

Financial Statements

Ronald McDonald House Charities of Idaho, Inc.
(a nonprofit organization)
Years Ended December 31, 2022 and 2021



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ronald McDonald House Charities of Idaho, Inc.
Boise, Idaho

Opinion

We have audited the financial statements of Ronald McDonald House Charities of Idaho, Inc., which comprise the statements of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Ronald McDonald House Charities of Idaho, 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 Idaho, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ronald McDonald House Charities of Idaho, 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 Idaho, 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.

Report on Summarized Comparative Information

We have previously audited Ronald McDonald House Charities of Idaho, Inc.'s December 31, 2021 financial statements and expressed an unmodified opinion on those statements on June 30, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Meridian, Idaho
June 26, 2023

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.**STATEMENTS OF FINANCIAL POSITION**

December 31, 2022

With Comparative Totals as of December 31, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Assets		
Cash and cash equivalents	\$ 1,146,737	\$ 1,509,148
Investments	6,705,628	7,230,479
Accounts receivable	103,799	52,887
Pledges receivable, net	737,042	1,119,928
Prepaid expenses	37,287	21,397
Property and equipment, net	<u>14,268,334</u>	<u>14,581,143</u>
 Total Assets	 <u>\$ 22,998,827</u>	 <u>\$ 24,514,982</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 28,767	\$ 30,946
Accrued wages, benefits, and payroll taxes	77,362	62,620
Deferred revenue	<u>36,563</u>	<u>17,030</u>
 Total Liabilities	 142,692	 110,596
Net Assets		
Without donor restrictions	22,259,789	23,858,186
With donor restrictions	<u>596,346</u>	<u>546,200</u>
 Total Net Assets	 <u>22,856,135</u>	 <u>24,404,386</u>
 Total Liabilities and Net Assets	 <u>\$ 22,998,827</u>	 <u>\$ 24,514,982</u>

See notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.**STATEMENTS OF ACTIVITIES**

For the Year Ended December 31, 2022

With Comparative Totals for the Year Ended December 31, 2021

	<u>2022</u>			<u>2021</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenues and Other Support				
Contributions	\$ 1,189,399	\$ 75,000	\$ 1,264,399	\$ 1,281,110
Special events	477,151		477,151	430,855
Contributed nonfinancial assets	178,654		178,654	140,082
Investment income (loss)	(1,227,682)		(1,227,682)	638,515
CARES Act income			0	174,425
	<u>617,522</u>	<u>75,000</u>	<u>692,522</u>	<u>2,664,987</u>
Net assets released from restrictions	<u>24,854</u>	<u>(24,854)</u>	<u>0</u>	<u>0</u>
Total Revenue	642,376	50,146	692,522	2,664,987
Expenses				
Program services				
Ronald McDonald House	1,114,825		1,114,825	1,163,444
Family Room	432,983		432,983	219,850
Hospitality Carts	<u>2,703</u>		<u>2,703</u>	<u>0</u>
Total Program Services	1,550,511	0	1,550,511	1,383,294
Supporting services				
Administrative	350,353		350,353	296,514
Fundraising	<u>339,909</u>		<u>339,909</u>	<u>262,289</u>
Total Supporting Services	<u>690,262</u>	<u>0</u>	<u>690,262</u>	<u>558,803</u>
Total Expenses	<u>2,240,773</u>	<u>0</u>	<u>2,240,773</u>	<u>1,942,097</u>
Change in Net Assets	(1,598,397)	50,146	(1,548,251)	722,890
Net Assets				
Beginning of Year	<u>23,858,186</u>	<u>546,200</u>	<u>24,404,386</u>	<u>23,681,496</u>
End of Year	<u>\$ 22,259,789</u>	<u>\$ 596,346</u>	<u>\$ 22,856,135</u>	<u>\$ 24,404,386</u>

See notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022
With Comparative Totals for the Year Ended December 31, 2021

