

**RONALD MCDONALD HOUSE CHARITIES OF
CHARLESTON, SC, INC.**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

**RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
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YEARS ENDED DECEMBER 31, 2023 AND 2022**

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Independent Auditor's Report

To the Board of Directors
Ronald McDonald House Charities of Charleston, SC, Inc.
Charleston, South Carolina

Opinion

We have audited the accompanying financial statements of Ronald McDonald House Charities of Charleston, SC, Inc. (the "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 the Organization as of December 31, 2023 and 2022, and the results of its operations 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Elliott Davis, LLC

Charleston, South Carolina
May 31, 2024

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

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 12,824,500	\$ 2,335,519
Accounts Receivable, Net	270,302	91,268
Contributions Receivable, Net	330,338	223,917
Short-Term Investments	326,709	316,970
Prepaid Expenses	94,760	70,256
Total Current Assets	13,846,609	3,037,930
NONCURRENT ASSETS		
Contributions Receivable, Net	689,547	520,885
Investments	2,585,281	2,762,011
Property and Equipment, Net	1,926,322	2,053,893
Beneficial Use of Land	2,257,657	2,266,545
Total Noncurrent Assets	7,458,807	7,603,334
Total Assets	\$ 21,305,416	\$ 10,641,264
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 133,288	\$ 138,601
Total Current Liabilities	133,288	138,601
NET ASSETS		
Without Donor Restrictions	4,959,965	4,435,249
With Donor Restrictions	16,212,163	6,067,414
Total Net Assets	21,172,128	10,502,663
Total Liabilities and Net Assets	\$ 21,305,416	\$ 10,641,264

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, 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
REVENUES AND OTHER SUPPORT						
Contributions	\$ 1,217,798	\$ 924,980	\$ 2,142,778	\$ 1,021,860	\$ 139,003	\$ 1,160,863
Contributed nonfinancial assets	437,444	-	437,444	412,135	-	412,135
Special Events Revenue	741,840	-	741,840	658,648	-	658,648
Grant Revenue	98,349	9,153,688	9,252,037	139,071	51,132	190,203
Guest Family Donations	8,959	-	8,959	9,380	-	9,380
Third-Party Reimbursements	475,678	-	475,678	186,725	-	186,725
Other Income	9,333	-	9,333	79,514	-	79,514
Net Assets Released from Restrictions	169,309	(169,309)	-	97,928	(97,928)	-
Total Revenues and Other Support	<u>3,158,710</u>	<u>9,909,359</u>	<u>13,068,069</u>	<u>2,605,261</u>	<u>92,207</u>	<u>2,697,468</u>
EXPENSES						
Program Services	1,996,014	-	1,996,014	1,781,726	-	1,781,726
Cost of Direct Benefits to Donors	212,827	-	212,827	160,752	-	160,752
Management and General Administration	193,967	-	193,967	205,615	-	205,615
Fundraising	364,522	-	364,522	272,039	-	272,039
Total Expenses	<u>2,767,330</u>	<u>-</u>	<u>2,767,330</u>	<u>2,420,132</u>	<u>-</u>	<u>2,420,132</u>
CHANGE IN NET ASSETS FROM OPERATIONS	391,380	9,909,359	10,300,739	185,129	92,207	277,336
NONOPERATING ACTIVITIES						
Investment Income (Loss), net	133,336	235,390	368,726	(103,429)	(243,194)	(346,623)
Total Nonoperating Activities	<u>133,336</u>	<u>235,390</u>	<u>368,726</u>	<u>(103,429)</u>	<u>(243,194)</u>	<u>(346,623)</u>
CHANGE IN NET ASSETS	524,716	10,144,749	10,669,465	81,700	(150,987)	(69,287)
NET ASSETS - BEGINNING OF YEAR	<u>4,435,249</u>	<u>6,067,414</u>	<u>10,502,663</u>	<u>4,353,549</u>	<u>6,218,401</u>	<u>10,571,950</u>
NET ASSETS - END OF YEAR	<u>\$ 4,959,965</u>	<u>\$ 16,212,163</u>	<u>\$ 21,172,128</u>	<u>\$ 4,435,249</u>	<u>\$ 6,067,414</u>	<u>\$ 10,502,663</u>

