



**RONALD McDONALD HOUSE CHARITIES
OF MADISON, INC.**

FINANCIAL STATEMENTS

December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ronald McDonald House Charities of Madison, Inc.
Madison, Wisconsin

Opinion

We have audited the financial statements of Ronald McDonald House Charities of Madison, Inc., 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 accompanying financial statements present fairly, in all material respects, the financial position of Ronald McDonald House Charities of Madison, 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 (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 Madison, 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 Madison, 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 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 Madison, 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 Madison, 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.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
June 7, 2024

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 336,804	\$ 386,421
RADAR unconditional pledges receivable	40,801	37,928
Unconditional pledges receivable, net	2,123	102,033
Other receivables	12,000	1,918
Current portion of investments	279,688	366,610
Prepaid expenses	47,020	46,464
Total current assets	718,436	941,374
NONCURRENT ASSETS		
Investments, net of current portion	5,017,271	4,121,998
Property and equipment, net	10,105,825	10,415,692
Intangibles, net	32,306	17,472
Total noncurrent assets	15,155,402	14,555,162
Total assets	\$ 15,873,838	\$ 15,496,536
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 59,118	\$ 60,934
Accrued expenses	44,033	80,989
Grants payable	24,056	31,981
Refundable advance	5,500	11,250
Total liabilities	132,707	185,154
NET ASSETS		
Without donor restrictions	15,641,131	15,161,382
With donor restrictions	100,000	150,000
Total net assets	15,741,131	15,311,382
Total liabilities and net assets	\$ 15,873,838	\$ 15,496,536

See accompanying notes.

RONALD McDONALD HOUSE CHARITIES OF MADISON, 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
SUPPORT AND REVENUE						
Contributions						
General - cash	\$ 1,900,608	\$ -	\$ 1,900,608	\$ 1,623,357	\$ 150,000	\$ 1,773,357
General - noncash	510,934	-	510,934	332,468	-	332,468
Room donations - cash	-	-	-	26,975	-	26,975
Program fees	24,000	-	24,000	24,411	-	24,411
Merchandise	3,625	-	3,625	3,247	-	3,247
Investment return, net	669,491	-	669,491	(458,457)	-	(458,457)
Other	34	-	34	-	-	-
Net assets released from restrictions	50,000	(50,000)	-	-	-	-
Total support and revenue	3,158,692	(50,000)	3,108,692	1,552,001	150,000	1,702,001
EXPENSES						
Program services						
House operations	1,590,739	-	1,590,739	1,317,650	-	1,317,650
St. Mary's Family Room	139,199	-	139,199	167,785	-	167,785
Care Mobile	93,664	-	93,664	164,586	-	164,586
Total program services	1,823,602	-	1,823,602	1,650,021	-	1,650,021
Supporting activities						
Management and general	365,515	-	365,515	287,647	-	287,647
Fundraising	437,878	-	437,878	416,623	-	416,623
Cost of direct benefits to donors	51,948	-	51,948	43,712	-	43,712
Total supporting activities	855,341	-	855,341	747,982	-	747,982
Total expenses	2,678,943	-	2,678,943	2,398,003	-	2,398,003
Change in net assets	479,749	(50,000)	429,749	(846,002)	150,000	(696,002)
Net assets at beginning of year	15,161,382	150,000	15,311,382	16,007,384	-	16,007,384
Net assets at end of year	\$ 15,641,131	\$ 100,000	\$ 15,741,131	\$ 15,161,382	\$ 150,000	\$ 15,311,382

See accompanying notes.

