



*Certified Public Accountants*

# RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.

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FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Ronald McDonald House Charities of N.E. Kansas, Inc.  
Topeka, Kansas

### **Opinion**

We have audited the accompanying financial statements of Ronald McDonald House Charities of N.E. Kansas, 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 accompanying financial statements 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' 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 these 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 issued or available to be issued.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

## **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

*BT&Co., P.A.*

September 22, 2023  
Topeka, Kansas

**RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.**

Statements of Financial Position  
December 31,

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 174,162	\$ 150,979
Investments	2,339,891	2,629,490
Land, building, and equipment, net	<u>496,070</u>	<u>478,334</u>
Total assets	<u><u>\$ 3,010,123</u></u>	<u><u>\$ 3,258,803</u></u>
<u>Liabilities and Net Assets</u>		
Net assets:		
Without donor restrictions	\$ 2,318,111	\$ 2,573,224
With donor restrictions	<u>692,012</u>	<u>685,579</u>
Total net assets	<u>3,010,123</u>	<u>3,258,803</u>
Total liabilities and net assets	<u><u>\$ 3,010,123</u></u>	<u><u>\$ 3,258,803</u></u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.**

Statements of Activities  
For the Years Ended December 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:						
Contributions:						
McDonald's co-op	\$ 13,662	\$ -	\$ 13,662	\$ 16,957	\$ -	\$ 16,957
Charitable organizations	7,776	-	7,776	1,892	-	1,892
Corporate donations	32,374	-	32,374	39,937	-	39,937
Individual donations	52,300	6,433	58,733	55,945	6,496	62,441
Donated services	55,857	-	55,857	144,379	-	144,379
Fundraisers	313,440	-	313,440	249,433	-	249,433
Grants	35,078	-	35,078	48,690	-	48,690
Major gifts/planned giving	15,000	-	15,000	5,000	-	5,000
Building and capital improvements fund	90	-	90	57,800	-	57,800
Corona 2019	-	-	-	14,244	-	14,244
Donated assets	-	-	-	35,672	-	35,672
Total contributions	<u>525,577</u>	<u>6,433</u>	<u>532,010</u>	<u>669,949</u>	<u>6,496</u>	<u>676,445</u>
Other:						
Room rental	25,428	-	25,428	49,776	-	49,776
Investment income, net	43,944	-	43,944	31,872	-	31,872
Other	622	-	622	1,426	-	1,426
Realized and unrealized (loss) gain on investments	(333,349)	-	(333,349)	323,914	-	323,914
Total other	<u>(263,355)</u>	<u>-</u>	<u>(263,355)</u>	<u>406,988</u>	<u>-</u>	<u>406,988</u>
Total revenue and other support	<u>262,222</u>	<u>6,433</u>	<u>268,655</u>	<u>1,076,937</u>	<u>6,496</u>	<u>1,083,433</u>
Expenses:						
Functional expenses:						
Program services	329,039	-	329,039	404,172	-	404,172
General and administrative	96,736	-	96,736	83,981	-	83,981
Fundraising	91,560	-	91,560	55,257	-	55,257
Total functional expenses	<u>517,335</u>	<u>-</u>	<u>517,335</u>	<u>543,410</u>	<u>-</u>	<u>543,410</u>
Change in net assets	(255,113)	6,433	(248,680)	533,527	6,496	540,023
Net assets at beginning of year	<u>2,573,224</u>	<u>685,579</u>	<u>3,258,803</u>	<u>2,039,697</u>	<u>679,083</u>	<u>2,718,780</u>
Net assets at end of year	<u>\$ 2,318,111</u>	<u>\$ 692,012</u>	<u>\$ 3,010,123</u>	<u>\$ 2,573,224</u>	<u>\$ 685,579</u>	<u>\$ 3,258,803</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.**