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services						Cost of		Total
	Ronald McDonald House	Ronald McDonald Baby Blooms	Ronald McDonald Hospitality Carts	Total	Management and General	Fundraising	Direct Benefits to Donors		
Salaries	\$ 714,356	\$ 3,041	\$ 20,303	\$ 737,700	\$ 64,924	\$ 113,818	\$ -	\$ 916,442	
Employee Benefits	45,136	-	-	45,136	8,164	13,074	-	66,374	
Payroll Taxes	48,467	760	5,076	54,303	4,720	8,494	-	67,517	
Total Salaries and Related Expenses	807,959	3,801	25,379	837,139	77,808	135,386	-	1,050,333	
Advertising	2,342	-	-	2,342	-	27,188	-	29,530	
Cleaning Services and Supplies	13,885	-	-	13,885	-	-	-	13,885	
Depreciation	225,908	-	-	225,908	12,550	12,550	-	251,008	
Direct Mail	18,643	-	-	18,643	-	-	-	18,643	
Donor Recognition	-	-	-	-	-	71,542	-	71,542	
Family Support Services and Supplies	423,190	13,234	45,224	481,648	44	753	-	482,445	
Insurance	101,121	-	-	101,121	-	-	-	101,121	
Maintenance and Repairs	111,380	-	-	111,380	-	-	-	111,380	
Meetings, Education and Training	20,866	-	-	20,866	1,604	9	-	22,479	
Office Supplies	100	-	-	100	1,879	-	-	1,979	
Postage and Courier	23	-	-	23	8,021	1,200	-	9,244	
Printing and Publishing	701	-	-	701	7,226	3,589	-	11,516	
Professional Fees	16,004	-	-	16,004	39,587	35,208	-	90,799	
Rent	21,812	-	-	21,812	-	-	-	21,812	
Technology	44,643	-	-	44,643	23,590	9,891	-	78,124	
Telephone	6,003	-	-	6,003	303	-	-	6,306	
Travel, Meals, and Entertainment	10,276	-	-	10,276	1,856	1,758	-	13,890	
Utilities	50,968	-	-	50,968	3,910	2,673	-	57,551	
Volunteer Resources and Recognition	9,786	-	-	9,786	-	14	-	9,800	
Other	22,766	-	-	22,766	15,589	62,761	212,827	313,943	
Total Expenses	\$ 1,908,376	\$ 17,035	\$ 70,603	\$ 1,996,014	\$ 193,967	\$ 364,522	\$ 212,827	\$ 2,767,330	

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services				Management and General	Fundraising	Cost of Direct Benefits to Donors		Total
	Ronald McDonald House	Ronald McDonald Baby Blooms	Ronald McDonald Hospitality Carts	Total			-	-	
Salaries	\$ 662,308	\$ 2,204	\$ 18,815	\$ 683,327	\$ 69,275	\$ 86,292	\$ -	\$ -	\$ 838,894
Employee Benefits	45,240	-	-	45,240	7,450	11,701	-	-	64,391
Payroll Taxes	44,734	551	4,704	49,989	4,942	6,216	-	-	61,147
Total Salaries and Related Expenses	752,282	2,755	23,519	778,556	81,667	104,209	-	-	964,432
Advertising	5,063	-	-	5,063	-	27,120	-	-	32,183
Cleaning Services and Supplies	936	-	-	936	-	-	-	-	936
Depreciation	222,935	-	-	222,935	12,385	12,385	-	-	247,705
Loss on disposal of PP&E	3,441	-	-	3,441	-	-	-	-	3,441
Direct Mail	12,821	-	-	12,821	-	68,182	-	-	81,003
Family Support Services and Supplies	436,291	3,865	22,993	463,149	104	2,105	-	-	465,358
Insurance	58,750	-	-	58,750	-	-	-	-	58,750
Linens and Laundry	4,988	-	-	4,988	-	-	-	-	4,988
Maintenance and Repairs	78,586	-	-	78,586	-	-	-	-	78,586
Meetings, Education and Training	14,550	-	-	14,550	3,258	-	-	-	17,808
Office Supplies	-	-	-	-	1,933	111	-	-	2,044
Postage and Courier	2	-	-	2	5,140	1,237	-	-	6,379
Printing and Publishing	227	-	-	227	6,438	2,399	-	-	9,064
Professional Fees	20	-	-	20	40,314	10,000	-	-	50,334
Rent	20,962	-	-	20,962	-	-	-	-	20,962
Technology	51,523	-	-	51,523	21,392	10,687	-	-	83,602
Telephone	8,128	-	-	8,128	298	298	-	-	8,724
Travel, Meals, and Entertainment	10,791	-	-	10,791	1,749	1,544	-	-	14,084
Utilities	37,779	-	-	37,779	3,954	2,370	-	-	44,103
Volunteer Resources and Recognition	1,900	-	-	1,900	-	-	-	-	1,900
Other	6,619	-	-	6,619	26,983	29,392	160,752	-	223,746
Total Expenses	\$ 1,728,594	\$ 6,620	\$ 46,512	\$ 1,781,726	\$ 205,615	\$ 272,039	\$ 160,752	\$ -	\$ 2,420,132

