

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

FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

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HSC/Tuscan & Company, PA

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities of Southwest Florida, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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.

INTEGRITY SERVICE EXPERIENCE

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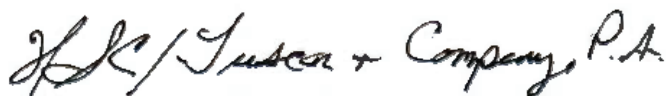
Auditor's Responsibilities for the Audit of the Financial Statements

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 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.



HSC/Tuscan & Company, P.A.

Fort Myers, Florida
July 15, 2024

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Statements of Financial Position
December 31, 2023 and 2022

	<u>ASSETS</u>	
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,347,072	\$ 1,349,602
Accounts receivable	141,263	145,428
Prepaid expenses	48,358	43,300
Investments	4,096,696	3,756,432
Total Current Assets	<u>5,633,389</u>	<u>5,294,762</u>
NONCURRENT ASSETS		
Promises to give for House Expansion	1,018	4,659
Property and equipment, net	2,310,023	2,426,062
Beneficial interest in asset held by others	20,534	18,158
Total Noncurrent Assets	<u>2,331,575</u>	<u>2,448,879</u>
Total Assets	<u>\$ 7,964,964</u>	<u>\$ 7,743,641</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 133,204	\$ 178,169
Deferred revenue	93,900	126,697
Total Current Liabilities	<u>227,104</u>	<u>304,866</u>
NET ASSETS		
Without donor restrictions	7,029,425	6,712,462
With donor restrictions	708,435	726,313
Total Net Assets	<u>7,737,860</u>	<u>7,438,775</u>
Total Liabilities and Net Assets	<u>\$ 7,964,964</u>	<u>\$ 7,743,641</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, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT						
Gross proceeds from fundraising events	\$ 580,862	\$ 112,287	\$ 693,149	\$ 129,237	\$ 58,798	\$ 188,035
In-kind contributions for special events	60,208	-	60,208	18,158	-	18,158
Less: cost of direct benefits to donors	(295,632)	-	(295,632)	(97,653)	-	(97,653)
Net proceeds from fundraising events	345,438	112,287	457,725	49,742	58,798	108,540
Contributions	722,061	75,136	797,197	722,179	149,261	871,440
Guest donations	-	8,115	8,115	-	7,618	7,618
In-kind contributions	89,982	-	89,982	86,695	-	86,695
Loss on disposal of property and equipment	-	-	-	(7,861)	-	(7,861)
Net assets released from restrictions	209,775	(209,775)	-	175,959	(175,959)	-
Total Revenue and Support	1,367,256	(14,237)	1,353,019	1,026,714	39,718	1,066,432
EXPENSES						
Program services	930,117	-	930,117	956,613	-	956,613
General and administrative	247,457	-	247,457	232,340	-	232,340
Fundraising	294,634	-	294,634	216,465	-	216,465
Total Expenses	1,472,208	-	1,472,208	1,405,418	-	1,405,418
CHANGE IN NET ASSETS FROM OPERATIONS	(104,952)	(14,237)	(119,189)	(378,704)	39,718	(338,986)
NONOPERATING ACTIVITIES						
Net assets released from restrictions	3,641	(3,641)	-	10,416	(10,416)	-
Net investment return	418,274	-	418,274	(514,303)	-	(514,303)
CHANGE IN NET ASSETS	316,963	(17,878)	299,085	(882,591)	29,302	(853,289)
NET ASSETS, BEGINNING OF YEAR	6,712,462	726,313	7,438,775	7,595,053	697,011	8,292,064
NET ASSETS, END OF YEAR	\$ 7,029,425	\$ 708,435	\$ 7,737,860	\$ 6,712,462	\$ 726,313	\$ 7,438,775

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, 2023 (with summarized comparative totals for 2022)

	2023					2022
	Program Services	General and Administrative	Fundraising	Direct Benefits to Donor	Total	
EXPENSES						
Payroll and benefits	\$ 261,347	\$ 137,387	\$ 164,883	\$ -	\$ 563,617	\$ 432,820
Payroll taxes	22,846	7,124	9,335	-	39,305	31,132
Total Salaries and Related Expenses	284,193	144,511	174,218	-	602,922	463,952
Fund raising	-	-	92,405	-	92,405	85,928
Event facilities and entertainment	-	-	-	295,632	295,632	97,653
Marketing	7,611	3,580	3,546	-	14,737	7,954
Insurance	36,875	4,827	3,533	-	45,235	38,192
Office	9,837	15,300	4,937	-	30,074	30,362
Outside service contracts	37,791	2,409	1,204	-	41,404	38,214
Professional fees	12,306	20,605	-	-	32,911	31,071
Repair and maintenance	26,558	5,151	2,774	-	34,483	36,807
Supplies	124,040	14,703	251	-	138,994	131,049
Travel and entertainment	2,254	13,000	-	-	15,254	7,234
Utilities	20,350	2,750	2,041	-	25,141	24,264
Volunteer	7,786	-	-	-	7,786	9,971
Grants	190,053	-	-	-	190,053	195,757
Miscellaneous	5,129	1,170	-	-	6,299	2,518
Depreciation	165,334	19,451	9,725	-	194,510	302,145
Total Expenses	\$ 930,117	\$ 247,457	\$ 294,634	\$ 295,632	1,767,840	1,503,071
				Direct benefits to donor	(295,632)	(97,653)
				Total Expenses - Statement of Activities	\$ 1,472,208	\$ 1,405,418

