

**RONALD MCDONALD HOUSE CHARITIES OF
COLUMBIA, SC**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

RONALD MCDONALD HOUSE CHARITIES OF COLUMBIA, SC
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	5-6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8-22

Independent Auditor's Report

To the Board of Directors
Ronald McDonald House Charities of Columbia, SC
Columbia, South Carolina

Opinion

We have audited the accompanying financial statements of Ronald McDonald House Charities of Columbia, SC (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 changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Restatement of Previously Issued Financial Statements

As discussed in Note 12 to the financial statements, the 2021 financial statements have been restated to correct the classification of endowment earnings. Our opinion is not modified with respect to this matter.

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.



Columbia, South Carolina
October 23, 2023

RONALD MCDONALD HOUSE CHARITIES OF COLUMBIA, SOUTH CAROLINA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	2022	As Restated 2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 286,807	\$ 331,579
Investments	897,076	1,101,837
Accrued Interest Receivable	646	1,190
Contributions Receivable	50,520	20,132
Contributions Receivable from National Ronald McDonald House Charities	16,327	27,041
Prepaid Expenses	33,584	13,722
Inventory	74,335	68,540
Other Receivables	-	110
Total Current Assets	<u>1,359,295</u>	<u>1,564,151</u>
NONCURRENT ASSETS		
Leasehold Improvements, Net	3,213,095	3,348,219
Furniture and Equipment, Net	44,073	62,972
Beneficial Use of Land	<u>502,157</u>	<u>523,375</u>
Total Noncurrent Assets	<u>3,759,325</u>	<u>3,934,566</u>
 Total Assets	 <u>\$ 5,118,620</u>	 <u>\$ 5,498,717</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 93,053	\$ 81,337
Deferred Revenue	14,743	19,681
Other Current Liabilities	5,139	8,394
Total Current Liabilities	<u>112,935</u>	<u>109,412</u>
NONCURRENT LIABILITIES		
Other Noncurrent Liabilities	<u>8,337</u>	<u>11,650</u>
Total Noncurrent Liabilities	<u>8,337</u>	<u>11,650</u>
 Total Liabilities	 <u>121,272</u>	 <u>121,062</u>
NET ASSETS		
Without Donor Restrictions, restated	<u>3,463,744</u>	<u>3,683,979</u>
With Donor Restrictions:		
Subject to expenditure for specified purpose	531,447	670,301
Subject to the passage of time	502,157	523,375
With perpetual donor restrictions	500,000	500,000
With Donor Restrictions, restated	<u>1,533,604</u>	<u>1,693,676</u>
Total Net Assets	<u>4,997,348</u>	<u>5,377,655</u>
 Total Liabilities and Net Assets	 <u>\$ 5,118,620</u>	 <u>\$ 5,498,717</u>

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF COLUMBIA, SOUTH CAROLINA
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			As Restated 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions	\$ 430,275	\$ 5,000	\$ 435,275	\$ 522,679	3,985	\$ 526,664
Contributed Nonfinancial Assets	59,069	21,637	80,706	133,819	-	133,819
Special Events Revenue	158,683	-	158,683	90,541	11,852	102,393
Grant Revenue	101,981	20,000	121,981	152,408	-	152,408
Room Donations	370	-	370	325	-	325
Third-Party Reimbursements	37,455	-	37,455	14,415	-	14,415
Other Income	6,905	-	6,905	41,093	-	41,093
Net Assets Released from Restrictions	76,489	(76,489)	-	82,120	(82,120)	-
Total Revenues and Other Support	871,227	(29,852)	841,375	1,037,400	(66,283)	971,117
EXPENSES						
Program Services	937,015	-	937,015	831,161	-	831,161
Management and General Administration	20,276	-	20,276	16,216	-	16,216
Fundraising	107,308	-	107,308	76,605	-	76,605
Cost of Direct Benefits to Donors	26,863	-	26,863	18,646	-	18,646
Total Expenses	1,091,462	-	1,091,462	942,628	-	942,628
CHANGE IN NET ASSETS FROM OPERATIONS	(220,235)	(29,852)	(250,087)	94,772	(66,283)	28,489
NONOPERATING ACTIVITIES						
Investment Income (Loss), net	-	(130,220)	(130,220)	-	128,153	128,153
Total Nonoperating Activities	-	(130,220)	(130,220)	-	128,153	128,153
CHANGE IN NET ASSETS	(220,235)	(160,072)	(380,307)	94,772	61,870	156,642
Net Assets - Beginning of Year, as originally reported	3,683,979	1,693,676	5,377,655	4,168,835	1,052,178	5,221,013
Restatement (See Note 12)	-	-	-	(579,628)	579,628	-
Net Assets - Beginning of Year, as restated	3,683,979	1,693,676	5,377,655	3,589,207	1,631,806	5,221,013
NET ASSETS - END OF YEAR	<u>\$ 3,463,744</u>	<u>\$ 1,533,604</u>	<u>\$ 4,997,348</u>	<u>\$ 3,683,979</u>	<u>\$ 1,693,676</u>	<u>\$ 5,377,655</u>

