

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2023**



**MAULDIN & JENKINS**

**CPAs & ADVISORS**

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2023**

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**

**FINANCIAL REPORT  
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**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS - UNAUDITED**  
**DECEMBER 31, 2023**

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Dear Friends of Atlanta Ronald McDonald House Charities,

Thank you for your support of Atlanta RMHC in 2023! The year was filled with the start of new beginnings for Atlanta RMHC.

It is my great honor to follow in the footsteps of Beth Howell as the newly appointed President and CEO effective August 1, 2023.

In December of 2023, we broke ground on a new Ronald McDonald House adjacent to Children's Healthcare of Atlanta's new Arthur M. Blank Hospital. This 110-room expansion will allow us to care for more families than ever before. In 2023, ARMHC served 45% more families than in 2022. The new House will expand ARMHC's capacity by over 40% to meet the increasing number of families needing assistance by providing them with a place to call home.

In 2023, Atlanta Ronald McDonald Houses hosted 3,033 visits from families whose children face life-threatening illnesses or injuries for an average stay of 8 nights, allowing them to remain close to each other and the care they need. Volunteers donated 1,133 meals to help support these children and families and donated wish list items and gifts for the Holiday Workshop. The Ronald McDonald Care Mobile hosted 1,196 visits. The Ronald McDonald Family Room inside Children's at Scottish Rite hosted 53,579 family member visits while their child was undergoing cancer treatment, providing an area of respite with meals, snacks, drinks, and caring support.

Atlanta RMHC maintains a 4-Star rating from Charity Navigator, an independent evaluator of non-profits in the U.S. This is the highest possible rating and verifies that Atlanta RMHC exceeds industry standards and outperforms most charities in its area of work. Additionally, Atlanta RMHC holds the Platinum Seal of Transparency, the highest recognition offered by Candid, the world's largest source of non-profit information. These ratings are awarded for demonstrating strong financial health and commitment to accountability and transparency.

To our community of leaders, donors, and volunteers, we thank you for your endless and gracious support to our families, ensuring this organization thrives so they can have a home away from home.

Warm Regards,

  
President & CEO



## INDEPENDENT AUDITOR'S REPORT

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**To the Board of Directors**  
**Atlanta Ronald McDonald House Charities, Inc.**  
**Atlanta, Georgia**

### **Opinion**

We have audited the accompanying financial statements of the **Atlanta Ronald McDonald House Charities, Inc.** (a non-profit organization), which comprise the statements of financial position as of December 31, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Atlanta Ronald McDonald House Charities, Inc. (the "Organization") as of December 31, 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Prior Period Financial Statements**

The financial statements of Atlanta Ronald McDonald House Charities, Inc. as of December 31, 2022 were audited by other auditors whose report dated July 26, 2023 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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## **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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

## **Other Information**

Management is responsible for the other information included in the financial report. The other information comprises the Management Discussion Letter but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
July 19, 2024

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 29,465,706	\$ 11,703,895
Short-term investments	3,804,644	3,629,709
Accounts receivable	623,286	694,377
Contribution receivable, current	9,034,106	3,079,634
Prepaid expenses	146,309	147,599
	<b>43,074,051</b>	19,255,214
<b>NONCURRENT ASSETS</b>		
Contributions receivable, net of current portion and present value discount	9,900,490	7,986,286
Investments	5,118,382	4,410,659
Property and equipment, net	24,316,622	23,841,819
	<b>39,335,494</b>	36,238,764
Total assets	<b>\$ 82,409,545</b>	<b>\$ 55,493,978</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 357,933	\$ 268,324
Deferred revenue	-	9,100
	<b>357,933</b>	277,424
Total liabilities	<b>357,933</b>	277,424
<b>NET ASSETS</b>		
Net assets without donor restrictions	42,292,836	39,891,092
Net assets with donor restrictions	39,758,776	15,325,462
	<b>82,051,612</b>	55,216,554
Total liabilities and net assets	<b>\$ 82,409,545</b>	<b>\$ 55,493,978</b>