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

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

The accompanying notes are an integral part of this financial statement.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 299,085	\$ (853,289)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Stock contributions	(11,776)	(9,683)
Depreciation	194,510	302,145
Loss on disposal of property and equipment	-	7,861
Net realized and unrealized (gains) losses on investments	(297,910)	608,971
Interest and dividend reinvestment	(85,273)	(71,822)
Accrued interest	(21,321)	(19,231)
(Increase) decrease in assets:		
Accounts receivable	4,165	(73,477)
Prepaid expenses	(5,058)	(18,964)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(44,965)	41,007
Deferred revenue	(32,797)	43,917
Leadership conference payable	-	(3,065)
Net Cash Used in Operating Activities	<u>(1,340)</u>	<u>\$ (45,630)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(78,471)	(58,454)
Purchases of investments	(1,000,574)	(820,928)
Proceeds from sale of investments	1,074,214	820,148
Net Cash Used in Investing Activities	<u>(4,831)</u>	<u>(59,234)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for House Expansion	3,641	10,416
Net Cash Provided by Financing Activities	<u>3,641</u>	<u>10,416</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,530)	(94,448)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,349,602</u>	<u>1,444,050</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,347,072</u>	<u>\$ 1,349,602</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, 2023 and 2022

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 credit losses 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, 2023 and 2022. 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 one and two years as of December 31, 2023 and 2022, respectively.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements
December 31, 2023 and 2022

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 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 2023 or 2022.

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, 2023 and 2022

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, 2023 and 2022, are as follows:

Type	Program	Valuation	2023	2022
Gift cards	Travel Assistance	Face value	\$ 800	\$ 800
Food/groceries	Family Meals	Average Cost per Meal	74,475	68,850
Supplies	House	Comparable market pricing	5,250	8,913
Auction items	Special Event	Comparable market pricing	42,440	-
Event supplies	Special Event	Comparable market pricing	17,768	18,158
Total			<u>\$ 140,733</u>	<u>\$ 96,721</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, 2023 and 2022, are as follows:

Type	Program	Valuation	2023	2022
Grounds services	House	Standard rates	\$ 9,457	\$ 8,132
Total			<u>\$ 9,457</u>	<u>\$ 8,132</u>

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements
December 31, 2023 and 2022

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, 2023, a total of 6,886 hours of service were provided by 2,067 volunteer shifts. During the year ended December 31, 2022, a total of 5,734 hours of service were provided by 1,690 volunteer shifts. These volunteer services are valued at approximately \$187,299 and \$86,010 for the years ended December 31, 2023 and 2022, respectively, based on an estimate wage rate of \$27 and \$15 per hour, respectively. The wage rate for 2023 is based on a published report from a national membership organization that estimates the value of a volunteer hour. The 2022 estimated wage rate was based on minimum wage rates and other factors.

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, 2023 and 2022. 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, 2023 and 2022.

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements
December 31, 2023 and 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassification

Certain reclassifications have been made to the 2022 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Recent Accounting Pronouncements

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how organizations will measure credit losses for most financial assets and certain other instruments that are not measured at fair value. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an organization's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts receivable and promises to give for House Expansion.

The standard was adopted effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 15, 2024, 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, 2023 and 2022:

Financial assets at year-end:	2023	2022
Cash and cash equivalents	\$ 1,347,072	\$ 1,349,602
Accounts receivable	141,263	145,428
Promises to give	1,018	4,659
Investments	4,096,696	3,756,432
Beneficial interest in asset held by other	20,534	18,158
	<u>5,606,583</u>	<u>5,274,279</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(478,383)	(496,261)
Beneficial interest in asset held by other	(20,534)	(18,158)
Board-designated capital reserves	(301,455)	(258,855)
Board-designated emergency hardship fund	(25,000)	(25,000)
	<u>(825,372)</u>	<u>(798,274)</u>
Financial assets available to meet cash needs for operating expenditures within one year	<u>\$ 4,781,211</u>	<u>\$ 4,479,005</u>

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements
December 31, 2023 and 2022

NOTE C – LIQUIDITY AND AVAILABILITY (continued)

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.

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 \$301,455 and \$258,855 as of December 31, 2023 and 2022, respectively, and \$25,000 for an emergency hardship fund as of December 31, 2023 and 2022.