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services				Supporting Services			
	Ronald McDonald House	Ronald McDonald Family Room	Charities Activity	Total	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
Salaries and Benefits	\$ 309,441	\$ 69,415	\$ 25,509	\$ 404,365	\$ 12,508	\$ 7,429	\$ -	\$ 424,302
Staff Development, Meetings, Dues and Travel	2,933	1,270	470	4,673	9	6	-	4,688
Utilities	33,284	-	313	33,597	313	157	-	34,067
Telephone and Internet	8,822	1,605	-	10,427	1,471	1,470	-	13,368
House and Office Supplies	57,670	40,539	-	98,209	1,554	1,554	-	101,317
Non-capital Equipment and Supplies	3,875	757	273	4,905	170	102	-	5,177
Contractual Services	17,849	457	89	18,395	56	34	-	18,485
Taxes and Insurance	20,210	909	328	21,447	1,868	121	-	23,436
Repairs and Maintenance	10,346	-	-	10,346	-	-	-	10,346
Postage and Shipping	473	86	-	559	79	79	-	717
Marketing, Printing and Publications	25,005	16,670	-	41,675	-	41,673	-	83,348
Professional Fees and Services	34,850	23,235	-	58,085	-	-	-	58,085
Interest Expense	3,556	-	-	3,556	-	-	-	3,556
Fundraising Events:								
Golf	-	-	-	-	-	19,461	17,221	36,682
A Fine Affair	-	-	-	-	-	1,476	-	1,476
Clay Shoot	-	-	-	-	-	17,629	9,642	27,271
Royal Rumble	-	-	-	-	-	12,338	-	12,338
Seasons of Giving	-	-	-	-	-	2,056	-	2,056
Depreciation and Amortization	176,899	314	-	177,213	644	644	-	178,501
Miscellaneous	39,330	7,551	2,682	49,563	1,604	1,079	-	52,246
Total Functional Expenses	<u>\$ 744,543</u>	<u>\$ 162,808</u>	<u>\$ 29,664</u>	<u>\$ 937,015</u>	<u>\$ 20,276</u>	<u>\$ 107,308</u>	<u>\$ 26,863</u>	<u>\$ 1,091,462</u>

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF COLUMBIA, SOUTH CAROLINA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services			
	Ronald McDonald House	Ronald McDonald Family Room	Charities Activity	Total	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
Salaries and Benefits	\$ 266,788	\$ 59,847	\$ 21,993	\$ 348,628	\$ 10,784	\$ 6,405	\$ -	\$ 365,817
Staff Development, Meetings, Dues and Travel	2,014	872	323	3,209	6	4	-	3,219
Utilities	26,685	-	251	26,936	251	126	-	27,313
Telephone and Internet	8,759	1,593	-	10,352	1,460	1,459	-	13,271
House and Office Supplies	44,744	31,453	-	76,197	1,206	1,206	-	78,609
Non-capital Equipment and Supplies	5,280	1,031	372	6,683	232	139	-	7,054
Contractual Services	15,402	394	77	15,873	48	29	-	15,950
Taxes and Insurance	14,918	671	242	15,831	1,379	89	-	17,299
Repairs and Maintenance	45,591	-	-	45,591	-	-	-	45,591
Postage and Shipping	439	80	-	519	73	73	-	665
Marketing, Printing and Publications	17,398	11,599	-	28,997	-	28,996	-	57,993
Professional Fees and Services	27,384	18,257	-	45,641	-	-	-	45,641
Interest Expense	6,453	-	-	6,453	-	-	-	6,453
Fundraising Events:								
Golf	-	-	-	-	-	15,138	5,421	20,559
Red Shoe Run	-	-	-	-	-	1,030	-	1,030
Clay Shoot	-	-	-	-	-	10,374	10,398	20,772
Royal Rumble	-	-	-	-	-	10,779	2,826	13,605
Depreciation and Amortization	198,199	352	-	198,551	722	722	-	199,995
Miscellaneous	1,349	259	92	1,700	55	37	-	1,792
Total Functional Expenses	<u>\$ 681,403</u>	<u>\$ 126,408</u>	<u>\$ 23,350</u>	<u>\$ 831,161</u>	<u>\$ 16,216</u>	<u>\$ 76,605</u>	<u>\$ 18,646</u>	<u>\$ 942,628</u>