Statements of Functional Expenses  
For the Years Ended December 31,

	2022				2021			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 171,938	\$ 49,941	\$ 28,807	\$ 250,686	\$ 166,637	\$ 42,984	\$ 25,382	\$ 235,003
Health and hospitalization	109	7,825	109	8,043	1,935	6,846	1,935	10,716
Payroll taxes	14,615	4,066	2,253	20,934	15,167	3,618	2,015	20,800
Auto expense and travel	-	181	-	181	-	206	-	206
Contract maintenance	11,660	-	-	11,660	9,139	-	-	9,139
Depreciation	20,577	-	-	20,577	16,961	-	-	16,961
Security	1,457	-	-	1,457	1,461	-	-	1,461
Bank charges	-	262	2,139	2,401	-	322	4,034	4,356
Internet and cable	2,441	-	-	2,441	2,078	-	-	2,078
House supplies	4,973	-	-	4,973	3,432	-	-	3,432
COVID expenses	-	-	-	-	-	-	62	62
Insurance	15,414	-	-	15,414	13,129	-	-	13,129
Repairs and maintenance:								
House	10,416	-	-	10,416	7,774	-	-	7,774
Grounds	298	-	-	298	244	-	-	244
Trainings and meetings	723	-	-	723	-	-	-	-
Office supplies	223	2,219	-	2,442	248	277	-	525
Dues and subscriptions	-	-	-	-	-	1,824	-	1,824
Postage	-	7	-	7	-	68	-	68
Fees:								
Accounting	-	27,735	-	27,735	-	12,465	-	12,465
Legal	-	483	-	483	-	11,520	-	11,520
Taxes and licenses	65	-	-	65	1,254	-	-	1,254
Communications and marketing	-	255	-	255	-	-	-	-
Telephone	-	2,925	-	2,925	-	2,979	-	2,979
Travel - nonlocal	169	-	-	169	278	-	-	278
Utilities	18,104	-	-	18,104	15,386	-	-	15,386
Operations in kind	55,857	-	-	55,857	144,380	-	-	144,380
Miscellaneous	-	817	34	851	4,669	872	-	5,541
Administrative fees	-	20	-	20	-	-	-	-
Direct fundraising expense	-	-	2,384	2,384	-	-	8,191	8,191
Fundraising - golf tournament	-	-	9,461	9,461	-	-	9,321	9,321
Annual events	-	-	46,373	46,373	-	-	4,072	4,072
Grants	-	-	-	-	-	-	245	245
Total expenses	\$ 329,039	\$ 96,736	\$ 91,560	\$ 517,335	\$ 404,172	\$ 83,981	\$ 55,257	\$ 543,410

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.**

Statements of Cash Flows  
For the Years Ended December 31,

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (248,680)	\$ 540,023
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	20,577	16,961
Net realized and unrealized loss (gain) on investments	333,349	(323,914)
Noncash donation - kitchen remodel	-	(104,486)
Change in:		
Accounts payable and accrued expenses	-	(4,412)
Total adjustments	<u>353,926</u>	<u>(415,851)</u>
Net cash provided by operating activities	<u>105,246</u>	<u>124,172</u>
Cash flows from investing activities:		
Proceeds from sale of investments	49,129	50,964
Purchase of investments	(92,879)	(159,041)
Purchase of equipment	<u>(38,313)</u>	<u>(18,794)</u>
Net cash used in investing activities	<u>(82,063)</u>	<u>(126,871)</u>
Net change in cash and cash equivalents	23,183	(2,699)
Cash and cash equivalents, beginning of year	<u>150,979</u>	<u>153,678</u>
Cash and cash equivalents, end of year	<u>\$ 174,162</u>	<u>\$ 150,979</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.

### Summary of Significant Accounting Policies December 31, 2022 and 2021

#### **Organization**

The mission of Ronald McDonald House Charities of N.E. Kansas, Inc. (the Organization) is to provide a home away from home for families of seriously ill children staying at nearby hospitals. The Organization is supported primarily through contributions.

#### **Basis of Presentation**

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

Assets without donor restrictions represent amounts available for support of the Organization's operations.

Assets with donor restrictions are subject to donor and/or time restrictions.

#### **Use of Estimates**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Fair Value Measurement**

Assets recorded at fair value are categorized based upon the level of observability associated with the inputs used to measure their fair value. Fair value is defined as the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The availability of observable inputs is affected by a variety of factors, including the type of asset and transparency of market transactions. To the extent that fair value is based on inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment.

The three-level hierarchy for fair value measurements is defined as follows:

- *Level 1* - Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement.
- *Level 2* – Inputs are other than quoted prices in active markets that are observable for the asset, either directly or indirectly, including inputs in markets that are not considered to be active.
- *Level 3* – Inputs are unobservable and significant to the asset and include situations where there is little, if any, market activity.

## **RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.**

### Summary of Significant Accounting Policies December 31, 2022 and 2021

#### **Fair Value Measurement** (continued)

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants used to make valuation decisions, specific and broad credit data, liquidity statistics, and other factors. The classification of a financial asset within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by management. Management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by multiple, independent sources that are actively involved in the relevant market. The categorization of a fund within the hierarchy is based upon the pricing transparency of that fund and does not necessarily correspond to management’s perceived risk of that fraud.

Policy-held investments that are traded on an active exchange are valued at the quoted market prices based on the last sale price on the measurement date. Quoted market prices in an active market are classified as a Level 1 input. If an active market does not exist for such publicly held equity investments, alternate valuation models using Level 2 or Level 3 inputs may be used to determine fair value.

