



Ronald McDonald
House Charities®
Intermountain Area



RONALD MCDONALD HOUSE CHARITIES® OF THE INTERMOUNTAIN AREA FINANCIAL STATEMENTS

YEARS ENDED December 31, 2023 and 2022

RONALD MCDONALD HOUSE CHARITIES OF THE INTERMOUNTAIN AREA, INC.
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Independent Auditor's Report

To the Board of Directors
Ronald McDonald House Charities of the Intermountain Area, Inc.

Opinion

We have audited the accompanying financial statements of **Ronald McDonald House Charities of the Intermountain Area, Inc.** (a nonprofit 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 **Ronald McDonald House Charities of the Intermountain Area, Inc.** (the "Organization") as of December 31, 2023 and 2022, and the results of its operations and its 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 handwritten signature in black ink that reads "Larson & Company P.C." in a cursive, flowing script.

Salt Lake City, Utah
May 28, 2024

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

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 257,106	\$ 612,334
Contributions and accounts receivable, net	1,090,876	2,235,595
Prepaid expenses	20,000	2,035
Total current assets	<u>1,367,982</u>	<u>2,849,964</u>
NONCURRENT ASSETS		
Cash and cash equivalents	1,617,367	3,885,339
Contributions and accounts receivable, net	959,235	707,423
Investments	16,456,319	9,556,245
Operating lease right-of-use asset	36,771	45,416
Property and equipment, net	<u>11,839,527</u>	<u>12,025,286</u>
Total noncurrent assets	<u>30,909,219</u>	<u>26,219,709</u>
Total assets	<u><u>\$ 32,277,201</u></u>	<u><u>\$ 29,069,673</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 82,561	\$ 345,958
Accrued expenses	357,592	208,751
Operating lease liability, current portion	<u>10,416</u>	<u>10,418</u>
Total current liabilities	<u>450,569</u>	<u>565,127</u>
NONCURRENT LIABILITIES		
Operating lease liability, net of current portion	<u>26,355</u>	<u>34,998</u>
Total noncurrent liabilities	<u>26,355</u>	<u>34,998</u>
Total liabilities	<u>476,924</u>	<u>600,125</u>
NET ASSETS		
Without donor restrictions		
Undesignated	10,987,053	11,866,068
Board designated	10,213,827	8,455,321
With donor restrictions	<u>10,599,397</u>	<u>8,148,159</u>
Total net assets	<u>31,800,277</u>	<u>28,469,548</u>
Total liabilities and net assets	<u><u>\$ 32,277,201</u></u>	<u><u>\$ 29,069,673</u></u>

See accompanying notes to financial statements

RONALD MCDONALD HOUSE CHARITIES OF THE INTERMOUNTAIN AREA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Public support			
Individual contributions	\$ 2,121,210	\$ -	\$ 2,121,210
In-kind contributions	1,119,647	-	1,119,647
Foundation contributions	428,357	117,926	546,283
Corporate contributions	146,593	-	146,593
Capital campaign contributions	-	2,992,631	2,992,631
Special events	1,202,998	40,000	1,242,998
Less: cost of direct benefit to donors	(466,470)	-	(466,470)
Net revenue from special events	736,528	40,000	776,528
Net assets released from restrictions	699,319	(699,319)	-
Total public support	5,251,654	2,451,238	7,702,892
Other revenues			
Third-party reimbursements	145,474	-	145,474
Other income	8,408	-	8,408
Total other revenues	153,882	-	153,882
Total public support and other revenues	5,405,536	2,451,238	7,856,774
EXPENSES			
Program services	4,913,466	-	4,913,466
Support services			
Management and general	528,564	-	528,564
Fundraising	755,325	-	755,325
Payments to RMHC Global	1,319	-	1,319
Total expenses	6,198,674	-	6,198,674
Change in net assets from operations	(793,138)	2,451,238	1,658,100
Investment income, net	1,672,629	-	1,672,629
Change in net assets	879,491	2,451,238	3,330,729
Net assets - beginning of year	20,321,389	8,148,159	28,469,548
Net assets - end of year	\$ 21,200,880	\$ 10,599,397	\$ 31,800,277

