

**RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT
TRIAD, INC.
WINSTON-SALEM, NORTH CAROLINA**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENTS OF FUNCTIONAL EXPENSES	5 - 6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8 - 27

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ronald McDonald House Charities of the Piedmont Triad, Inc.
Winston-Salem, North Carolina

Opinion

We have audited the accompanying financial statements of Ronald McDonald House Charities of the Piedmont Triad, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities of the Piedmont Triad, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Ronald McDonald House Charities of the Piedmont Triad, Inc. 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.

Prior Period Financial Statements

The financial statements of Ronald McDonald House Charities of the Piedmont Triad, Inc. as of December 31, 2021 were audited by other auditors whose report dated August 10, 2022 expressed an unmodified opinion on those statements.

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 Ronald McDonald House Charities of the Piedmont Triad, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, 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 Ronald McDonald House Charities of the Piedmont Triad, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ronald McDonald House Charities of the Piedmont Triad, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Gray Callison & Jones CPA, PC

May 25, 2023
Winston-Salem, NC

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 825,363	\$ 746,501
Accounts Receivable, Net	16,610	13,616
Contributions Receivable, Net	74,343	65,578
Grants Receivable, Net	27,023	34,298
Prepaid Expenses	178,308	181,188
Total Current Assets	1,121,647	1,041,181
NONCURRENT ASSETS		
Investments	5,870,646	7,056,616
Property and Equipment, Net	4,963,562	5,009,920
Beneficial Interest in Assets Held by Others	3,573,474	4,050,822
Total Noncurrent Assets	14,407,682	16,117,358
Total Assets	\$ 15,529,329	\$ 17,158,539
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 72,114	\$ 53,479
Finance Lease Obligation - Current Portion	6,276	5,136
Total Current Liabilities	78,390	58,615
NONCURRENT LIABILITIES		
Finance Lease Obligation - Net of Current Portion	7,383	10,296
Total Noncurrent Liabilities	7,383	10,296
Total Liabilities	85,773	68,911
NET ASSETS		
Without Donor Restrictions	14,490,716	16,115,380
With Donor Restrictions	952,840	974,248
Total Net Assets	15,443,556	17,089,628
Total Liabilities and Net Assets	\$ 15,529,329	\$ 17,158,539

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.
STATEMENTS OF ACTIVITES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions	\$ 1,074,383	\$ 35,000	\$ 1,109,383	\$ 1,117,225	\$ 20,000	\$ 1,137,225
In-kind Contributions	175,248	-	175,248	183,440	-	183,440
Special Events Revenue	477,563	-	477,563	431,732	-	431,732
Grant Revenue	214,400	-	214,400	233,965	-	233,965
Membership dues	23,700	-	23,700	25,725	-	25,725
RMH Room Donations	8,416	-	8,416	7,488	-	7,488
Gain (loss) on disposal of property	-	-	-	128	-	128
Net Assets Released from Restrictions	(13,638)	13,638	-	271,275	(271,275)	-
Total Revenues and Other Support	<u>1,960,072</u>	<u>48,638</u>	<u>2,008,710</u>	<u>2,270,978</u>	<u>(251,275)</u>	<u>2,019,703</u>
EXPENSES						
Program Services	1,608,991	-	1,608,991	1,402,498	-	1,402,498
Cost of Direct Benefits to Donors	111,890	-	111,890	86,826	-	86,826
Management and General Administration	143,440	-	143,440	136,210	-	136,210
Fundraising	333,260	-	333,260	322,977	-	322,977
Total Expenses	<u>2,197,581</u>	<u>-</u>	<u>2,197,581</u>	<u>1,948,511</u>	<u>-</u>	<u>1,948,511</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(237,509)	48,638	(188,871)	322,467	(251,275)	71,192
INVESTMENT (LOSS) INCOME, NET	<u>(1,387,155)</u>	<u>(70,046)</u>	<u>(1,457,201)</u>	<u>1,424,715</u>	<u>74,817</u>	<u>1,499,532</u>
CHANGE IN NET ASSETS	(1,624,664)	(21,408)	(1,646,072)	1,747,182	(176,458)	1,570,724
Net Assets - Beginning of Year	<u>16,115,380</u>	<u>974,248</u>	<u>17,089,628</u>	<u>14,368,198</u>	<u>1,150,706</u>	<u>15,518,904</u>
NET ASSETS - END OF YEAR	<u>\$ 14,490,716</u>	<u>\$ 952,840</u>	<u>\$ 15,443,556</u>	<u>\$ 16,115,380</u>	<u>\$ 974,248</u>	<u>\$ 17,089,628</u>