**See Notes to Financial Statements.**

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER ASSETS</b>			
Contributions and grants	\$ 4,838,670	\$ 26,373,491	\$ 31,212,161
Contributions - in-kind	587,603	-	587,603
Guest family donations	64,636	-	64,636
Special events revenue	1,224,847	-	1,224,847
Less: Cost of direct benefits to donors	(368,798)	-	(368,798)
	<u>856,049</u>	<u>-</u>	<u>856,049</u>
Net assets released from restrictions	<u>1,965,441</u>	<u>(1,965,441)</u>	<u>-</u>
Total public support and revenues	<u>8,312,399</u>	<u>24,408,050</u>	<u>32,720,449</u>
<b>EXPENSES</b>			
Program services	5,194,024	-	5,194,024
General and administrative	605,473	-	605,473
Fundraising	1,404,173	-	1,404,173
	<u>7,203,670</u>	<u>-</u>	<u>7,203,670</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>1,108,729</b>	<b>24,408,050</b>	<b>25,516,779</b>
<b>INVESTMENT INCOME, NET</b>	<u><b>1,293,015</b></u>	<u><b>25,264</b></u>	<u><b>1,318,279</b></u>
<b>CHANGE IN NET ASSETS</b>	<u><b>2,401,744</b></u>	<u><b>24,433,314</b></u>	<u><b>26,835,058</b></u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u><b>39,891,092</b></u>	<u><b>15,325,462</b></u>	<u><b>55,216,554</b></u>
<b>NET ASSETS - END OF YEAR</b>	<u><u><b>\$ 42,292,836</b></u></u>	<u><u><b>\$ 39,758,776</b></u></u>	<u><u><b>\$ 82,051,612</b></u></u>

See Notes to Financial Statements.



**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER ASSETS</b>			
Contributions	\$ 5,173,784	\$ 11,867,862	\$ 17,041,646
Guest family donations	45,089	-	45,089
Miscellaneous income	25,000	-	25,000
Special events revenue	1,385,496	-	1,385,496
Net assets released from restrictions	849,663	(849,663)	-
Total public support and revenues	<u>7,479,032</u>	<u>11,018,199</u>	<u>18,497,231</u>
<b>EXPENSES</b>			
Cost of direct benefits to donors	326,893	-	326,893
Program services	4,898,226	-	4,898,226
General and administrative	578,974	-	578,974
Fundraising	1,296,009	-	1,296,009
Total expenses	<u>7,100,102</u>	<u>-</u>	<u>7,100,102</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	378,930	11,018,199	11,397,129
<b>INVESTMENT INCOME, NET</b>	<u>(587,184)</u>	<u>(32,413)</u>	<u>(619,597)</u>
<b>CHANGE IN NET ASSETS</b>	(208,254)	10,985,786	10,777,532
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>40,099,346</u>	<u>4,339,676</u>	<u>44,439,022</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 39,891,092</u>	<u>\$ 15,325,462</u>	<u>\$ 55,216,554</u>

**See Notes to Financial Statements.**

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries and related expenses	\$ 2,315,885	\$ 206,034	\$ 741,155	\$ 3,263,074
Program operations	780,428	-	-	780,428
House maintenance and repair	239,145	-	-	239,145
Insurance	86,601	6,272	6,096	98,969
Marketing	114,983	54,048	127,710	296,741
Office and supplies	33,504	25,766	-	59,270
Technology	94,638	35,259	78,051	207,948
Bank and transaction fees	-	59,707	-	59,707
Professional fees	33,044	84,442	134,200	251,686
Other	27,820	20,052	161,836	209,708
Total expenses before depreciation and donated materials and services	<u>3,726,048</u>	<u>491,580</u>	<u>1,249,048</u>	<u>5,466,676</u>
Donated materials and services	318,585	113,893	155,125	587,603
Depreciation	1,149,391	-	-	1,149,391
Total expenses by function	<u>\$ 5,194,024</u>	<u>\$ 605,473</u>	<u>\$ 1,404,173</u>	<u>\$ 7,203,670</u>

