

**RONALD MCDONALD HOUSE CHARITIES  
OF SOUTHWEST FLORIDA, INC.**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2022 and 2021**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Ronald McDonald House Charities of Southwest Florida, Inc.  
Fort Myers, Florida

**Opinion**

We have audited the accompanying financial statements of Ronald McDonald House Charities of Southwest Florida, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities of Southwest Florida, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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 Southwest Florida, 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 these 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 Southwest Florida, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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



HUGHES, SNELL & CO., P.A.

Fort Myers, Florida  
July 17, 2023

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Statements of Financial Position  
December 31, 2022 and 2021

<u>ASSETS</u>		2022	2021
CURRENT ASSETS			
Cash and cash equivalents	\$	1,349,602	\$ 1,444,050
Accounts receivable		145,428	71,951
Prepaid expenses		43,300	24,336
Investments		3,756,432	4,259,702
Total Current Assets		<u>5,294,762</u>	<u>5,800,039</u>
NONCURRENT ASSETS			
Promises to give for House Expansion		4,659	15,075
Property and equipment, net		2,426,062	2,677,614
Beneficial interest in asset held by others		18,158	22,343
Total Noncurrent Assets		<u>2,448,879</u>	<u>2,715,032</u>
Total Assets	\$	<u><u>7,743,641</u></u>	\$ <u><u>8,515,071</u></u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$	178,169	\$ 137,162
Deferred revenue		126,697	82,780
Leadership conference payable		-	3,065
Total Current Liabilities		<u>304,866</u>	<u>223,007</u>
NET ASSETS			
Without donor restrictions		6,712,462	7,595,053
With donor restrictions		726,313	697,011
Total Net Assets		<u>7,438,775</u>	<u>8,292,064</u>
Total Liabilities and Net Assets	\$	<u><u>7,743,641</u></u>	\$ <u><u>8,515,071</u></u>

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Statements of Activities  
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Gross proceeds from fundraising events	\$ 129,237	\$ 58,798	\$ 188,035	\$ 106,466	\$ 20,000	\$ 126,466
Less: cost of direct benefits to donors	(97,653)	-	(97,653)	(47,178)	-	(47,178)
Net proceeds from fundraising events	31,584	58,798	90,382	59,288	20,000	79,288
Contributions	722,179	149,261	871,440	1,034,393	50,306	1,084,699
Guest donations	-	7,618	7,618	-	4,745	4,745
In-kind contributions	104,853	-	104,853	38,238	-	38,238
Loss on disposal of property and equipment	(7,861)	-	(7,861)	-	-	-
Net assets released from restrictions	175,959	(175,959)	-	83,500	(83,500)	-
Total Revenues and Support	1,026,714	39,718	1,066,432	1,215,419	(8,449)	1,206,970
EXPENSES						
Program services	956,613	-	956,613	831,857	-	831,857
General and administrative	232,340	-	232,340	225,093	-	225,093
Fundraising	216,465	-	216,465	314,079	-	314,079
Total Expenses	1,405,418	-	1,405,418	1,371,029	-	1,371,029
CHANGE IN NET ASSETS FROM OPERATIONS	(378,704)	39,718	(338,986)	(155,610)	(8,449)	(164,059)
NONOPERATING ACTIVITIES						
Contributions restricted for House Expansion	-	-	-	-	19,356	19,356
Net assets released from restrictions	10,416	(10,416)	-	1,383,272	(1,383,272)	-
Net investment return	(514,303)	-	(514,303)	195,089	-	195,089
CHANGE IN NET ASSETS	(882,591)	29,302	(853,289)	1,422,751	(1,372,365)	50,386
NET ASSETS, BEGINNING OF YEAR	7,595,053	697,011	8,292,064	6,172,302	2,069,376	8,241,678
NET ASSETS, END OF YEAR	\$ 6,712,462	\$ 726,313	\$ 7,438,775	\$ 7,595,053	\$ 697,011	\$ 8,292,064

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Statement of Functional Expenses  
Year Ended December 31, 2022 (with summarized comparative totals for 2021)