See accompanying Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF COLUMBIA, SOUTH CAROLINA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
OPERATING ACTIVITIES		
Change in Net Assets	\$ (380,307)	\$ 156,642
Adjustments to Reconcile the Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation	157,283	178,776
Contributed furniture and equipment	-	(12,000)
Net Realized and Unrealized Losses (Gains) on Investments	152,691	(98,476)
Amortization of Beneficial Use of Land	21,218	21,219
(Increase) Decrease in Assets:		
Accrued Interest Receivable	544	399
Prepaid Expenses	(19,862)	(9,557)
Contributions Receivable	(19,674)	(17,002)
Inventory	(5,795)	(57,803)
Other Receivables	110	(110)
Increase (Decrease) in Liabilities:		
Accounts Payable	11,716	(833)
Deferred Revenue	(4,938)	19,681
Other liabilities	(6,568)	(5,082)
Net Cash (Used) Provided by Operating Activities	<u>(93,582)</u>	<u>175,854</u>
INVESTING ACTIVITIES		
Purchases of Investments	(139,149)	(191,939)
Proceeds from Sale of Investments	191,219	232,316
Purchases of Property and Equipment	(3,260)	-
Net Cash Provided by Investing Activities	<u>48,810</u>	<u>40,377</u>
FINANCING ACTIVITIES		
Principal Paid on Construction Loan	-	(79,703)
Net Cash Used for Financing Activities	<u>-</u>	<u>(79,703)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(44,772)</u>	<u>136,528</u>
Cash and Cash Equivalents - Beginning of Year	<u>331,579</u>	<u>195,051</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 286,807</u></u>	<u><u>\$ 331,579</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ (3,556)</u>	<u>\$ (6,453)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Contributed furniture and equipment	<u><u>\$ -</u></u>	<u><u>\$ 12,000</u></u>

See accompanying Notes to Financial Statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ronald McDonald House Charities of Columbia, SC (the "Organization") is a South Carolina nonprofit charitable corporation formed in 1996. 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, Ronald McDonald House Charities 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.

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 Columbia, SC, which provide temporary lodging, meals and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers' ability to spend more time with their child, to interact with their clinical care team and to participate in critical medical care decisions.

Ronald McDonald Family Room

When a child is critically ill, parents may be reluctant to leave the hospital. In order to provide comfort and support to their child, it is important that parents have an opportunity to rest, have a meal or have a moment of quiet. Located inside medical care facilities, the Ronald McDonald Family Room program in Prisma Health Children's Hospital serves as a place of respite, relaxation and privacy for family members, often just steps away from where their child is being treated. The Ronald McDonald Family Room program provides parents with an opportunity to remain close to their hospitalized child and to be an active member of their child's health care team.

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) and are presented on the basis of net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. All other net assets, including board-designated or appropriated amounts, are net assets without donor restrictions and are reported as part of the net assets without donor restriction class.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Statement of Activities. Cash balances held temporarily in investment accounts are included with cash and cash equivalents on the Statements of Financial Position.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items and Inventory

Inventory is valued at cost or estimated historical cost and accounted for on a first-in, first-out basis. Inventory consists of consumable items maintained by the Charities. Reported inventory expenses are recognized when inventories are consumed. Prepaid items consist of payments made for future services and are recognized when the services are received.

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 \$1,000 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	30 Years
Office Furniture and Equipment	5 - 10 Years

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.

Contributed Nonfinancial Assets 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.

Deferred Revenue

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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. 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.

Sponsorship Revenue

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

Special Event Revenue – Ticket Sales

The portion of ticket sales that relates to the commensurate value the attendee 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 amortization, taxes and insurance, maintenance and repairs, utilities, which are allocated on a square footage basis; meetings, education and training, office supplies, contractual services, marketing, technology and telephone, which are allocated based on full-time equivalents; and salaries and wages, and employee benefits, which are allocated on the basis of management's estimates of time and effort.

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.

Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to be consistent with current year presentation. These reclassifications had no effect on the Organization's net assets or change in net assets.