	<u>Program Services</u>					<u>2022 Total</u>	<u>2021 Total</u>
	<u>Ronald McDonald House</u>	<u>Family Room</u>	<u>Hospitality Cart</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$ 312,789	\$ 271,054	\$	\$ 160,662	\$ 251,472	\$ 995,977	\$ 860,355
Depreciation	317,769			31,428		349,197	348,273
Cleaning services and supplies	251,331	14,783				266,114	207,201
Maintenance and repairs	91,134			2,860		93,994	48,773
Payroll taxes	24,768	21,463		12,722	19,913	78,866	68,234
Employee benefits	22,629	19,610		11,623	18,193	72,055	70,519
Rent		59,555				59,555	58,388
Professional fees	1,673	558		47,916		50,147	50,861
Utilities	39,136	7,620				46,756	44,000
Insurance	34,499	7,811		1,283	2,007	45,600	25,001
Advertising	281	661		6,665	32,392	39,999	53,828
Meetings, education, and training		69		34,155	629	34,853	15,200
Family support services and supplies	1,761	20,522	2,703			24,986	6,098
Technology	2,774	1,314		13,666	6,762	24,516	12,307
Volunteer resources and recognition	5,871			193	4,576	10,640	2,327
Bank charges				10,427		10,427	12,270
Office supplies		6,707		3,411		10,118	9,157
Telephone	7,930			1,105		9,035	9,724
Printing and publishing	480	120		8,015	720	9,335	4,906
Postage and courier		266		2,874	128	3,268	3,097
Donation box expenses					3,117	3,117	5,354
Dues and subscriptions		870		1,348		2,218	2,237
Bad debt						0	15,650
Interest expense						0	8,337
	<u>\$ 1,114,825</u>	<u>\$ 432,983</u>	<u>\$ 2,703</u>	<u>\$ 350,353</u>	<u>\$ 339,909</u>	<u>\$ 2,240,773</u>	<u>\$ 1,942,097</u>

See notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2022

With Comparative Totals for the Year Ended December 31, 2021

	<u>2022</u>	<u>2021</u>
Cash Flow From Operating Activities		
Change in net assets	\$ (1,548,251)	\$ 722,890
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	349,197	341,253
Loan fee amortization	0	7,020
Net unrealized (gain) loss on investments	1,510,114	(199,464)
Net realized (gain) loss on investments	(84,351)	7
Donation to endowment	0	(50,000)
Forgiveness of PPP loan	0	(174,425)
Changes in operating assets and liabilities:		
Accounts receivable	(50,912)	7,476
Pledges receivable	382,886	915,545
Prepaid expenses	(15,890)	(14,967)
Accounts payable	(2,179)	410
Accrued wages, benefits and payroll taxes	14,742	2,900
Deferred revenue	<u>19,533</u>	<u>17,030</u>
Net Cash Provided (Used) by Operating Activities	574,889	1,575,675
Cash Flow From Investing Activities		
Purchase of investments	(900,912)	(1,107,286)
Proceeds from sale of investments	0	23,199
Purchase of property and equipment	<u>(36,388)</u>	<u>(54,513)</u>
Net Cash Provided (Used) by Investing Activities	(937,300)	(1,138,600)

See notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.**STATEMENTS OF CASH FLOWS (Continued)**

For the Year Ended December 31, 2022

With Comparative Totals for the Year Ended December 31, 2021

	<u>2022</u>	<u>2021</u>
Cash Flow From Financing Activities		
Donation to endowment	0	50,000
Repayment of long-term debt	0	(351,000)
Proceeds from long-term debt	<u>0</u>	<u>174,425</u>
Net Cash Provided (Used) by Financing Activities	<u>0</u>	<u>(126,575)</u>
Net Change in Cash and Cash Equivalents	(362,411)	310,500
Cash and Cash Equivalents - Beginning of Year	<u>1,509,148</u>	<u>1,198,648</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,146,737</u>	<u>\$ 1,509,148</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 0	\$ 8,197

See notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies

Nature of Organization

Ronald McDonald House Charities of Idaho, Inc., (the Organization) is an Idaho nonprofit charitable corporation formed in 1987. The mission of the Organization is to support families of ill or injured children by keeping them together in times of medical need. Collectively, RMHC and the network of local Chapters ascribe to four core values: we are caring, supportive, and family-centered, we serve in a manner that is professional, responsive, and respectful, we operate with accountability and transparency and we celebrate our communities and heritage.

We fulfill our mission through operation of sustainable programs that enable family-centered care, bridge access to quality health care, are a vital part of the health care continuum, and strengthen families during difficult times. The following programs, operated by the Organization, represent the core functions of Ronald McDonald House Charities of Idaho, 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 Boise, Idaho, 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 in Eastern Idaho Regional Medical Center 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 health care team.