**See Notes to Financial Statements.**

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries and related expenses	\$ 1,975,317	\$ 163,951	\$ 748,339	\$ 2,887,607
Program operations	605,009	-	-	605,009
House maintenance and repair	313,255	-	-	313,255
Insurance	70,591	3,344	2,816	76,751
Marketing	113,879	56,948	10,544	181,371
Office and supplies	32,063	31,260	21	63,344
Technology	90,396	100,527	-	190,923
Bank and transaction fees	-	52,685	-	52,685
Professional fees	56,643	66,332	140,495	263,470
Other	15,880	21,230	217,978	255,088
Total expenses before depreciation and donated materials and services	3,273,033	496,277	1,120,193	4,889,503
Donated materials and services	329,657	79,164	175,816	584,637
Depreciation	1,295,536	3,533	-	1,299,069
Total expenses by function	<u>\$ 4,898,226</u>	<u>\$ 578,974</u>	<u>\$ 1,296,009</u>	<u>\$ 6,773,209</u>

**See Notes to Financial Statements.**

**ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 26,835,058	\$ 10,777,532
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,149,391	1,299,069
Discount on pledged contributions	1,673,426	1,301,993
(Gain) on sale of investments	(11,795)	(316,385)
Unrealized (gains) losses on investments	(847,425)	1,021,524
Decrease in accounts receivable	71,091	46,108
(Increase) in unconditional promises to give	(9,542,102)	(11,093,913)
Decrease in employee retention credit receivable	-	318,515
Decrease (increase) in prepaid expenses	1,290	(79,857)
Increase (decrease) in accounts payable and accrued expenses	89,609	(63,210)
(Decrease) in deferred revenues	(9,100)	(39,066)
Net cash provided by operating activities	<u>19,409,443</u>	<u>3,172,310</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,624,194)	(594,244)
Investment return reinvested and purchase of investments	(4,528,184)	(9,914,054)
Proceeds from sale of investments	4,504,746	8,421,420
Net cash (used in) investing activities	<u>(1,647,632)</u>	<u>(2,086,878)</u>
Net increase in cash and cash equivalents	17,761,811	1,085,432
Cash and cash equivalents at beginning of year	<u>11,703,895</u>	<u>10,618,463</u>
Cash and cash equivalents at end of year	<u>\$ 29,465,706</u>	<u>\$ 11,703,895</u>

**See Notes to Financial Statements.**

# ATLANTA RONALD MCDONALD HOUSE CHARITIES, INC.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. ORGANIZATION

Atlanta Ronald McDonald House Charities, Inc. (the “Organization”) is a Georgia nonprofit charitable corporation formed in 1977 under Section 501(c)(3) of the Internal Revenue Code. The Organization is located in Atlanta, Georgia. The mission is to provide essential services that remove barriers, strengthen families, and promote healing when children need healthcare.

The Organization fulfills its mission through operation of sustainable programs that enable family-centered care and bridge access to quality healthcare, are a vital part of the healthcare continuum and strengthen families during difficult times. The following programs represent the core functions operated by the Organization:

#### 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, 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 program within the AFLAC Cancer and Blood Disorder Center of Children's Healthcare of Atlanta - Scottish Rite, serves 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 healthcare team.

#### Ronald McDonald Care Mobile

The Ronald McDonald Care Mobile (RMCM) program provides access to pediatric medical and health education services for children living in underserved communities. The RMCM program is breaking down the barriers to healthcare, expanding critical healthcare access and extending the reach to countless underserved children. The RMCM program serves children that are at great risk to develop acute conditions, chronic diseases, and even serious lifelong illnesses. Through partnerships with local healthcare organizations, the Organization is bringing clinical services and health education directly to those in need, so children can receive high quality, convenient care right in their own neighborhood.

### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Preparation and Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization presents its financial statements in accordance with the Financial Accounting Standards Board (FASB)'s *Not-for-Profit* presentation and disclosure guidance. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two categories of net assets, as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The only limits on net assets without donor restrictions are those resulting from the nature of the Organization and its purposes.

*Net Assets 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. 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.

#### Use of Estimates

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

#### Cash and Cash Equivalents

Cash and cash equivalents include all cash balances, money market accounts, and highly liquid investments with maturities of three months or less. For purposes of the statements of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

#### Concentration of credit risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, investments, and contribution receivable. At times, cash and cash equivalent balances exceed federally insured amounts. The Organization believes it reduces risks associated with balances in excess of federally insured amounts by maintaining its cash with major financial institutions with sound financial standing. Management continually monitors receivable balances and believes that its exposure to credit risk is limited. Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying, consolidated financial statements.

#### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. At December 31, 2023 and 2022, the Organization considers all accounts receivables fully collectible. Therefore, no allowance for credit loss is recorded in the accompanying financial statements.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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 investment income are included in the statements of activities.

Investment return is recorded as investment return without donor restrictions, unless their use is restricted by explicit donor stipulations, or by law. Investment return on investments the use of which is restricted by explicit donor stipulation, or by law, but those restrictions expire in the same reporting period as earned, are reported as investment return without donor restrictions.

#### 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 \$2,500 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 method over the estimated useful lives of the assets as follows:

Buildings and improvements	15 – 30 years
Office furniture and equipment	5 – 20 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. No impairment was recognized during the years ended December 31, 2023 and 2022.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. 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.

#### **Revenue Recognition**

The Organization earns revenue through exchange transactions from various outlets, including guest family donations. These revenues are recognized in the accounting period during which the program is conducted, or the overnight stay occurs.

The Organization evaluates if the services represent separate performance obligations and determines that such arrangements only have one performance obligation because the underlying goods and services delivered are not distinct. The Organization recognizes event revenue as the good or service is transferred to the Organization, generally when the event occurs and guest family donations upon the night's stay. The Organization determines that a point in time approach would be the most appropriate revenue recognition. Guest family donations are used to support continued operations of the program.

#### *Contributions and Grants*

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Conditional grants are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as deferred revenue. Expenditures under grants are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these grants, the Organization will record such disallowance at the time the final assessment is made.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

##### 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 Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The Organization reports certain categories of expenses that are attributed to more than one program or supporting function as required by the FASB Codification. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Insurance, marketing, technology, salaries, and related compensation expenses are allocated on the basis of management's estimate of time and effort spent on various functions. All other expenses are directly charged by actual program or supporting functions use.

#### Income Taxes

The Organization is exempt from the income taxes under Section 501(c)(3) of the United States Internal Revenue Code. Accordingly, no provision for income taxes is recorded in the accompanying financial statements. However, income 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.

#### Recent Accounting Pronouncements

On January 1, 2023, the Organization adopted ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The measurement of expected credit losses under the CECL methodology is applicable to certain financial instruments.

The Organization adopted ASC 326 using the modified retrospective method. There were no material impact to the estimate of credit losses as a result of adoption of ASC 326.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. LIQUIDITY AND AVAILABILITY

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, are comprised of the following at December 31:

	2023	2022
Financial Assets:		
Cash and cash equivalents	\$ 29,465,706	\$ 11,703,895
Accounts receivable	623,286	694,377
Contributions receivable, net	18,934,596	11,065,920
Investments	8,923,026	8,040,368
Total financial assets	57,946,614	31,504,560
Less financial assets with donor restriction		
Donor-imposed time and purpose restrictions	(39,148,026)	(14,714,712)
Donor-imposed restrictions in perpetuity	(610,750)	(610,750)
	\$ 18,187,838	\$ 16,179,098

As part of the Organization's liquidity management, its investment policy requires that all assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently and with minimal impact on market price. The Organization maintains a policy of structuring its investments to be available as its operating expenditures, liabilities, and other obligations become due. Management does not intend to use the noncurrent assets for current operations.

### NOTE 4. CONTRIBUTION RECEIVABLE

Contributions receivable primarily consists of pledges and bequests as of the year ended December 31:

	2023	2022
<u>Amounts due in:</u>		
One year or less	\$ 9,034,106	\$ 3,079,634
One to five years	12,875,909	9,288,279
Less: present value discount	(2,975,419)	(1,301,993)
Net contributions receivable	\$ 18,934,596	\$ 11,065,920

The increase in contributions receivable is due to the capital campaign to build a new house and expand program operations. The allowance for credit loss on contribution receivable is based on specifically identified amounts that the Organization believes to be uncollectible.

### NOTE 5. FAIR VALUE INVESTMENTS

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:

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. FAIR VALUE INVESTMENTS (Continued)

Level 1 - Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2023:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual Funds	\$ 2,523,110	\$ -	\$ -	\$ 2,523,110
Equity Securities	90,727	-	-	90,727
Exchange – Traded Funds	2,505,610	-	-	2,505,610
Debt Securities – Corporate	-	3,803,579	-	3,803,579
Total investments	<b>\$ 5,119,447</b>	<b>\$ 3,803,579</b>	<b>\$ -</b>	<b>\$ 8,923,026</b>

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2022:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual Funds	\$ 2,285,385	\$ -	\$ -	\$ 2,285,385
Equity Securities	89,418	-	-	89,418
Exchange – Traded Funds	2,038,411	-	-	2,038,411
Debt Securities – Corporate	-	3,627,154	-	3,627,154
Total investments	<b>\$ 4,413,214</b>	<b>\$ 3,627,154</b>	<b>\$ -</b>	<b>\$ 8,040,368</b>

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.