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	House Operations	St. Mary's Family Room	Care Mobile	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total Expenses
Wages and salaries	\$ 393,777	\$ 82,241	\$ 7,100	\$ 161,040	\$ 161,040	\$ -	\$ 805,198
Benefits	53,511	14,144	1,221	22,959	22,959	-	114,794
Payroll taxes	30,429	8,043	694	13,056	13,056	-	65,278
Total salaries and related expenses	477,717	104,428	9,015	197,055	197,055	-	985,270
Advertising	-	-	-	-	404	-	404
Depreciation and amortization	293,182	-	-	32,576	-	-	325,758
Direct mail	-	-	-	-	9,420	-	9,420
Donor recognition	-	-	-	-	8,447	-	8,447
Family support services and supplies	96,249	11,702	-	-	-	-	107,951
Fundraising event costs	-	-	-	-	12,236	51,948	64,184
Grants	-	-	84,383	-	-	-	84,383
Insurance	40,524	90	-	8,414	6,844	-	55,872
Linens and laundry	69,457	-	-	-	-	-	69,457
Maintenance and repairs	83,388	2,951	-	3,942	-	-	90,281
Meetings, education, and training	28	14	-	16,959	174	-	17,175
Noncash materials, services, and facilities	427,849	17,027	-	12,532	46,477	-	503,885
Office supplies and other	8,999	723	181	4,405	6,401	-	20,709
Postage and courier	99	-	-	98	2,905	-	3,102
Printing and publishing	577	310	13	641	6,600	-	8,141
Professional fees	102	-	-	70,991	124,083	-	195,176
Rent	-	1,482	-	-	-	-	1,482
Technology	18,035	-	-	6,882	15,956	-	40,873
Telephone	3,260	457	72	3,241	641	-	7,671
Travel, meals, and entertainment	-	11	-	-	124	-	135
Utilities	70,060	-	-	7,779	-	-	77,839
Volunteer resources and recognition	1,213	4	-	-	111	-	1,328
Total expenses	\$ 1,590,739	\$ 139,199	\$ 93,664	\$ 365,515	\$ 437,878	\$ 51,948	\$ 2,678,943

See accompanying notes.

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	House Operations	St. Mary's Family Room	Care Mobile	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total Expenses
Wages and salaries	\$ 344,908	\$ 91,452	\$ 9,221	\$ 146,978	\$ 173,968	\$ -	\$ 766,527
Benefits	52,984	26,613	2,041	28,510	22,717	-	132,865
Payroll taxes	26,842	6,745	621	10,672	12,590	-	57,470
Total salaries and related expenses	424,734	124,810	11,883	186,160	209,275	-	956,862
Advertising	-	-	-	556	-	-	556
Depreciation and amortization	298,384	2,684	-	20,402	-	-	321,470
Direct mail	-	-	-	-	9,431	-	9,431
Donor recognition	-	-	-	-	4,189	-	4,189
Family support services and supplies	98,877	9,318	-	-	-	-	108,195
Fundraising event costs	-	-	-	-	23,293	43,712	67,005
Grants	-	-	151,223	-	-	-	151,223
Insurance	37,262	1,733	433	1,950	1,950	-	43,328
Linens and laundry	23,351	-	-	481	241	-	24,073
Maintenance and repairs	55,197	227	-	1,019	509	-	56,952
Meetings, education, and training	6,733	1,978	188	16,032	3,317	-	28,248
Noncash materials, services, and facilities	271,729	15,696	-	2,928	32,115	-	322,468
Office supplies and other	6,871	2,019	192	3,753	3,429	-	16,264
Postage and courier	1,087	320	30	477	536	-	2,450
Printing and publishing	4,202	2,352	118	1,842	2,070	-	10,584
Professional fees	-	-	-	42,419	116,386	-	158,805
Rent	-	1,174	-	-	-	-	1,174
Technology	13,165	3,869	368	5,770	6,487	-	29,659
Telephone	4,503	1,323	126	1,973	2,218	-	10,143
Travel, meals, and entertainment	113	47	3	49	55	-	267
Utilities	70,642	-	-	1,457	728	-	72,827
Volunteer resources and recognition	800	235	22	379	394	-	1,830
Total expenses	\$ 1,317,650	\$ 167,785	\$ 164,586	\$ 287,647	\$ 416,623	\$ 43,712	\$ 2,398,003

See accompanying notes.