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 as of January 1, 2022 but the adoption had no material effect on the financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards, Continued

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.

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:

	<u>2022</u>	<u>2021</u>
Assets at year-end:	\$ 5,118,620	\$ 5,498,717
Less amounts not available to be used within one year due to liquidity:		
Beneficial Use of Land	(502,157)	(523,375)
Prepaid expenses	(33,584)	(13,722)
Property and equipment, net	<u>(3,257,168)</u>	<u>(3,411,191)</u>
	<u>(1,325,711)</u>	<u>(1,550,429)</u>
Less amounts not available to be used within one year due to:		
Donor imposed restrictions:		
Future expendable donor-restricted endowment, net of spendable amounts	(516,827)	(655,578)
Portion of donor-restricted endowment to be retained in perpetuity	<u>(500,000)</u>	<u>(500,000)</u>
	<u>(1,016,827)</u>	<u>(1,155,578)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 308,884</u>	<u>\$ 394,851</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. In addition, the expendable donor restricted endowment can be made available in accordance with the Organization's spending policy and appropriation (See Note 7). As part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments.

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

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31, 2022 and 2021 totaled \$66,847 and \$47,173, respectively, which resulted from individual pledges without donor stipulations and \$16,327 and \$27,041 passed through the National Ronald McDonald House Charities for the years then ended. At December 31, 2022, all amounts are due in less than one year.

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.

Mutual Funds

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

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)	Total
Assets				
Investments:				
Mutual Funds	\$ 126,826	\$ -	\$ -	\$ 126,826
Exchange-Traded Funds:				
Domestic Equity	688,533	-	-	688,533
Fixed-Income Securities:				
Corporate Bonds	33,973	-	-	33,973
Government Bonds	47,744	-	-	44,744
Total Assets	<u>\$ 897,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 897,076</u>

RONALD MCDONALD HOUSE CHARITIES OF COLUMBIA, SC
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 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)	Total
Assets				
Investments:				
Mutual Funds	\$ 244,099	\$ -	\$ -	\$ 244,099
Exchange-Traded Funds:				
Domestic Equity	699,273	-	-	699,273
Fixed-Income Securities:				
Corporate Bonds	44,070	-	-	44,070
Government Bonds	114,395	-	-	114,395
Total Assets	<u>\$ 1,101,837</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,101,837</u>

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

The Organization 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	\$ 22,471	\$ 29,677
Realized and Unrealized Gains (Losses), Net	(152,691)	98,476
Investment Income (Loss), Net	<u>\$ (130,220)</u>	<u>\$ 128,153</u>

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

NOTE 5 PROPERTY AND EQUIPMENT

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

	2022	2021
Buildings and Improvements	\$ 4,046,944	\$ 4,046,944
Office Furniture and Equipment	368,189	364,929
Total, at Cost	4,415,133	4,411,873
Accumulated Depreciation	1,157,965	1,000,682
Total Property and Equipment	<u>\$ 3,257,168</u>	<u>\$ 3,411,191</u>

Depreciation for the years ended December 31, 2022 and 2021 was \$157,283 and \$178,776 respectively.

NOTE 6 BENEFICIAL USE OF LAND

The land upon which the House sits has been leased from Richland Memorial Hospital (now Prisma Health Richland Hospital) since 1998. On September 1, 2014, a new lease was executed with Palmetto Health (now Prisma Health), with the consent of the Hospital.

The new lease was executed in preparation for the development and operation of a new Ronald McDonald House. The initial term of the new lease is thirty (30) years and includes a provision to extend the lease for up to four (4) successive five (5) year periods. The annual rent is one dollar. An independent assessment determined that the present value of the fair value rent over the lease term was approximately \$636,537, which is recorded as a restricted contribution and is being amortized on a straight-line basis over the term of the lease beginning in year 2016, the year the new house was placed into service. The value remaining on the use of land as of December 31, 2022 and 2021 is \$502,157 and \$523,375, 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 \$21,218 was recorded in connection with this lease agreement. Amortization is expected to be \$21,218 for each of the next five years.

NOTE 7 ENDOWMENT FUNDS

The Organization's endowment consists of an individual fund established by the donor to provide annual funding for specific activities and general operations.

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.

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

NOTE 7 ENDOWMENT FUNDS (CONTINUED)

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. The Organization 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 the Organization must hold in perpetuity or for a donor-specified period. 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, the Organization 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). The Organization 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.