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 10,669,465	\$ (69,287)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	251,008	247,705
Net Realized and Unrealized (Gains) Losses on Investments	(241,333)	387,576
Amortization of Beneficial Use of Land	99,990	99,990
Loss on Disposal of Property and Equipment	-	3,441
Loss on Sale of Donated Stock	7,346	-
Bad Debt (Recoveries) Losses	5,450	7,567
Interest and dividends reinvested	(107,106)	-
Change in Discount to Net Present Value	(85,581)	(89,147)
(Increase) Decrease in Assets:		
Accounts Receivable	(184,484)	111,307
Contributions Receivable	(661,050)	-
Prepaid Expenses	(24,504)	(9,258)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(5,313)	22,359
Net Cash Provided by Operating Activities	9,723,888	712,253
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(1,476,867)	(159,538)
Proceeds from Sale of Investments	1,992,297	215,622
Purchases of Property and Equipment	(130,783)	(122,570)
Net Cash Provided (Used) by Investing Activities	384,647	(66,486)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of Contributions With Donor Restrictions	380,446	140,191
Net Cash Provided by Financing Activities	380,446	140,191
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,488,981	785,958
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,335,519	1,549,561
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 12,824,500	\$ 2,335,519

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ronald McDonald House Charities of Charleston, SC, Inc. (RMHCC, or the “Organization”) is a South Carolina nonprofit charitable corporation formed in 1981 (formerly Pediatric Family Center of Charleston, Inc.). The mission of Ronald McDonald House Charities is to create, find and support programs that directly improve the health and well-being of children and their families. Collectively, RMHCC and the network of local Chapters ascribe to five core values: we are focused on the critical needs of children, we lead with compassion, we celebrate the diversity of our people and our programs, we value our heritage and we operate with accountability and transparency. The mission of RMHCC is to create compassionate environments and programs that provide families the best chance of success in caring for their child with complex medical needs.

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

Ronald McDonald House

When children must travel long distances to access top medical care, accommodations and support for families can be expensive or not readily available. The Organization helps families stay close to their ill or injured child through the Ronald McDonald House program located in Charleston, SC, 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 Baby BLOOMS

RMHCC developed Baby BLOOMS to offer appropriate support and resources designed to strengthen and assist families as they journey from the hospital to home. Through weekly learning and activity sessions, Baby BLOOMS seeks to enhance the parenting experience using evidenced based practices, while creating an opportunity to enrich bonding, infant care, and development.

Ronald McDonald Hospitality Carts

Launched in May, 2021, the Hospitality Cart program is a MUSC Shawn Jenkins Children’s Hospital based program where volunteers approach families and medical teams bedside offering comfort snacks, supplies and cheer. Many of the most critical patients & families experience disruptive schedules and forget to eat or take a break. This small bit of care is a welcome surprise and relief to many. The program expanded in 2022 to include MUSC Children’s Health R. Keith Summey Medical Pavilion.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 ("U.S. GAAP"). Net assets are presented as 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 Organization's change in net assets from operations on the statements of activities includes all operating revenues and expenses that are an integral part of its program and supporting activities, net assets released from donor restrictions to support operating expenditures and other non-operating funds to support current operating activities. The measure of operations excludes investment return on investments.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management of the Organization to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents include money market funds and all highly liquid investments with a maturity date of less than three months from the date of purchase. The Organization's cash balances that are maintained in bank accounts may exceed Federal Deposit Insurance Corporation limits from time to time. The Organization has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for expected credit losses and an adjustment to a credit allowance based on its assessment of the current status of individual accounts and future economic trends. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit losses and a credit to accounts receivable. No allowance for credit losses was recorded as of December 31, 2023 and 2022.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

Contributions receivable are unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution and grant revenue. Contributions receivable are written off when deemed uncollectible.