See accompanying notes to financial statements

RONALD MCDONALD HOUSE CHARITIES OF THE INTERMOUNTAIN AREA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Public support			
Individual contributions	\$ 1,962,185	\$ -	\$ 1,962,185
In-kind contributions	924,437	-	924,437
Foundation contributions	487,285	-	487,285
Corporate contributions	216,109	-	216,109
Capital campaign contributions	-	4,365,390	4,365,390
Special events	1,201,697	51,000	1,252,697
Less: cost of direct benefit to donors	(250,205)	-	(250,205)
Net revenue from special events	951,492	51,000	1,002,492
Net assets released from restrictions	727,930	(727,930)	-
Total public support	5,269,438	3,688,460	8,957,898
Other revenues			
Third-party reimbursements	124,955	-	124,955
Proceeds from insurance claims	447,508	-	447,508
Loss on disposal of property and equipment	(165,141)	-	(165,141)
Other income	3,901	-	3,901
Total other revenues	411,223	-	411,223
Total public support and other revenues	5,680,661	3,688,460	9,369,121
EXPENSES			
Program services	4,241,182	-	4,241,182
Support services			
Management and general	549,270	-	549,270
Fundraising	802,297	-	802,297
Payments to RMHC Global	534	-	534
Total expenses	5,593,283	-	5,593,283
Change in net assets from operations	87,378	3,688,460	3,775,838
Investment income, net	(1,702,812)	-	(1,702,812)
Change in net assets	(1,615,434)	3,688,460	2,073,026
Net assets - beginning of year	21,936,823	4,459,699	26,396,522
Net assets - end of year	<u>\$ 20,321,389</u>	<u>\$ 8,148,159</u>	<u>\$ 28,469,548</u>

See accompanying notes to financial statements

RONALD MCDONALD HOUSE CHARITIES OF THE INTERMOUNTAIN AREA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Fundraising	Payments to RMHC Global	Cost of Direct Benefits to Donors	Total
Salaries	\$ 1,943,789	\$ 291,459	\$ 384,890	\$ -	\$ -	\$ 2,620,138
Employee benefits	255,114	75,407	57,178	-	-	387,699
Payroll taxes	142,827	20,851	28,609	-	-	192,287
Total salaries and related expenses	2,341,730	387,717	470,677	-	-	3,200,124
Program supplies	1,035,673	-	-	-	-	1,035,673
Professional fees	183,132	52,659	4,813	-	-	240,604
Office	104,654	12,885	9,312	-	-	126,851
Food and facilities	14,236	9,716	127,134	-	276,296	427,382
Auction items and takeaw ays	-	-	-	-	190,174	190,174
Rent	256,337	-	-	-	-	256,337
Maintenance and repairs	140,445	-	-	-	-	140,445
Utilities	95,313	740	1,265	-	-	97,318
Insurance	100,921	783	1,340	-	-	103,044
Printing and postage	11,155	-	64,346	-	-	75,501
Communications	36,090	1,800	2,300	-	-	40,190
Bank fees	-	49,818	-	-	-	49,818
Public relations	406	-	25,516	-	-	25,922
Conferences and education	19,370	4,440	4,922	-	-	28,732
Travel	13,661	109	258	-	-	14,028
Emergency housing expenses	14,875	-	-	-	-	14,875
Miscellaneous	9,853	-	-	-	-	9,853
Dues and subscriptions	3,713	3,770	36,382	-	-	43,865
Total expenses before depreciation and amortization	4,381,564	524,437	748,265	-	466,470	6,120,736
Depreciation and amortization	531,902	4,127	7,060	-	-	543,089
Payments to RMHC Global, unallocated	-	-	-	1,319	-	1,319
Total functional expenses	<u>\$ 4,913,466</u>	<u>\$ 528,564</u>	<u>\$ 755,325</u>	<u>\$ 1,319</u>	<u>\$ 466,470</u>	<u>\$ 6,665,144</u>
RECONCILIATION TO STATEMENT OF ACTIVITIES						
Cost of direct benefit to donors	-	-	-	-	(466,470)	(466,470)
Total expenses	<u>\$ 4,913,466</u>	<u>\$ 528,564</u>	<u>\$ 755,325</u>	<u>\$ 1,319</u>	<u>\$ -</u>	<u>\$ 6,198,674</u>