See Independent Auditors' Report

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

	Program Services				Supporting Services			Total
	Ronald McDonald House	Ronald McDonald Family Room	Ronald McDonald Hospitality Cart	Total	Management and General	Fundraising	Cost of Direct Benefits to Donors	
Salaries	\$ 365,021	\$ 108,338	\$ 106,662	\$ 580,021	\$ 82,581	\$ 125,388	\$ -	\$ 787,990
Employee Health and Retirement Benefits	50,286	14,925	14,694	79,905	11,377	17,273	-	108,555
Payroll Taxes	26,968	8,004	7,881	42,853	6,101	9,264	-	58,218
Total Salaries and Related Expenses	442,275	131,267	129,237	702,779	100,059	151,925	-	954,763
Automobile Expenses	11,083	-	-	11,083	-	-	-	11,083
Cleaning Service and Supplies	7,158	-	-	7,158	-	-	-	7,158
Credit Card and Stock Sales Fees on Donations	-	-	-	-	-	16,999	-	16,999
Depreciation	230,261	38,055	6,993	275,309	715	1,906	-	277,930
Direct Mail	-	-	-	-	-	132,341	-	132,341
House/Program Supplies	199,527	45,765	41,445	286,737	-	-	66,390	353,127
Insurance	24,297	110	82	24,489	6,996	323	1,031	32,839
Interest expense	-	-	-	-	519	-	-	519
Linens and Laundry	12,061	-	-	12,061	-	-	-	12,061
Maintenance and Repair	57,421	183	137	57,741	201	537	-	58,479
Meetings, Training, and Seminars	11,570	4,985	3,298	19,853	9,796	4,239	-	33,888
Office Supplies	2,090	620	610	3,320	473	2,718	-	6,511
Postage	1,418	461	464	2,343	687	3,917	119	7,066
Printing and Publishing	14,187	4,171	3,343	21,701	1,391	9,738	5,190	38,020
Professional Fees	11,410	1,852	1,832	15,094	4,299	2,075	-	21,468
Rent	194	-	-	194	-	-	2,614	2,808
Security Services	71,604	-	-	71,604	-	-	-	71,604
Taxes, Licenses and Fees	-	-	-	-	14,227	-	-	14,227
Technology	39,148	890	1,285	41,323	1,450	2,175	-	44,948
Telephone	10,648	1,162	695	12,505	522	1,114	-	14,141
Travel, Meals, and Entertainment	597	2,540	1,132	4,269	883	1,225	36,546	42,923
Utilities	30,289	137	102	30,528	151	402	-	31,081
Volunteer Recognition	6,112	1,405	1,383	8,900	1,071	1,626	-	11,597
Total Expenses	\$ 1,183,350	\$ 233,603	\$ 192,038	\$ 1,608,991	\$ 143,440	\$ 333,260	\$ 111,890	\$ 2,197,581