Ronald McDonald Hospitality Carts – Designed to serve families who wait for hours without leaving the hospital or their child’s bedside, the “Happy Wheels” hospitality carts provide a bit of comfort as they travel the hallways of Saint Alphonsus Hospital and St. Luke’s Children’s Hospital, bringing parents a hot beverage and snack while keeping the little ones entertained with books, fun activities, and toys. Run by volunteers at each hospital, the carts are out a total of five days a week to provide comfort and care for hundreds of families each month. The Ronald McDonald Hospitality Carts partially restarted in the fall of 2022. The Organization anticipates expanding them in the future.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization reports net assets and revenues, expenses, gains and losses according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Accounting Pronouncements Adopted

For the year ended December 31, 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires not-for-profit entities to disclose a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. The Organization must also disclose qualitative info about whether the contributed nonfinancial assets were monetized or utilized during the reporting period, the Organization's policy about monetizing contributed nonfinancial assets, a description of any donor imposed restrictions, the valuation method used, and the principal or most advantageous market used for the valuation if it is a market in which the recipient Organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. There was no material impact on the Organization's activities or financial position upon adoption of the new standard.

Cash and Cash Equivalents

The Organization considers its short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000. 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.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Accounts Receivable

Receivables are stated at the amount management expects to collect from outstanding balances. Management has assessed all receivables for collectability and believes all are fully collectable. At December 31, 2022 and 2021, management determined that no allowance was necessary.

Promises to Give

Unconditional promises to give are recorded when pledged. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using the Organization's expected borrowing rate applicable to the years in which the promises are received to discount the amounts.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Fair Value

The Organization uses fair value reporting for financial assets and liabilities. A hierarchy for reporting the reliability of input measurements is used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established, prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short term, highly liquid nature.

Property and Equipment

Property and equipment is stated at cost or, if donated, at the estimated fair market value at the date of donation. Expenditures for major renewals and betterments that extend the useful lives of furniture and equipment that cost over \$5,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from five to forty years.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Deferred Revenue

The Organization receives sponsorship fees for future events. The fees are deferred and recognized when the event occurs.

Contributions and Donor Imposed Restrictions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increase that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Contribution of Nonfinancial Assets

The Organization records in-kind goods based on the fair value as described in generally accepted accounting principles. The Organization recognizes donated services if they create or enhance non-financial assets or require specialized skills and would typically be purchased if not provided by donation. In-kind contributions are recognized as revenue when received and as expenditures when the resources are consumed.

Functional Allocation of Expense

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Advertising, insurance, postage and courier, printing, professional fees, technology, and telephone expenses are allocated based on management's percentage of estimated consumption per functional category; occupancy expenses, including depreciation, maintenance, and utilities, are allocated on the basis of square footage; and salaries and wages and employee benefits are allocated on the basis of estimates of time and effort.

Advertising

The Organization expenses advertising as costs are incurred. Advertising expenses totaled \$39,999 and \$53,828 for the years ended December 31, 2022 and 2021, respectively.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

Presentation of Certain Taxes

The Organization collects various taxes from customers and remits these amounts to applicable taxing authorities. The Organization's accounting policy is to exclude these taxes from revenues and program expenses.

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of that position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2022 or 2021.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2019.

Use of Estimates

The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Significant Accounting Policies (Continued)

Prior Year Comparative Totals

The financial statements include certain 2021 summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the 2021 financial statements from which the summarized information was derived.

Subsequent Events

The Organization has evaluated subsequent events through June 26, 2023, which is the date the financial statements were available to be issued.

Note B – Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 1,146,737
Investments	6,705,628
Accounts receivable	103,799
Pledges receivable	<u>291,144</u>
Total financial assets available within one year	8,247,308
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	596,346
Board designation – Operating Reserve	3,300,000
Board designation – Capital Improvements	<u>200,000</u>
Total amounts unavailable for general expenditures within one year	<u>4,096,346</u>
Total financial assets available within one year after restriction	<u>\$ 4,150,962</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2022, all net assets with donor restrictions are available for payment of any major expenditures incurred, except for receivables which are available when the receivable is collected which is expected within the next year and the expenditure is incurred. Board designated amounts could be drawn upon to meet immediate cash needs by vote of the board of directors.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS

Note C – Investments

Investments as of December 31 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Cost	\$ 6,701,413	\$ 5,716,150
Unrealized gain	<u>4,215</u>	<u>1,514,329</u>
Fair value	<u>\$ 6,705,628</u>	<u>\$ 7,230,479</u>

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

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 198,081	\$ 439,058
Unrealized gain (loss)	(1,510,114)	199,464
Realized gain (loss)	<u>84,351</u>	<u>(7)</u>
	<u>\$ (1,227,682)</u>	<u>\$ 638,515</u>