If the Organization becomes the beneficiary under wills and trust agreements of which the total realizable amount is not presently determinable, such amounts are recorded when a will is declared valid by probate court and the proceeds are measurable.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses and income are included in the statements of activities. Realized gains and losses on sales of marketable securities are determined on the trade date using the specific identification method. Unrealized gain or loss consists of the net difference between cost and fair value. Interest income is recognized as earned and dividends are recognized on the ex-dividend date.

The Organization maintains master investment accounts for its donor-restricted and board-designated endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Cash balances held temporarily in investment accounts are included with investments on the statement of financial position. Short-term investments include certificate of deposits with maturities greater than three months.

Property and Equipment

Property and equipment are stated at cost, if purchased, or estimated fair value, if donated, at the date of donation. Additions of \$2,500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	5 - 30 Years
Renovation and Expansion Costs	15 - 30 Years
Furniture, Fixtures, and Equipment	5 - 7 Years
Software	5 Years

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values. No impairment existed as of December 31, 2023 and 2022.

Contributed Nonfinancial Assets and Services

Contributed marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the contributed nonfinancial asset for a specific purpose. Contributed nonfinancial assets with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those contributed nonfinancial assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Contributed nonfinancial services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization also receives contributed nonfinancial services from other contributors and volunteers that are not measurable, and therefore, are excluded from the financial statements.

Net Assets

The Organization's net assets and changes therein are classified and reported as follows:

Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions or law. The governing board has designated, from net assets without donor restrictions, net assets for the board designated endowment.

With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions and Grants

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

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

Special Event Revenue – Ticket Sales and Sponsorship Revenue

The portion of ticket sales or sponsorship revenue that relates to the commensurate value the attendee or sponsor receives in return is recognized when the related events are held and performance obligations are met.

Third-party Reimbursements

Third-party reimbursements are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing housing to eligible families. These amounts are due from third party payors, as applicable, and include variable consideration and price concessions due to coverage. Revenue is recognized as performance obligations are satisfied based on actual charges incurred in relation to total expected collections.

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 and utilities, meetings, education and training, advertising, direct mail, family support services and supplies, professional fees, travel, meals and entertainment, technology, office supplies, postage and courier, printing and publishing, volunteer resources and recognition, telephone and other, which are allocated based on full-time equivalents; and salaries and wages, payroll taxes and employee benefits, which are allocated on the basis of management's estimates of time and effort. In 2019, the Organization initiated a capital campaign to expand the house to accommodate more families. Campaign related fundraising expenses totaled \$61,446 and \$22,597 for the years ended December 31, 2023 and 2022, respectively.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income, if any, from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets – operating and lease liability – operating, and finance leases are included in right-of-use ("ROU") assets – financing and lease liability – financing in the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments, which creates a new credit impairment standard for financial assets measured at amortized cost and certain other instruments. The ASU requires these financial assets to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets and subsequent changes in the allowance for credit losses are recorded in the statement of activities as the amounts expected to be collected change. The Organization adopted ASU 2016-13 with a date of initial application of January 1, 2023, and adoption of the ASU did not have a material effect on the financial statements.

Reclassifications

Certain amounts have been reclassified for the year ended December 31, 2022 to conform to the presentation for the year ended December 31, 2023. The reclassifications had no impact on previously reported net assets.

NOTE 2 LIQUIDITY

As of December 31, 2023 and 2022 financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2023</u>	<u>2022</u>
Assets at year-end:	<u>\$ 21,305,416</u>	<u>\$ 10,641,264</u>
Less amounts not available to be used within one year due to liquidity:		
Unconditional promise to give, net-due after one year	(689,547)	(520,885)
Beneficial Use of Land	(2,257,657)	(2,266,545)
Prepaid expenses	(94,760)	(70,256)
Investment at Coastal Community Foundation of SC	(32,444)	(30,254)
Property and equipment, net	<u>(1,926,322)</u>	<u>(2,053,893)</u>
	<u>(5,000,730)</u>	<u>(4,941,833)</u>
Less amounts not available to be used within one year due to:		
Donor imposed restrictions:		
Board designated endowment	(102,040)	(90,128)
Capital campaign funds held for construction	(12,322,347)	(2,402,821)
Future expendable donor-restricted endowment, net of spendable amounts	(980,020)	(744,630)
Portion of donor-restricted endowment to be retained in perpetuity	<u>(616,495)</u>	<u>(616,495)</u>
	<u>(14,020,902)</u>	<u>(3,854,204)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,283,784</u>	<u>\$ 1,845,227</u>

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 LIQUIDITY (CONTINUED)

The Organization maintains financial assets, consisting of cash and short-term investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. As part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments.

