



Certified Public Accountants

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

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.
BASIC FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 15



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the 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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 (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.

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 24, 2024
Topeka, Kansas

RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2023 and 2022

	2023	2022
<u>Assets</u>		
Cash and cash equivalents	\$ 195,036	\$ 174,162
Investments	2,680,376	2,339,891
Land, building, and equipment, net	477,971	496,070
Prepaid assets	35,310	-
	\$ 3,388,693	\$ 3,010,123
<u>Liabilities and Net Assets</u>		
Net assets:		
Without donor restrictions	\$ 2,625,972	\$ 2,318,111
With donor restrictions	762,721	692,012
	3,388,693	3,010,123
Total liabilities and net assets	\$ 3,388,693	\$ 3,010,123

See notes to accompanying financial statements.

RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:						
Contributions:						
McDonald's co-op	\$ 13,329	\$ -	\$ 13,329	\$ 13,662	\$ -	\$ 13,662
Charitable organizations	100	-	100	7,776	-	7,776
Corporate donations	20,068	67,320	87,388	32,374	-	32,374
Individual donations	58,111	3,389	61,500	52,300	6,433	58,733
Donated services and property	60,423	-	60,423	55,857	-	55,857
Fundraisers	337,204	-	337,204	313,440	-	313,440
Grants	37,982	-	37,982	35,078	-	35,078
Major gifts/planned giving	10,600	-	10,600	15,000	-	15,000
Building and capital improvements fund	14,604	-	14,604	90	-	90
Total contributions	<u>552,421</u>	<u>70,709</u>	<u>623,130</u>	<u>525,577</u>	<u>6,433</u>	<u>532,010</u>
Other:						
Room rental	32,793	-	32,793	25,428	-	25,428
Investment income (loss), net	239,904	-	239,904	(289,405)	-	(289,405)
Other	50	-	50	622	-	622
Total other	<u>272,747</u>	<u>-</u>	<u>272,747</u>	<u>(263,355)</u>	<u>-</u>	<u>(263,355)</u>
Total revenue and other support	<u>825,168</u>	<u>70,709</u>	<u>895,877</u>	<u>262,222</u>	<u>6,433</u>	<u>268,655</u>
Expenses:						
Functional expenses:						
Program services	320,271	-	320,271	329,039	-	329,039
General and administrative	108,994	-	108,994	96,736	-	96,736
Fundraising	88,042	-	88,042	91,560	-	91,560
Total functional expenses	<u>517,307</u>	<u>-</u>	<u>517,307</u>	<u>517,335</u>	<u>-</u>	<u>517,335</u>
Change in net assets	307,861	70,709	378,570	(255,113)	6,433	(248,680)
Net assets at beginning of year	2,318,111	692,012	3,010,123	2,573,224	685,579	3,258,803
Net assets at end of year	<u>\$ 2,625,972</u>	<u>\$ 762,721</u>	<u>\$ 3,388,693</u>	<u>\$ 2,318,111</u>	<u>\$ 692,012</u>	<u>\$ 3,010,123</u>

See notes to accompanying financial statements.

RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2023 and 2022

	2023				2022			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 168,437	\$ 52,867	\$ 29,816	\$ 251,120	\$ 171,938	\$ 49,941	\$ 28,807	\$ 250,686
Health and hospitalization	-	10,833	-	10,833	109	7,825	109	8,043
Payroll taxes	12,892	3,650	2,021	18,563	14,615	4,066	2,253	20,934
Auto expense and travel	-	527	-	527	-	181	-	181
Contract maintenance	9,796	-	-	9,796	11,660	-	-	11,660
Depreciation	18,098	-	-	18,098	20,577	-	-	20,577
Security	1,996	-	-	1,996	1,457	-	-	1,457
Bank charges	-	267	792	1,059	-	262	2,139	2,401
Grants	-	-	2,000	2,000	-	-	-	-
Internet and cable	2,533	-	-	2,533	2,441	-	-	2,441
House supplies	1,472	-	-	1,472	4,973	-	-	4,973
Insurance	16,767	-	-	16,767	15,414	-	-	15,414
Repairs and maintenance:								
House	5,709	-	-	5,709	10,416	-	-	10,416
Grounds	350	-	-	350	298	-	-	298
Trainings and meetings	(185)	-	-	(185)	723	-	-	723
Office supplies	32	4,497	-	4,529	223	2,219	-	2,442
Postage	-	72	-	72	-	7	-	7
Fees:								
Accounting	-	31,150	-	31,150	-	27,735	-	27,735
Legal	-	443	-	443	-	483	-	483
Taxes and licenses	65	-	-	65	65	-	-	65
Communications and marketing	-	935	-	935	-	255	-	255
Telephone	-	3,221	-	3,221	-	2,925	-	2,925
Travel - nonlocal	38	-	-	38	169	-	-	169
Utilities	21,843	-	-	21,843	18,104	-	-	18,104
Operations in kind	60,423	-	-	60,423	55,857	-	-	55,857
Miscellaneous	5	463	-	468	-	817	34	851
Administrative fees	-	69	-	69	-	20	-	20
Direct fundraising expense	-	-	604	604	-	-	2,384	2,384
Fundraising - golf tournament	-	-	12,605	12,605	-	-	9,461	9,461
Annual events	-	-	40,204	40,204	-	-	46,373	46,373
Total expenses	\$ 320,271	\$ 108,994	\$ 88,042	\$ 517,307	\$ 329,039	\$ 96,736	\$ 91,560	\$ 517,335