	2022					2021
	Program Services	General and Administrative	Fundraising	Direct Benefits to Donor	Total	
EXPENSES						
Payroll and benefits	\$ 222,498	\$ 118,971	\$ 91,351	\$ -	\$ 432,820	\$ 475,712
Payroll taxes	17,901	6,226	7,005	-	31,132	32,157
Total Salaries and Related Expenses	240,399	125,197	98,356	-	463,952	507,869
Fund raising	-	-	85,928	-	85,928	123,885
Event facilities and entertainment	-	-	-	97,653	97,653	47,178
Marketing	2,651	2,299	3,004	-	7,954	14,749
Insurance	30,384	4,448	3,360	-	38,192	35,484
Office	10,181	15,483	4,698	-	30,362	27,926
Outside service contracts	31,744	5,600	870	-	38,214	13,371
Professional fees	13,071	18,000	-	-	31,071	33,689
Repair and maintenance	28,044	6,038	2,725	-	36,807	30,974
Supplies	122,373	8,334	342	-	131,049	74,295
Travel and entertainment	800	6,434	-	-	7,234	1,184
Utilities	19,435	2,754	2,075	-	24,264	23,499
Volunteer	9,971	-	-	-	9,971	4,950
Grants	188,683	7,074	-	-	195,757	170,180
Miscellaneous	2,053	465	-	-	2,518	2,847
Depreciation	256,824	30,214	15,107	-	302,145	306,127
Total Expenses \$	<u>956,613</u>	<u>\$ 232,340</u>	<u>\$ 216,465</u>	<u>\$ 97,653</u>	1,503,071	1,418,207
				Direct benefits to donor	<u>(97,653)</u>	<u>(47,178)</u>
				Total Expenses - Statement of Activities \$	<u>1,405,418</u>	<u>\$ 1,371,029</u>

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Statement of Functional Expenses  
Year Ended December 31, 2021

	2021				
	Program Services	General and Administrative	Fundraising	Direct Benefits to Donor	Total
EXPENSES					
Payroll and benefits	\$ 210,119	\$ 120,352	\$ 145,241	\$ -	\$ 475,712
Payroll taxes	17,227	6,891	8,039	-	32,157
Total Salaries and Related Expenses	227,346	127,243	153,280	-	507,869
Fund raising	-	-	123,885	-	123,885
Event facilities and entertainment	-	-	-	47,178	47,178
Marketing	6,496	3,000	5,253	-	14,749
Insurance	28,285	4,103.00	3,096	-	35,484
Office	8,620	12,304	7,002	-	27,926
Outside service contracts	11,634	1,158	579	-	13,371
Professional fees	12,689	21,000	-	-	33,689
Repair and maintenance	17,544	10,534	2,896	-	30,974
Supplies	64,656	9,168	471	-	74,295
Travel and entertainment	1,184	-	-	-	1,184
Utilities	18,526	2,662	2,311	-	23,499
Volunteer	2,646	2,304	-	-	4,950
Grants	170,180	-	-	-	170,180
Miscellaneous	1,843	1,004	-	-	2,847
Depreciation	260,208	30,613	15,306	-	306,127
Total Expenses \$	<u>831,857</u>	<u>225,093</u>	<u>314,079</u>	<u>47,178</u>	1,418,207
				Direct benefits to donor	<u>(47,178)</u>
				Total Expenses - Statement of Activities \$	<u>1,371,029</u>

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Statements of Cash Flows  
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (853,289)	\$ 50,386
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Stock contributions	(9,683)	(55,034)
Contributions restricted for House Expansion	-	(19,356)
Depreciation	302,145	306,127
Loss on disposal of property and equipment	7,861	-
Net realized and unrealized (gains) losses on investments	608,971	(123,095)
Interest and dividend reinvestment	(71,822)	(53,563)
Accrued interest	(19,231)	(16,217)
(Increase) decrease in assets:		
Accounts receivable	(73,477)	(50,974)
Prepaid expenses	(18,964)	5,017
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	41,007	51,779
Deferred revenue	43,917	64,462
Leadership conference payable	(3,065)	-
Net Cash Provided by (Used in) Operating Activities	<u>(45,630)</u>	<u>\$ 159,532</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(58,454)	(5,144)
Purchases of investments	(820,928)	(2,370,106)
Proceeds from sale of investments	820,148	836,001
Net Cash Used in Investing Activities	<u>(59,234)</u>	<u>(1,539,249)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions received for House Expansion	10,416	622,864
Net Cash Provided by Financing Activities	<u>10,416</u>	<u>622,864</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(94,448)	(756,853)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,444,050</u>	<u>2,200,903</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,349,602</u>	<u>\$ 1,444,050</u>

The accompanying notes are an integral part of these financial statements.

# RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

## Notes to Financial Statements December 31, 2022 and 2021

### **NOTE A – THE ORGANIZATION**

Ronald McDonald House Charities of Southwest Florida, Inc. (the "Organization") is a Florida not-for-profit corporation organized on September 23, 2003. The mission of the Organization is to create, find and support programs that directly impact the health and well-being of children and their families in the five county region we serve. The mission is fulfilled through operation of sustainable programs including the Ronald McDonald House located in Fort Myers that provides a "home away from home" for families with children undergoing medical treatment at Golisano Children's Hospital; the Ronald McDonald Family Room located at the children's hospital provides families of hospitalized children a space to rest and regroup while being near their child's bedside; and the Ronald McDonald Care Mobile units provide medical and dental screenings, treatment and sealants to underserved areas as well as monthly autism screenings.

### **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and are presented on the basis of net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. All other net assets, including board-designated or appropriated amounts, are net assets without donor restrictions and are reported as part of the net assets without donor restriction class.

#### Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Nonoperating activities is limited to net investment return and the House Expansion project. Operating activities consist of all other activities of the Organization.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Accounts Receivable and Promises to Give

Accounts receivable and promises to give consists of amounts owed by donors and partners and are stated at the amount management expects to be collected from the outstanding balance. All receivables are considered fully collectible, therefore, no allowance for uncollectible accounts has been recorded. The expense related to uncollectible accounts is recognized in the period in which a specific account is determined to be uncollectible. There was no bad debt expense or loss on uncollectible promises to give for the years ended December 31, 2022 and 2021. All accounts receivables are expected to be received within one year. Promises to give expected to be received over one year are not discounted for the present value of future cash flows as the amount was determined to be immaterial. Promises to give are expected to be received within the next two and three years as of December 31, 2022 and 2021, respectively.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements  
December 31, 2022 and 2021

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses and income are included in the statements of activities as net investment return. The Organization's investments are professionally managed by FineMark National Bank & Trust.

The Southwest Florida Community Foundation maintains an agency endowment (the "Ronald McDonald House Charities of Southwest Florida Fund") for the benefit of the Organization. The Organization's beneficial interest in assets held by others is carried at fair value. The Organization has granted the Foundation variance power which gives the Foundation's Board of Directors the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Foundation's investment and spending policies.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair value at the time of donation. Additions and major renewals in excess of \$5,000 for the year ended December 31, 2022 (\$2,500 for the year ended December 31, 2021) are capitalized. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The cost of maintenance and repairs is expensed as incurred.

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the fair value of the asset is less than the carrying value. There were no impairment losses recognized in 2022 or 2021.

Deferred Revenue

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

Net Assets

The Organization's net assets and changes therein are classified and reported as net assets without and with donor restrictions. Net assets with donor restrictions are 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.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements  
December 31, 2022 and 2021

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization records special events revenue including sponsorships and ticket sales when the event takes place.

Donated Services and Contributions of Nonfinancial Assets

Contributions of nonfinancial assets are recorded at fair value on 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. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Total contributions of nonfinancial assets received for the years ended December 31, 2022 and 2021, are as follows:

Type	Program	Valuation	2022	2021
Gift cards	Travel Assistance	Face value	\$ 800	\$ 800
Food/groceries	Family Meals	Average Cost per Meal	68,850	1,234
Supplies	House	Comparable market pricing	8,913	30,600
Event supplies	Special Event	Comparable market pricing	18,158	-
Total			<u>\$ 96,721</u>	<u>\$ 32,634</u>

Donations of services are recognized as contributions only if services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by the individual possessing those skills, and would typically be purchased if not provided by donation.

