

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

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

**RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
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YEARS ENDED DECEMBER 31, 2022 AND 2021**

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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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, 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
June 7, 2023

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,335,519	\$ 1,549,561
Accounts Receivable, Net	91,268	210,142
Contributions Receivable, Net	223,917	326,401
Short-Term Investments	316,970	525,808
Prepaid Expenses	<u>70,256</u>	<u>60,998</u>
Total Current Assets	3,037,930	2,672,910
NONCURRENT ASSETS		
Contributions Receivable, Net	520,885	555,145
Investments	2,762,011	2,996,833
Property and Equipment, Net	2,053,893	2,182,469
Beneficial Use of Land	<u>2,266,545</u>	<u>2,280,835</u>
Total Noncurrent Assets	<u>7,603,334</u>	<u>8,015,282</u>
Total Assets	<u>\$ 10,641,264</u>	<u>\$ 10,688,192</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	<u>\$ 138,601</u>	<u>\$ 116,242</u>
Total Current Liabilities	<u>138,601</u>	<u>116,242</u>
NET ASSETS		
Without Donor Restrictions	4,435,249	4,353,549
With Donor Restrictions	<u>6,067,414</u>	<u>6,218,401</u>
Total Net Assets	<u>10,502,663</u>	<u>10,571,950</u>
Total Liabilities and Net Assets	<u>\$ 10,641,264</u>	<u>\$ 10,688,192</u>

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions	\$ 1,021,860	\$ 139,003	\$ 1,160,863	\$ 1,202,014	\$ 42,150	\$ 1,244,164
In-kind Contributions	412,135	-	412,135	365,177	-	365,177
Special Events Revenue	658,648	-	658,648	524,618	-	524,618
Grant Revenue	139,071	51,132	190,203	582,577	67,015	649,592
Room Donations	9,380	-	9,380	6,966	-	6,966
Third-Party Reimbursements	186,725	-	186,725	117,705	-	117,705
Other Income	79,514	-	79,514	63,307	-	63,307
Net Assets Released from Restrictions	97,928	(97,928)	-	148,022	(148,022)	-
Total Revenues and Other Support	<u>2,605,261</u>	<u>92,207</u>	<u>2,697,468</u>	<u>3,010,386</u>	<u>(38,857)</u>	<u>2,971,529</u>
EXPENSES						
Program Services	1,781,726	-	1,781,726	1,556,905	-	1,556,905
Cost of Direct Benefits to Donors	160,752	-	160,752	126,134	-	126,134
Management and General Administration	205,615	-	205,615	190,018	-	190,018
Fundraising	272,039	-	272,039	217,544	-	217,544
Total Expenses	<u>2,420,132</u>	<u>-</u>	<u>2,420,132</u>	<u>2,090,601</u>	<u>-</u>	<u>2,090,601</u>
CHANGE IN NET ASSETS FROM OPERATIONS	185,129	92,207	277,336	919,785	(38,857)	880,928
NONOPERATING ACTIVITIES						
Investment Income (Loss), net	(103,429)	(243,194)	(346,623)	10,809	183,936	194,745
Total Nonoperating Activities	<u>(103,429)</u>	<u>(243,194)</u>	<u>(346,623)</u>	<u>10,809</u>	<u>183,936</u>	<u>194,745</u>
CHANGE IN NET ASSETS	81,700	(150,987)	(69,287)	930,594	145,079	1,075,673
Net Assets - Beginning of Year	<u>4,353,549</u>	<u>6,218,401</u>	<u>10,571,950</u>	<u>3,422,955</u>	<u>6,073,322</u>	<u>9,496,277</u>
NET ASSETS - END 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>