See accompanying notes to financial statements

RONALD MCDONALD HOUSE CHARITIES OF THE INTERMOUNTAIN AREA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	Payments to RMHC Global	Cost of Direct Benefits to Donors	Total
Salaries	\$ 1,610,027	\$ 279,900	\$ 456,429	\$ -	\$ -	\$ 2,346,356
Employee benefits	200,605	80,185	61,717	-	-	342,507
Payroll taxes	116,846	20,010	33,055	-	-	169,911
Total salaries and related expenses	1,927,478	380,095	551,201	-	-	2,858,774
Program supplies	923,513	-	-	-	-	923,513
Professional fees	158,951	87,780	18,389	-	-	265,120
Office	51,657	12,894	9,100	-	-	73,651
Food and facilities	6,887	6,985	120,888	-	212,680	347,440
Auction items and takeaw ays	-	-	-	-	37,525	37,525
Rent	203,358	-	-	-	-	203,358
Maintenance and repairs	88,680	-	-	-	-	88,680
Utilities	77,075	598	1,023	-	-	78,696
Insurance	72,850	565	967	-	-	74,382
Printing and postage	12,207	1,106	47,288	-	-	60,601
Communications	35,174	1,800	1,900	-	-	38,874
Bank fees	-	43,203	-	-	-	43,203
Public relations	-	400	11,652	-	-	12,052
Conferences and education	7,130	4,877	3,600	-	-	15,607
Travel	9,004	136	569	-	-	9,709
Emergency housing expenses	168,371	-	-	-	-	168,371
Miscellaneous	892	-	-	-	-	892
Dues and subscriptions	1,464	4,978	29,130	-	-	35,572
Total expenses before depreciation and amortization	3,744,691	545,417	795,707	-	250,205	5,336,020
Depreciation and amortization	496,491	3,853	6,590	-	-	506,934
Payments to RMHC Global, unallocated	-	-	-	534	-	534
Total functional expenses	\$ 4,241,182	\$ 549,270	\$ 802,297	\$ 534	\$ 250,205	\$ 5,843,488

RECONCILIATION TO STATEMENT OF ACTIVITIES

Cost of direct benefit to donors	-	-	-	-	(250,205)	(250,205)
Total expenses	\$ 4,241,182	\$ 549,270	\$ 802,297	\$ 534	\$ -	\$ 5,593,283

See accompanying notes to financial statements

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

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,330,729	\$ 2,073,026
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	543,089	506,934
Net unrealized/realized gains and losses	(1,445,765)	1,851,477
Amortization of discount on contributions receivable	(13,284)	(72,367)
In-kind contributions of property and equipment	(20,000)	-
In-kind contributions of investments	(21,259)	(19,765)
Proceeds from insurance claims	-	(447,508)
Loss on disposal of property and equipment	-	165,141
Changes in assets and liabilities		
Prepaid expenses	(17,965)	747
Accounts and contributions receivable, net	906,191	(516,916)
Operating lease right-of-use asset	8,645	(45,416)
Accounts payable	(263,397)	287,080
Accrued liabilities	148,841	31,468
Operating lease liability, current portion	(8,645)	45,416
Net cash provided by operating activities	<u>3,147,180</u>	<u>3,859,317</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(337,330)	(1,009,112)
Proceeds from insurance claims	-	447,508
Proceeds from sale of investments	4,694,476	3,006,421
Purchase of investments	<u>(10,127,526)</u>	<u>(3,674,735)</u>
Net cash used in investing activities	<u>(5,770,380)</u>	<u>(1,229,918)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	(2,623,200)	2,629,399
Cash and cash equivalents, beginning of year	<u>4,497,673</u>	<u>1,868,274</u>
Cash and cash equivalents, end of year	<u>\$ 1,874,473</u>	<u>\$ 4,497,673</u>
Cash and cash equivalents, current	\$ 257,106	\$ 612,334
Cash and cash equivalents, non-current	<u>1,617,367</u>	<u>3,885,339</u>
	<u>\$ 1,874,473</u>	<u>\$ 4,497,673</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ -</u>	<u>\$ 46,821</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

