

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

Roanoke, Virginia

FINANCIAL STATEMENTS

**For the Years Ended
December 31, 2023 and 2022**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ronald McDonald House Charities
of Southwest Virginia, Inc.
Roanoke, Virginia

Opinion

We have audited the accompanying financial statements of Ronald McDonald House Charities of Southwest Virginia, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ronald McDonald House Charities of Southwest Virginia, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

And + Rad, LLP

Roanoke, Virginia
August 27, 2024

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

**Statements of Financial Position
December 31, 2023 and 2022**

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents	\$ 357,616	\$ 395,507
Receivables	23,557	20,630
Investments	58,082	50,672
Prepaid expenses	<u>5,547</u>	<u>6,003</u>
Total current assets	<u>444,802</u>	<u>472,812</u>
Investments	<u>1,069,877</u>	<u>901,621</u>
Property and Equipment		
Land and land improvements	64,206	64,206
Buildings	46,489	46,489
Leasehold improvements	977,264	977,264
Autos and vans	13,321	13,321
Furniture and equipment	<u>558,343</u>	<u>558,343</u>
Total	1,659,623	1,659,623
Less accumulated depreciation	<u>1,230,988</u>	<u>1,141,532</u>
Net property and equipment	<u>428,635</u>	<u>518,091</u>
Total assets	<u>\$ 1,943,314</u>	<u>\$ 1,892,524</u>
<u>LIABILITIES and NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued expenses	<u>\$ 45,796</u>	<u>\$ 60,176</u>
Net Assets		
Without donor restrictions	802,641	930,727
With donor restrictions	<u>1,094,877</u>	<u>901,621</u>
Total net assets	<u>1,897,518</u>	<u>1,832,348</u>
Total liabilities and net assets	<u>\$ 1,943,314</u>	<u>\$ 1,892,524</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

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

**Statement of Activities
For the Year Ended December 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 671,248	\$ 25,000	\$ 696,248
Contributions – in-kind	279,094	-	279,094
Special events (net of costs of \$48,460)	60,860	-	60,860
Other income (loss)	<u>1,763</u>	<u>-</u>	<u>1,763</u>
Total support and revenue	<u>1,012,965</u>	<u>25,000</u>	<u>1,037,965</u>
EXPENSES			
Program	836,133	-	836,133
Management and general	65,496	-	65,496
Fundraising and promotion	<u>247,292</u>	<u>-</u>	<u>247,292</u>
Total expenses	<u>1,148,921</u>	<u>-</u>	<u>1,148,921</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(135,956)	25,000	(110,956)
INVESTMENT INCOME, NET	<u>7,870</u>	<u>168,256</u>	<u>176,126</u>
CHANGE IN NET ASSETS	(128,086)	193,256	65,170
NET ASSETS			
Beginning	<u>930,727</u>	<u>901,621</u>	<u>1,832,348</u>
Ending	<u>\$ 802,641</u>	<u>\$ 1,094,877</u>	<u>\$ 1,897,518</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

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

**Statement of Activities
For the Year Ended December 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 501,536	\$ -	\$ 501,536
Contributions – in-kind	272,943	-	272,943
Special events (net of costs of \$24,898)	109,786	-	109,786
Other income (loss)	1,061	-	1,061
Net assets released from restrictions	<u>21,668</u>	<u>(21,668)</u>	<u>-</u>
Total support and revenue	<u>906,994</u>	<u>(21,668)</u>	<u>885,326</u>
EXPENSES			
Program	748,563	-	748,563
Management and general	94,907	-	94,907
Fundraising and promotion	<u>192,634</u>	<u>-</u>	<u>192,634</u>
Total expenses	<u>1,036,104</u>	<u>-</u>	<u>1,036,104</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(129,110)	(21,668)	(150,778)
INVESTMENT INCOME, NET	<u>(1,334)</u>	<u>(231,626)</u>	<u>(232,960)</u>
CHANGE IN NET ASSETS	(130,444)	(253,294)	(383,738)
NET ASSETS			
Beginning	<u>1,061,171</u>	<u>1,154,915</u>	<u>2,216,086</u>
Ending	<u>\$ 930,727</u>	<u>\$ 901,621</u>	<u>\$ 1,832,348</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