See Independent Auditors' Report

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services			Total
	Ronald McDonald House	Ronald McDonald Family Room	Ronald McDonald Hospitality Cart	Total	Management and General	Fundraising	Cost of Direct Benefits to Donors	
Salaries	\$ 340,510	\$ 97,245	\$ 86,180	\$ 523,935	\$ 79,742	\$ 120,863	-	\$ 724,540
Employee Health and Retirement Benefits	51,456	14,694	13,023	79,173	12,050	18,264	-	109,487
Payroll Taxes	24,570	7,017	6,219	37,806	5,754	8,721	-	52,281
Total Salaries and Related Expenses	416,536	118,956	105,422	640,914	97,546	147,848	-	886,308
Automobile Expenses	11,447	-	-	11,447	-	-	-	11,447
Cleaning Service and Supplies	13,588	-	-	13,588	-	-	-	13,588
Credit Card and Stock Sales Fees on Donations	-	-	-	-	-	16,544	-	16,544
Depreciation	223,150	19,025	5,210	247,385	712	1,900	-	249,997
Direct Mail	-	-	-	-	-	117,094	-	117,094
House/Program Supplies	158,008	28,820	9,587	196,415	-	-	48,268	244,683
Insurance	22,823	103	77	23,003	7,118	303	1,047	31,471
Interest expense	-	-	-	-	634	-	-	634
Linens and Laundry	12,411	-	-	12,411	-	-	-	12,411
Maintenance and Repair	57,039	189	141	57,369	208	554	-	58,131
Meetings, Training, and Seminars	5,932	1,781	1,623	9,336	5,211	2,437	-	16,984
Office Supplies	1,603	458	406	2,467	375	12,299	-	15,141
Postage	3,577	1,017	900	5,494	511	5,632	1,270	12,907
Printing and Publishing	19,729	6,402	5,618	31,749	2,149	11,767	3,509	49,174
Professional Fees	10,485	1,856	1,598	13,939	4,511	2,005	-	20,455
Rent	2,187	-	-	2,187	-	-	610	2,797
Security Services	52,107	-	-	52,107	-	-	-	52,107
Taxes, Licenses and Fees	-	-	-	-	14,685	-	-	14,685
Technology	33,328	1,009	842	35,179	1,234	1,852	-	38,265
Telephone	9,570	1,199	404	11,173	492	1,162	-	12,827
Travel, Meals, and Entertainment	264	361	348	973	202	464	32,122	33,761
Utilities	30,010	136	101	30,247	149	399	-	30,795
Volunteer Recognition	4,027	577	511	5,115	473	717	-	6,305
Total Expenses	\$ 1,087,821	\$ 181,889	\$ 132,788	\$ 1,402,498	\$ 136,210	\$ 322,977	\$ 86,826	\$ 1,948,511

See Independent Auditors' Report

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,646,072)	\$ 1,570,724
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	277,930	249,997
Donated Furniture	(9,741)	(2,718)
(Gain) Loss on Disposal of Property and Equipment	-	(128)
Contributions With Donor Restrictions	(35,000)	(20,000)
Net Realized and Unrealized (Gains) Losses on Investments	1,529,294	(1,340,067)
(Increase) Decrease in Assets:		
Accounts Receivable	(2,994)	20,664
Contributions Receivable	(8,765)	4,541
Grants Receivable	7,275	(34,299)
Prepaid Expenses	2,880	(38,918)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	18,635	(64,342)
Net Cash Provided by Operating Activities	133,442	345,454
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,682,260)	(1,836,369)
Proceeds from Sale of Investments	1,581,810	1,648,477
Withdrawals of Investments	200,000	-
Changes in beneficial interest	34,474	84,423
Purchases of Property and Equipment	(221,831)	(433,965)
Net Cash Provided (Used) by Investing Activities	(87,807)	(537,434)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of finance lease obligation	4,197	2,704
Payments on finance lease obligation	(5,970)	(7,583)
Contributions With Donor Restrictions	35,000	20,000
Net Cash Provided by Financing Activities	33,227	15,121
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	78,862	(176,859)
Cash and Cash Equivalents - Beginning of Year	746,501	923,360
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 825,363	\$ 746,501
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Acquisition of property and equipment	\$ 231,572	\$ 436,683
Less donated furniture	(9,741)	(2,718)
	\$ 221,831	\$ 433,965
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ 519	\$ 634

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ronald McDonald House Charities of the Piedmont Triad, Inc. (the Organization) is a North Carolina, nonprofit charitable corporation formed in January 1981. 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. Collectively, RMHC and the network of local Chapters, of which the Organization is a member, 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 the Ronald McDonald House Charities of the Piedmont Triad, Inc.:

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 Winston-Salem, 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 in Atrium Health Wake Forest Baptist Brenner Children's Hospital, Cone Health Moses H. Cone Hospital and Novant Health Forsyth Medical Center 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Ronald McDonald Hospitality Cart

When a child is critically ill, parents may be reluctant to leave their child's bedside or the mother to be may be receiving antepartum care at the hospital prior to the birth of a child with medical challenges or family may be receiving services in a hospital too small to support a Ronald McDonald Family Room. To provide comfort and support in these situations requires taking a snack, drink or personal care item to the family. Operating in the antepartum wings, maternity suites, Neonatal Intensive Care Units, and/or pediatric clinics of Atrium Health Wake Forest Baptist Brenner Children's Hospital and Downtown Health Plaza; Cone Health Moses H. Cone Hospital; High Point Medical Center; Novant Health Forsyth Medical Center and Randolph Health the Ronald McDonald Hospitality Cart program provides parents with an opportunity to remain close to their hospitalized child or child to be and the medical services they need.

