RONALD MCDONALD HOUSE WASHINGTON DC

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Matthews Carter & Boyce™
CPAs • Advisors

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RONALD MCDONALD HOUSE WASHINGTON DC
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ronald McDonald House Washington DC
Falls Church, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Ronald McDonald House Washington DC (the Organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities and changes in net assets, 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, 2025 and 2024, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

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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 about the Organization's ability to continue as a going concern for a reasonable period of time.

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



Fairfax, Virginia
September 14, 2026

RONALD MCDONALD HOUSE WASHINGTON DC
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	$ 151,038	$ 497,508
Contributions receivable	535,178	531,660
Prepaid expenses	6,081	11,316
Total Current Assets	$ 692,297	$ 1,040,484
INVESTMENTS	$ 9,031,795	$ 8,287,989
BENEFICIAL USE OF LAND	$ 52,601	$ 53,610
OTHER ASSETS		
Right-of-use operating lease asset, net	$ 345,468	$ -
Security deposit	7,912	-
Total Other Assets	$ 353,380	$ -
PROPERTY AND EQUIPMENT		
Land and improvements	$ 1,762,772	$ 1,762,506
Building and improvements	13,956,595	13,946,847
Furniture and equipment	862,336	770,115
Website	8,575	8,575
Subtotal	$ 16,590,278	$ 16,488,043
Less: Accumulated depreciation and amortization	(4,891,420)	(4,518,862)
Total Property and Equipment	$ 11,698,858	$ 11,969,181
TOTAL ASSETS	$ 21,828,931	$ 21,351,264

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 435,302	$ 279,871
Lease liability- current portion	82,738	6,361
Line of credit	1,525,753	1,430,219
Total Current Liabilities	$ 2,043,793	$ 1,716,451
LONG TERM LIABILITIES		
Lease liability, net of current portion	344,246	-
Total Liabilities	$ 2,388,039	$ 1,716,451
NET ASSETS		
Without donor restrictions		
Board designated	$ 820,480	$ 820,480
Undesignated	17,449,944	16,249,475
Total net assets without donor restrictions	$ 18,270,424	$ 17,069,955
With donor restrictions		
Time and purpose restrictions	$ 679,968	$ 1,224,357
Perpetual restrictions	490,500	1,340,501
Total net assets with donor restrictions	$ 1,170,468	$ 2,564,858
Total Net Assets	$ 19,440,892	$ 19,634,813
TOTAL LIABILITIES AND NET ASSETS	$ 21,828,931	$ 21,351,264

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE WASHINGTON DC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions, grants and fundraising events	$ 2,933,378	$ 625,000	$ 3,558,378
Donated materials and services	39,783	-	39,783
Special events	56,023	-	56,023
Realized gains on sales of investments	265,555	14,670	280,225
Unrealized gain on investments	57,270	231,232	288,502
Interest and dividends, net of fees	176,463	23,704	200,167
Other income	9,569	-	9,569
Net assets released from restrictions	2,288,996	(2,288,996)	-
Total Revenue and Other Support	$ 5,827,037	$ (1,394,390)	$ 4,432,647
EXPENSES			
Program services	$ 3,436,303	$ -	$ 3,436,303
Management and general	545,754	-	545,754
Fundraising	644,511	-	644,511
Total Expenses	$ 4,626,568	$ -	$ 4,626,568
CHANGE IN NET ASSETS	$ 1,200,469	$ (1,394,390)	$ (193,921)
NET ASSETS, BEGINNING OF YEAR	17,069,955	2,564,858	19,634,813
NET ASSETS, END OF YEAR	$ 18,270,424	$ 1,170,468	$ 19,440,892