RONALD MCDONALD HOUSE CHARITIES OF THE INTERMOUNTAIN AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ronald McDonald House Charities of the Intermountain area, Inc. (the "Organization") is a Utah nonprofit charitable corporation formed in May 1985. The mission of Ronald McDonald House Charities ("RMHC") is to create, find and support programs that directly improve the health and well-being of children and their families. Collectively, RMHC and the network of local Chapters ascribe 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.

We fulfill our mission through operation of 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 programs, operated by the Organization, represent the core functions of Ronald McDonald House:

Ronald McDonald House

When children must travel long distances 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 Salt Lake City, Utah, 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.

Ronald McDonald Family Room

When a child is critically ill, parents may be reluctant to leave the hospital. In order to provide comfort and support to their child, it is important that parents have an opportunity to rest, have a meal or have a moment of quiet. Located inside medical care facilities, the Ronald McDonald Family Room programs serve as a place of respite, relaxation and privacy for family members, often just steps away from where their child is being treated. The Ronald McDonald Family Room program provides parents with an opportunity to remain close to their hospitalized child and to be an active member of their child's health care team.

Ronald McDonald Hospitality Carts

The Ronald McDonald Hospitality Carts program offers comfort items for pediatric families within Ogden Regional Medical Center. These mobile carts are stocked with needed comfort items for child patients, and their siblings and caregivers, including healthy snacks, hygiene items, family games, notebooks, and other comfort and respite items.

RONALD MCDONALD HOUSE CHARITIES OF THE INTERMOUNTAIN AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The financial statements of the Organization 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 restrictions.

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.

Estimates

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

Cash and 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 may exceed Federal Deposit Insurance Corporation limits from time to time. As of December 31, 2023 and 2022, the uninsured balance was \$5,874 and \$2,469,057, respectively. The Organization 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. 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 using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Contributions receivable are written off when deemed uncollectible. The Organization considers all contributions receivable to be collectible; therefore, no allowance for uncollectible receivables has been recorded as of December 31, 2023 and 2022, respectively.

The Organization 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.

RONALD MCDONALD HOUSE CHARITIES OF THE INTERMOUNTAIN AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses and income are included in the statements of activities.

The Organization maintains master investment accounts for its donor-restricted and board-designated endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

Property and equipment are stated at cost, if purchased, or estimated fair value, if donated, at the date of donation. Additions of \$5,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	15 - 39 Years
Furniture and equipment	3 - 10 Years
Vehicles	10 Years

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

Donated Assets, Property and Equipment, and Services

Donated marketable securities, property and equipment, 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, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

RONALD MCDONALD HOUSE CHARITIES OF THE INTERMOUNTAIN AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization also receives donated services from other contributors and volunteers that are not measurable, and therefore, are excluded from the financial statements.

Net Assets

The Organization's net assets and changes therein are classified and reported as follows:

Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions or law. The governing board has designated, from net assets without donor restrictions, net assets for board designated endowment.

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

Contributions and Grants

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. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

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.

Functional Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes and employee benefits, which are allocated on the basis of estimated time and effort, and depreciation, insurance, utilities, and communications, which are allocated on a square footage basis.