Note D – Fair Value Measurements

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value instrument.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS

Note D – Fair Value Measurements (Continued)

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Organization’s investments are held in various equities, bond funds and certificates of deposit. The funds have been valued based on the closing market price as it relates to the trusts and equities or quoted prices for similar assets as it relates to the bond funds at December 31, 2022 and 2021 and are considered to be Level 1 assets as shown below.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization’s investments at fair value measured on a recurring basis as of December 31:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
December 31, 2022				
Money market	\$ 48,493	\$ 48,493	\$	\$ 0
Common stock	4,815,801	4,815,801		
Certificates of deposit	601,082	601,082		
Bond funds	<u>1,240,252</u>	<u>1,240,252</u>		
Total	<u>\$ 6,705,628</u>	<u>\$ 6,705,628</u>	<u>\$ 0</u>	<u>\$ 0</u>
December 31, 2021				
Money market	\$ 38,895	\$ 38,895	\$	\$ 0
Common stock	5,175,385	5,175,385		
Certificates of deposit	600,182	600,182		
Bond funds	<u>1,416,017</u>	<u>1,416,017</u>		
Total	<u>\$ 7,230,479</u>	<u>\$ 7,230,479</u>	<u>\$ 0</u>	<u>\$ 0</u>

The certificates of deposit bear interest at rates between .57% and 1.08%, and mature in May of 2023.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS

Note E – Pledges Receivable

The Organization held a fundraising campaign for funds to construct a new house and a family room. Promises to give are restricted to payment of the costs of building the new facilities. The promises to give are unconditional. There are no amounts that are considered uncollectible.

	<u>2022</u>	<u>2021</u>
Pledges receivable in less than one year	\$ 291,144	\$ 407,480
Pledges receivable in 1-4 years	<u>457,942</u>	<u>731,691</u>
Total pledges receivable	749,086	1,139,171
Less discount to net present value	<u>(12,044)</u>	<u>(19,243)</u>
Pledges receivable, net	<u>\$ 737,042</u>	<u>\$ 1,119,928</u>

The discount rate used on outstanding pledges was 2.63%

Note F – Property and Equipment

At December 31, property and equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 2,375,000	\$ 2,375,000
Buildings	12,076,530	12,076,530
Landscaping	96,944	60,556
Furniture and fixtures	633,282	633,282
Office furniture and equipment	131,327	131,327
Signage	63,729	63,729
Vehicles	<u>22,749</u>	<u>22,749</u>
	15,399,561	15,363,173
Less accumulated depreciation	<u>(1,131,227)</u>	<u>(782,030)</u>
Total property and equipment	<u>\$ 14,268,334</u>	<u>\$ 14,581,143</u>

Total depreciation expense for the years ended December 31, 2022 and 2021 was \$349,197 and \$341,243, respectively.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS

Note G – Net Assets

The detail of the Organization’s net asset categories at December 31, is as follows:

	<u>2022</u>	<u>2021</u>
Without donor restrictions:		
Invested in equipment and furniture	\$ 14,268,334	\$ 14,581,143
Board designated capital improvements	200,000	200,000
Board designated operating reserve	3,300,000	2,000,000
Undesignated surplus	<u>4,491,455</u>	<u>7,077,043</u>
Total without donor restrictions	22,259,789	23,858,186
With donor restrictions:		
Community garden	50,146	0
Endowment Fund	<u>546,200</u>	<u>546,200</u>
Total with donor restrictions	<u>596,346</u>	<u>546,200</u>
Total net assets	<u>\$ 22,856,135</u>	<u>\$ 24,404,386</u>

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS

Note H – Contributed Nonfinancial Assets

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statement of activities included:

	<u>2022</u>	<u>2021</u>
Occupancy	\$ 86,936	\$ 71,299
Supplies	18,618	23,956
Professional fees	11,154	21,133
Repairs and maintenance	14,284	15,619
Special events	38,144	3,775
Advertising	5,050	3,250
Other	<u>4,468</u>	<u>1,050</u>
Total in-kind donations	<u>\$ 178,654</u>	<u>\$ 140,082</u>

The Organization recognized contributed nonfinancial assets within revenue, including occupancy, supplies, professional fees, repairs and maintenance, special events, and advertising. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed occupancy consists of the Organizations' rented facility in the Eastern Idaho Regional Medical Center. The facility is valued by a commercial real estate agency located in the region based on comparable rent per square foot.