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 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 unrestricted class.

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 Equivalents

Cash equivalents include money market funds and all highly liquid investments with a maturity date of less than three months from the date of purchase. The Organization's cash balances that are maintained in bank accounts may exceed Federal Deposit Insurance Corporation limits from time to time. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization considers all accounts to be fully collectible and no allowance account for uncollectible amounts has been established for them. If amounts become uncollectible, they are charged to bad debts when that determination is made.

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 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.

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.

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 \$500 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 and accelerated methods over the estimated useful lives of the assets as follows:

Building and Improvements	15 - 39 Years
Land Improvements	15 Years
Furniture and Fixtures	3 - 7 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. As of December 31, 2022, and 2021, there were no impairment losses recognized for long-lived assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 unrestricted net assets 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.

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.

Deferred Revenue

Income from sponsorships received in advance of future special events, which the resource provider is receiving commensurate value in return, or a right of return exists if the event does not occur, is deferred and recognized over the periods to which the sponsorships relate.

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 maintenance reserves.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions and Grants

Unconditional promises to give are recognized as revenue in the period the promise was made. Conditional promises are recorded as revenue when the conditions are substantially met. 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 restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period the revenue is recognized.

Membership Dues

Membership dues are recognized ratably over the period of membership, which is on a calendar-year basis. Benefits are recognized ratably over the membership period since this most closely approximates the transfer of such member services.

Sponsorship Revenue

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

Special Event Revenue – Ticket Sales

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

Functional Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: salaries, employee health and retirement benefits, payroll taxes, meetings, trainings and seminars, and travel, meals and entertainment which are allocated on the basis of estimates of time and effort; depreciation, insurance, maintenance and repairs, and utilities which are allocated on a square footage basis; office supplies, professional fees, security services, and volunteer recognition which are allocated based on full-time equivalents.

Advertising

Advertising (Printing and Publishing) costs are expensed as incurred. Advertising expense totaled \$38,020 and \$49,174 for 2022 and 2021, respectively.

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 Forms 990, Return of Organization Exempt from Income Tax, for 2022, 2021 and 2020 are subject to examination by the IRS, generally for three years after they are filed.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets – operating and lease liability – operating, and finance leases are included in right-of-use ("ROU") assets – financing and lease liability – financing in the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Adoption of New Accounting Standards - Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted the requirements of the guidance effective January 2020, and has elected to apply the provisions of this standard to the beginning prior to the earliest comparative period presented.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets

In September 2020, the FASB issued amended guidance for contributed nonfinancial assets with ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The Organization adopted ASU 2020-07 for the year ending December 31, 2021.

Reclassifications

Certain amounts have been reclassified for the year ended December 31, 2021 to conform with the presentation for the year ended December 31, 2022. The reclassifications had no impact on previously reported net assets.

Friends of the Ronald McDonald House

The Friends of the Ronald McDonald House, which promotes fundraising events for the Organization such as luminary sales and the Character Breakfast fundraiser, merged with the Organization effective June 1, 1997. The Friends also organize volunteers to provide meals and other services for the Organization.

NOTE 2 LIQUIDITY

The Organization has \$1,121,647 and \$1,041,181 of financial assets, as of December 31, 2022 and 2021, respectively, available to meet cash needs for general expenditures within one year of the statement of financial position date, as noted in the current assets section of the statement. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The current contributions receivables are subject to time restrictions but will be collected within one year.

The Organization maintains financial assets, consisting of cash and short-term investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. As part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments. In addition, the Organization maintains an operating reserve that allows for annual spending of 5% of assets based on a rolling preceding 12 quarters average market value, if needed. \$484,641 and \$468,421 of appropriations from the operating reserve, as of December 31, 2022 and 2021, respectively, were available within the next 12 months.

