

Ronald McDonald House of Fort Worth, Inc.

**Financial Statements
December 31, 2023 and 2022**



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 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 the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 the Organization 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 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 9, 2024

Ronald McDonald House of Fort Worth, Inc.
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,305,101	\$ 1,323,617
Certificates of deposit	-	1,010,285
Accounts receivable	4,050	22,239
Unconditional promises to give	79,513	65,000
Prepaid expenses	98,171	39,913
Total current assets	2,486,835	2,461,054
Investments in marketable securities	7,187,016	5,949,760
Property and equipment, net	6,534,018	7,000,093
Assets restricted in perpetuity:		
Investments in marketable securities	1,131,250	1,131,250
Total assets	\$ 17,339,119	\$ 16,542,157
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 104,568	\$ 218,990
Deferred revenue	142,489	70,829
Total current liabilities	247,057	289,819
Net assets:		
Without donor restrictions:		
Undesignated	8,636,444	8,947,242
Board-designated quasi-endowment	7,187,016	5,949,760
With donor restrictions	1,268,602	1,355,336
Total net assets	17,092,062	16,252,338
Total liabilities and net assets	\$ 17,339,119	\$ 16,542,157

See notes to financial statements.

Ronald McDonald House of Fort Worth, Inc.
Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions of financial assets	\$ 1,756,912	\$ 195,044	\$ 1,951,956
Contributions of nonfinancial assets	301,119	-	301,119
Special events (net of direct costs \$404,316)	851,266	-	851,266
Room donations/fees	248,328	-	248,328
Net assets released from restrictions	281,778	(281,778)	-
Total revenue and support	3,439,403	(86,734)	3,352,669
Expenses:			
Program services	2,703,387	-	2,703,387
Management and general	495,364	-	495,364
Fundraising	469,250	-	469,250
Total expenses	3,668,001	-	3,668,001
Non-operating activity:			
Investment income, net	1,084,476	-	1,084,476
Interest income	55,428	-	55,428
Other income	15,152	-	15,152
Total non-operating activity	1,155,056	-	1,155,056
Change in net assets	926,458	(86,734)	839,724
Net assets at beginning of year	14,897,002	1,355,336	16,252,338
Net assets at end of year	\$ 15,823,460	\$ 1,268,602	\$ 17,092,062

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
Revenue and support:			
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)	-
Total revenue and support	3,534,336	(17,794)	3,516,542
Expenses:			
Program services	2,349,454	-	2,349,454
Management and general	319,865	-	319,865
Fundraising	623,122	-	623,122
Total expenses	3,292,441	-	3,292,441
Non-operating activity:			
Investment loss, net	(1,104,500)	-	(1,104,500)
Interest income	13,146	-	13,146
Gain on sale of property and equipment	4,200	-	4,200
Other income	27,934	-	27,934
Total non-operating activity	(1,059,220)	-	(1,059,220)
Change in net assets	(817,325)	(17,794)	(835,119)
Net assets at beginning of year	15,714,327	1,373,130	17,087,457
Net assets at end of year	<u>\$ 14,897,002</u>	<u>\$ 1,355,336</u>	<u>\$ 16,252,338</u>

See notes to financial statements.

Ronald McDonald House of Fort Worth, Inc.
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Total
Compensation and related costs	\$ 954,812	\$ 223,040	\$ 330,192	\$ 1,508,044
Advertising and marketing	-	-	19,251	19,251
Automobile/transportation	5,427	1,905	-	7,332
Bank charges	-	-	46,576	46,576
Cleaning services and supplies	37,182	974	974	39,130
Depreciation	658,557	17,330	17,330	693,217
Events and catering	-	-	404,316	404,316
Family support services and supplies	435,176	10,122	24,714	470,012
Insurance	86,145	2,189	2,189	90,523
Linens and laundry	34,608	-	-	34,608
Maintenance and repairs	214,404	5,308	5,308	225,020
Meeting, education and training	6,534	21,132	1,966	29,632
Miscellaneous	11,749	13,880	15,957	41,586
Postage and printing	19,160	3,812	-	22,972
Professional fees	-	188,261	-	188,261
Security	33,041	-	-	33,041
Technology	40,495	1,164	918	42,577
Telephone	11,917	2,372	-	14,289
Utilities	154,180	3,875	3,875	161,930
Total expenses	2,703,387	495,364	873,566	4,072,317
Less expenses included with revenues on the statement of activities				
Direct costs of special events	-	-	(404,316)	(404,316)
Total expenses included in the expense section on the statement of activities	\$ 2,703,387	\$ 495,364	\$ 469,250	\$ 3,668,001

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
Total expenses	2,349,454	319,865	1,024,399	3,693,718
Less expenses included with revenues on the statement of activities				
Direct costs of special events	-	-	(401,277)	(401,277)
Total expenses included in the expense section on the statement of activities	\$ 2,349,454	\$ 319,865	\$ 623,122	\$ 3,292,441

See notes to financial statements.