Contributed supplies consist of linen and other various supplies provided by the Eastern Idaho Regional Medical Center. These contributed supplies are valued at the price that the Organization would have to pay if they were to purchase them.

Contributed professional fees consist of accounting services provided by a CPA firm. The professional fees are valued by the CPA firm based on the hourly rates.

Contributed repairs and maintenance consist of plants, inspections and maintenance work. The plants are valued based on the cost. The contributed services are valued based on the hourly rate of the various professionals.

Contributed special events consist of donated goods provided to support fundraising events for the Organization. Special event donations are valued at cost by the respective donors.

Contributed advertising consists of advertisements and mailers. Contributed advertising is valued and is reported at the estimated fair value in the financial statements based on current rates for similar advertising services.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

Note H – Contributed Nonfinancial Assets (Continued)

Other contributed non-financial assets include various fundraising and technology items. These contributions are valued at the fair market value of the items based on the price the Organization would have paid to purchase the items.

Note I – Simple Retirement Plan

The Organization has a Simple Retirement Plan qualified as tax-deferred under the IRC. All employees making at least \$5,000 of eligible compensation in two consecutive years are eligible with up to a 3% match. There were employer contributions for the years ended December 31, 2022 and 2021 of \$18,339 and \$16,900, respectively.

Note J – Related Party Transactions

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 in McDonald’s restaurants, as defined by the license agreement. During years ended December 31, 2022 and 2021, the Organization received \$454,672 and \$380,591, respectively, from these revenue streams.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.

NOTES TO FINANCIAL STATEMENTS

Note K – Refundable Advance

On April 24, 2021, the Organization received loan proceeds in the amount of approximately \$174,425 under the Paycheck Protection Program (“PPP”). The PPP was established under the Coronavirus Aid, Relief and Economic Security Act, as amended (“CARES Act”) and is administered by the U.S. Small Business Administration (“SBA”). Under the terms of the CARES Act, PPP loan recipients can apply for loan forgiveness. The potential loan forgiveness for all or a portion of PPP loans is determined, subject to limitations, based on the use of loan proceeds over the 24-weeks after the loan proceeds are disbursed for payment of payroll costs and any payments of mortgage interest, rent, and utilities. The amount of loan forgiveness will be reduced if PPP loan recipients terminate employees or reduce salaries during the covered period.

On August 17, 2021 the Organization was notified by their bank that the SBA had granted forgiveness on the PPP. The Organization recognized the forgiveness as revenue during 2021.

Note L – Endowment

The Organization's endowment consists of funds established by donors for the purpose of providing income to support the Organization's activities. Terms of the endowment allow for all earnings to be used for operations of the House. The endowment, in the amount of \$546,200 is reported as net assets with donor restrictions.

Absent explicit donor stipulations to the contrary, the board of trustees 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 net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the standard of prudence prescribed by UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (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
- (7) The Organization's investment policies

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS

Note L – Endowment (Continued)

Investment Return Objectives, Risk Parameters, and Strategies: The Organization has adopted investment and spending policies, approved by the board of trustees, 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, while growing the funds if possible. The Organization expects its endowment assets, over time, to produce an average rate of return of approximately 5.8% 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.

From time to time, the fair value of assets associated with the 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. As of December 31, 2022 and 2021 there were no deficiencies in the corpus balance of the endowment.

Changes in endowment net assets and net assets by type of fund were as follows for the fiscal years ended December 31:

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 0	\$ 546,200	\$ 546,200
Investment return, net		0	0
Contributions		0	0
Appropriation of Endowment Assets for Expenditure	<u> </u>	<u> 0</u>	<u> 0</u>
Endowment net assets, end of year	<u>\$ 0</u>	<u>\$ 546,200</u>	<u>\$ 546,200</u>

During the year ended December 31, 2022, the Organization’s investments experienced a loss. This resulted in no income or withdrawals being allocated to the endowment.

RONALD MCDONALD HOUSE CHARITIES OF IDAHO, INC.
NOTES TO FINANCIAL STATEMENTS

Note L – Endowment (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 0	\$ 496,200	\$ 496,200
Investment return, net		52,600	52,600
Contributions		50,000	50,000
Appropriation of Endowment Assets for Expenditure	<u> </u>	<u>(52,600)</u>	<u>(52,600)</u>
Endowment net assets, end of year	<u>\$ 0</u>	<u>\$ 546,200</u>	<u>\$ 546,200</u>