Although the Organization does not intend to spend from its board-designated endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from its endowment could be made available if necessary. The endowment has a spending rate of no more than 5% to cover any shortfall in operating funds. Appropriations from the endowment that are available within the next 12 months totaled \$49,001 and \$37,232 as of December 31, 2023 and 2022, respectively.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist primarily of pledges and bequests as of the years ended December 31:

	<u>2023</u>	<u>2022</u>
Amounts due in:		
Less than One Year	\$ 351,709	\$ 223,917
One to Five Years	<u>716,781</u>	<u>558,525</u>
Total	1,068,490	782,442
Unamortized Discount	(27,548)	(22,026)
Allowance for Doubtful Accounts	<u>(21,057)</u>	<u>(15,614)</u>
Net Contributions Receivable	<u>\$ 1,019,885</u>	<u>\$ 744,802</u>

The discount rate used for pledges made in 2023 equated to 8.5%. The discount rate used for prior year pledges equated to 2.64%.

NOTE 4 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 CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The fair values of assets and liabilities measured on a recurring basis as of December 31, 2023 are as follows:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV	Total
Assets					
Investments:					
Mutual Funds:					
Domestic Equity	\$ 835,269	\$ -	\$ -	\$ -	\$ 835,269
Bonds	320,413	-	-	-	320,413
Domestic Common Stock	452,577	-	-	-	452,577
Certificates of Deposit	326,709	944,578	-	-	1,271,287
Investment in Coastal Community Foundation	-	32,444	-	-	32,444
Total Assets	\$ 1,934,968	\$ 977,022	\$ -	\$ -	\$ 2,911,990

The fair values of assets and liabilities measured on a recurring basis as of December 31, 2022 are as follows:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV	Total
Assets					
Investments:					
Cash					
Cash	\$ 153,918	\$ -	\$ -	\$ -	\$ 153,918
Mutual Funds:					
Domestic Equity	1,427,227	-	-	-	1,427,227
Bonds	757,151	-	-	-	757,151
Domestic Common Stock	393,461	-	-	-	393,461
Certificates of Deposit	316,970	-	-	-	316,970
Investment in Coastal Community Foundation	-	30,254	-	-	30,254
Total Assets	\$ 3,048,727	\$ 30,254	\$ -	\$ -	\$ 3,078,981

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Investments

Overall Investment Objective

The overall investment objective of the Organization is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Organization diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the Board of Directors which oversees the Organization's investment program in accordance with established guidelines.

Allocation of Investment Strategies

RMHCC targets a diversified asset allocation that places an emphasis on traditional stocks, mutual funds, and fixed income securities to achieve its long-term return objectives within prudent risk constraints.

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

	<u>2023</u>	<u>2022</u>
Interest and Dividend Income, Net	\$ 127,393	\$ 40,953
Realized and Unrealized Gains (Losses), Net	<u>241,333</u>	<u>(387,576)</u>
Investment Income (Loss), Net	<u>\$ 368,726</u>	<u>\$ (346,623)</u>

NOTE 5 INVESTMENTS

Investments, other than those held at the Coastal Community Foundation (see Note 6), are stated at fair value and consist of the following at December 31:

	<u>2023</u>		<u>2022</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Cash	\$ -	\$ -	\$ 153,918	\$ 153,918
Common Stock - McDonald's Corp	452,577	82,681	393,461	73,286
Certificates of deposit	1,271,287	1,245,000	316,970	300,000
Mutual Funds - equities	835,269	809,602	1,427,227	1,533,777
Mutual Funds - bonds	<u>320,413</u>	<u>342,846</u>	<u>757,151</u>	<u>855,720</u>
Total investments	<u>\$ 2,879,546</u>	<u>\$ 2,480,129</u>	<u>\$ 3,048,727</u>	<u>\$ 2,916,701</u>

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6 INVESTMENT IN COASTAL COMMUNITY FOUNDATION

In June 2009, an endowment fund was established with the Coastal Community Foundation (CCF) of South Carolina by RMHCC. RMHCC retains variance power over the fund and four percent of the fund's earnings may be distributed to the Organization on an annual basis. The contributions into the fund are invested in the CCF's pooled account, which consists of equity funds, fixed income funds, growth funds and other investments. The Coastal Community Foundation investment account had a fair market value of \$32,444 and \$30,254 as of December 31, 2023 and 2022, respectively.