There were no significant transfers among the levels during the year. The Organization's policy is to recognize transfers in and out of the levels at the end of fiscal year; interim changes in the availability of fair value inputs are not recognized.

Long-term investments are intended to be used for future projects and are not intended to be used for current operations.

#### Overall Investment Objective

The overall investment objective of the Organization is to invest its assets in 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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. FAIR VALUE INVESTMENTS (Continued)

Investment return on the statements of activities consist of the following for the years ended December 31:

	2023	2022
Interest and dividends	\$ 484,061	\$ 114,395
Realized gains	11,795	316,385
Unrealized gains/(losses)	847,425	(1,021,524)
Investment expenses	(25,002)	(28,853)
	\$ 1,318,279	\$ (619,597)

### NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2023:

	2023	2022
Land	\$ 1,948,846	\$ 1,948,846
Buildings and improvements	31,962,096	31,819,198
Office furniture and equipment	3,752,914	3,639,031
Construction in progress	2,072,967	705,554
Accumulated depreciation	(15,420,201)	(14,270,810)
	\$ 24,316,622	\$ 23,841,819

Depreciation expense totaled \$1,149,391 and \$1,299,069 for the years ended December 31, 2023 and 2022, respectively.

The construction in progress consists of design costs for building the Organization's new house.

### NOTE 7. ENDOWMENT FUNDS

The State of Georgia adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in July 2008. The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent the explicit donor stipulations to the contrary. Accordingly, the classification of net assets with donor restrictions includes (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 endowment fund that is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making determination to appropriate or accumulated endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Organization and endowment fund
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
7. The investment policies of the Organization

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. ENDOWMENT FUNDS (Continued)

#### Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce a return that meets or exceeds market index, or blended market index selected by the Board of Directors while minimizing the probability of losses greater than three percentage points below the benchmark over a three year period.

#### Spending Policy

The Organization has a policy in which the general rule of appropriating for distribution each year is up to 3% of its endowment fund's average assets as measured and a rolling three year trailing basis. Spending may be approved for maintenance, specific programs or to contribute to the general operating budget of the Organization. There is no minimum requirement for spending from the endowment in any given year. If it is determined that a distribution is needed and feasible in any given year, the Board of Directors may vote to approve the distribution for the year. In establishing this policy, the Organization considered the long-term expected returns on its endowment investments.

#### Strategies Employed for Achieving Objectives

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

The composition and changes in donor restricted endowment net assets as of December 31, 2023 and 2022, are as follows:

Endowment net assets, December 31, 2021	\$	687,043
Investment income		2,145
Net depreciation, less fees		(39,558)
Endowment net assets, December 31, 2022		649,630
<b>Investment income</b>		<b>1,282</b>
<b>Net appreciation, less fees</b>		<b>23,982</b>
<b>Endowment net assets, December 31, 2023</b>	<b>\$</b>	<b>674,894</b>

### NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions, comprised of funds the Organization has received subject to donor-imposed purpose restrictions, time restrictions, or in perpetuity, consist of the following:

	Restriction			Total
	Purpose	Time	Perpetuity	
Restricted net assets, December 31, 2023				
House facility fund	\$ 1,103,542	\$ -	\$ -	\$ 1,103,542
Endowment	64,144	-	610,750	674,894
House operations	41,045	110,000	-	151,045
Capital campaign	37,827,326	-	-	37,827,326
Care mobile	1,969	-	-	1,969
	<b>\$ 39,038,026</b>	<b>\$ 110,000</b>	<b>\$ 610,750</b>	<b>\$ 39,758,776</b>
Total	<b>\$ 39,038,026</b>	<b>\$ 110,000</b>	<b>\$ 610,750</b>	<b>\$ 39,758,776</b>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