RONALD MCDONALD HOUSE CHARITIES OF THE INTERMOUNTAIN AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization 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 Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization 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)(2).

The Organization 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. The Organization's Returns of Organization Exempt from Income Tax (Form 990) generally remain subject to examination by the Internal Revenue Service for three years after they are filed.

Lease Agreements

The Organization leases facilities and equipment for various terms under long-term, noncancelable operating lease and finance lease agreements. The Organization determines if an arrangement is a lease at inception and begins recording lease activity at the commencement date, which is generally the date in which the Organization takes possession of or controls the physical use of the asset. Right-of-use ("ROU") assets and lease liabilities are recognized based on the present value of lease payments over the lease term. Operating lease expenses are recognized on a straight-line basis over the life of the lease and are typically recognized as lease or rent expense. Finance lease expenses are recognized as interest expense and amortization expense over the life of the lease.

The weighted-average discount rate is based on the discount rate implicit in the lease, or if the implicit rate is not readily determinable from the lease, then the Organization estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using a risk-free rate.

ROU assets include amounts for scheduled rent increases and are reduced by the amount of lease incentives. The lease term includes the non-cancellable period of the lease and options to extend or terminate the lease when it is reasonably certain the Organization will exercise those options.

The Organization has elected to account for lease and non-lease components together as a single lease component in the measurement of ROU assets and lease liabilities. Variable lease payments are not included in the measurement of ROU assets and lease liabilities.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

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NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date consisted of the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 257,106	\$ 612,335
Current portion of accounts and contributions receivable	<u>1,090,876</u>	<u>2,235,595</u>
	<u>\$ 1,347,982</u>	<u>\$ 2,847,930</u>

As part of its liquidity management plan, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in savings and investments. To help manage unanticipated liquidity needs, the Organization has credit cards with an aggregate credit limit of \$100,000, which it could draw upon. Although the Organization does not intend to spend from its board-designated funds, the following funds could be made available for general expenditure through board appropriation, if necessary:

	<u>Cash and cash equivalents</u>	<u>Investments</u>
Board -designated		
Maintenance fund	\$ 28,316	\$ 52,000
Legacy endowment	<u>380,254</u>	<u>9,753,257</u>
	<u>\$ 408,570</u>	<u>\$ 9,805,257</u>

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NOTE 3 ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

Accounts and contributions receivable consist primarily of pledges as of December 31:

	2023	2022
Accounts and contributions receivable		
Less than one year	\$ 1,090,876	\$ 2,235,595
One to five years	1,027,063	761,967
More than five years	-	-
	<u>2,117,939</u>	<u>2,997,562</u>
Less: unamortized discount	<u>(67,828)</u>	<u>(54,544)</u>
	2,050,111	2,943,018
Less: current portion of accounts and contributions receivable, net	<u>(1,090,876)</u>	<u>(2,235,595)</u>
 Total long-term accounts and contributions receivable	 <u>\$ 959,235</u>	 <u>\$ 707,423</u>

The discount rate used for the years ended December 31, 2023 and 2022 ranged from 1.50% to 5.00%.

NOTE 4 FAIR VALUE MEASUREMENTS

In determining fair value, the Organization 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.

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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The fair values of assets and liabilities measured on a recurring basis as of December 31, 2023 and 2022 are as follows:

Assets at Fair Value as of December 31, 2023				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 3,098,088	\$ -	\$ -	\$ 3,098,088
Certificates of deposit	748,854			748,854
Exchange-traded funds:				
Equity	-	8,324,256	-	8,324,256
Debt securities:				
Government bonds	-	1,090,533	-	1,090,533
Corporate bonds	-	1,048,603	-	1,048,603
Asset-backed securities	-	443,991	-	443,991
Alternative investments	-	1,701,994		1,701,994
	<u>\$ 3,846,942</u>	<u>\$ 12,609,377</u>	<u>\$ -</u>	<u>\$ 16,456,319</u>