See notes to accompanying financial statements.

RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 378,570	\$ (248,680)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	18,098	20,577
Net realized and unrealized loss (gain) on investments	(159,577)	333,349
Change in:		
Prepaid expenses	(35,310)	-
Net cash from operating activities	201,781	105,246
Cash flows from investing activities:		
Proceeds from sale of investments	1,271,991	49,129
Purchase of investments	(1,452,898)	(92,879)
Purchase of equipment	-	(38,313)
Net cash from investing activities	(180,907)	(82,063)
Net change in cash and cash equivalents	20,874	23,183
Cash and cash equivalents, beginning of year	174,162	150,979
Cash and cash equivalents, end of year	\$ 195,036	\$ 174,162

See notes to accompanying financial statements.

RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

1 - 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.

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.

Concentrations of Credit Risk

The Organization manages deposit concentration risk by placing cash, saving accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in mutual funds. To date, the Organization has not experienced losses in any of these accounts.

Investments

The Organization's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization invests in various investment securities and in pooled funds at the Topeka Community Foundation (TCF) and the Greater Manhattan Community Foundation (GMCF). Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in value of the investment securities will occur in the near term, and those changes could materially affect the amounts reported in the statements of financial position.

The Organization also invests in a certificate of deposit, which is recorded at cost since it is not affected by market rate changes.

Land, Building, and Equipment

Land, building, 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.
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 for 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, 2023 and 2022, the Board of Directors had designated \$ 43,156 and \$ 38,552, respectively, 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 5.)

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.

RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Expense Recognition and Allocations

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statements of activities and statements 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.

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 2023 or 2022.

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.

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.

2 - 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:

RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 195,036	\$ 174,162
Investments	2,680,376	2,339,891
Total financial assets	2,875,412	2,514,053
Less amounts not available to be used within one year:		
Donor-restricted cash and investments	(762,721)	(692,012)
Board-designated for building/other	(43,156)	(38,552)
Total amounts not available to be used	(805,877)	(730,564)
Financial assets available to meet general expenditures over the next twelve months	\$ 2,069,535	\$ 1,783,489

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.

3 - Investments and Fair Value Measurements

Investments are included in the statement of financial position as follows at December 31:

	2023	2022
Certificate of deposit	\$ 50,000	\$ -
Money market funds	125,544	176,914
Mutual funds	677,448	1,135,735
Exchange traded funds	1,209,881	-
Stocks	503,467	986,328
Manhattan Community Foundation	46,716	40,914
Topeka Community Foundation	67,320	-
	\$ 2,680,376	\$ 2,339,891

The disclosure provisions of the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 820) establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3 Prices or valuations that require inputs that are both significant to fair value measurement and unobservable.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There were no changes in methodologies used at December 31, 2023.

Money market mutual funds, mutual funds, exchange traded funds, and common stock: Valued at the closing price reported in the active market in which the individual securities are traded.

Pooled funds: The Organization invests in the TCF and GMCF which are recorded at fair value based on the net asset valuations provided to the Organization. The net asset valuations are determined based on the underlying investments held by TCF and 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.

The Organization reconciles investment accounts on a quarterly basis. The Organization's Board of Directors monitors the financial reports, which provide detailed information for TCF and GMCF.

RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fair values of assets measured on a recurring basis at December 31, 2023 and 2022 are as follows:

Description	2023				
	Fair Value	Fair Value Measurements at Reporting Date Using			Total
		Level 1	Level 2	Level 3	
Money market mutual funds	\$ 125,544	\$ 125,544	\$ -	\$ -	\$ 125,544
Mutual funds:					
Government short	262,879	262,879	-	-	262,879
Inflation protection	85,499	85,499	-	-	85,499
F/I core	177,082	177,082	-	-	177,082
Multisector	174,506	174,506	-	-	174,506
Foreign income	175,199	175,199	-	-	175,199
Equity small cap	95,190	95,190	-	-	95,190
Equity mid cap	88,394	88,394	-	-	88,394
Equity large cap	145,104	145,104	-	-	145,104
Emerging market	1,978	1,978	-	-	1,978
Foreign equity	4,050	4,050	-	-	4,050
Exchange traded funds:					
Equity large	110,250	110,250	-	-	110,250
Equity mid	22,092	22,092	-	-	22,092
Equity small	89,800	89,800	-	-	89,800
Equity foreign	300,847	300,847	-	-	300,847
Equity emerging	154,459	154,459	-	-	154,459
Common stock:					
Mid-cap	58,733	58,733	-	-	58,733
Large cap	444,734	444,734	-	-	444,734
Investments measured at net asset value ^(a) :					
Manhattan Community Foundation	46,716	-	-	-	46,716
Topeka Community Foundation	67,320	-	-	-	67,320
	<u>\$ 2,630,376</u>	<u>\$ 2,516,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,630,376</u>

Description	2022				
	Fair Value	Fair Value Measurements at Reporting Date Using			Total
		Level 1	Level 2	Level 3	
Money market mutual funds	\$ 176,914	\$ 176,914	\$ -	\$ -	\$ 176,914
Mutual funds:					
Government short	577,560	577,560	-	-	577,560
Foreign income	211,768	211,768	-	-	211,768
Equity small cap	80,917	80,917	-	-	80,917
Equity mid cap	78,314	78,314	-	-	78,314
Equity large cap	185,834	185,834	-	-	185,834
Emerging market	1,342	1,342	-	-	1,342
Common stock:					
Mid-cap	75,108	75,108	-	-	75,108
Large cap	911,220	911,220	-	-	911,220
Investments measured at net asset value ^(a) :					
Manhattan Community Foundation	40,914	-	-	-	40,914
	<u>\$ 2,339,891</u>	<u>\$ 2,298,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,339,891</u>

^(a) In accordance with Subtopic 820-10, certain investments measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of financial position.

RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fair Value of Investments that Use Net Asset Value (NAV)

The following table summarizes investments measured at fair value based on the NAV per share as of December 31, 2023 and 2022, respectively:

Investment	2023 Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Pooled funds ^(a)	\$ 114,036	None	Daily	None

Investment	2022 Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Pooled funds ^(a)	\$ 40,914	None	Daily	None

^(a) The TCF investment's objective is to earn a rate of return, net of all fees, in excess of 80% S & P 500 Index/20% Barclays Capital Aggregate Government/Corporate Bond Index benchmark over rolling five-year and ten-year periods. The GMCF investment's objective is to seek capital appreciation with moderate risk.

4 - Land, Building, and Equipment

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

	2023	2022
Land	\$ 150,211	\$ 150,211
House - 825 Buchanan	261,232	261,232
Remodeling and construction costs	1,051,720	1,051,720
Equipment, furniture, and auto	229,022	229,022
	<u>1,692,185</u>	<u>1,692,185</u>
Less accumulated depreciation	<u>(1,214,214)</u>	<u>(1,196,115)</u>
	<u>\$ 477,971</u>	<u>\$ 496,070</u>

RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - Net Assets With Donor Restrictions

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

	2023	2022
Subject to time restrictions:		
Investments in perpetuity	\$ 695,401	\$ 692,012
Purpose restrictions - capital improvements	67,320	-
	\$ 762,721	\$ 692,012

No amounts were released from restriction during the years ended December 31, 2023 and 2022.

6 - Endowment

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.

RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

Endowment net assets are as follows as of December 31:

	2023	2022
With donor restrictions - in perpetuity	\$ 695,401	\$ 692,012

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

	2023	2022
Endowment net assets, beginning of year	\$ 692,012	\$ 685,579
Contributions	3,389	6,433
Endowment net assets, end of year	\$ 695,401	\$ 692,012

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, 2023 and 2022.

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, 2023 and 2022:

	2023	2022
Performance obligations satisfied at a point in time	\$ 32,843	\$ 26,050
Performance obligations satisfied over time	-	-
Total revenues from contracts with customers	\$ 32,843	\$ 26,050

8 - Contributions

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, and utilized in the period received.

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.

RONALD McDONALD HOUSE CHARITIES OF N.E. KANSAS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

- 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 \$ 60,423 in 2023 and \$ 55,857 in 2022.

9 - Subsequent Events

The Organization has evaluated subsequent events through the date of the independent auditors' report, which is the date that the financial statements are available to be issued.

In May 2024, the Organization signed a contract to modernize the elevator in the building in the amount of \$ 90,314. The modernization project is expected to be completed by the year ended December 31, 2024. Donor-restricted funds are being used to help fund this project.