RONALD McDONALD HOUSE CHARITIES OF MADISON, 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	\$ 429,749	\$ (696,002)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized (gains) losses on investments	(569,267)	551,076
Depreciation and amortization	325,758	321,470
Noncash contributions	(510,934)	(332,468)
Noncash expenses	503,885	322,468
Donated investments	(22,510)	(20,425)
(Increase) decrease in assets		
RADAR unconditional pledges receivable	(2,873)	29,608
Unconditional pledges receivable, net	99,910	206,409
Prepaid expenses	(556)	(8,984)
Other receivables	(10,082)	(1,918)
Increase (decrease) in liabilities		
Accounts payable	(1,816)	19,503
Accrued expenses	(36,956)	65,496
Grants payable	(7,925)	11,736
Refundable advance	(5,750)	(56,250)
Net cash flows from operating activities	<u>190,633</u>	<u>411,719</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(238,958)	(857,648)
Proceeds from sales of investments	22,384	30,453
Purchases of property and equipment and intangibles	(23,676)	(34,404)
Net cash flows from investing activities	<u>(240,250)</u>	<u>(861,599)</u>
Change in cash	(49,617)	(449,880)
Cash at beginning of year	<u>386,421</u>	<u>836,301</u>
Cash at end of year	<u><u>\$ 336,804</u></u>	<u><u>\$ 386,421</u></u>
SUPPLEMENTAL DISCLOSURES		
Noncash investing transactions		
Donated investments	\$ 22,510	\$ 20,425
Donated goods and services capitalized	7,049	10,000

See accompanying notes.

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Ronald McDonald House Charities of Madison, Inc. (“RMHC-Madison” or “the Organization”) is a Wisconsin nonprofit charitable corporation formed in May 1993 as a standalone entity. The RMHC-Madison mission is to create, find, and support programs that directly improve the health and well-being of children and their families. The five core values are: being focused on the critical needs of children, leading with compassion, celebrating the diversity of the people and programs, valuing RMHC-Madison’s heritage, and operating with accountability and transparency. RMHC-Madison benefits from a network of global standalone Ronald McDonald House Charities Chapters who share similar missions and core values with the RMHC-Global and receive shared resources and operational support from the RMHC-Global. During the years ended December 31, 2023 and 2022, RMHC-Madison received \$315,256 and \$225,075, respectively, in contributions, either directly or indirectly from its affiliation with McDonald’s stores and RMHC-Global which represents 10% and 13%, respectively of RMHC-Madison’s total support and revenue.

RMHC-Madison fulfills its 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. RMHC-Madison is primarily funded by contributions. The following programs, operated by the Organization, represent the core functions of Ronald McDonald House Charities of Madison, 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. RMHC-Madison helps families stay close to their ill or injured child through the Ronald McDonald House program located in Madison, 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 St. Mary’s Hospital in Madison 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 Care Mobile

The Ronald McDonald Care Mobile (“RMCM”) program provides access to pediatric medical care, vaccinations, and/or health education services for children living in underserved communities. The RMCM program is breaking down the barriers to health care, expanding critical health care access, and extending the Organization’s reach to countless underserved children. The RMCM program serves children that are at great risk to develop acute conditions, chronic diseases, and even serious lifelong illnesses. Through partnerships with local healthcare organizations and government ministries, the Organization is bringing clinical services and health education directly to those in need, so children can receive high quality, convenient care right in their own neighborhood—from urban communities to remote, hard-to-reach areas. RMHC-Madison supports a Care Mobile serving Northern Illinois.

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restrictions ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from donor restrictions.

RADAR Unconditional Pledges Receivable

RADAR unconditional pledges receivable primarily represent amounts due from RMHC-Global for donations received through RMHC-Global's RADAR. All pledges are expected to be collected within one year of the dates of the statements of financial position as of December 31, 2023 and 2022.

Pledges Receivable

Conditional pledges are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the pledges are received. Amortization of the discounts is included in contribution revenue. As of December 31, 2023 and 2022, all pledges receivable are expected to be collected within one year. Based on current conditions and the composition of the pledges receivable balance, management has estimated an allowance of \$66 and \$3,156 for uncollectable pledges as of December 31, 2023 and 2022, respectively.