Assets at Fair Value as of December 31, 2022				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 1,889,408	\$ -	\$ -	\$ 1,889,408
Exchange-traded funds:				
Equity	-	5,232,345	-	5,232,345
Debt securities:				
Government bonds	-	735,780	-	735,780
Corporate bonds	-	726,847	-	726,847
Asset-backed securities	-	208,473	-	208,473
Alternative investments	-	763,392		763,392
	<u>\$ 1,889,408</u>	<u>\$ 7,666,837</u>	<u>\$ -</u>	<u>\$ 9,556,245</u>

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values of Level 2 investments are determined by reference to quoted prices for similar assets in less active markets. Fair values of Level 3 investments are determined from valuation techniques in which one or more inputs are unobservable. The Organization reviewed and evaluated the values and assumptions used in determining the fair value of Level 3 financial instruments. The carrying amounts of all other assets and liabilities reflected in the statements of financial position for the Organization's financial instruments approximates their respective fair value due to the short-term maturities of those instruments. There have been no changes in valuation techniques and related inputs. The Organization's policy is to recognize transfers into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer.

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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Certain of the Organization's investments classified as exchange-traded funds and hedge funds are recorded at net asset value in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Fair value represents the net asset value (NAV) of shares or units held by the Organization at year end. The financial statements of these investments are prepared in accordance with U.S. GAAP and are audited annually by independent auditors. As of December 31, 2023 and 2022, the Organization had no unfunded commitments to invest in these funds. Redemptions, at NAV, of shares in these investments are immediate with one-day notice.

Components of investment return for the years ended December 31, 2023 and 2022 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Investment return:		
Interest and dividends	\$ 328,622	\$ 251,129
Net unrealized/realized gains and losses	1,445,765	(1,851,477)
Investment fees	<u>(101,758)</u>	<u>(102,464)</u>
	<u>\$ 1,672,629</u>	<u>\$ (1,702,812)</u>

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,898,213	\$ 1,898,213
Buildings and improvements	13,527,068	13,454,474
Furniture and fixtures	2,153,379	1,123,122
Vehicles	124,305	104,305
Construction in process	<u>147,396</u>	<u>912,916</u>
Total cost of property and equipment	17,850,361	17,493,030
Less: accumulated depreciation	<u>(6,010,834)</u>	<u>(5,467,744)</u>
Total property and equipment, net	<u>\$ 11,839,527</u>	<u>\$ 12,025,286</u>

Depreciation expense was \$543,089 and \$506,934 for the years ended December 31, 2023 and 2022, respectively.

During 2022, the Organization incurred significant damage to the primary kitchen and food storage areas. As a result of this incident, the Organization recognized an impairment loss of \$165,141 due to damage and recorded \$447,508 in proceeds from insurance claims.

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NOTE 6 ENDOWMENT FUNDS

The Organization's endowment consists of two funds established by donors to provide annual funding for specific activities and general operations. The endowments consist of donor-restricted and board-designated endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's endowment funds consist of the Kroc endowment, Cambia Family Support endowment, and the Legacy endowment. The Kroc endowment consists of donor-restricted funds of \$500,000, which are restricted in perpetuity. The Cambia Family Support endowment consist of donor-restricted funds of \$1,250,000, which are restricted in perpetuity. The Legacy endowment consists of board-designated funds designated to support ongoing operations.

Interpretation of Relevant Law

The Organization has interpreted UPMIFA 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. At December 31, 2023, there were no such donor stipulations. As a result of this interpretation, the organization retains in perpetuity:

- The original value of gifts donated to the endowment, and
- Any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the various funds
- The purposes of the donor-restricted endowment funds
- 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 Organization's investment policies

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce returns that are 2% to 3% higher than the rate of inflation, while assuming a moderate level of investment risk.

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NOTE 6 ENDOWMENT FUNDS (CONTINUED)

Spending Policy

The Organization has a policy which allows all portions of the endowment fund that are not donor-restricted in perpetuity to be appropriated for expenditure at the discretion of the board of directors.