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 LIQUIDITY (CONTINUED)

In addition, although the Organization does not intend to spend from its board-designated maintenance reserve, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from its board-designated maintenance reserve could be made available if necessary. The board-designated maintenance reserve balance of \$1,400,000 was available within the next 12 months at both December 31, 2022 and 2021.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist primarily of pledges, to the Home Away from Home Annual Campaign (HAFHAC) and McDonald's Co-Op gift per bag of french fries ordered from supplier Martin-Brower, as of the years ended December 31:

	2022	2021
Amounts due in less than one year:		
Home Away from Home Annual Campaign	\$ 64,731	\$ 55,300
HAFHAC via United Ways of surrounding counties	9,612	5,320
McDonald's Co-Op gift per bag of french fries ordered from supplier Martin Brower	-	4,958
Total	74,343	65,578
Unamortized Discount	-	-
Allowance for Uncollectibles	-	-
Net Contributions Receivable	\$ 74,343	\$ 65,578

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.

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The fair values of assets and liabilities measured on a recurring basis as of December 31, 2022 and 2021 are as follows:

	Cost	Fair Value	Fair Value Measurements at December 31, 2022 Using		
			Level 1	Level 2	Level 3
Assets:					
Recurring					
Investments by Market Sector					
Money Market Funds	\$ 651,335	\$ 651,335	\$ 651,335	\$ -	\$ -
Mutual Funds	2,822,969	2,650,712	2,650,712	-	-
Exchange Traded Funds	315,231	311,284	311,284	-	-
Industrials	80,861	100,594	100,594	-	-
Communication Services	262,443	257,728	257,728	-	-
Consumer Discretionary	100,959	97,716	97,716	-	-
Consumer Staples	264,352	301,850	301,850	-	-
Financials	433,098	482,231	482,231	-	-
Health Care	515,311	585,188	585,188	-	-
Information Technology	311,535	301,744	301,744	-	-
Real Estate	5,978	6,540	6,540	-	-
Utilities	119,907	123,724	123,724	-	-
Total Investments	5,883,979	5,870,646	5,870,646	-	-
Beneficial Interests in Assets Held by Others	1,370,301	3,573,474	3,573,474	-	-
Total	\$ 7,254,280	\$ 9,444,120	\$ 9,444,120	\$ -	\$ -

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

	Cost	Fair Value	Fair Value Measurements at December 31, 2021 Using		
			Level 1	Level 2	Level 3
Assets:					
Recurring					
Investments by Market Sector					
Money Market Funds	\$ 1,010,678	\$ 1,010,678	\$ 1,010,678	\$ -	\$ -
Mutual Funds	3,410,466	3,424,525	3,424,525	-	-
Exchange Traded Funds	45,794	45,794	45,794	-	-
Energy	51,029	77,920	77,920	-	-
Materials	16,360	18,063	18,063	-	-
Industrials	90,799	139,866	139,866	-	-
Communication Services	140,116	253,513	253,513	-	-
Consumer Discretionary	200,071	291,955	291,955	-	-
Consumer Staples	109,115	132,049	132,049	-	-
Financials	440,027	573,944	573,944	-	-
Health Care	358,670	465,331	465,331	-	-
Information Technology	324,552	535,222	535,222	-	-
Real Estate	12,863	14,565	14,565	-	-
Utilities	58,877	73,191	73,191	-	-
Total Investments	6,269,417	7,056,616	7,056,616	-	-
Beneficial Interests in Assets Held by Others	1,404,775	4,050,822	4,050,822	-	-
Total	\$ 7,674,192	\$ 11,107,438	\$ 11,107,438	\$ -	\$ -

Fair values for Level 1 investments are based on quoted net asset values of the shares held by the Organization at year-end for mutual funds and the fair value of common stock, corporate bonds, and U.S. Government securities are based on quoted market prices. Fair value of Level 2 investments are determined by reference to quoted prices for similar assets in less active markets. Fair value of Level 3 investments are determined from valuation techniques in which one or more inputs are unobservable. 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.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments

Overall Investment Objective

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

Allocation of Investment Strategies

In addition to traditional stocks and fixed income securities, the Organization may also hold shares or units in traditional institutional funds as well as in alternative investment funds involving real asset strategies. Real estate funds generally hold interests in public real estate investment trusts (REITS) or commercial real estate through sole-member entities. Real asset strategies therefore often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Moreover, the fair values of the Organization's interests in shares or units of these funds, because of liquidity and capital commitment terms that vary depending on the specific fund or partnership agreement, may differ from the fair value of the funds' underlying net assets.