Ronald McDonald House of Fort Worth, Inc.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 839,724	\$ (835,119)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	693,217	689,496
Realized and unrealized (gains) losses on investments	(902,674)	1,284,562
Donated stock	(2,779)	-
Gain on sale of property and equipment	-	(4,200)
Change in operating assets and liabilities:		
Accounts receivable	18,189	(19,696)
Other receivable	-	95,961
Unconditional promises to give	(14,513)	(24,053)
Prepaid expenses	(58,258)	(3,380)
Accounts payable and accrued expenses	(114,422)	47,125
Deferred revenue	71,660	8,182
Net cash provided by operating activities	530,144	1,238,878
Cash flows from investing activities:		
Purchases of property and equipment	(227,142)	(285,304)
Proceeds from sale of property and equipment	-	4,200
Redemption of certificates of deposit	1,010,285	1,000,000
Purchases of certificates of deposit	-	(1,010,285)
Purchases of investments	(1,636,586)	(3,531,907)
Proceeds from sale of investments	1,304,783	2,515,415
Net cash provided (used) by investing activities	451,340	(1,307,881)
Net change in cash and cash equivalents	981,484	(69,003)
Cash and cash equivalents at beginning of year	1,323,617	1,392,620
Cash and cash equivalents at end of year	\$ 2,305,101	\$ 1,323,617

Noncash investing activity:

During the year ended December 31, 2023, the Organization received donated stock with a total value of \$2,779.

See notes to financial statements.

Ronald McDonald House of Fort Worth, Inc.

Notes to Financial Statements

1. Organization

Ronald McDonald House of Fort Worth, Inc. (Organization) is a Texas nonprofit 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.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are presented 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.

Ronald McDonald House of Fort Worth, Inc.

Notes to Financial Statements

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, accounts receivable, unconditional promises to give and investments in marketable securities. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. Accounts receivable are unsecured and are due from various government agencies and are expected to be collected in one year. Unconditional promises to give are unsecured and are due from various donors and are expected to be collected in one year. The Organization continually evaluates the collectability of accounts receivable and unconditional promises to give and maintains allowances for potential losses, if considered necessary. No allowance was deemed necessary for accounts receivable and unconditional promises to give at December 31, 2023 and 2022. 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, 2023, the Organization's uninsured balances totaled \$66,135.

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. The Organization classifies cash and money market accounts held in board designated endowment as investments as these funds are not readily available for operations.

Ronald McDonald House of Fort Worth, Inc.

Notes to Financial Statements

Investments

The Organization's investments in marketable securities primarily 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, 2023 and 2022.

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.

Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to meeting measurable performance or other barriers are reported as refundable advances.

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.

Ronald McDonald House of Fort Worth, Inc.

Notes to Financial Statements

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, 2023 and 2022, the Organization received contributions from one donor that totaled approximately 18% and 10%, respectively.

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, 2023 and 2022, 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 at December 31, 2023 and 2022, 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 statements 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.

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.

Ronald McDonald House of Fort Worth, Inc.

Notes to Financial Statements

Reclassifications

Certain items in the 2022 financial statements have been reclassified to conform with the 2023 presentation, specifically money market funds were reclassified as cash and cash equivalents in the statement of financial position and investment income was reclassified in the statement of activities.

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:

Cash Equivalents

Cash is valued using \$1 for the net asset value (NAV) which is classified within level 1 of the hierarchy.

Ronald McDonald House of Fort Worth, Inc.

Notes to Financial Statements

Mutual Funds

These investments are public investment vehicles valued using the 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.

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

	2023	2022
Cash equivalents	\$ 123,663	\$ 90,599
Mutual funds:		
Fixed income	3,669,770	3,194,623
Hedge	50,568	51,484
Real estate and infrastructure	6,189	8,258
Short Term	28,225	-
Equity	4,439,851	3,736,046
	\$ 8,318,266	\$ 7,081,010

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

	2023	2022
Interest and dividend income	\$ 231,407	\$ 226,268
Realized and unrealized gains (losses)	902,674	(1,284,562)
Less: fiduciary fees	(49,605)	(46,206)
Investment income (loss), net	\$ 1,084,476	\$ (1,104,500)

The following table presents securities which represent 10% or more of total investments at December 31:

	2023	2022
SPDR S&P 500 ETF Trust	22%	20%
Six Circles Global Bond Fund	13%	-
Six Circles U.S. Unconstrained Equity Fund	12%	-

Ronald McDonald House of Fort Worth, Inc.