Strategies Employed for Achieving Objectives

The Organization relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The organization targets a diversified asset allocation that emphasizes common stocks and fixed income securities to achieve its long-term objectives within prudent risk constraints.

Endowment net assets composition by fund type as of December 31, 2023 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted Kroc endowment fund:			
Original donor-restricted gift required to be maintained in perpetuity by donor	\$ -	\$ 500,000	\$ 500,000
Donor-restricted Cambia endowment fund:			
Original donor-restricted gift required to be maintained in perpetuity by donor	-	1,250,000	1,250,000
Total donor-restricted endowment fund	-	1,750,000	1,750,000
Board-designated <i>Legacy</i> endowment fund	10,213,827	-	10,213,827
Total endowment funds	<u>\$ 10,213,827</u>	<u>\$ 1,750,000</u>	<u>\$ 11,963,827</u>

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NOTE 6 ENDOWMENT FUNDS (CONTINUED)

Endowment net assets composition by fund type as of December 31, 2022 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted Kroc endowment fund:			
Original donor-restricted gift required to be maintained in perpetuity by donor	\$ -	\$ 500,000	\$ 500,000
Donor-restricted Cambia endowment fund:			
Original donor-restricted gift required to be maintained in perpetuity by donor	-	875,000	875,000
Total donor-restricted endowment fund	-	1,375,000	1,375,000
Board-designated <i>Legacy</i> endowment fund	8,455,321	-	8,455,321
Total endowment funds	<u>\$ 8,455,321</u>	<u>\$ 1,375,000</u>	<u>\$ 9,830,321</u>

Changes in endowment net assets for the years ended December 31, 2023 and 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, December 31, 2021:	\$ 10,069,282	\$ 1,000,000	\$ 11,069,282
Reclassification to endowment	128,870	375,000	503,870
Investment income, net	(1,689,166)	-	(1,689,166)
Appropriation of endowment assets for expenditure	(53,665)	-	(53,665)
Net asset, December 31, 2022	8,455,321	1,375,000	9,830,321
Reclassification to endowment	100,000	375,000	475,000
Investment income, net	1,658,506	-	1,658,506
Appropriation of endowment assets for expenditure	-	-	-
Net asset, December 31, 2023	<u>\$ 10,213,827</u>	<u>\$ 1,750,000</u>	<u>\$ 11,963,827</u>

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NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Capital campaign - Legacy of Love	\$ 6,767,367	\$ 3,937,339
Promises to give, proceeds which are restricted by donors for emergency housing and respite	117,926	-
Promises to give, proceeds which are restricted by donors for capital campaign - Legacy of Love	<u>1,924,104</u>	<u>2,409,821</u>
Total subject to expenditure for specified purpose	<u>8,809,397</u>	<u>6,347,160</u>
Subject to specified future event		
Special events scheduled in subsequent year	<u>40,000</u>	<u>51,000</u>
Total subject specified future event	<u>40,000</u>	<u>51,000</u>
Not subject to appropriation or expenditure		
Donor-restricted endowment held in perpetuity	<u>1,750,000</u>	<u>1,750,000</u>
Total not subject to appropriation or expenditure	<u>1,750,000</u>	<u>1,750,000</u>
Total net assets with donor restrictions	<u><u>\$ 10,599,397</u></u>	<u><u>\$ 8,148,160</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions:		
Capital campaign - Legacy of Love	\$ 648,319	\$ 627,930
Special events	<u>51,000</u>	<u>100,000</u>
Total net assets released from donor restrictions	<u><u>\$ 699,319</u></u>	<u><u>\$ 727,930</u></u>

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NOTE 8 BOARD-DESIGNATED NET ASSETS