#### **Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, based on quoted market prices, with any realized or unrealized gains and losses and dividends and interest included in the statement of activities.

#### **Land, Buildings, and Equipment**

Land, buildings, and equipment are stated at cost or estimated fair value at the date of donation. Contributions of long-lived assets donated without donor-imposed restrictions are recorded as net assets without donor restrictions. Contributions of cash and other assets restricted to the acquisition of long-lived assets are reported as net assets with donor restriction; those restrictions expire when the long-lived assets are placed in service.

Major improvements and renewals are capitalized, while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired.

For financial reporting purposes, depreciation is determined on the straight-line basis over the estimated useful lives of the related assets.

## **RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.**

### Summary of Significant Accounting Policies December 31, 2022 and 2021

#### **Contributions**

The Organization accounts for contributions received as support with donor restrictions and without donor restrictions, depending on the existence or nature of any donor restrictions. When a restriction expires either due to time or because the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donated materials and services are recorded at the estimated fair value at the time received or when an unconditional promise to give has been made.

Many individuals volunteer their time and talents assisting the Organization in accomplishing its mission. Donated services are recognized in the financial statements when:

- The services received either create or enhance nonfinancial assets.
- The services received require specialized skills, are provided by individuals possessing those skills, and would otherwise be purchased if not provided by donation.

The Organization received revenue and had related expenses for donated services totaling \$55,857 in 2022 and \$144,379 in 2021.

#### **Income Taxes**

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been classified as a private foundation. Income from unrelated activities is subject to income tax under the Internal Revenue Code. The Organization reported no income tax liability for 2022 or 2021.

The Organization files income tax returns in the U.S. federal and Kansas jurisdictions. There are currently no examinations of the Organization's income tax returns in progress.

#### **Statement of Cash Flows**

For purposes of the statement of cash flows, cash, and interest-bearing deposits with commercial banks, purchased with initial maturity dates of three months or less, are considered to be cash equivalents.

#### **Expense Recognition and Allocations**

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, including management estimates and employee estimates. The Organization allocates costs across programs for payroll using an allocation of time spent for each employee that works in multiple expense categories. The basis on which costs are allocated are evaluated periodically as needed.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

## **RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.**

### Summary of Significant Accounting Policies December 31, 2022 and 2021

#### **Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

##### Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purpose specified in its corporate documents and its applications for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into the course of its operations. As of December 31, 2022 and 2021, the Board of Directors had designated \$ 38,552 of net assets without donor restrictions to provide for future building improvements needed to support the mission of the Organization. Since those amounts result from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

##### Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restrictions is satisfied, either by using the resources in the manner specific by the donor or by passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides specific directions about the period of its use (see Note 3.)

#### **Revenue Recognition**

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. This includes McDonald's co-op and fundraising revenues as well. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

All goods and services are transferred at a point in time. Payment terms for services are not deemed to include any significant financing component as payment is received at the time, or shortly after, the services are provided. Consideration paid for services is not variable.

The Organization's customers consist of private customers, primarily located within the state of Kansas. As it relates to private customers, credit risk is mitigated because payment is received before, shortly after, or at the time the goods or services are provided. For those program services provided before payment is received, continuing services will be terminated for nonpayment, limiting future credit risk.

# RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.

## Notes to Financial Statements December 31, 2022 and 2021

### 1. Investments

The fair values of investments are based on the estimate of the amount expected to be realized if investments are sold or otherwise disposed of in an orderly transaction within a reasonable period of time. Fair value is determined using various levels of "inputs." When available, quoted market prices in the active market for identical assets (Level 1 inputs) are used to determine fair value. If quoted market prices are not available, the Organization uses valuation techniques that place greater reliance on other observable factors (Level 2 inputs) and unobservable factors (Level 3 inputs). All investments are valued using Level 1 inputs.

Actively traded funds and stocks are valued at the daily closing price as reported on the active market/fund on which the actively traded fund/stock is traded. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. The funds are required to publish their daily net asset value and to transact at that price.

The Organization invests in the Greater Manhattan Community Foundation (GMCF), which is classified as Investments at Net Asset Value based on the net asset valuations provided to the Organization. The net asset valuations are determined based on the underlying investments held by GMCF in the pooled funds. These investments include private equity funds, fixed income, and other alternative investments. The fair values of these investments have been estimated using the net asset value per share of the investments as provided by the audited financial statements provided by the manager of the investment funds. Some investments have redemption restrictions, which may limit the liquidity of the investment portfolio.