Notes to Financial Statements

4. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,898,233	\$1,898,233
Buildings	14,870,459	14,678,049
Furniture, fixtures and equipment	1,310,810	1,276,078
Vehicle	<u>23,082</u>	<u>23,082</u>
	18,102,584	17,875,442
Less: accumulated depreciation	<u>(11,568,566)</u>	<u>(10,875,349)</u>
Property and equipment, net	<u>\$ 6,534,018</u>	<u>\$ 7,000,093</u>

Depreciation expense totaled \$693,217 and \$689,496 for the years ended December 31, 2023 and 2022, respectively.

5. Net Assets With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Family room at Cook Children's Hospital	\$ 36,880	\$ 36,880
House equipment/remodel	895	1,139
Keyless guest entry	-	55,867
Meals from the Heart	<u>20,064</u>	<u>65,200</u>
	57,839	159,086
Subject to the passage of time	79,513	65,000
Subject to restriction in perpetuity	<u>1,131,250</u>	<u>1,131,250</u>
Total net assets with donor restrictions	<u>\$ 1,268,602</u>	<u>\$ 1,355,336</u>

Ronald McDonald House of Fort Worth, Inc.

Notes to Financial Statements

6. 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
- 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.

Ronald McDonald House of Fort Worth, Inc.

Notes to Financial Statements

Changes in endowment funds are as follows:

	Without Donor Restrictions	With Donor	Total
	Board-designated Quasi-endowment	Restrictions	
Endowment net assets - December 31, 2021	\$ 6,217,830	\$ 1,131,250	\$ 7,349,080
Investment loss, net	(1,104,500)	-	(1,104,500)
Funds transferred from operating cash	836,430	-	836,430
Endowment net assets - December 31, 2022	5,949,760	1,131,250	7,081,010
Investment income, net	911,222	173,254	1,084,476
Funds transferred from operating cash	152,780	-	152,780
Appropriation of endowment assets for expenditure	173,254	(173,254)	-
Endowment net assets - December 31, 2023	<u>\$ 7,187,016</u>	<u>\$ 1,131,250</u>	<u>\$ 8,318,266</u>

7. Contributions of Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets during the year ended December 31, 2023:

	Program		
	Services	Fundraising	Total
Services	\$ 17,468	\$ 10,964	\$ 28,432
Food	188,700	-	188,700
Goods	94,951	60,812	155,763
Total	<u>\$ 301,119</u>	<u>\$ 71,776</u>	<u>\$ 372,895</u>

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
Total	<u>\$ 171,199</u>	<u>\$ 91,827</u>	<u>\$ 263,026</u>

Included in the fundraising amounts above is \$71,776 and \$91,827 for the years ended December 31, 2023 and 2022, respectively, of nonfinancial assets related to special events, which are shown in special event revenue on the accompanying statements of activities.

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

Services

Contributed services are valued and reported at the estimated fair value based on current rates for similar services.

Food

Donated food is valued at the estimated fair value based on sales prices of similar items.

Goods

Donated goods are valued at the estimated fair value based on sales prices of similar items.

There were no donor restrictions on the contributions of nonfinancial assets during the years ended December 31, 2023 and 2022.

8. Leases

The Organization leases a copier and postage machine under non-cancelable operating leases expiring through 2027. Rent expense incurred under these leases totaled \$5,571 and \$19,658 for the years ended December 31, 2023 and 2022, respectively.

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

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

Ronald McDonald House of Fort Worth, Inc.

Notes to Financial Statements

9. 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:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,305,101	\$ 1,323,617
Certificates of deposit	-	1,010,285
Accounts receivable	4,050	22,239
Unconditional promises to give	79,513	65,000
Investments in marketable securities	<u>8,318,266</u>	<u>7,081,010</u>
Total financial assets	10,706,930	9,502,151
Less amounts not available for general expenditures within one year:		
Board-designated quasi-endowment	(7,187,016)	(5,949,760)
Donor restricted endowment to be retained in perpetuity	<u>(1,131,250)</u>	<u>(1,131,250)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,388,664</u>	<u>\$ 2,421,141</u>

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, 2023 and 2022, the level of liquidity was managed within the Organization's expectations.

10. Ronald McDonald House Charities

The Organization is affiliated with a national organization, Ronald McDonald House Charities (RMHC). RMHC has no governing power over its chapters and serves as a trade association providing ongoing education and well-being support to chapters around the world to help ensure they have the tools, resources and support needed to fulfill the RMHC mission. During the years ended December 31, 2023 and 2022, RMHC contributed \$374,000 and \$409,638, respectively, to the Organization.

Ronald McDonald House of Fort Worth, Inc.

Notes to Financial Statements

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. 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, 2023 and 2022, the Organization made contributions to the plan totaling \$20,060 and \$25,429, respectively. Contribution expense is included in compensation and related costs on the statements of functional expenses.

12. Subsequent Events

Management has evaluated subsequent events through May 9, 2024, the date the financial statements were available to be issued, and concluded that no additional disclosures are required.