

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

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2023 AND 2022**

**RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.**  
**TABLE OF CONTENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS</b>	<b>4</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>5 - 6</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>7</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>8 - 26</b>

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC  
ACCOUNTANTS



NORTH CAROLINA ASSOCIATION  
OF CERTIFIED PUBLIC  
ACCOUNTANTS

3813 FORRESTGATE DRIVE  
WINSTON-SALEM, NORTH CAROLINA 27103  
TELEPHONE (336) 760-3210 • FAX (336) 765-1049  
[www.graycallison.com](http://www.graycallison.com)

## 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, 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 Piedmont Triad, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### 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.

### 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*

April 29, 2024  
Winston-Salem, NC

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

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,063,708	\$ 825,363
Accounts Receivable, Net	128,115	16,610
Contributions Receivable, Net	79,938	74,343
Grants Receivable, Net	41,031	27,023
Prepaid Expenses	237,796	178,308
Total Current Assets	1,550,588	1,121,647
<b>NONCURRENT ASSETS</b>		
Investments	6,435,216	5,870,646
Property and Equipment, Net	4,837,812	4,963,562
Beneficial Interest in Assets Held by Others	3,676,569	3,573,474
Total Noncurrent Assets	14,949,597	14,407,682
Total Assets	\$ 16,500,185	\$ 15,529,329
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 74,450	\$ 72,114
Finance Lease Obligation - Current Portion	5,016	6,276
Total Current Liabilities	79,466	78,390
<b>NONCURRENT LIABILITIES</b>		
Finance Lease Obligation - Net of Current Portion	2,020	7,383
Total Noncurrent Liabilities	2,020	7,383
Total Liabilities	81,486	85,773
<b>NET ASSETS</b>		
Without Donor Restrictions	15,535,030	14,490,716
With Donor Restrictions	883,669	952,840
Total Net Assets	16,418,699	15,443,556
Total Liabilities and Net Assets	\$ 16,500,185	\$ 15,529,329

RONALD MCDONALD HOUSE CHARITIES OF THE PIEDMONT TRIAD, INC.  
STATEMENTS OF ACTIVITES AND CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<b>2023</b>			<b>2022</b>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Contributions	\$ 1,199,915	\$ 10,000	\$ 1,209,915	\$ 1,074,383	\$ 35,000	\$ 1,109,383
In-kind Contributions	232,733	-	232,733	175,248	-	175,248
Special Events Revenue	492,039	-	492,039	477,563	-	477,563
Grant Revenue	261,213	150,000	411,213	214,400	-	214,400
Membership dues	-	-	-	23,700	-	23,700
RMH Room Donations	5,334	-	5,334	8,416	-	8,416
Gain (loss) on disposal of property	-	-	-	-	-	-
Net Assets Released from Restrictions	294,959	(294,959)	-	(13,638)	13,638	-
Total Revenues and Other Support	<u>2,486,193</u>	<u>(134,959)</u>	<u>2,351,234</u>	<u>1,960,072</u>	<u>48,638</u>	<u>2,008,710</u>
<b>EXPENSES</b>						
Program Services	1,828,705	-	1,828,705	1,608,991	-	1,608,991
Cost of Direct Benefits to Donors	108,320	-	108,320	111,890	-	111,890
Management and General Administration	182,117	-	182,117	143,440	-	143,440
Fundraising	351,292	-	351,292	333,260	-	333,260
Total Expenses	<u>2,470,434</u>	<u>-</u>	<u>2,470,434</u>	<u>2,197,581</u>	<u>-</u>	<u>2,197,581</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	15,759	(134,959)	(119,200)	(237,509)	48,638	(188,871)
<b>INVESTMENT (LOSS) INCOME, NET</b>	<u>1,028,555</u>	<u>65,788</u>	<u>1,094,343</u>	<u>(1,387,155)</u>	<u>(70,046)</u>	<u>(1,457,201)</u>
<b>CHANGE IN NET ASSETS</b>	1,044,314	(69,171)	975,143	(1,624,664)	(21,408)	(1,646,072)
Net Assets - Beginning 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>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 15,535,030</u>	<u>\$ 883,669</u>	<u>\$ 16,418,699</u>	<u>\$ 14,490,716</u>	<u>\$ 952,840</u>	<u>\$ 15,443,556</u>