Investments held at December 31 are summarized as follows by investment type:

	<u>2022</u>	<u>2021</u>
Investments – Actively traded – Level 1:		
Money market funds	\$ 176,914	\$ 137,071
Mutual funds	1,135,735	1,324,907
Stocks	<u>986,328</u>	<u>1,122,966</u>
Total actively traded	2,298,977	2,584,944
Investments at NAV:		
Manhattan Community Foundation	<u>40,914</u>	<u>44,546</u>
Total investments at fair value	<u>\$ 2,339,891</u>	<u>\$ 2,629,490</u>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2022 and 2021, there were no significant transfers into or out of Levels 1, 2 or 3.

# RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.

## Notes to Financial Statements December 31, 2022 and 2021

### 2. Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 150,211	\$ 150,211
House - 825 Buchanan	261,232	261,232
Remodeling and construction costs	1,051,720	1,013,408
Equipment, furniture, and auto	<u>229,022</u>	<u>229,022</u>
	1,692,185	1,653,873
Less accumulated depreciation	<u>(1,196,115)</u>	<u>(1,175,539)</u>
	<u><u>\$ 496,070</u></u>	<u><u>\$ 478,334</u></u>

### 3. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as follows at December 31:

	<u>2022</u>	<u>2021</u>
Subject to time restrictions:		
Investments in perpetuity	<u><u>\$ 692,012</u></u>	<u><u>\$ 685,579</u></u>

### 4. Cash and Equivalents

The Organization maintains cash and interest-bearing deposits in various high-quality financial institutions. The balances are insured by the Federal Deposit Insurance Corporation; however, balances may occasionally exceed federally insured limits.

### 5. Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following at December 31:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 174,162	\$ 150,979
Investments	<u>2,339,891</u>	<u>2,629,490</u>
Total financial assets	<u><u>2,514,053</u></u>	<u><u>2,780,469</u></u>
Less amounts not available to be used within one year:		
Donor-restricted cash and investments	(692,012)	(685,579)
Board-designated for building/other	<u>(38,552)</u>	<u>(31,965)</u>
Total amounts not available to be used	<u><u>(730,564)</u></u>	<u><u>(717,544)</u></u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 1,783,489</u></u>	<u><u>\$ 2,062,925</u></u>

## RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.

### Notes to Financial Statements December 31, 2022 and 2021

#### 5. Liquidity and Availability of Resources (continued)

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in various money market and mutual funds.

Other assets include land, building and equipment which are not easily converted to cash and were not added to the above table. In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting revenue to cover a majority of the general expenditures. The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

#### 6. Endowment Net Assets

The Organization's endowment funds have been established for a variety of purposes to provide income in support of certain designated activities. Endowments include donor-restricted funds and are classified in net assets based on the existence or absence of donor-imposed restrictions.

The State of Kansas has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which provides guidance and authority to charitable organizations regarding the management and investment of endowment funds.

The board of directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Organization generally retains in perpetuity (a) the original value of the initial 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. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Organization. In accordance with 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 funds, (2) the purpose of the Organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effects of inflation or deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the investment policies of the Organization.

The Organization has adopted investment policies for endowment assets that provide for a predictable stream of funding for operations by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment funds are pooled with other investment funds held by the Organization. The Organization's investment objective for the endowment is to seek a maximum total return consistent with the preservation of principal, diversification, and avoidance of excessive risk. The assets are to be managed so that the Organization can respond to today's needs and the long-term growth necessary to respond to future needs. The Organization does not have a formal spending policy.

Endowment net assets are as follows as of December 31:

	<u>2022</u>	<u>2021</u>
With donor restrictions - In perpetuity	<u>\$ 692,012</u>	<u>\$ 685,579</u>

# RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.

## Notes to Financial Statements December 31, 2022 and 2021

### 6. **Endowment Net Assets** (continued)

Changes in endowment net assets are as follows for the years ending as of December 31:

	<u>2022</u>	<u>2021</u>
Endowment net assets, beginning of year	\$ 685,579	\$ 679,083
Contributions	<u>6,433</u>	<u>6,496</u>
Endowment net assets, end of year	<u><u>\$ 692,012</u></u>	<u><u>\$ 685,579</u></u>

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 (underwater endowments). These deficiencies result from unfavorable market fluctuations and continued appropriation for certain programs as deemed prudent by the board of directors. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments as of the years ended December 31, 2022 and 2021.

### 7. **Revenue Recognition – Disaggregation of Revenue from Contracts with Customers**

The following table disaggregates revenue based on the timing of satisfaction of performance obligations for the year ended December 31, 2022:

Performance obligations satisfied at a point in time	\$ 26,050
Performance obligations satisfied over time	<u>-</u>
Total revenues from contracts with customers	<u><u>\$ 26,050</u></u>

### 8. **Subsequent Events**

The Organization has evaluated subsequent events through September 22, 2023, the date the financial statements were available to be issued.