The board of directors has designated certain net assets without donor restrictions for specific purposes, including the maintenance fund and Legacy endowment. The maintenance fund is designated for capital improvements and projects. The Legacy endowment is designated for ongoing house operations. Board-designated net assets consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Maintenance fund	\$ 78,107	\$ 77,442
Legacy endowment	<u>10,135,720</u>	<u>8,377,879</u>
Total board-designated net assets	<u>\$ 10,213,827</u>	<u>\$ 8,455,321</u>

NOTE 9 DONATED GOODS AND SERVICES

The fair value of donated goods and services included as contributions in the financial statements and the corresponding expense categories for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>	<u>Utilization in Programs or Other</u>	<u>Valuation Techniques and Inputs</u>
Use of facilities	\$ 256,336	\$ 203,357	Donated program space	Contributed facilities are valued using rates for space of similar size and quality
Specialized services	74,791	23,345	Professional services	Contributed services are valued at the estimated fair value for similar services
Food	282,907	121,725	Food for guest families	Food is valued at the estimated fair value based on values of similar products
Supplies and other goods	<u>505,613</u>	<u>576,010</u>	Supplies for programs	Goods are valued at the estimated fair value based on values of similar products
	<u>\$ 1,119,647</u>	<u>\$ 924,437</u>		

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NOTE 10 RETIREMENT PLAN

The Organization established a 401(k)-retirement plan that covers employees who meet certain eligibility requirements. The Organization contributes profit-sharing contributions for eligible employees. The Organization's contributions to the retirement plan for the years ending December 31, 2023 and 2022 was \$76,432 and \$67,547, respectively.

NOTE 11 OPERATING LEASES

The Organization leases office equipment and family room facilities under various operating leasing arrangements. The leases expire at various dates through 2027. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

Lease expense was \$266,753 and \$205,094 for the years ended December 31, 2023 and 2022, respectively, which included donated rent of \$256,337 and \$203,357 for the years ended December 31, 2023 and 2022, respectively.

The following table summarizes the supplemental cash flow information for the year ended December 31, 2023:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 10,416	\$ 1,738
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	\$ -	\$ 46,821

The following table summarizes the weighted-average remaining lease term and weighted-average discount rate used:

	<u>2023</u>	<u>2022</u>
Weighted-average remaining lease term:		
Operating leases	3.8 years	4.8 years
Weighted-average discount rate:		
Operating leases	4.27%	4.27%

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NOTE 11 OPERATING LEASES (CONTINUED)

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2023:

Year ending December 31,	
2024	\$ 10,418
2025	10,417
2026	10,417
2027	8,680
Thereafter	-
Total lease payments	39,932
Less: present value discount	(3,161)
Present value of lease liabilities	<u>\$ 36,771</u>

NOTE 12 RELATED PARTY TRANSACTIONS

Ronald McDonald House Charities (RMHC) is a system of independent, separately registered public charity organizations, referred to as "Chapters" within the global organization. The Organization is an independent operating Chapter within the RMHC system. Each Chapter is licensed by McDonald's Corporation and Ronald McDonald House Charities, Inc. to use RMHC related trademarks in conjunction with fundraising activities and the operation of its programs; the License Agreement also sets standards of operations for programs, governance, finance, branding and reporting.

Ronald McDonald House Charities, Inc. (RMHC Global), a separately registered nonprofit organization, ensures delivery of the mission across the globe. As a center of excellence, RMHC Global builds and sustains a robust infrastructure of support to the network of Chapters, including operations, licensing and compliance, finance, risk management, communications, marketing and development. The Organization remits to RMHC Global 25% of its revenues from all national fundraising efforts facilitated by RMHC Global, as defined by the license agreement. During the years ended December 31, 2023 and 2022, the Organization received \$614,961 and \$273,955, respectively, from these revenue streams.

The Organization receives contributions from RMHC Global and board members to support general operations and capital campaigns. During the years ended December 31, 2023 and 2022, the Organization received contributions of \$709,974 and \$1,445,611, respectively, from related parties.

NOTE 13 SUBSEQUENT EVENTS

Subsequent events were evaluated through May 28, 2024, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.