See Independent Auditors' Report

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

	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	\$ 379,618	\$ 128,955	\$ 121,820	\$ 630,393	\$ 93,380	\$ 137,175	\$ -	\$ 860,948
Employee Health and Retirement Benefits	55,205	18,753	17,715	91,673	13,580	19,948	-	125,201
Payroll Taxes	27,884	9,472	8,948	46,304	6,859	10,076	-	63,239
Total Salaries and Related Expenses	462,707	157,180	148,483	768,370	113,819	167,199	-	1,049,388
Automobile Expenses	7,707	1,164	1,099	9,970	-	-	-	9,970
Cleaning Service and Supplies	15,291	-	-	15,291	-	-	-	15,291
Credit Card and Stock Sales Fees on Donations	-	-	-	-	-	18,670	217	18,887
Depreciation	232,298	47,450	9,513	289,261	716	1,909	-	291,886
Direct Mail	-	-	-	-	-	105,398	-	105,398
House/Program Supplies	233,689	77,997	67,119	378,805	-	-	64,765	443,570
Insurance	31,819	144	107	32,070	5,131	423	716	38,340
Interest expense	-	-	-	-	407	-	-	407
Linens and Laundry	11,493	-	-	11,493	-	-	-	11,493
Maintenance and Repair	63,420	188	135	63,743	207	552	-	64,502
Meetings, Training, and Seminars	13,642	5,200	5,291	24,133	12,449	7,128	-	43,710
Office Supplies	2,190	744	703	3,637	539	2,483	-	6,659
Postage	3,651	1,237	1,180	6,068	74	5,185	-	11,327
Printing and Publishing	15,305	4,930	3,875	24,110	1,615	33,458	3,819	63,002
Professional Fees	6,669	800	1,193	8,662	29,317	2,106	-	40,085
Rent	-	-	-	-	-	-	2,425	2,425
Security Services	81,132	-	-	81,132	-	-	-	81,132
Taxes, Licenses and Fees	-	-	-	-	13,793	-	-	13,793
Technology	41,987	961	1,371	44,319	1,555	2,333	-	48,207
Telephone	9,084	1,169	1,212	11,465	522	933	-	12,920
Travel, Meals, and Entertainment	708	2,388	2,521	5,617	719	1,455	36,378	44,169
Utilities	36,279	164	123	36,566	180	482	-	37,228
Volunteer Recognition	11,107	1,484	1,402	13,993	1,074	1,578	-	16,645
Total Expenses	\$ 1,280,178	\$ 303,200	\$ 245,327	\$ 1,828,705	\$ 182,117	\$ 351,292	\$ 108,320	\$ 2,470,434

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	<u>442,275</u>	<u>131,267</u>	<u>129,237</u>	<u>702,779</u>	<u>100,059</u>	<u>151,925</u>	-	<u>954,763</u>
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	<u>\$ 1,183,350</u>	<u>\$ 233,603</u>	<u>\$ 192,038</u>	<u>\$ 1,608,991</u>	<u>\$ 143,440</u>	<u>\$ 333,260</u>	<u>\$ 111,890</u>	<u>\$ 2,197,581</u>

See Independent Auditors' Report



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

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 975,143	\$ (1,646,072)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	291,886	277,930
Donated Furniture	-	(9,741)
Contributions With Donor Restrictions	(10,000)	(35,000)
Net Realized and Unrealized (Gains) Losses on Investments	(1,011,738)	1,529,294
(Increase) Decrease in Assets:		
Accounts Receivable	(111,505)	(2,994)
Contributions Receivable	(5,595)	(8,765)
Grants Receivable	(14,008)	7,275
Prepaid Expenses	(59,488)	2,880
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	2,336	18,635
Net Cash Provided by Operating Activities	57,031	133,442
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(1,352,852)	(1,682,260)
Proceeds from Sale of Investments	1,037,053	1,581,810
Withdrawals of Investments	414,426	200,000
Changes in beneficial interest	245,446	34,474
Purchases of Property and Equipment	(166,136)	(221,831)
Net Cash Provided (Used) by Investing Activities	177,937	(87,807)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Acquisition of finance lease obligation	-	4,197
Payments on finance lease obligation	(6,623)	(5,970)
Contributions With Donor Restrictions	10,000	35,000
Net Cash Provided by Financing Activities	3,377	33,227
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	238,345	78,862
Cash and Cash Equivalents - Beginning of Year	825,363	746,501
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,063,708	\$ 825,363
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	\$ 166,136	\$ 231,572
Less donated furniture	-	(9,741)
	\$ 166,136	\$ 221,831
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for:		
Interest	\$ 407	\$ 519

See Independent Auditors' Report

## **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 the Downtown Health Plaza; Cone Health Moses H. Cone Hospital and the Tim & Carolynn Rice Center for Child & Adolescent Health; Novant Health Forsyth Medical Center, Waughtown Pediatrics Clinic and Thomasville 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, 2023, and 2022, 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 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.

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.