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 Family Room	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	<u>752,282</u>	<u>-</u>	<u>2,755</u>	<u>23,519</u>	<u>778,556</u>	<u>81,667</u>	<u>104,209</u>	<u>-</u>	<u>964,432</u>
Advertising	5,063	-	-	-	5,063	-	27,120	-	32,183
Automobile	-	-	-	-	-	-	-	-	-
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
Other	-	-	-	-	-	-	61	-	61
Family Support Services and Supplies	436,291	-	3,865	22,993	463,149	104	2,105	-	465,358
Grants	-	-	-	-	-	-	-	-	-
Insurance	58,750	-	-	-	58,750	-	-	-	58,750
Interest	-	-	-	-	-	-	-	-	-
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	29,331	160,752	223,685
Total Expenses	<u>\$ 1,728,594</u>	<u>\$ -</u>	<u>\$ 6,620</u>	<u>\$ 46,512</u>	<u>\$ 1,781,726</u>	<u>\$ 205,615</u>	<u>\$ 272,039</u>	<u>\$ 160,752</u>	<u>\$ 2,420,132</u>

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services					Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
	Ronald McDonald House	Ronald McDonald Family Room	Ronald McDonald Baby Blooms	Ronald McDonald Hospitality Carts	Total				
Salaries	\$ 592,215	\$ -	\$ 2,278	\$ -	\$ 594,493	\$ 81,837	\$ 83,940	\$ -	\$ 760,270
Employee Benefits	44,371	-	-	-	44,371	6,981	7,962	-	59,314
Payroll Taxes	43,028	-	478	-	43,506	6,124	6,284	-	55,914
Total Salaries and Related Expenses	679,614	-	2,756	-	682,370	94,942	98,186	-	875,498
Advertising	1,153	-	-	-	1,153	-	18,400	-	19,553
Automobile	-	-	-	-	-	-	-	-	-
Cleaning Services and Supplies	44,834	-	-	-	44,834	-	-	-	44,834
Depreciation	201,084	-	-	-	201,084	11,171	11,171	-	223,426
Direct Mail	16,236	-	-	-	16,236	-	55,528	-	71,764
Donor Recognition	-	-	-	-	-	-	-	-	-
Family Support Services and Supplies	234,273	-	1,871	26,817	262,961	10	-	-	262,971
Grants	-	-	-	-	-	-	-	-	-
Insurance	52,853	-	-	-	52,853	-	-	-	52,853
Interest	-	-	-	-	-	-	-	-	-
Linens and Laundry	8,960	-	-	-	8,960	-	-	-	8,960
Maintenance and Repairs	95,009	-	-	-	95,009	-	-	-	95,009
Meetings, Education and Training	7,341	-	-	-	7,341	197	1,310	-	8,848
Office Supplies	-	-	-	-	-	910	-	-	910
Postage and Courier	-	-	-	-	-	4,931	1,200	-	6,131
Printing and Publishing	-	-	-	-	-	2,014	400	-	2,414
Professional Fees	72	-	-	-	72	25,825	-	-	25,897
Rent	38,415	-	-	-	38,415	-	-	-	38,415
Technology	48,092	-	-	-	48,092	29,877	6,316	-	84,285
Telephone	7,640	-	-	-	7,640	562	-	-	8,202
Travel, Meals, and Entertainment	9,310	-	-	-	9,310	1,779	1,634	-	12,723
Utilities	35,983	-	-	-	35,983	4,083	2,189	-	42,255
Volunteer Resources and Recognition	1,325	-	-	-	1,325	-	-	-	1,325
Other	43,267	-	-	-	43,267	13,717	21,210	126,134	204,328
Total Expenses	\$ 1,525,461	\$ -	\$ 4,627	\$ 26,817	\$ 1,556,905	\$ 190,018	\$ 217,544	\$ 126,134	\$ 2,090,601