Spending Policy. The Organization has a policy of appropriating for distributions as needed to cover any shortfall in operating funds. The amount available to be spent will be calculated based on a twelve-month rolling average. In applying this policy, the Organization considers the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow annually. This is consistent with the Organization'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.

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

NOTE 7 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:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 1,155,578	\$ 1,155,578
Investment return (loss), net	-	(130,220)	(130,220)
Board approved withdrawals	-	(8,531)	(8,531)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,016,827</u>	<u>\$ 1,016,827</u>

Changes in endowment net assets and net assets by type of fund were as follows for the fiscal year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 579,628	\$ 500,000	\$ 1,079,628
Restatement (See Note 12)	(579,628)	579,628	-
Endowment net assets, beginning of year, as restated	\$ -	\$ 1,079,628	\$ 1,079,628
Investment return, net	-	128,153	128,153
Contributions	-	2,146	2,146
Board approved withdrawals	-	(54,349)	(54,349)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,155,578</u>	<u>\$ 1,155,578</u>

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

	2022	2021
Cash and cash equivalents	\$ 119,751	\$ 53,741
Investments	897,076	1,101,837
Total	<u>\$ 1,016,827</u>	<u>\$ 1,155,578</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.

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

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specific purpose:		
Program Activities:		
Ronald McDonald House Operations	\$ 529,834	\$ 670,301
Ronald McDonald Family Room	<u>1,613</u>	<u>-</u>
	531,447	670,301
Subject to the passage of time:		
Beneficial Use of Land	502,157	523,375
Subject to perpetual donor restrictions:		
Joan Kroc endowment corpus	<u>500,000</u>	<u>500,000</u>
Total net assets with donor restrictions	<u>\$ 1,533,604</u>	<u>\$ 1,693,676</u>

NOTE 9 NET ASSETS RELEASED FROM DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Purpose restrictions accomplished:		
Ronald McDonald House Operations	\$ 25,353	\$ 6,553
Ronald McDonald Family Room	21,387	-
Time restrictions accomplished:		
Beneficial Use of Land	<u>21,218</u>	<u>21,218</u>
	67,958	27,771
Release of appropriated endowment returns without purpose restrictions	<u>8,531</u>	<u>54,349</u>
Total restrictions released	<u>\$ 76,489</u>	<u>\$ 82,120</u>

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

NOTE 10 CONTRIBUTED NONFINANCIAL ASSETS AND SERVICES

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

	2022	2021
Property and Equipment		
Furniture and Office Equipment	\$ -	\$ 12,000
Expenses		
Family Support Supplies and Food	59,069	100,704
Auction Items	21,637	11,853
Utilities	-	420
Professional Services	-	8,842
Total Contributed Nonfinancial Assets	<u>\$ 80,706</u>	<u>\$ 133,819</u>

- The Organization recognized contributed nonfinancial assets within revenue, including property and equipment, family support supplies, utilities, auction items, accounting services and legal services.
- In valuing property and equipment, the Organization estimated fair value at the date of donation, based on the estimated cost of similar items.
- In valuing family support supplies and auction items, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
- Contributed 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 and from accountants providing bookkeeping services. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar legal and accounting services.
- Contributed food, household goods, and clothing were utilized in the following programs: Ronald McDonald House and Ronald McDonald Family Room. In valuing these items, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

The Organization receives items to be sold at its annual auction, and it is the Organization's policy to attempt to sell any unsold auction items on various commercial websites used for such purposes. Contributed auction items are valued at the gross selling price received.

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

NOTE 11 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 \$89,854 and \$221,928, respectively, from these revenue streams.

NOTE 12 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Organization's financial statements as of January 1, 2021 have been restated in order to correct errors related to the classification of accumulated earnings on the Joan Kroc endowment. Earnings should be classified as with donor restrictions until such time as the earnings are appropriated for expenditure under the spending policy. The correction of this error had no impact on the Organization's change in net assets or total net assets. The effect of these changes on the Organization's previously issued financial statements is summarized as follows:

	As Previously Reported, January 1, 2021	Restatement	As Restated, January 1, 2021
Net assets without donor restrictions	\$ 4,168,835	\$ (579,628)	\$ 3,589,207
Net assets with donor restrictions	1,052,178	579,628	1,631,806
Total net assets	<u>\$ 5,221,013</u>	<u>\$ -</u>	<u>\$ 5,221,013</u>

NOTE 13 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 Columbia, South Carolina geographic area.

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

NOTE 14 SUBSEQUENT EVENTS

Management evaluated subsequent events through October 23, 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.