**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 \$63,002 and \$38,020 for 2023 and 2022, 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 2023, 2022 and 2021 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.

**Reclassifications**

Certain amounts have been reclassified for the year ended December 31, 2022 to conform with the presentation for the year ended December 31, 2023. The reclassifications had no impact on previously reported net assets.

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

**NOTE 2 LIQUIDITY**

The Organization has \$1,550,588 and \$1,121,647 of financial assets, as of December 31, 2023 and 2022, 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. \$527,912 and \$484,641 of appropriations from the operating reserve, as of December 31, 2023 and 2022, respectively, were available within the next 12 months.

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, 2023 and 2022.

**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:

	2023	2022
Amounts due in less than one year:		
Home Away from Home Annual Campaign	\$ 63,531	\$ 64,731
HAFHAC via United Ways of surrounding counties	16,407	9,612
Total	79,938	74,343
Unamortized Discount	-	-
Allowance for Uncollectibles	-	-
Net Contributions Receivable	\$ 79,938	\$ 74,343



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

**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.

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

	Cost	Fair Value	Fair Value Measurements at December 31, 2023 Using		
			Level 1	Level 2	Level 3
Assets:					
Recurring					
Investments by Market Sector					
Money Market Funds	\$ 492,773	\$ 492,773	\$ 492,773	\$ -	\$ -
Mutual Funds	2,932,745	2,963,297	2,963,297	-	-
Exchange Traded Funds	319,895	353,424	353,424	-	-
Industrials	80,861	119,650	119,650	-	-
Communication Services	126,865	203,104	203,104	-	-
Consumer Discretionary	208,514	251,513	251,513	-	-
Consumer Staples	248,793	268,443	268,443	-	-
Financials	394,588	541,209	541,209	-	-
Health Care	518,749	563,857	563,857	-	-
Information Technology	324,403	506,137	506,137	-	-
Real Estate	26,408	30,207	30,207	-	-
Utilities	156,151	141,602	141,602	-	-
Total Investments	5,830,745	6,435,216	6,435,216	-	-
Beneficial Interests in Assets Held by Others	1,124,855	3,676,569	3,676,569	-	-
Total	\$ 6,955,600	\$ 10,111,785	\$ 10,111,785	\$ -	\$ -

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

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

	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	\$ -	\$ -

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.

**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.

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

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

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 gain (loss) income on the Organization's investment portfolio for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Interest and Dividend Income	\$ 177,146	\$ 168,302
Realized Gains	38,980	99,922
Unrealized Gains (Losses)	972,758	(1,629,216)
Less Investment Expenses	(94,541)	(96,209)
Investment Gain (Loss), Net	\$ 1,094,343	\$ (1,457,201)

**NOTE 5 PROPERTY AND EQUIPMENT**

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

	2023	2022
Artwork	\$ 7,000	\$ 7,000
Building and Improvements	5,179,912	5,179,912
Family Rooms - Including construction in progress of \$123,939 at December 31, 2023 not yet being depreciated	764,179	641,518
Furniture and Fixtures	1,227,621	1,198,349
Land and Improvements	1,283,803	1,283,803
Total, at Cost	8,462,515	8,310,582
Less Accumulated Depreciation	(3,624,703)	(3,347,020)
Total Property and Equipment	\$ 4,837,812	\$ 4,963,562

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

**NOTE 6 BOARD DESIGNATED MAINTENANCE RESERVES**

The Board of Directors designated \$1,400,000 in 2023 and 2022 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, 2023 and 2022 are as follows:

	2023	2022
Endowment fund principal account	\$ 1,639,239	\$ 1,564,952
Endowment fund income account	1,699,797	1,699,383
M.W. Parker endowment fund	337,533	309,139
 Total Beneficial Interest	 \$ 3,676,569	 \$ 3,573,474

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 9.

**NOTE 8 EMPLOYEE RETENTION CREDIT**

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance they will be fulfilled. During the year December 31, 2023, the Organization applied for the Employee Retention Credit (ERC) from the Internal Revenue Service in the amount of \$242,286. The Organization has not yet recognized this as grant revenue. While performance requirements have been met in compliance with the program during the year ended December 31, 2023, the IRS has put a moratorium on all new applications to review eligibility and conditions for the ERC program. Management is of the opinion that the Grant may never be fulfilled so will not recognize revenue until received.