NOTE D – INVESTMENTS

Investments consisted of the following as of December 31,

	2023	2022
Equity securities	\$ 1,399,174	\$ 1,177,935
Debt securities	2,697,522	2,578,497
	<u>\$ 4,096,696</u>	<u>\$ 3,756,432</u>

The composition of net investment return on the Organization's investment portfolio for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Interest and dividend income, net of investment fees	\$ 120,364	\$ 94,668
Net realized and unrealized gains (losses)	297,910	(608,971)
	<u>\$ 418,274</u>	<u>\$ (514,303)</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

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Notes to Financial Statements
December 31, 2023 and 2022

NOTE E – FAIR VALUE MEASUREMENTS (continued)

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

The 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, 2023			
		Level 1	Level 2	Level 3	Total
Equity securities					
Common stock	\$	696,131	\$ -	\$ -	\$ 696,131
Pooled equity funds		557,198	-	-	557,198
Exchange-traded funds		145,845	-	-	145,845
Debt securities					
Treasury and federal		-	687,309	-	687,309
State and municipal		-	946,991	-	946,991
Corporate bonds		-	1,063,222	-	1,063,222
Total investments		1,399,174	2,697,522	-	4,096,696
Beneficial interest		-	-	20,534	20,534
	\$	<u>1,399,174</u>	<u>\$ 2,697,522</u>	<u>\$ 20,534</u>	<u>\$ 4,117,230</u>

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NOTE E – FAIR VALUE MEASUREMENTS (continued)

	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
Total investments	1,177,935	2,578,497	-	3,756,432
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>

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

	2023	2022
Beginning balance	\$ 18,158	\$ 22,343
Purchases	-	-
Disbursements	-	-
Change in value of beneficial interest	2,376	(4,185)
Ending balance	<u>\$ 20,534</u>	<u>\$ 18,158</u>

NOTE F – PROPERTY AND EQUIPMENT

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

	Estimated Useful Lives	2023	2022
Land	N/A	\$ 230,052	\$ 230,052
Building and improvements	7 - 39 years	4,090,220	4,021,855
Furniture and equipment	3 - 10 years	174,289	185,088
Vehicles	5 years	42,847	42,847
Artwork	7 years	11,025	11,025
		4,548,433	4,490,867
Less: accumulated depreciation		(2,238,410)	(2,064,805)
		<u>\$ 2,310,023</u>	<u>\$ 2,426,062</u>

Building and improvements includes a deposit for a new front door of approximately \$11,000 as of December 31, 2023.

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Notes to Financial Statements
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NOTE G –NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Subject to expenditure for specific purpose:		
Ronald McDonald House Share-A-Night	\$ 191,830	\$ 202,577
Ronald McDonald Care Mobile Program	202,610	166,534
Ronald McDonald Family Room	23,837	31,175
Ronald McDonald House Capital Replacements	22,000	57,290
Emergency Hardship Fund	18,063	18,822
Project Design	4,771	4,771
Coca Cola products	1,833	4,957
Family Meals Program	7,421	476
	<u>472,365</u>	<u>486,602</u>
Subject to the passage of time:		
Promises to give	1,018	4,659
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	<u>\$ 708,435</u>	<u>\$ 726,313</u>

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, 2023 and 2022:

	2023	2022
Purpose restrictions accomplished:		
Ronald McDonald House Share-A-Night	\$ 29,150	\$ 18,769
Ronald McDonald Care Mobile Program	95,211	88,464
Ronald McDonald Family Room	7,338	9,302
Ronald McDonald House Expansion, Renovation and Future Working Capital	5,641	11,966
Ronald McDonald House Capital Replacements	57,290	42,710
Family Meals Program	11,708	12,029
Emergency Hardship Fund	1,454	2,135
Coca Cola products	5,624	-
Total restrictions released	<u>\$ 213,416</u>	<u>\$ 186,375</u>

RONALD MCDONALD HOUSE CHARITIES OF SOUTHWEST FLORIDA, INC.

Notes to Financial Statements
December 31, 2023 and 2022

NOTE H – NET ASSETS RELEASED FROM DONOR RESTRICTIONS (continued)

	2023	2022
Operating restrictions released	\$ 209,775	\$ 175,959
Nonoperating restrictions released	3,641	10,416
	<u>\$ 213,416</u>	<u>\$ 186,375</u>

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.

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, 2023 and 2022, 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, 2023 and 2022, \$100,401 and \$91,278, 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 RMHC 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, 2023 and 2022, \$76,652 and \$84,405, respectively, was contributed to the Care Mobile II and is included in grants in the statement of functional expenses.

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Notes to Financial Statements
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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, 2023 and 2022, the Organization contributed \$13,135 and \$10,183, respectively, in matching contributions which is included in payroll and benefits in the statement of functional expenses.

NOTE L – ECONOMIC DEPENDENCY

During the year ended December 31, 2023, the Organization received approximately 38% of its operating revenue from two special events. During the year ended December 31, 2022, the Organization received approximately 10% of its operating revenue from one special event and 11% of its operating revenue from a single donor in the form of a one-time planned gift from the donor's estate.