	Restriction			Total
	Purpose	Time	Perpetuity	
Restricted net assets, December 31, 2022				
House facility fund	\$ 1,309,033	\$ -	\$ -	\$ 1,309,033
Endowment	38,880	-	610,750	649,630
House operations	2,735	100,000	-	102,735
Capital campaign	13,246,941	-	-	13,246,941
Care mobile	17,123	-	-	17,123
Total investments	\$ 14,614,712	\$ 100,000	\$ 610,750	\$ 15,325,462

Net assets with donor restrictions consist of the following as of December 31, 2023:

Pledges receivable	\$ 18,794,596
Investments	1,778,436
Cash	19,185,744
	\$ 39,758,776

### NOTE 9. NET ASSETS RELEASED FROM RESTRICTION

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

	2023	2022
Purpose restrictions accomplished:		
House facility fund	\$ 205,491	\$ 41,463
House operations	-	6,622
Care mobile operations	65,154	53,657
Capital campaign	1,614,796	685,421
	1,885,441	787,163
Time restrictions expired:		
Passage of specified time	80,000	62,500
	80,000	62,500
Total restrictions released	\$ 1,965,441	\$ 849,663

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. RELATED PARTIES

Ronald McDonald House Charities (RMHC) is a global system of independent, separately registered non-profit organizations, referred to as “Chapters” within the global system. 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 \$369,901 and \$440,686, respectively, from these revenue streams.

During the years ended December 31, 2023 and 2022, the Organization received contributions from board members and other related parties totaling \$93,070 and \$128,808, respectively. Receivables from board members, employees, and other related parties at December 31, 2023 and 2022, totaled \$17,150 and \$5,090, respectively. In addition, goods and services donated by related parties to the Organization during 2023 and 2022, totaled \$140,929 and \$120,362, respectively.

### NOTE 11. COMMITMENTS

In 2007, the Organization signed an agreement with Children’s Healthcare of Atlanta (CHOA) (whose facilities are served by the Organization’s two houses at Gatewood Road and Peachtree Dunwoody Road in Atlanta). Under the terms of the agreement, a portion of the land on which the Peachtree Dunwoody location is housed was gifted to the Organization. If the land ever ceases to be used as a Ronald McDonald Charities location, CHOA has an irrevocable right to repurchase the property for the fair market value of the improvements to the land.

CHOA is recognized as a regional treatment center of excellence and one of the top 10 children’s hospitals in the country with nationally recognized programs for cancer, heart, and solid organ transplants. Working with CHOA, the leadership of the Organization has determined the demand for lodging will continue to increase therefore in December 2023, CHOA and the Organization executed an agreement to facilitate construction of a new house on CHOA’s new North Druid Hills Campus.

The Organization entered into an agreement in December 2023 to construct Phase 1 of a new 70-room house on CHOA’s North Druid Hills campus. The total amount of the construction contract is \$53,445,292. In April 2024, the Board of Directors approved the build out of Phase 2 bringing the house to 110 rooms. The change order associated with the Phase 2 build out was signed in May 2024 in the amount of \$13,049,165, bringing the total contract amount to \$66,494,457. Construction on the new house began in January 2024 and the certificate of occupancy is expected to be issued in October 2025.

### NOTE 12. EMPLOYEE RETIREMENT PLANS

The Organization sponsors an employee retirement plan known as the Atlanta Ronald McDonald House Charities, Inc. 403(b) Plan. Under the plan, employees may contribute up to the maximum contributions as set periodically by the Internal Revenue Service. The Organization matches employee contributions on a discretionary basis. The employer contributions vest after 3 years of service. Participant contributions are always 100% vested.

Employer contributions to the Plan were \$63,226 and \$72,464 for the years ended December 31, 2023 and 2022, respectively.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 13. DONATED GOODS AND SERVICES

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

	<u>2023</u>	<u>2022</u>
Family Support	\$ 432,477	\$ 408,822
Special Events	155,126	175,815
	<u>\$ 587,603</u>	<u>\$ 584,637</u>

### NOTE 14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 19, 2024, the date the financial statements were available to be issued. In 2024, the Organization anticipates closing a \$24,000,000 line of credit. The line of credit will be used to bridge the timing gap between payment of new house construction costs and receipt of capital campaign pledge payments.