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE WASHINGTON DC
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions, grants and fundraising events	$ 2,830,204	$ 508,070	$ 3,338,274
Donated materials and services	299,311	-	299,311
Special events	55,781	-	55,781
Realized gains on sale of investments	523,790	65,233	589,023
Unrealized loss on investments	(119,555)	(34,133)	(153,688)
Interest and dividends, net of fees	113,542	65,299	178,841
Other	8,644	-	8,644
Net assets released from restrictions	574,757	(574,757)	-
Total Revenue and Other Support	$ 4,286,474	$ 29,712	$ 4,316,186
EXPENSES			
Program services	$ 3,299,464	$ -	$ 3,299,464
Management and general	510,959	-	510,959
Fundraising	480,304	-	480,304
Total Expenses	$ 4,290,727	$ -	$ 4,290,727
CHANGE IN NET ASSETS	$ (4,253)	$ 29,712	$ 25,459
NET ASSETS, BEGINNING OF YEAR	17,074,208	2,535,146	19,609,354
NET ASSETS, END OF YEAR	$ 17,069,955	$ 2,564,858	$ 19,634,813

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE WASHINGTON DC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total Expenses
Employee costs	$ 1,769,702	$ 181,508	$ 317,639	$ 2,268,849
Bad debt expenses	-	8,400	-	8,400
Depreciation	361,380	3,726	7,451	372,557
Family transportation	52,176	657	453	53,286
Insurance	36,071	2,122	4,244	42,437
Interest	93,008	959	1,918	95,885
Marketing and public relations	221,980	-	140,201	362,181
Occupancy	79,350	3,406	1,528	84,284
Other outside services	243,307	-	-	243,307
Other	663	46,373	8,785	55,821
Printing, mailing, and postage	1,559	2,872	3,039	7,470
Professional fees	121,484	256,642	118,531	496,657
Repairs and maintenance	231,620	3,200	-	234,820
Supplies	107,220	10,199	40,380	157,799
Travel and meetings	587	21,876	342	22,805
Utilities	116,196	3,814	-	120,010
Total Expenses	$ 3,436,303	$ 545,754	$ 644,511	$ 4,626,568

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE WASHINGTON DC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total Expenses
Employee costs	$ 1,673,345	$ 195,586	$ 304,245	$ 2,173,176
Depreciation	349,172	7,274	7,274	363,720
Family transportation	21,310	384	1,125	22,819
Grants and family assistance	1,301	-	-	1,301
Insurance	42,835	1,412	2,824	47,071
Interest	74,763	1,558	1,558	77,879
Marketing and public relations	221,980	-	110,297	332,277
Occupancy	82,001	1,699	2,305	86,005
Other outside services	207,288	-	-	207,288
Other	4,375	33,208	7,831	45,414
Printing, mailing, and postage	7,650	2,777	1,941	12,368
Professional fees	95,755	224,414	33,139	353,308
Repairs and maintenance	241,943	7,866	-	249,809
Supplies	154,831	9,133	7,212	171,176
Travel and meetings	-	18,556	553	19,109
Utilities	120,915	7,092	-	128,007
Total Expenses	$ 3,299,464	$ 510,959	$ 480,304	$ 4,290,727

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE WASHINGTON DC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (193,921)	$ 25,459
Adjustments to reconcile change in net assets to net cash operating activities		
Depreciation	372,557	363,720
Amortization of right-of-use asset- operating lease	60,312	-
Amortization of beneficial use of land	1,009	934
Interest on lease liability- operating lease	5,213	-
Realized gain on sale of investments	(280,225)	(589,023)
Unrealized gain (loss) on investments	(288,502)	153,688
Reimbursement for lease incentive	41,280	-
(Increase) Decrease in assets		
Contributions receivable	(3,518)	(286,029)
Prepaid expenses	5,235	23,761
Security deposit	(7,912)	-
Increase (Decrease) in liabilities		
Accounts payable and accrued expenses	155,431	(88,323)
Payment on operating lease liabilities	(31,648)	-
Net Cash - Operating Activities	$ (164,689)	$ (395,813)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	$ (102,234)	$ (118,030)
Purchases of investments	(2,323,822)	(2,915,520)
Proceeds from sale of investments	2,148,741	2,738,022
Net Cash - Investing Activities	$ (277,315)	$ (295,528)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Proceeds from Line of Credit	$ 95,534	$ 677,879
Net Cash - Financing Activities	$ 95,534	$ 677,879
NET CHANGE IN CASH AND CASH EQUIVALENTS	$ (346,470)	$ (13,462)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	497,508	510,970
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 151,038	$ 497,508
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for line of credit interest	$ 95,885	$ 77,879
Non-cash investing and financing activities.		
Right-of-Use asset acquired with lease liability	$ 405,780	$ -
Lease Liability	$ 439,148	$ -

The accompanying notes are an integral part of these financial statements.