Investments

RMHC-Madison reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Intangibles

Intangibles subject to amortization include website development costs and a video that is used to promote the house to potential donors, which are being amortized on a straight-line basis over three years.

Property and Equipment

All acquisitions of property and equipment of \$2,500 or more are capitalized. Additions and betterments of \$2,500 or more are also capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The financial statements report certain categories of expenses that are attributable to one or more program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

The expenses that are allocated include depreciation and amortization, maintenance and repairs, and utilities which are allocated on a square footage basis, as well as salaries and related expenses, insurance, office supplies and other, postage and courier, printing and publishing, technology, and telephone, which are allocated based on estimates of time and effort.

The following program services and supporting activities are included in the financial statements:

House Operations—RMHC-Madison owns and operates the 31-bedroom, 46,000 square foot Ronald McDonald House (House) located in Madison, Wisconsin. The House is located within walking distance of the American Family Children's Hospital, and a free shuttle service, operated with volunteer drivers, is provided to and from all Madison area hospitals and affiliated clinics.

The families of seriously ill children may stay in the House and are suggested to donate \$10 per night to help fund the overall operations of the organization. No family is required to pay for their stay. In addition to a room, the families are provided food, laundry facilities, and all the comforts of home. The House is staffed 24 hours per day and operates 365 days a year under the management of a small full-time staff, part-time staff, and numerous volunteers.

RMHC-Madison has formed a partnership with local hotel operators to provide hotels for families when the House demand exceeds its room capacity. These rooms, like the House, are at no charge to any family. RMHC-Madison pays an agreed amount per room per night on behalf of each family. Similar to the House, each family is suggested to donate \$10 per night to help cover the overall operations of the Organization.

St. Mary's Family Room—The Ronald McDonald Family Room is a refuge within the hospital for immediate family members who have a child in the neonatal intensive care unit, pediatric intensive care unit, or pediatric unit at St. Mary's Hospital. The Family Room provides a respite where families can regroup and seek support during emotional times away from the hospital atmosphere while still allowing them to remain near their child.

Care Mobile—RMHC-Madison makes grants for the Ronald McDonald Care Mobile ("RMCM"). RMCM provides cost-free vaccination and medical services to underserved and uninsured children. RMCM operates at various host sites in Boone, Lee, Ogle, Stephenson, and Winnebago Counties of north central Illinois.

Management and general— Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of RMHC-Madison's program strategy through the Executive Director; secure proper administrative functioning of the board of directors; and manage the financial and budgetary responsibilities of the Organization.

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fundraising— Fundraising expenses include the costs related to activities that involve attracting donations of assets, services, or time to fund and support the operations of RMHC-Madison.

Cost of direct benefit to donors—Include expenses for the actual costs incurred for the benefits of donors such as meals at a sponsorship event.

Program Fees

Revenue from program fees primarily includes the fees charged for lunches provided to families staying at the American Family Children’s Hospital. Revenue is recognized at a point in time when lunch is provided.

Donated Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers also provided significant amounts of time to RMHC-Madison’s house operations and St. Mary’s family room programs for a variety of services including household chores, decorating, cooking, and yard work throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. During the year ended December 31, 2023, RMHC-Madison estimated that approximately 15,000 volunteer hours were utilized. A reasonable estimate of volunteer hours could not be made for the year ended December 31, 2022.

Estimates

Management 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.

Income Tax Status

RMHC-Madison is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, RMHC-Madison qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Date of Management’s Review

Management has evaluated subsequent events through June 7, 2024, the date which the financial statements were available to be issued.

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 2—CONCENTRATIONS OF CREDIT RISK

RMHC-Madison maintains cash balances at multiple financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2023, RMHC-Madison's uninsured cash balances totaled \$36,287. As of December 31, 2022, RMHC-Madison's cash balances were fully insured with federal depository insurance.