In addition, an endowment fund was established with CCF of South Carolina by the Gilbreth Family. RMHCC retains no variance power over this fund, and therefore the account is not included in the financial statements of RMHCC, but RMHCC receives a percentage of earnings. Amounts received totaled \$10,383 and \$10,343 for the years ended December 31, 2023 and 2022, respectively. The balance of this fund as of December 31, 2023 and 2022 was \$279,244 and \$260,335, respectively.

NOTE 7 PROPERTY AND EQUIPMENT

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

	2023	2022
Buildings and Improvements	\$ 940,097	\$ 895,616
Renovation and Expansion Costs	3,961,450	3,930,778
Equipment	544,218	527,084
Furniture and Fixtures	135,995	138,069
Software	19,060	12,900
Total, at Cost	5,600,820	5,504,447
Accumulated Depreciation	(3,674,498)	(3,450,554)
Total Property and Equipment, Net	\$ 1,926,322	\$ 2,053,893

Depreciation for the years ended December 31, 2023 and 2022 was \$251,008 and \$247,705 respectively.

NOTE 8 BENEFICIAL USE OF LAND

The land upon which the House sits has been leased from MUSC since 1982 under a twenty-year lease, which expired April 2002. The lease agreement included a provision for four successive five-year extension periods. The House was exercising the first option period when the lease was re-negotiated and a new lease was made September 1, 2004.

The new lease was expanded to include parking on an adjacent lot. The initial term of the new lease was ten years and included a provision to extend the lease for another ten years. In September 2014, the lease was renewed through August 31, 2024. The annual rent was five dollars.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 8 BENEFICIAL USE OF LAND (CONTINUED)

In October 2017, the lease was amended to extend the lease renewal term by an additional 57 years to end on August 2074 and increased the rent from \$5 to \$10. An independent assessment determined that the annual rental value was estimated to be approximately \$100,000 per year. In connection with this lease agreement, the Organization discounted the value of the 57-year term of the lease using a discount rate of 3.7% (one year LIBOR as of August 31, 2017, plus 2%), and recorded a restricted contribution in 2017 in the amount of \$2,366,349. The value remaining on the use of land as of December 31, 2023 and 2022 is \$2,257,657 and \$2,266,545 respectively, and has been recorded as such on the statements of financial position. For each of the years ended December 31, 2023 and 2022, rent expense of approximately \$100,000 was recorded in connection with this lease agreement, offset by the change in the discount to present value of \$91,102 and \$85,700, respectively.

NOTE 9 EMPLOYEE RETENTION CREDIT

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance they will be fulfilled. During the year ended December 31, 2021, the Organization applied for the Employee Retention Credit (ERC) from the Internal Revenue Service. The Organization recognized \$71,951 of grant revenue related to performance requirements being met in compliance with the program during the year ended December 31, 2021 which was received during the year ended December 31, 2022.

Eligibility and conditions for the ERC program may be audited by the IRS. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; management is of the opinion that any audit will not have a material adverse impact on the Organization's financial position.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 10 ENDOWMENT FUNDS

The Organization's endowment consists of three individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

Absent explicit donor stipulations to the contrary, the Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with the standard of prudence prescribed by UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the various funds
- (2) The purposes of the donor-restricted endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The Organization's investment policies

Investment Return Objectives, Risk Parameters and Strategies. RMHCC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that RMHCC must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of broad market measures of return on investments.