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (69,287)	\$ 1,075,673
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	247,705	223,426
Net Realized and Unrealized (Gains) Losses on Investments	387,576	(95,809)
Loss on Disposal of Property and Equipment	3,441	28,705
Bad Debt (Recoveries) Losses	7,567	(1,728)
Change in Allowance for Contributions Receivable	-	(4,981)
Amortization of Beneficial Use of Land	99,990	99,990
Property and Equipment Contributions Receivable	-	(85,276)
Change in Discount to Net Present Value	(89,147)	(92,357)
Paycheck Protection Program - Refundable Advance	-	(157,695)
(Increase) Decrease in Assets:		
Accounts Receivable	111,307	(135,968)
Prepaid Expenses	(9,258)	(23,028)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	22,359	16,581
Deferred Revenue	-	(13,111)
Net Cash Provided by Operating Activities	712,253	834,422
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(159,538)	(1,472,034)
Proceeds from Sale of Investments	215,622	-
Purchases of Property and Equipment	(122,570)	(246,325)
Net Cash Provided (Used) by Investing Activities	(66,486)	(1,718,359)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of Contributions With Donor Restrictions	140,191	226,016
Net Cash Provided (Used) by Financing Activities	140,191	226,016
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	785,958	(657,921)
Cash and Cash Equivalents - Beginning of Year	1,549,561	2,207,482
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,335,519	\$ 1,549,561
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and Equipment Contributions Received	\$ -	\$ 85,276

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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 Family Room

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. Given the building of the Medical University of South Carolina (MUSC) Shawn Jenkins Children’s Hospital, the agreement which expired in November 2017 for the Family Room was not renewed, but RMHCC continued to operate under the condition of the contract until the transition to the new medical facility on February 22, 2020.

Ronald McDonald Baby BLOOMS

Recognizing this progression, 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 the 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, 2022 AND 2021

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 bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No allowance was recorded as of December 31, 2022 and 2021.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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.

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, 2022 AND 2021

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, 2022 and 2021.

Donated Assets, Property and Equipment, and Services

Donated 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 donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated 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 donated 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, 2022 AND 2021

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, which are allocated on a square footage basis; meetings, education and training, advertising, direct mail, family support services and supplies, professional fees, travel, meals and entertainment, technology, 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 \$22,597 and \$673 for the years ended December 31, 2022 and 2021, respectively.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted ASU 2016-02 for the year ending December 31, 2022 which had no material effect on the financial statements.

Contributed Nonfinancial Assets

In September 2020, the FASB issued amended guidance for contributed nonfinancial assets with ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The Organization adopted ASU 2020-07 for the year ending December 31, 2022 which had no material effect on the financial statements.

Reclassifications

Certain amounts have been reclassified for the year ended December 31, 2021 to conform to the presentation for the year ended December 31, 2022. The reclassifications had no impact on previously reported net assets.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 LIQUIDITY

As of December 31, 2022 and 2021 financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	2022	2021
Assets at year-end:	<u>\$ 10,641,264</u>	<u>\$ 10,688,192</u>
Less amounts not available to be used within one year due to liquidity:		
Unconditional promise to give, net-due after one year	(520,885)	(555,145)
Beneficial Use of Land	(2,266,545)	(2,280,835)
Prepaid expenses	(70,256)	(60,998)
Investment at Coastal Community Foundation of SC	(30,254)	(37,024)
Property and equipment, net	<u>(2,053,893)</u>	<u>(2,182,469)</u>
	<u>(4,941,833)</u>	<u>(5,116,471)</u>
Less amounts not available to be used within one year due to:		
Donor imposed restrictions:		
Board designated endowment	(90,128)	(91,065)
Future expendable donor-restricted endowment, net of spendable amounts	(744,632)	(987,826)
Portion of donor-restricted endowment to be retained in perpetuity	<u>(616,495)</u>	<u>(616,495)</u>
	<u>(1,451,255)</u>	<u>(1,695,386)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,248,176</u>	<u>\$ 3,876,335</u>

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 \$37,232 and \$49,393, as of December 31, 2022 and 2021, respectively.

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 CONTRIBUTIONS RECEIVABLE

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

	2022	2021
Amounts due in:		
Less than One Year	\$ 223,917	\$ 326,401
One to Five Years	558,525	598,667
Total	782,442	925,068
Unamortized Discount	(22,026)	(25,481)
Allowance for Uncollectibles	(15,614)	(18,041)
Net Contributions Receivable	\$ 744,802	\$ 881,546

The discount rate used for the years ended December 31, 2022 and 2021 approximated 2.7%.