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

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

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 65,170	\$ (383,738)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	89,456	92,916
(Gain) loss on investments	(164,205)	261,865
Changes in current assets and liabilities:		
(Increase) decrease:		
Accounts receivable	(2,927)	760
Prepaid expenses	456	(2,138)
Increase (decrease):		
Accounts payable and accrued expenses	<u>(14,380)</u>	<u>26,982</u>
Net cash used in operating activities	<u>(26,430)</u>	<u>(3,353)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	-	(55,974)
Purchase of investments	<u>(11,461)</u>	<u>(28,675)</u>
Net cash used in investing activities	<u>(11,461)</u>	<u>(84,649)</u>
Net Decrease in Cash	(37,891)	(88,002)
CASH AND CASH EQUIVALENTS		
Beginning	<u>395,507</u>	<u>483,509</u>
Ending	<u>\$ 357,616</u>	<u>\$ 395,507</u>

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

**Statement of Functional Expenses
For the Year Ended December 31, 2023**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising and Promotion</u>	<u>Total</u>
Salaries	\$ 217,818	\$ 37,561	\$ 80,269	\$ 335,648
Employee benefits	23,064	3,245	9,385	35,694
Payroll taxes	<u>18,886</u>	<u>3,257</u>	<u>6,959</u>	<u>29,102</u>
Total salaries and related expenses	259,768	44,063	96,613	400,444
Automobile expense	43	1,063	-	1,106
Cleaning services and supplies	41,892	-	-	41,892
Contract services	10,171	-	12,355	22,526
Depreciation	89,456	-	-	89,456
Family support services and supplies	6,411	-	-	6,411
Fundraising	-	-	116,004	116,004
Insurance	24,823	2,038	534	27,395
Maintenance and repairs	29,431	1,209	427	31,067
Meetings, education and training	2,224	665	975	3,864
Office supplies	4,836	822	2,282	7,940
Postage and courier	-	-	3,628	3,628
Printing and publishing	1,510	-	300	1,810
Professional fees	18,140	3,074	9,531	30,745
Rent	279,094	-	-	279,094
Taxes and licenses	-	2,727	-	2,727
Utilities	68,081	4,601	4,643	77,325
Volunteer resources and recognition	253	-	-	253
Other	<u>-</u>	<u>5,234</u>	<u>-</u>	<u>5,234</u>
	<u>\$ 836,133</u>	<u>\$ 65,496</u>	<u>\$ 247,292</u>	<u>\$ 1,148,921</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

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

**Statement of Functional Expenses
For the Year Ended December 31, 2022**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising and Promotion</u>	<u>Total</u>
Salaries	\$ 177,229	\$ 52,372	\$ 53,765	\$ 283,366
Employee benefits	15,997	2,756	5,353	24,106
Payroll taxes	<u>15,928</u>	<u>4,783</u>	<u>4,605</u>	<u>25,316</u>
Total salaries and related expenses	209,154	59,911	63,723	332,788
Automobile expense	31	486	-	517
Cleaning services and supplies	49,619	-	-	49,619
Contract services	4,546	-	12,765	17,311
Depreciation	92,916	-	-	92,916
Family support services and supplies	10,964	-	-	10,964
Fundraising	-	-	102,125	102,125
Insurance	20,414	1,098	439	21,951
Maintenance and repairs	18,009	705	339	19,053
Meetings, education and training	1,549	325	554	2,428
Office supplies	2,661	470	880	4,011
Postage and courier	-	-	4,222	4,222
Printing and publishing	165	120	1,190	1,475
Professional fees	6,131	20,590	2,380	29,101
Rent	272,943	-	-	272,943
Taxes and licenses	-	2,625	-	2,625
Utilities	58,649	3,788	3,515	65,952
Volunteer resources and recognition	56	-	-	56
Other	<u>756</u>	<u>4,789</u>	<u>502</u>	<u>6,047</u>
	<u>\$ 748,563</u>	<u>\$ 94,907</u>	<u>\$ 192,634</u>	<u>\$ 1,036,104</u>

The accompanying notes are an integral part of these financial statements and should be read in connection therewith.

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

**Notes to Financial Statements
December 31, 2023 and 2022**

Note 1. Nature of Activities

Ronald McDonald House Charities of Southwest Virginia, Inc. is a nonprofit organization that works for the well being of children by supporting the Ronald McDonald House of Roanoke and the Ronald McDonald House Family Room at Carilion Clinic Children's Hospital.