NOTE 3—INVESTMENTS

Investments are comprised of the following:

	<u>2023</u>	<u>2022</u>
Cash and money funds	\$ 279,688	\$ 366,610
Common stocks	2,182,842	1,622,836
Corporate bonds	633,166	927,193
Exchange traded and closed end funds	645,132	72,210
Government and GSE bonds	643,224	594,000
Mutual funds	<u>912,907</u>	<u>905,759</u>
Investments	<u>\$ 5,296,959</u>	<u>\$ 4,488,608</u>

Fair values of mutual funds and exchange traded and closed end funds are based on quoted net asset values of the shares as reported by the fund. The mutual funds held by the Organization are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds held by the Organization are considered to be actively traded. Fair values of common stocks are based on the closing prices reported on the active market where the individual securities are traded. Fair values of corporate bonds and government and GSE bonds are determined using a market approach on yields currently available on comparable securities of issuers with similar credit ratings, which are Level 2 fair value measurements.

NOTE 4—INTANGIBLES

Intangibles consist of the following:

	<u>2023</u>	<u>2022</u>
Website	\$ 11,410	\$ 11,410
Videos	44,332	19,207
Accumulated amortization	<u>(23,436)</u>	<u>(13,145)</u>
Intangibles, net	<u>\$ 32,306</u>	<u>\$ 17,472</u>

Amortization expense for the years ended December 31, 2023 and 2022 was \$10,291 and \$4,989, respectively.

RONALD McDONALD HOUSE CHARITIES OF MADISON, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 5—PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2023	2022
Land	\$ 1,896,391	\$ 1,896,391
Building and improvements	10,004,952	10,005,697
Furniture and equipment	574,239	571,205
Property and equipment	12,475,582	12,473,293
Accumulated depreciation	(2,369,757)	(2,057,601)
Property and equipment, net	\$ 10,105,825	\$ 10,415,692

Depreciation expense for the years ended December 31, 2023 and 2022 was \$315,467 and \$316,481, respectively.

NOTE 6—NET ASSETS

As of December 31, 2023 and 2022, net assets with donor restrictions are restricted for general operating use in future periods.

RMHC-Madison's board of directors has designated net assets without donor restrictions for the following purposes:

	2023	2022
Replacement reserve	\$ 1,601,000	\$ 1,501,000
Undesignated	14,040,131	13,660,382
Net assets without donor restrictions	\$ 15,641,131	\$ 15,161,382

NOTE 7—ECONOMIC DEPENDENCY

During the years ended December 31, 2023 and 2022, RMHC-Madison received 10% and 17% of its support and revenue from one fundraising event. A cancellation or scaling-back of this event could have an adverse impact on RMHC-Madison's activities.

NOTE 8—CONDITIONAL CONTRIBUTIONS

RMHC-Madison has been awarded contributions totaling \$5,500 as of December 31, 2023 that are conditioned upon RMHC-Madison incurring specific levels of staff development expenses. Amounts received for which the conditions have not yet been met are recorded as a refundable advance on the statements of financial position. The refundable advance will be recognized as revenue when the respective conditions are met in 2024.

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NOTE 9—NONCASH MATERIALS, SERVICES, AND FACILITIES

Noncash (donated) materials, services, and facilities for the years ended December 31, 2023 and 2022, included in the financial statements, were as follows:

	2023	2022
Printing and other office expenses	\$ 359	\$ 2,579
Small equipment, appliances, and furniture	5,584	97
Event auction items	43,334	32,115
Family room, guest, and house supplies	191,373	62,116
Food	133,485	110,746
Large furniture and equipment	-	5,000
Video production	7,049	5,000
Professional services	27,850	236
Maintenance and repair services	8,666	14,444
Van use	5,000	5,000
St. Mary's Family Room space	10,148	11,096
Hotel space	78,086	84,039
	<u>\$ 510,934</u>	<u>\$ 332,468</u>
Total	<u>\$ 510,934</u>	<u>\$ 332,468</u>

RMHC-Madison includes each of the categories of donated materials, services, and facilities listed above within support and revenue on the statements of activities. The donated materials, services, and facilities listed above did not have donor-imposed restrictions. Event auction items were auctioned off at RMHC-Madison's fundraising events. The video production and large furniture and equipment are to be used in RMHC-Madison's activities over their remaining useful lives. All other categories of donated materials, services, and facilities were for current use in RMHC-Madison's program activities and supporting services.