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, 2022 AND 2021

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The fair values of assets and liabilities measured on a recurring basis and nonrecurring 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	\$ 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	<u>\$ 3,048,727</u>	<u>\$ 30,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,078,981</u>

The fair values of assets and liabilities measured on a recurring and nonrecurring basis as of December 31, 2021 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	\$1,080,105	\$ -	\$ -	\$ -	\$1,080,105
Mutual Funds:					
Domestic Equity	1,172,702	-	-	-	1,172,702
Bonds	315,664	-	-	-	315,664
Domestic Common Stock	391,337	-	-	-	391,337
Certificates of Deposit	525,808	-	-	-	528,808
Investment in Coastal Community Foundation	-	37,025	-	-	37,025
Total Assets	<u>\$3,485,616</u>	<u>\$ 37,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,522,641</u>

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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, 2022 and 2021 is as follows:

	2022	2021
Interest and Dividend Income, Net	\$ 40,953	\$ 98,936
Realized and Unrealized Gains (Losses), Net	(387,576)	95,809
Investment Income (Loss), Net	\$ (346,623)	\$ 194,745

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:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Cash	\$ 153,918	\$ 153,918	\$ 1,080,105	\$ 1,080,105
Common Stock - McDonald's Corp	393,461	73,286	391,337	64,966
Certificates of deposit	316,970	300,000	525,808	500,000
Mutual Funds - equities	1,427,227	1,533,777	1,172,702	962,398
Mutual Funds - bonds	757,151	855,720	315,664	328,353
Total investments	\$ 3,048,727	\$ 2,916,701	\$ 3,485,616	\$ 2,935,822

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
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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 \$30,254 and \$37,024 as of December 31, 2022 and 2021, 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 \$10,343 and 9,856 for the years ended December 31, 2022 and 2021, respectively. The balance of this fund as of December 31, 2022 and 2021 was \$260,335 and \$307,293, respectively.

NOTE 7 PROPERTY AND EQUIPMENT

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

	2022	2021
Buildings and Improvements	\$ 895,616	\$ 829,516
Renovation and Expansion Costs	3,930,778	3,935,550
Equipment	527,084	512,951
Furniture and Fixtures	138,069	158,068
Software	12,900	17,699
Total, at Cost	5,504,447	5,453,784
Accumulated Depreciation	(3,450,554)	(3,271,315)
Total Property and Equipment, Net	\$ 2,053,893	\$ 2,182,469

Depreciation for the years ended December 31, 2022 and 2021 was \$247,705 and \$223,426 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, 2022 AND 2021

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, 2022 and 2021 is \$2,266,545 and \$2,280,835, respectively, and has been recorded as such on the statements of financial position. For each of the years ended December 31, 2022 and 2021, 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 \$85,700 and \$86,218, respectively.

NOTE 9 PAYCHECK PROTECTION PROGRAM

On April 22, 2020, the Organization received loan proceeds in the amount of \$157,695 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP). On February 9, 2021, the PPP loan proceeds were forgiven by the U.S. Small Business Administration (SBA). The Organization recognized these proceeds as grant revenue on the statement of activities during the year ended December 31, 2021.

Under the second round of Paycheck Protection Program funding, the Organization applied for and was approved for an additional \$157,695 loan. The loan was received on April 1, 2021. The Organization received forgiveness of \$157,695, the full amount of the loan, on August 6, 2021. These proceeds have also been recognized as grant revenue on the Statement of Activities during the year ended December 31, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

NOTE 10 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, 2022 AND 2021

NOTE 11 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, 2022 AND 2021

NOTE 11 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, 2022:

	Without Donor <u>Restrictions</u>	With Donor <u>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	(9,629)	(968)	(10,597)
Other Changes:			
Transfers to remove board-designated endowment funds	-	-	-
Transfers to create board-designated endowment funds	-	-	-
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>744,630</u>	<u>744,630</u>
Total funds	<u>\$ 90,128</u>	<u>\$ 1,361,125</u>	<u>\$ 1,451,253</u>

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 11 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, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 79,511	\$ 1,420,385	\$ 1,499,896
Investment return, net	3,318	183,936	187,254
Contributions	16,500	-	16,500
Board approved withdrawals	(8,264)	-	(8,264)
Other Changes:			
Transfers to remove board-designated endowment funds	-	-	-
Transfers to create board-designated endowment funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 91,065</u>	<u>\$ 1,604,321</u>	<u>\$ 1,695,386</u>
Board-designated endowment funds	\$ 91,065	\$ -	\$ 91,065
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	-	987,826	987,826
	<u>-</u>	<u>987,826</u>	<u>987,826</u>
Total funds	<u>\$ 91,065</u>	<u>\$ 1,604,321</u>	<u>\$ 1,695,386</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, 2022 and 2021.