The composition of investment (loss) income on the Organization's investment portfolio for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
Interest and Dividend Income	\$ 168,302	\$ 259,265
Realized Gains	99,922	808,342
Unrealized Gains (Losses)	(1,629,216)	531,725
Less Investment Expenses	(96,209)	(99,800)
Investment Gain (Loss), Net	\$ (1,457,201)	\$ 1,499,532

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 PROPERTY AND EQUIPMENT

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

	2022	2021
Artwork	\$ 7,000	\$ 7,000
Building and Improvements	5,179,912	5,179,912
Family Rooms	641,518	509,997
Furniture and Fixtures	1,198,349	1,167,061
Land and Improvements	1,283,803	1,283,803
Total, at Cost	8,310,582	8,147,773
Less Accumulated Depreciation	(3,347,020)	(3,137,853)
Total Property and Equipment	\$ 4,963,562	\$ 5,009,920

NOTE 6 BOARD DESIGNATED MAINTENANCE RESERVES

The Board of Directors designated \$1,400,000 in 2022 and 2021 for maintenance reserves. Capital maintenance expenditures will be deducted from the interest generated by the designated funds.

NOTE 7 BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The Organization is beneficiary of several trusts which are administered by The Winston-Salem Foundation under irrevocable trust agreements. The Foundation annually distributes the earnings on the funds to the Organization. In addition, a portion of the principal may be distributed as requested by the Board of Directors, subject to approval by The Winston-Salem Foundation Committee. The market value of the trusts administered by The Winston-Salem Foundation for the Organization at December 31, 2022 and 2021 are as follows:

	2022	2021
Endowment fund principal account	\$ 1,564,952	\$ 1,845,582
Endowment fund income account	1,699,383	1,854,807
M.W. Parker endowment fund	309,139	350,433
Total Beneficial Interest	\$ 3,573,474	\$ 4,050,822

Under the Organization's irrevocable trust agreement with the Foundation, the Organization cannot reduce the Endowment Fund Principal Account balance below \$35,000 through withdrawals of earnings and principal. Income and principal from the M.W. Parker Endowment Fund is considered unrestricted and Board designated, and distributions from principal may equal twenty-five percent of the principal value each year. Income from the Elizabeth T. Williams Charitable Annuity Lead Trust are included in the Endowment Fund Principal Account and are donor restricted for maintenance and future expansion of facilities. See Note 8.

NOTE 8 ENDOWMENT FUNDS

The Organization's endowment consists of two individual funds established by donors to provide annual funding for specific activities, general operations, maintenance and future expansion of facilities. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the board of directors.

Absent explicit donor stipulations to the contrary, the board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by that standard. In accordance with that standard, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the board of directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. The Organization expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Spending Policy. The Organization has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value of the prior 12 quarters through June 30th of the preceding calendar year preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at an average rate of 5% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets and net assets by type of fund were as follows for the year ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, December 31, 2021	\$ 3,850,560	\$ 690,262	\$ 4,540,822
Investment Return:			
Investment Income (Loss), Net	(245)	-	(245)
Net Loss - Realized and Unrealized	(477,103)	-	(477,103)
	<u>(477,348)</u>	<u>-</u>	<u>(477,348)</u>
Total Investment Return	(477,348)	-	(477,348)
Contributions	-	-	-
Reclassification to Endowment Asset	-	-	-
Appropriation of Endowment			
Assets for Expenditure	-	-	-
Other Changes			
Transfers to Remove Board Designated Endowment Funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Endowment Net Assets, December 31, 2022	<u>\$ 3,373,212</u>	<u>\$ 690,262</u>	<u>\$ 4,063,474</u>
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment Funds	\$ -	\$ 690,262	\$ 690,262
Board Restricted Endowment Funds	3,373,212	-	3,373,212
	<u>3,373,212</u>	<u>-</u>	<u>3,373,212</u>
Total Funds	<u>\$ 3,373,212</u>	<u>\$ 690,262</u>	<u>\$ 4,063,474</u>