Total donated services received for the years ended December 31, 2022 and 2021, are as follows:

Type	Program	Valuation	2022	2021
Grounds services	House	Standard rates	\$ 8,132	\$ 1,104
Computer services	House/Admin	Standard rates	-	4,500
Total			<u>\$ 8,132</u>	<u>\$ 5,604</u>

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements  
December 31, 2022 and 2021

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Donated Services and Contributions of Nonfinancial Assets

The Organization also receives significant contributions of time from volunteers in furtherance of the mission of the Organization that are not recorded in the financial statements as they do not meet the criteria for recognition under GAAP. During the year ended December 31, 2022, a total of 5,734 hours of service were provided by 1,690 volunteer shifts. During the year ended December 31, 2021, a total of 3,466 hours of service were provided by 885 volunteer shifts. These volunteer services are valued at approximately \$86,010 and \$51,990 for the years ended December 31, 2022 and 2021, respectively, based on an estimate wage rate of \$15 per hour.

Functional Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: depreciation, insurance, interest, maintenance and repairs, and utilities, which are allocated on a square footage basis; payroll, benefits and payroll taxes are allocated on the basis of estimated time and effort; payroll taxes, and office supplies, technology and telephone are allocated based on the average of the personnel allocation described above.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as well as exempt from state income taxes as the Organization is a not-for-profit Florida corporation. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization does not have unrelated business income for the years ended December 31, 2022 and 2021. Accordingly, no provision for income taxes has been made. The Organization is not considered a private foundation within the meaning of Section 509(a) of the Code.

Management has evaluated its tax positions and believes that all positions taken are well documented and supported and there are no uncertain tax positions that are material to the financial statements. Therefore, no provision for uncertain tax positions has been recorded.

Cash Flows

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The Organization made no cash payments for income tax or interest during the years ended December 31, 2022 and 2021.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements  
December 31, 2022 and 2021

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New Accounting Pronouncement

The Organization adopted Accounting Standards Update (ASU) No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets beginning January 1, 2022. The new guidance requires nonprofit entities to present contributed nonfinancial assets, or gifts-in-kind, as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. The adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure. The standard was applied retrospectively, and accordingly, the gifts-in-kind reported for the year ended December 31, 2021 were reclassified on the statement of activities. Net assets and changes in net assets were unchanged due to this reclassification.

Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 17, 2023, the date that the financial statements were available to be issued.

**NOTE C – LIQUIDITY AND AVAILABILITY**

The following represents the Organization's financial assets at December 31, 2022 and 2021:

Financial assets at year-end:	2022	2021
Cash and cash equivalents	\$ 1,349,602	\$ 1,444,050
Accounts receivable	145,428	71,951
Promises to give	4,659	15,075
Investments	3,756,432	4,259,702
Beneficial interest in asset held by other	18,158	22,343
	<u>5,274,279</u>	<u>5,813,121</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(496,261)	(466,959)
Beneficial interest in asset held by other	(18,158)	(22,343)
Board-designated capital reserves	(258,855)	(226,955)
Board-designated emergency hardship fund	(25,000)	-
Financial assets available to meet cash needs for operating expenditures within one year	<u>\$ 4,479,005</u>	<u>\$ 5,096,864</u>

The Organization strives to maintain liquid assets in the form of cash targeted to cover 12 months of normal expenditures. Deposit accounts are maintained in several federally insured institutions. Balances are monitored and redistributed to ensure cash balances do not exceed the FDIC insured level of \$250,000 at a single institution. Liquid assets in excess of this 12-month level are maintained in an investment account which is managed and reviewed in accordance with board policy.

# RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

## Notes to Financial Statements December 31, 2022 and 2021

### NOTE C – LIQUIDITY AND AVAILABILITY (continued)

A review of the investment policy and objectives is undertaken no less frequently than annually in conjunction with the review of the Organization's financial condition and circumstances. The governing board has designated, from net assets without donor restrictions, net assets for capital reserves totaling \$258,855 and \$226,955 as of December 31, 2022 and 2021, respectively, and \$25,000 for an emergency hardship fund as of December 31, 2022.