The Ronald McDonald House is a comfortable and supportive 'home-away-from-home' for the families of sick or injured children who must come to Roanoke for medical treatment. The House keeps families close by offering a refuge from the hospital – a room of their own with a bath, kitchen, laundry facilities and toys for the children.

The Ronald McDonald House Family Room is a respite area available for parents to rest and regroup steps away from their child's bedside. The Room provides comfortable seating, a kitchen stocked with snacks, computers with internet access, and a quiet space for rest and making personal phone calls.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements of the Organization are prepared on an accrual basis of accounting.

Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

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

**Notes to Financial Statements
December 31, 2023 and 2022**

Note 2. Summary of Significant Accounting Policies (Continued)

Support and Revenue Recognition:

Contributions are recognized when cash, other assets or an unconditional promise to give is received. Grants (conditional promises to give) are recognized when the conditions, on which they depend, are substantially met.

Functional Allocation of Expenses:

In the accompanying statement of functional expenses, all expenses are allocated based upon the functions to which they relate. Expenses are allocated among the functional categories on the basis of specific identification and estimates of time spent and benefits derived. Salaries and the related expenses are allocated on estimates of time spent under each function. Costs of other expenses are allocated based on estimates of the amount spent per each functional category.

Cash and Cash Equivalents:

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Property and Equipment:

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis.

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that their carrying amount may not be recoverable. The recoverability of long-lived assets is evaluated by comparing the carrying amount to the estimated undiscounted cash flows. If the carrying amount exceeds the estimated undiscounted cash flows, an impairment charge would be recognized for the amount by which the carrying amount exceeds the fair value of the long-lived asset. Management determined there was no impairment of long-lived assets as of or during the years ended December 31, 2023 and 2022.

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

**Notes to Financial Statements
December 31, 2023 and 2022**

Note 2. Summary of Significant Accounting Policies (Continued)

Income Tax Status:

The Organization is classified as tax exempt under the provisions of Section 501(c)(3) of the Internal Revenue Code. Consequently, no provision for income taxes is reflected in these financial statements.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could vary from the estimates that were used.

Note 3. Investments

The fair value of investment securities at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
<u>Mutual Funds</u>		
Money Market	\$ 9,718	\$ 4,821
Bond funds	312,580	296,334
Equity funds	<u>805,661</u>	<u>651,138</u>
	<u>\$ 1,127,959</u>	<u>\$ 952,293</u>

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

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 11,921	\$ 28,905
Realized and unrealized gains (losses), net	<u>164,205</u>	<u>(261,865)</u>
Investment income (loss), net	<u>\$ 176,126</u>	<u>\$ (232,960)</u>

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

**Notes to Financial Statements
December 31, 2023 and 2022**

Note 4. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specific purpose:		
Program activities:		
Ronald McDonald House	\$ 25,000	\$ -
Subject to the Organization's spending policy and appropriation:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	800,000	800,000
Accumulated gain	<u>269,877</u>	<u>101,621</u>
	<u>1,069,877</u>	<u>901,621</u>
Total net assets with donor restrictions	<u>\$ 1,094,877</u>	<u>\$ 901,621</u>

Note 5. Endowment Funds

The Organization's endowment consists of two donor-restricted funds. One was awarded in 1993 by Mrs. Joan Kroc in the amount of \$500,000. This endowment is to provide an ongoing source of income for the Organization to help pay operating expenses. In July, 2012, a \$300,000 gift was received as a permanent endowment fund. The income from this fund is to be used for (a) construction of a new fence, (b) guest room remodeling and repair and (c) subsidizing the cost of off-site hotel stays for families.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the Virginia legislature as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity and classifies as net assets with donor restrictions (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

**Notes to Financial Statements
December 31, 2023 and 2022**

Note 5. Endowment Funds (Continued)

The Organization considers the following factors in making a determination to spend or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and of the particular fund
3. General economic conditions
4. Possible effects of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Organization
7. The investment policy of the Organization

Funds with Deficiencies:

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

Return Objectives and Risk Parameters:

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. Under this policy, as approved by the Board subsequent to year end, the endowment assets are invested in a manner that is intended to produce an average total return that exceeds the spending/payout rate plus inflation, while assuming a moderate level of investment risk. Certain higher risk investments are permitted by the Board. This objective shall be measured over an annualized rolling 5 and 10-year period.