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 75,375	\$ 72,316
Investments	1,345,624	1,586,045
Investment in the Coastal Community Foundation of SC	30,254	37,025
Total	<u>\$ 1,451,253</u>	<u>\$ 1,695,386</u>

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Subject to expenditure for specific purpose:		
Program Activities:		
Ronald McDonald House Operations	\$ 6,280	\$ 18,007
Ronald McDonald Family Room/Happy Carts	30,511	23,861
Beneficial Use of Land	2,266,545	2,280,835
	2,303,336	2,322,703
Subject to passage of time and capital campaign:		
For periods after December 31	2,402,951	2,291,377
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	744,632	987,826
Total – Ronald McDonald House Operations	1,361,127	1,604,321
Total net assets with donor restrictions	\$ 6,067,414	\$ 6,218,401

Net assets with donor restrictions in perpetuity at December 31, 2022 and 2021 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 13 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 year ended December 31, 2022 and 2021:

	2022	2021
Purpose restrictions accomplished:		
Ronald McDonald House	\$ 73,058	\$ 132,066
Ronald McDonald Family Room/Happy Carts	10,580	2,184
Beneficial Use of Land	14,290	13,772
	97,928	148,022
Time restrictions expired:		
Passage of specified time	-	-
Release of appropriated endowment returns without purpose restrictions	-	-
Total restrictions released	\$ 97,928	\$ 148,022

NOTE 14 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:

	2022	2021
Board-Designated Endowment	\$ 90,128	\$ 91,065

NOTE 15 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:

	2022	2021
Revenue Recognized at a Point in Time		
Special Events Revenue, Net	\$ 658,648	\$ 524,618
Room Donations/Fees	9,380	6,966
Third-Party Reimbursements	186,725	117,705
Other Income	79,514	63,307
Total Revenue Recognized at a Point in Time	\$ 934,267	\$ 712,596

The Organization's contract assets and liabilities consist of:

	2022	2021
Contract Assets:		
Accounts receivable	\$ 91,268	\$ 138,191

RONALD MCDONALD HOUSE CHARITIES OF CHARLESTON, SC, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 17 DONATED GOODS AND SERVICES

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

	2022	2021
Expenses		
Family Support and Cleaning Supplies	\$ 150,887	\$ 144,647
Food	101,807	81,278
Professional Services	159,441	139,252
Total Contributed Nonfinancial Assets	\$ 412,135	\$ 365,177

- 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, from accountants providing bookkeeping services, 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 18 SPECIAL EVENTS

RMHCC held two Golf Tournaments and the Bag Lady event each year during 2022 and 2021. Revenues and expenses from these special events are as follows:

	2022		2021	
	Revenues	Expenses	Revenues	Expenses
Golf Tournaments	\$ 417,084	\$ 122,041	\$ 371,094	\$ 99,510
Bag Lady Event	241,564	38,711	153,524	26,624

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NOTE 20 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 \$11,512 and \$9,975 for the years ended December 31, 2022 and 2021, respectively.

NOTE 21 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, 2022 and 2021, the Organization received \$72,227 and \$58,535, 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, 2022 and 2021 were \$319,014 and \$134,863, respectively. In-kind contributions received from the Board of Directors for the year ended December 31, 2022 and 2021 were \$37,454 and \$58,808, respectively. Unconditional promises to give due from board members at December 31, 2022 and 2021 were \$557,942 and \$636,067.

NOTE 22 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.

NOTE 23 SUBSEQUENT EVENTS

Management evaluated subsequent events through June 7, 2023, 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.