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets and net assets by type of fund were as follows for the year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, December 31, 2020	\$ 3,297,492	\$ 740,262	\$ 4,037,754
Investment Return:			
Investment Income (Loss), Net	181	-	181
Net Loss - Realized and Unrealized	552,887	-	552,887
Total Investment Return	553,068	-	553,068
Contributions	-	-	-
Reclassification to Endowment Asset	-	-	-
Appropriation of Endowment Assets for Expenditure	-	(50,000)	(50,000)
Other Changes			
Transfers to Remove Board Designated Endowment Funds	-	-	-
Endowment Net Assets, December 31, 2021	<u>\$ 3,850,560</u>	<u>\$ 690,262</u>	<u>\$ 4,540,822</u>
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment Funds	\$ -	\$ 690,262	\$ 690,262
Board Restricted Endowment Funds	3,850,560	-	3,850,560
Total Funds	<u>\$ 3,850,560</u>	<u>\$ 690,262</u>	<u>\$ 4,540,822</u>

Fund Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. Deficiencies, if any, may result from unfavorable market fluctuations that occur shortly after the investment of new donor-restricted contributions and continued appropriation for certain programs that may be deemed prudent by the board of directors. There were no such deficiencies as of December 31, 2022 and 2021.

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Subject to expenditure for specific purpose:		
Ronald McDonald House Operations:		
Original donor-restricted gift amount required to be maintained in perpetuity by donor	\$ 490,000	\$ 490,000
Annual operating expenses including capital improvement and future expansion of facilities	258,333	258,333
Maintenance and future expansion of facilities	200,262	200,262
Purchase of hospitality carts and supplies	4,245	25,653
Total net assets with donor restrictions	\$ 952,840	\$ 974,248

NOTE 10 NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the year ended December 31:

	2022	2021
Purpose restrictions accomplished		
Cone Health Ronald McDonald Family Room	\$ -	\$ 120,000
Maintenance - Dining room and kitchen remodel	-	50,000
Hospitality carts and supplies	56,408	26,458
Investment earnings (loss)	(70,046)	74,817
Total net assets with donor restrictions	\$ (13,638)	\$ 271,275

NOTE 11 NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's governing board of directors has designated net assets without donor restrictions for the following purpose as of December 31:

	2022	2021
Purpose restrictions accomplished		
Board-Designated Maintenance Reserves	\$ 1,400,000	\$ 1,400,000

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 12 CONTRIBUTED NONFINANCIAL ASSETS

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

	<u>2022</u>	<u>2021</u>
Property and equipment:		
Furniture and equipment	\$ 9,471	\$ 2,717
Household items inventory	58,080	42,148
Family Room supplies	-	2,549
Family support services supplies	21,267	18,991
Family support services food	64,427	68,031
Family support services transportation	-	19,439
Hospitality Cart supplies	-	1,616
House landscaping, cleaning, and storage services	21,864	26,500
Staff and board development expenses	139	1,449
	<u>\$ 175,248</u>	<u>\$ 183,440</u>
Total Contributed Nonfinancial Assets		

In May 2011, the Organization obtained a two-year lease for a vehicle donated by a car dealer. The car was wrapped to advertise the Organization and is used to support families. The lease has continued to be renewed for two additional years from 2013 through 2021. When the lease renewed for a two-year period, the lease was recorded as contribution income with a total value of \$17,289. The prepaid lease value was \$3,236 and \$11,881 at December 31, 2022 and 2021, respectively. In 2022 and 2021, lease expense was \$8,645.