Strategies Employed for Achieving Objectives:

To satisfy its long-term rate-of-return objectives, the Organization relies on a total strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets an asset allocation that is comprised predominantly of a diversified mix of equity-based investments, fixed income securities, and cash and cash equivalents, with a heavy emphasis on fixed income securities, to achieve its long-term return objectives within prudent risk constraints.

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

**Notes to Financial Statements
December 31, 2023 and 2022**

Note 5. Endowment Funds (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy:

The spending policy is outlined in the investment policy that was approved by the Board. Spending from total investments, including the endowment, to provide for operations, is expected to be, at most, 5% of the rolling three-year quarterly averages, with the understanding that this spending rate plus the inflation assumption will not normally exceed the expected investment return.

Changes in endowment net assets for the years ending December 31, 2023 and 2022 are as follows:

Endowment net assets, December 31, 2021	\$ 1,133,247
Investment return, net	(231,626)
Amounts appropriated for expenditure	<u>-</u>
Endowment net assets, December 31, 2022	901,621
Investment return, net	168,256
Amounts appropriated for expenditure	<u>-</u>
Endowment net assets, December 31, 2023	<u>\$ 1,069,877</u>

Note 6. Fair Value Measurements

The Organization's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurements authoritative literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

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

**Notes to Financial Statements
December 31, 2023 and 2022**

Note 6. Fair Value Measurements (Continued)

Level 1 Fair Value Measurements:

The fair value of mutual funds is based on quoted net asset values of the shares as reported by the fund. The mutual funds held by the Organization are open-end mutual funds registered with the U. S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds held by the Organization are considered to be actively traded. The fair value of exchange-traded funds is based on the closing price reported in the active market where the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023 and 2022:

	<u>Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>
December 31, 2023:		
Money Market	\$ 9,718	\$ 9,718
Bond Funds	312,580	312,580
Equity Funds	<u>805,661</u>	<u>805,661</u>
	<u>\$ 1,127,959</u>	<u>\$ 1,127,959</u>
December 31, 2022:		
Money Market	\$ 4,821	\$ 4,821
Bond Funds	296,334	296,334
Equity Funds	<u>651,138</u>	<u>651,138</u>
	<u>\$ 952,293</u>	<u>\$ 952,293</u>

Note 7. Leases

The facility, known as Ronald McDonald House, is owned by Carilion Clinic Properties, LLC, a wholly-owned subsidiary of Carilion Clinic. The facility is used by the Organization on a rent-free basis. The estimated fair rental values of the facility for the years ended December 31, 2023 and 2022 were \$279,094 and \$272,943, respectively. These amounts are recorded as an in-kind contribution with a like amount recorded as rent expense.

Note 8. Retirement Plan

The Organization has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code covering all employees. Under the plan, the Organization matches dollar for dollar up to 4% of the participant's salary. 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 \$3,488 and \$3,511 for the years ended December 31, 2023 and 2022, respectively.

**RONALD MCDONALD HOUSE CHARITIES
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**Notes to Financial Statements
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Note 9. Donated Services

The Organization has a substantial number of volunteers that have donated significant amounts of their time in the Organization's program services and fund-raising campaigns. In accordance with generally accepted accounting principles, no amounts have been reflected in the financial statements for these services.

Note 10. Related-Party Transactions

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

Ronald McDonald House Charities, Inc. (RMHC Global), a separately registered nonprofit organization, ensures delivery of the mission across the globe. As a center of excellence, RMHC Global builds and sustains a robust infrastructure of support to the network of Chapters, including operations, licensing and compliance, finance, risk management, communications, marketing and development. The Organization receives 75% of net revenues from all national fundraising efforts facilitated by RMHC Global, as defined by the license agreement. During the years ended December 31, 2023 and 2022, the Organization received \$139,030 and \$98,049, respectively, from these revenue streams.

Note 11. Liquidity

The Organization manages its financial assets to ensure resources are available to meet obligations over the next twelve months. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consists of the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 357,616	\$ 395,507
Receivables	23,557	20,630
Investments	<u>58,082</u>	<u>50,672</u>
Financial assets	439,255	466,809
Donor-imposed restrictions	<u>(25,000)</u>	<u>-</u>
Financial assets available for general expenditures	<u>\$ 414,255</u>	<u>\$ 466,809</u>

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Note 12. Subsequent Events

Management has evaluated subsequent events through August 27, 2024, the date on which the financial statements were available for issue.