Printing and other office expenses, small equipment, appliances, and furniture, event auction items, family room, guest, and house supplies, food, and large furniture and equipment, are valued at the estimated fair value based on estimates of wholesale values that would be received for selling products in the United States. Professional, maintenance and repair, and video production services are valued based on standard industry pricing for similar services. Van use and the St. Mary's Family Room space are valued based on the estimated lease costs that would have been incurred to otherwise rent the van or the room. Hotel space is valued based on the estimated undiscounted costs that RMHC-Madison would have paid to the hotels to have families stay there for a night.

NOTE 10—COMMITMENTS

RMHC-Madison has signed an agreement to support the RMCM for underserved children in northern Illinois. Under the agreement, RMHC-Madison has committed to give a maximum of \$116,000 plus maintenance costs. The current agreement expires in the year ended December 31, 2027. The agreement includes an auto-renewal every five years unless one of the two parties decides to opt out. This distribution of funds is conditioned upon RMCM incurring qualified expenses. For the years ended December 31, 2023 and 2022, RMHC-Madison authorized \$84,383 and \$151,223, respectively, to be paid to RMCM which included costs for the program and maintenance of the Care Mobile. At December 31, 2023 and 2022, \$24,056 and \$31,981, respectively, of these amounts are included in grants payable and are to be paid in the subsequent year.

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NOTE 11—RETIREMENT PLAN

RMHC-Madison sponsors a 403(b) defined contribution plan that covers substantially all employees who have met minimum eligibility requirements. RMHC-Madison contributes up to 8% of eligible employees' compensation to the plan. RMHC-Madison's retirement plan contributions for the years ended December 31, 2023 and 2022 were \$46,803 and \$48,566, respectively.

NOTE 12—LIQUIDITY AND AVAILABILITY

The following table reflects RMHC-Madison's financial assets, which include cash, RADAR unconditional pledges receivable, unconditional pledges receivable, and investments, as of the dates of the statements of financial position, reduced by amounts not available for general expenditures within one year:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end	\$ 5,676,687	\$ 5,014,990
Less those unavailable for general expenditures within one year		
Designated for the replacement reserve	(1,601,000)	(1,501,000)
Investments expected to be held for more than one year	(3,416,271)	(2,620,998)
Restricted by donor for use beyond one year	<u>(50,000)</u>	<u>(100,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 609,416</u>	<u>\$ 792,992</u>

RMHC-Madison has a goal to maintain financial assets on hand to meet 180 days of normal operating expenses.

As part of RMHC-Madison's liquidity management, it invests cash in excess of daily requirements. If needed, RMHC-Madison can liquidate its noncurrent investment balance to meet general operating or unexpected expenses. The replacement reserve is an established board-designated fund where the governing board of directors has the objective of setting funds aside to be drawn upon for future replacement costs or in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities.

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NOTE 13—PAYCHECK PROTECTION PROGRAM LOANS

RMHC-Madison received loans totaling \$300,299 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). On December 2, 2020, the SBA preliminarily approved forgiveness of RMHC-Madison's first draw loan. On May 27, 2022, the SBA preliminarily approved forgiveness of RMHC-Madison's second draw loan. RMHC-Madison must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review RMHC-Madison's good-faith certification concerning the necessity of its loan request, whether RMHC-Madison calculated the loan amount correctly, whether RMHC-Madison used loan proceeds for the allowable uses specified in the CARES Act, and whether RMHC-Madison is entitled to loan forgiveness in the amount claimed on its application. If SBA determines RMHC-Madison was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.