- The Organization recognized contributed nonfinancial assets within revenue, including property and equipment; household items inventory; Family Room supplies; family support services supplies, food and transportation; Hospitality Cart supplies; House landscaping, cleaning and storage services; and staff and board development costs.
- In valuing property and equipment, the Organization estimated fair value at the date of donation.
- In valuing household items inventory; Family Room supplies; family support services supplies, food and transportation; Hospitality Cart supplies; House landscaping, cleaning and storage services; and staff and board development costs; the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products or services in the United States.
- Contributed food, household goods, and clothing were utilized in the following programs: Ronald McDonald House, Ronald McDonald Family Rooms and Hospitality Carts. In valuing these items, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
- Contributed utilities, such as electricity, gas, internet and telephone are used for general and administrative, fundraising, and programmatic activities. They are valued based on current rates for similar utilities.

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 12 CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

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

NOTE 13 CONTRIBUTED SERVICES

The Organization pays for most services requiring specific expertise. However, many individuals donate their time in performing a variety of tasks to assist the Organization’s operations. 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 donated hours and value of these contributed services have not been included in these financial statements, as they do not meet the criteria for recognition and were estimated for the years ended December 31, 2022 and 2021 as follows:

	Hours	Value
2022	7,776	\$ 214,851
2021	4,674	129,143

NOTE 14 TAX-DEFERRED ANNUITY PLAN

The Organization, in 1998, implemented a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code for all eligible employees of the Organization. The Organization contributes up to a maximum of 6% of gross salaries to the plan for qualified employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. Employer contributions to the plan were \$29,462 and \$32,100 for the years ended December 31, 2022 and 2021, respectively.

NOTE 15 FINANCE LEASE

In January 2020, the Organization entered into a new copier lease with payments of \$509 per month, renegotiated in February 2021, to \$452, renegotiated in February 2022, to \$487 per month through October 2024. The remaining payments of the old lease were forgiven as part of the new lease terms. The economic substance of the lease is that the Organization is financing the \$27,913 acquisition cost of the copier through the lease and, accordingly, it is recorded in the Organization's assets and liabilities. Accumulated depreciation on the copier as of December 31, 2022 and 2021 was \$13,956 and \$8,374, respectively.

In July 2022, the Organization entered into a second new copier lease with payments of \$70 per month, through July 2027. The economic substance of the lease is that the Organization is financing the \$3,844 acquisition cost of the copier through the lease and, accordingly, it is recorded in the Organization's assets and liabilities. Accumulated depreciation on the copier as of December 31, 2022 was \$384.

Amortization of assets held under capital leases is included with depreciation expense.

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 15 FINANCE LEASE (CONTINUED)

The following is a schedule of future minimum payments required under the leases with their present value as of December 31, 2022:

Year Ending December 31:	Amount
2023	\$ 6,687
2024	5,535
2025	839
2026	839
2027	490
Total minimum lease payments	14,390
Less amounts representing interest	(731)
Present value of minimum lease payment	\$ 13,659

Interest expense incurred on capital leases for 2022 and 2021 was \$519 and \$634, respectively.

NOTE 16 TRANSACTIONS WITH RELATED ENTITIES

Ronald McDonald House Charities (RMHC) is a system of independent, separately registered public benefit organizations, referred to as “Chapters” within the global organization. The Organization is an independent operating Chapter within the RMHC system. The Organization was also one of five Ronald McDonald Houses in North Carolina that was affiliated with Ronald McDonald House Charities of North Carolina, Inc. (RMHC NC) until December 31, 2021, at which time the affiliation ended and RMHC NC ceased all operations. In anticipation of this change in April 2021, the Organization officially changed its name from Ronald McDonald House of Winston-Salem, Inc. to Ronald McDonald House Charities of the Piedmont Triad, Inc. 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 receives 75% of net revenues from all national fundraising efforts facilitated by RMHC Global, as defined by the license agreement. During the years ended December 31, 2022 and 2021, the Organization received from RMHC NC \$-0- and \$201,824, and from RMHC Global \$153,960 and \$185,264, respectively, from these revenue streams. Grants Receivable, net due from RMHC Global at December 31, 2022 and 2021, were \$27,023 and \$34,229, respectively.

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 17 RISKS AND UNCERTAINTIES

During the year ended December 31, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2023 operations and financial results. In addition, investment markets may continue to experience significant fluctuations. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 18 SUBSEQUENT EVENTS

Management evaluated subsequent events through May 25, 2023, the date the financial statements were available to be issued. there were no material subsequent events that required recognition or additional disclosure in the financial statements.