## NOTE 9 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, 2023 AND 2022

**NOTE 9 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 30<sup>th</sup> 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, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, December 31, 2022	\$ 3,373,212	\$ 690,262	\$ 4,063,474
Investment Return:			
Investment Income (Loss), Net	1,988	-	1,988
Net Gain - Realized and Unrealized	316,033	-	316,033
	<hr/>	<hr/>	<hr/>
Total Investment Return	318,021	-	318,021
Contributions	-	-	-
Reclassification to Endowment Asset	-	-	-
Appropriation of Endowment			
Assets for Expenditure	(14,664)	(200,262)	(214,926)
Other Changes			
Transfers to Remove Board Designated Endowment Funds	-	-	-
	<hr/>	<hr/>	<hr/>
Endowment Net Assets, December 31, 2023	<u>\$ 3,676,569</u>	<u>\$ 490,000</u>	<u>\$ 4,166,569</u>
	Without Donor Restrictions	With Donor Restrictions	Total
Donor Restricted Endowment Funds	\$ -	\$ 490,000	\$ 490,000
Board Restricted Endowment Funds	3,676,569	-	3,676,569
	<hr/>	<hr/>	<hr/>
Total Funds	<u>\$ 3,676,569</u>	<u>\$ 490,000</u>	<u>\$ 4,166,569</u>

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

**NOTE 9 ENDOWMENT FUNDS (CONTINUED)**

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)
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	-	-	-
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	<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>

*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, 2023 and 2022.

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

**NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS**

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

	2023	2022
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	243,669	258,333
Maintenance and future expansion of facilities	-	200,262
Relocation and remodel of Forsyth Medical Center Ronald McDonald Family Room	150,000	-
Purchase of hospitality carts and supplies	-	4,245
	\$ 883,669	\$ 952,840
Total net assets with donor restrictions		

**NOTE 11 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:

	2023	2022
Purpose restrictions accomplished		
Forsyth Medical Center Ronald McDonald Family Room relocation, remodel, and equipment	\$ 214,926	\$ -
Hospitality carts and supplies	14,245	56,408
Investment earnings (loss)	65,788	(70,046)
	\$ 294,959	\$ (13,638)
Total net assets with donor restrictions		

**NOTE 12 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:

	2023	2022
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, 2023 AND 2022

**NOTE 13 CONTRIBUTED NONFINANCIAL ASSETS**

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

	2023	2022
Property and equipment:		
Furniture and equipment	\$ -	\$ 9,471
Household items inventory	95,695	58,080
Family support services supplies	10,151	21,267
Family support services food	71,028	64,427
Family support services transportation	20,700	-
Hospitality Cart supplies	216	-
House landscaping, cleaning, and storage services	32,929	21,864
Staff and board development expenses	2,014	139
Total Contributed Nonfinancial Assets	\$ 232,733	\$ 175,248

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. In January 2023 the 2011 vehicle lease was properly revalued through December 2025, recorded as contribution income with a total value of \$7,200 and a write off of the old prepaid lease expense of \$3,236. In October 2023, the Organization obtained a second car lease for a 2021 vehicle through December 2025, recorded as contribution income with a total value of \$13,500. The prepaid lease value of both vehicles was \$16,800 and \$3,236 at December 31, 2023 and 2022 respectively. In 2023 and 2022, the lease expense was \$7,136 and \$8,645, respectively.

- 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, 2023 AND 2022

**NOTE 13 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 14 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, 2023 and 2022 as follows:

	Hours	Value
2023	16,768	\$ 500,692
2022	7,776	214,851

**NOTE 15 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 \$31,907 and \$29,462 for the years ended December 31, 2023 and 2022, respectively.

**NOTE 16 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, renegotiated in February 2023, to \$520 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, 2023 and 2022 was \$19,539 and \$13,956, respectively.

In July 2022, the Organization entered into a second new copier lease with payments of \$70, renegotiated in September 2023, to \$73 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, 2023 and 2022 was \$1,153 and \$384, respectively.

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

**NOTE 16 FINANCE LEASE (CONTINUED)**

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

The following is a schedule of future minimum payments required under the leases with their present value as of December 31, 2023:

Year Ending December 31:	Amount
2024	\$ 5,206
2025	875
2026	875
2027	372
2028	-
Total minimum lease payments	7,328
Less amounts representing interest	<u>(292)</u>
Present value of minimum lease payment	<u>\$ 7,036</u>

Interest expense incurred on capital leases for 2023 and 2022 was \$407 and \$519, respectively.

**NOTE 17 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. 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, 2023 and 2022, the Organization received from RMHC Global \$330,097 and \$153,960, respectively, from these revenue streams. Grants Receivable, Net due from RMHC Global at December 31, 2023 and 2022, were \$41,031 and \$27,023, respectively.

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

**NOTE 18 SUBSEQUENT EVENTS**

Management evaluated subsequent events through April 22, 2024, the date the financial statements were available to be issued. there were no material subsequent events that required recognition or additional disclosure in the financial statements.