart	<u>65,200</u>	<u>108,594</u>
	159,086	241,880
Subject to the passage of time	65,000	-
Subject to restriction in perpetuity	<u>1,131,250</u>	<u>1,131,250</u>
<b>Total net assets with donor restrictions</b>	<u><u>\$ 1,355,336</u></u>	<u><u>\$ 1,373,130</u></u>

### 7. Endowment Funds

The Organization's endowment includes both donor-restricted endowment funds which are maintained in accordance with explicit donor stipulations and funds designated by the board of directors (Board) to function as an endowment. The Board of the Organization has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies the original value of gifts donated to the permanent endowment as net assets with donor restrictions.

The earnings from the original gift are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, the Organization, in making a determination to appropriate or accumulate donor-restricted endowment funds acts in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and considers if relevant, the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation

# Ronald McDonald House of Fort Worth, Inc.

## Notes to Financial Statements

- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

The income of the Kroc Endowment is held by the Organization in a board-designated quasi-endowment.

Under the investment policy, as approved by the Board, the endowment assets are invested in a manner that is intended to achieve an average total annual rate of return, which exceeds the average annual return of the combined benchmark allocations while assuming a moderate level of investment risk. Returns may vary significantly from this target from year to year.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Organization targets a diversified asset allocation by investing approximately 40% of the fund in fixed income, 45% of the fund in domestic equities and 5% in international equities, and investing the remaining 10% of the fund in cash and cash equivalents.

Changes in endowment funds are as follows:

	Without Donor Restrictions		
	Board-designated Quasi-endowment	With Donor Restrictions	Total
Endowment net assets - December 31, 2020	\$ 4,998,359	\$ 1,131,250	\$ 6,129,609
Investment return, net	558,385	146,791	705,176
Funds transferred from operating cash	514,295	-	514,295
Appropriation of endowment assets for expenditure	146,791	(146,791)	-
Endowment net assets - December 31, 2021	6,217,830	1,131,250	7,349,080
Investment loss, net	(1,091,294)	-	(1,091,294)
Funds transferred from operating cash	2,136,893	-	2,136,893
Endowment net assets - December 31, 2022	\$ 7,263,429	\$ 1,131,250	\$ 8,394,679

# Ronald McDonald House of Fort Worth, Inc.

## Notes to Financial Statements

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### 8. Contributions of Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets during the year ended December 31, 2022:

	Program		
	Services	Fundraising	Total
Services	\$ 4,863	\$ 64,720	\$ 69,583
Food	99,727	6,298	106,025
Goods	66,609	20,809	87,418
<b>Total</b>	<b>\$ 171,199</b>	<b>\$ 91,827</b>	<b>\$ 263,026</b>

The Organization received the following contributions of nonfinancial assets during the year ended December 31, 2021:

	Program		
	Services	Fundraising	Total
Services	\$ 14,827	\$ 375	\$ 15,202
Food	48,427	4,551	52,978
Goods	21,048	8,518	29,566
<b>Total</b>	<b>\$ 84,302</b>	<b>\$ 13,444</b>	<b>\$ 97,746</b>

Included in the fundraising amounts above is \$91,827 and \$13,444 for the years ended December 31, 2022 and 2021, respectively, of nonfinancial assets related to special events, which are shown in special event revenue on the accompanying statements of activities.

#### **Goods**

Goods are valued based on the fair market value of similar goods for sale online.

#### **Services**

Contributed services are valued based on the price the donor would have charged if not donated.

#### **Food**

Contributed foods are valued based on the fair market value of similar items for sale online.

# Ronald McDonald House of Fort Worth, Inc.

## Notes to Financial Statements

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### 9. Commitments

#### *Lease Commitments*

The Organization leases a copier and postage machine under non-cancelable operating leases expiring through 2027. Rent expense incurred under these leases totaled \$19,658 and \$20,165 for the years ended December 31, 2022 and 2021, respectively.

Future minimum lease payments under these lease agreements are as follows for the years ending December 31:

2023	\$ 3,786
2024	3,786
2025	3,786
2026	3,146
2027	1,555

#### *Meeting Commitments*

In the ordinary course of business, the Organization has entered into a contract with a hotel for a future planned conference. This contract contains a penalty clause for cancellation which could be material depending upon the date of cancellation. The penalty is based upon rooms reserved, anticipated hotel food and beverage revenues and other damages. The potential liability for such damages, if the contract was cancelled, total \$206,618 at year end. The Organization has not incurred any losses or associated penalties as of the date of this report.

**Ronald McDonald House of Fort Worth, Inc.**  
**Notes to Financial Statements**

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**10. Liquidity and Availability of Resources**

The following is a schedule of the Organization's financial assets available to meet cash needs for general expenditures within one year at December 31:

	2022	2021
Cash and cash equivalents	\$ 1,020,233	\$ 1,392,620
Certificates of deposit	1,010,285	1,000,000
Accounts receivable	22,239	2,543
Unconditional promises to give	65,000	40,947
Other receivable	-	95,961
Investments in marketable securities	7,384,394	7,349,080
Total financial assets	9,502,151	9,881,151
Less amounts not available for general expenditures within one year:		
Donor restricted endowment to be retained in perpetuity	(1,131,250)	(1,131,250)
Financial assets available to meet cash needs for general expenditures within one year	\$ 8,370,901	\$ 8,749,901

The Organization considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures within one year.

The Organization strives to maintain liquid financial assets sufficient to cover near-term operating needs, and to maintain sufficient reserves to provide reasonable assurance that long-term obligations will be fulfilled. During the years ended December 31, 2022 and 2021, the level of liquidity was managed within the Organizations expectations.

**11. Employee Benefit Plan**

The Organization maintains a Simple IRA Plan whereby employees may elect to make contributions pursuant to a salary reduction agreement upon meeting certain service requirements. Employees could elect to contribute up to \$13,500 in years 2022 and 2021 (exclusive of additional \$3,000 for those aged 50 or over). The Organization's contribution obligation is up to a maximum of 3.0% of the employee's gross pay for the employees who participated in the plan. During the years ended December 31, 2022 and 2021, the Organization made contributions to the plan totaling \$25,429 and \$28,676, respectively. Contribution expense is included in employee benefits expense on the statements of functional expenses.

**Ronald McDonald House of Fort Worth, Inc.**  
**Notes to Financial Statements**

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**12. Subsequent Events**

The Organization evaluated subsequent events after the statements of financial position date through the date the financial statements were available to be issued and concluded that no additional disclosures were required.