### NOTE D – INVESTMENTS

Investments consisted of the following as of December 31,

	2022	2021
Equity securities	\$ 1,177,935	\$ 1,478,892
Debt securities	2,578,497	2,780,810
	<u>\$ 3,756,432</u>	<u>\$ 4,259,702</u>

The composition of net investment return on the Organization's investment portfolio for the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
Interest and dividend income, net of investment fees	\$ 94,668	\$ 71,994
Net realized and unrealized gains (losses)	(608,971)	123,095
	<u>\$ (514,303)</u>	<u>\$ 195,089</u>

### NOTE E – FAIR VALUE MEASUREMENTS

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. A hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Levels within the hierarchy are based on the reliability of inputs as follows:

*Level 1* – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

*Level 2* – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

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December 31, 2022 and 2021

**NOTE E – FAIR VALUE MEASUREMENTS (continued)**

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in valuation techniques and related inputs.

Equity securities – Valued at the closing price reported on the active market on which the individual securities are traded.

Debt securities – Valued using observable inputs such as the bond’s par value, maturity dates, and related interest and discount rates as well as quoted prices for similar assets.

Beneficial Interest in Assets Held by Others – Valued at the fair value of the Organization’s share of the investment pool held by a Foundation as of the measurement date. The underlying investments held by a Foundation are valued with readily available prices or valued using net asset value of shares held that have a readily available market value.

The fair values of assets measured on a recurring basis are as follows:

Fair Value Measurements as of December 31, 2022				
	Level 1	Level 2	Level 3	Total
Equity securities				
Common stock	\$ 570,809	\$ -	\$ -	\$ 570,809
Pooled equity funds	405,839	-	-	405,839
Exchange-traded funds	201,287	-	-	201,287
Debt securities				
Treasury and federal	-	557,152	-	557,152
State and municipal	-	1,030,764	-	1,030,764
Corporate bonds	-	990,581	-	990,581
Beneficial interest	-	-	18,158	18,158
	<u>\$ 1,177,935</u>	<u>\$ 2,578,497</u>	<u>\$ 18,158</u>	<u>\$ 3,774,590</u>

Fair Value Measurements as of December 31, 2021				
	Level 1	Level 2	Level 3	Total
Equity securities				
Common stock	\$ 663,463	\$ -	\$ -	\$ 663,463
Pooled equity funds	815,429	-	-	815,429
Debt securities				
Treasury and federal	-	632,593	-	632,593
State and municipal	-	1,092,497	-	1,092,497
Corporate bonds	-	1,055,720	-	1,055,720
Beneficial interest	-	-	22,343	22,343
	<u>\$ 902,950</u>	<u>\$ 2,780,810</u>	<u>\$ 22,343</u>	<u>\$ 4,282,045</u>

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

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**NOTE E – FAIR VALUE MEASUREMENTS (continued)**

Changes in the fair value measurements using significant unobservable inputs (Level 3) consisted of the following as of December 31:

	2022	2021
Beginning balance	\$ 22,343	\$ 19,942
Purchases	-	-
Disbursements	-	-
Change in value of beneficial interest	(4,185)	2,401
Ending balance	<u>\$ 18,158</u>	<u>\$ 22,343</u>

**NOTE F – PROPERTY AND EQUIPMENT**

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

	Estimated Useful Lives	2022	2021
Land	N/A	\$ 230,052	\$ 230,052
Building and improvements	7 - 39 years	4,021,855	4,022,437
Furniture and equipment	3 - 10 years	185,088	190,965
Vehicles	5 years	42,847	42,847
Artwork	7 years	11,025	11,025
		<u>4,490,867</u>	<u>4,497,326</u>
Less: accumulated depreciation		<u>(2,064,805)</u>	<u>(1,819,712)</u>
		<u>\$ 2,426,062</u>	<u>\$ 2,677,614</u>

**NOTE G – NET ASSETS WITH DONOR RESTRICTIONS**

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

	2022	2021
Subject to expenditure for specific purpose:		
Ronald McDonald House Share-A-Night	\$ 202,577	\$ 202,479
Ronald McDonald Care Mobile II	166,534	196,200
Ronald McDonald Family Room	31,175	40,476
Ronald McDonald House Capital Replacements	57,290	-
Emergency Hardship Fund	18,822	-
Project Design	4,771	4,771
Coca Cola products	4,957	2,958
Family Meals Program	476	-
	<u>486,602</u>	<u>446,884</u>
Subject to the passage of time:		
Promises to give	4,659	15,075

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

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**NOTE G –NET ASSETS WITH DONOR RESTRICTIONS (continued)**