To satisfy its long-term rate-of-return objectives, RMHCC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). RMHCC targets a diversified asset allocation that places an emphasis on equity-based investments and mutual funds to achieve its long-term return objectives within prudent risk constraints.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 10 ENDOWMENT FUNDS (CONTINUED)

Spending Policy. RMHCC has a policy of appropriating for distributions as needed to cover any shortfall in operating funds. The amount available to be spent in a given year will be up to 5% of the cumulative balance for the prior 3 years. In applying this policy, RMHCC considers the long-term expected return on its endowment. Accordingly, over the long term, RMHCC expects the current spending policy to allow its endowment to grow annually. This is consistent with RMHCC's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets and net assets by type of fund were as follows for the fiscal year ended December 31, 2023:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 90,128	\$ 1,361,125	\$ 1,451,253
Investment return, net	5,645	235,889	241,534
Contributions	25,739	18,676	44,415
Board approved withdrawals	<u>(19,472)</u>	<u>(19,175)</u>	<u>(38,647)</u>
Endowment net assets, end of year	<u>\$ 102,040</u>	<u>\$ 1,596,515</u>	<u>\$ 1,698,555</u>
Board-designated endowment funds	\$ 102,040	\$ -	\$ 102,040
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be retained by donor	-	616,495	616,495
Portion subject to appropriation under UPMIFA	-	980,020	980,020
Total funds	<u>\$ 102,040</u>	<u>\$ 1,596,515</u>	<u>\$ 1,698,555</u>

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets and net assets by type of fund were as follows for the fiscal year ended December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 91,065	\$ 1,604,321	\$ 1,695,386
Investment return, net	(1,566)	(242,228)	(243,794)
Contributions	10,258	-	10,258
Board approved withdrawals	<u>(9,629)</u>	<u>(968)</u>	<u>(10,597)</u>
Endowment net assets, end of year	<u>\$ 90,128</u>	<u>\$ 1,361,125</u>	<u>\$ 1,451,253</u>
Board-designated endowment funds	\$ 90,128	\$ -	\$ 90,128
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be retained by donor	-	616,495	616,495
Portion subject to appropriation under UPMIFA	<u>-</u>	<u>744,630</u>	<u>744,630</u>
Total funds	<u>\$ 90,128</u>	<u>\$ 1,361,125</u>	<u>\$ 1,451,253</u>

Fund Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2023 and 2022.

The endowment balances are included in the following accounts at December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 85,994	\$ 75,375
Investments	1,580,117	1,345,624
Investment in the Coastal Community Foundation of SC	<u>32,444</u>	<u>30,254</u>
Total	<u>\$ 1,698,555</u>	<u>\$ 1,451,253</u>

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 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:		
Program Activities:		
Ronald McDonald House Operations	\$ 3,657	\$ 6,280
Ronald McDonald Family Room/Happy Carts	31,987	30,511
Beneficial Use of Land	<u>2,257,657</u>	<u>2,266,545</u>
	2,293,301	2,303,336
Subject to passage of time and capital campaign:		
For periods after December 31	12,322,347	2,402,951
Subject to the Organization's spending policy and appropriation:		
Ronald McDonald House Operations:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	616,495	616,495
Accumulated Gain	<u>980,020</u>	<u>744,632</u>
Total – Ronald McDonald House Operations	<u>1,596,515</u>	<u>1,361,127</u>
Total net assets with donor restrictions	<u>\$ 16,212,163</u>	<u>\$ 6,067,414</u>

Net assets with donor restrictions in perpetuity at December 31, 2023 and 2022 include \$531,495 of the Joan Kroc endowment corpus, \$10,000 related to the Organization's Share-a-Night program invested in perpetuity and \$75,000 of the Tarrant endowment corpus. The income from the Joan Kroc and Tarrant endowments is expendable to support any operating activities of the Organization; the income from the Share-a-Night is expendable to support only House expenses.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 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	\$ 139,709	\$ 73,058
Ronald McDonald Family Room/Happy Carts	20,712	10,580
Beneficial Use of Land	8,888	14,290
	169,309	97,928
Time restrictions expired:		
Passage of specified time	-	-
Release of appropriated endowment returns without purpose restrictions	-	-
Total restrictions released	\$ 169,309	\$ 97,928

NOTE 13 NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's governing Board of Directors has designated net assets without donor restrictions for the following purposes as of December 31:

	2023	2022
Board-Designated Endowment	\$ 102,040	\$ 90,128

NOTE 14 REVENUE RECOGNITION

The following table shows the Organization's revenue subject to performance obligations disaggregated according to the timing of the transfer of goods or services:

	2023	2022
Revenue Recognized at a Point in Time		
Special Events Revenue	\$ 741,840	\$ 658,648
Room Donations/Fees	8,959	9,380
Third-Party Reimbursements	475,678	186,725
Other Income	9,333	79,514
Total Revenue Recognized at a Point in Time	\$ 1,235,810	\$ 934,267