	2022	2021
Subject to the Organization's spending policy and appropriation:		
Original donor-restricted gift amount required to be maintained in perpetuity by donor	5,000	5,000
Not subject to appropriation or expenditure:		
Land required to be used for a Ronald McDonald House	230,052	230,052
Total net assets with donor restrictions	\$ 726,313	\$ 697,011

**NOTE H –NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2022 and 2021:

	2022	2021
Purpose restrictions accomplished:		
Ronald McDonald House Share-A-Night	\$ 18,769	\$ 9,140
Ronald McDonald Care Mobile I	1,000	-
Ronald McDonald Care Mobile II	88,464	69,121
Ronald McDonald Family Room	9,302	3,998
Ronald McDonald House Expansion, Renovation and Future Working Capital	11,966	1,383,272
Ronald McDonald House Capital Replacements	42,710	-
Family Meals Program	12,029	-
Emergency Hardship Fund	2,135	-
Coca Cola products	-	1,241
Total restrictions released	\$ 186,375	\$ 1,466,772
Operating restrictions released	\$ 175,959	\$ 83,500
Nonoperating restrictions released	10,416	1,383,272
	\$ 186,375	\$ 1,466,772

**NOTE I – LICENSING AGREEMENT**

The Organization entered into an agreement with McDonald's Corporation (the "Corporation") on December 8, 2003 to obtain a license to use the trademarks and copyrights of the Corporation for the purpose of raising funds from public and private sources and making grants to other not-for-profit organizations for the benefit of children in the local area. The term of the license shall continue until terminated by either party, with or without cause, upon 30 days' written notice. The annual fee due under the license is \$1.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

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**NOTE I – LICENSING AGREEMENT (continued)**

Under the terms of the license, the Organization is required to remit to RMHC Global 25% of contributions received through local McDonald's restaurants as a result of national fundraising campaigns. For the years ended December 31, 2022 and 2021, the collections from national fundraising campaigns were deposited directly to RMHC Global and the net contribution was provided to the Organization. The amount received was recorded as contributions in the statement of activities.

**NOTE J – COMMITMENTS**

The Organization has an agreement with RMHC Global and Healthcare Network of Southwest Florida ("HCNSWFL") for the support of the Ronald McDonald Care Mobile (the "Care Mobile"). Under the terms of the agreement, the Organization will contribute an amount equal to the lesser of 20% of the annual expenses incurred by HCNSWFL in operating the Care Mobile or \$120,000. During the years ended December 31, 2022 and 2021, \$91,278 and \$87,157, respectively, was contributed to the Care Mobile and is included in grants in the statement of functional expenses. The agreement will terminate upon either the termination of the licensing agreement for the Care Mobile between HCNSWFL and RMHC Global or the termination of the agreement between the Organization and RMHC Global.

The Organization has an agreement with RMHC Global and Family Health Center of Southwest Florida, Inc. (FHCSWFL) for the support of a second Ronald McDonald Care Mobile (the "Care Mobile II") which began operating in January 2018. The initial term of the agreement is five years with automatic consecutive five-year renewal terms and may be terminated with a 90-day written notice by the Organization, FHCSWFL or RHMC Global. Under the terms of the agreement, the Organization will contribute an amount equal to 20% of the annual expenses incurred by FHCSWFL in operating the Care Mobile II. During the years ended December 31, 2022 and 2021, \$84,405 and \$68,023, respectively, was contributed to the Care Mobile II and is included in grants in the statement of functional expenses.

**NOTE K – SIMPLE IRA PLAN**

The Organization has established a Simple IRA Plan for eligible employees. The Organization makes a dollar-for-dollar match of employee elective deferrals up to 3% of the employee's compensation. For the years ended December 31, 2022 and 2021, the Organization contributed \$10,183 and \$10,926, respectively, in matching contributions which is included in payroll and benefits in the statement of functional expenses.

**NOTE L – ECONOMIC DEPENDENCY**

The Organization received approximately 10% of its operating revenue from one special event during each of the years ended December 31, 2022 and 2021. In addition, the Organization received approximately 11% and 24% of its 2022 and 2021 operating revenue, respectively, from a single donor in the form of a one-time planned gift from the donor's estate.