The Organization's contract assets consist of:

	2023	2022
Contract Assets:		
Accounts receivable	\$ 270,302	\$ 91,268

Accounts receivable was \$138,191 as of December 31, 2021.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 DONATED GOODS AND SERVICES

The Organization received the following contributions of nonfinancial assets for the years ending December 31:

	<u>2023</u>	<u>2022</u>
Expenses		
Family Support and Cleaning Supplies	\$ 115,986	\$ 150,887
Food	144,200	101,807
Professional Services & Administration	<u>177,258</u>	<u>159,441</u>
Total Contributed Nonfinancial Assets	<u>\$ 437,444</u>	<u>\$ 412,135</u>

- The Organization recognized contributed nonfinancial assets within revenue, including family support and cleaning supplies, meals and professional services.
- Contributed food, household goods, cleaning supplies and clothing were utilized in the following programs: Ronald McDonald House, Ronald McDonald Hospital Carts and Ronald McDonald Baby BLOOMS. In valuing these items, the Organization estimated the fair value on the basis of estimates for buying similar products in the United States.
- Contributed professional services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. Contributed services recognized are comprised of professional services from attorneys advising the Organization on various administrative legal matters, professional contracting services providing repairs and upgrades to the facilities and other various professional services. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

All donated services and assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

NOTE 16 SPECIAL EVENTS

RMHCC held two Golf Tournaments and the Bag Lady event during 2023 and 2022. Revenues and expenses from these special events are as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Revenues</u>	<u>Expenses</u>	<u>Revenues</u>	<u>Expenses</u>
Golf Tournaments	\$ 524,387	\$ 165,188	\$ 417,084	\$ 122,041
Bag Lady Event	<u>217,453</u>	<u>47,639</u>	<u>241,564</u>	<u>38,711</u>
Total	<u>\$ 741,840</u>	<u>\$ 212,827</u>	<u>\$ 658,648</u>	<u>\$ 160,752</u>

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 17 TAX-DEFERRED ANNUITY PLAN

The Organization has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time and part-time employees of the Organization. The Organization contributes 4% of gross salaries to the plan for qualified employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. Employer contributions to the plan were \$13,187 and \$11,512 for the years ended December 31, 2023 and 2022, respectively.

NOTE 18 TRANSACTIONS WITH RELATED ENTITIES

Ronald McDonald House Charities (RMHC) is a system of independent, separately registered public benefit organizations, referred to as “Chapters” within the global organization. The Organization is an independent operating Chapter within the RMHC system. Each Chapter is licensed by McDonald's Corporation and Ronald McDonald House Charities, Inc. to use RMHC related trademarks in conjunction with fundraising activities and the operation of its programs; the License Agreement also sets standards of operations for programs, governance, finance, branding and reporting.

Ronald McDonald House Charities, Inc. (“RMHC Global”), a separately registered nonprofit organization, ensures delivery of the mission across the globe. As a center of excellence, RMHC Global builds and sustains a robust infrastructure of support to the network of Chapters, including operations, licensing and compliance, finance, risk management, communications, marketing and development. The Organization receives 75% of net revenues from all national fundraising efforts facilitated by RMHC Global, as defined by the license agreement. During the years ended December 31, 2023 and 2022, the Organization received \$210,305 and \$72,227, respectively, from these revenue streams.

The Board of Directors also contributes to RMHCC. The value of their cash contributions, including sponsorships, for the year ended December 31, 2023 and 2022 were \$630,946 and \$319,014, respectively. In-kind contributions received from the Board of Directors for the years ended December 31, 2023 and 2022 were \$33,019 and \$37,454, respectively. Unconditional promises to give due from board members at December 31, 2023 and 2022 were \$618,157 and \$557,942, respectively.

NOTE 19 CONCENTRATIONS, COMMITMENTS, AND UNCERTAINTIES

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments, and promises to give. Cash and cash equivalents are in high-quality financial institutions. Though the market value of investments is subject to fluctuations from year-to-year, management believes the investment policy is prudent for the long-term welfare of the Organization.

The Organization relies on support and revenue from contributions that are mostly from donors in the Charleston, South Carolina geographic area.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 20 SUBSEQUENT EVENTS

Management evaluated subsequent events through May 31, 2024, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.