NOTE 1. ORGANIZATION

Ronald McDonald House Washington DC (the Organization), formerly known as Ronald McDonald House Charities of Greater Washington, D.C., Inc., is a nonprofit 501(c)(3) organization. The mission of the Organization is to provide essential services that remove barriers, strengthen families, and promote healing when children need healthcare. Collectively, the Organization and the network of local Chapters ascribe to four core values: we lead with compassion, we are deeply respectful, we act with integrity, and we are firmly committed. We fulfill our mission through operation of sustainable programs that enable family-centered care, bridge access to quality health care, are a vital part of the health care continuum and strengthen families during difficult times. The following programs, operated by the Organization, represent the core functions of the Organization.

Ronald McDonald House

When children must travel long distances to access top medical care, accommodations and support for families can be expensive or not readily available. The Organization helps families stay close to their ill or injured child through the Ronald McDonald House programs located in Washington, DC, and Northern Virginia, which provide temporary lodging, meals and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers' ability to spend more time with their child, to interact with their clinical care team and to participate in critical medical care decisions.

Ronald McDonald Care Mobile

The Ronald McDonald Care Mobile (RMCM) program provides access to pediatric medical, dental and/or health education services for children living in underserved communities. The RMCM program is breaking down the barriers to health care, expanding critical health care access and extending the Organization's reach to countless underserved children. The RMCM program serves children that are at great risk to develop acute conditions, dental problems, chronic diseases and even serious lifelong illnesses. Through partnerships with local healthcare organizations and government ministries, the Organization is bringing clinical services and health education directly to those in need, so children can receive high quality, convenient care right in their own neighborhood – from urban communities to remote, hard-to-reach areas. The Ronald McDonald Care Mobile partnership agreement expired in February 2024 and was not renewed.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and in accordance with the Financial Accounting Standards Codification (FASB ASC) Topic 958, Presentation of Financial Statements for Not-for-Profit Entities. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. All other net assets, including board-designated or appropriated amounts, are net assets without donor restrictions and are reported as part of the net assets without donor restriction class.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management of the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses in the financial statements and accompanying notes during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Cash equivalents include money market funds and all highly liquid investments not held in investment accounts with a maturity date of less than three months from the date of purchase.

The Organization's cash balances that are maintained in bank accounts may exceed Federal Deposit Insurance Corporation limits from time to time. The Organization has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash.

Contributions Receivable

Contributions receivable are unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Management determines the allowance for credit losses by regularly evaluating individual grantor receivables and considering a grantor's financial condition, credit history, and current economic conditions. Contributions receivable are written off when deemed uncollectible. There was no allowance for credit losses as of December 31, 2025 and 2024.

The Organization is the beneficiary under various wills and trust agreements of which the total realizable amount is not presently determinable. Such amounts are recorded when a will is declared valid by probate court and the proceeds are measurable.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses and income are included in the statements of activities and changes in net assets.

The Organization maintains master investment accounts for its donor-restricted and board-designated endowments. Realized and unrealized gains and losses from securities in the investment accounts are allocated annually to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost, if purchased, or estimated fair value, if donated, at the date of donation. Additions of $1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Property and equipment are depreciated over estimated useful lives of 3 to 45 years on a straight-line basis.

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

Donated Assets, Property and Equipment, and Services

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated services are recognized as contributions and expenses if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization also receives donated services from other contributors and volunteers that are not measurable or do not meet the qualifications noted, and therefore, are excluded from the financial statements.

Net Assets

The Organization’s net assets and changes therein are classified and reported as follows:

Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions or law. The governing board has designated, from net assets without donor restrictions, net assets for property and equipment and capital improvements and expansion.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Concluded)

With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The investment earnings on these perpetually restricted net assets are reflected in the statements of activities and changes in net assets as components of net assets with donor restrictions and released from restrictions as funds are expended for the restricted purposes.

Revenue Recognition

Contributions and Grants

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the amount donated. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Conditional grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as Deferred Revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Functional Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include; depreciation, repairs and maintenance, and utilities which are allocated on a square footage basis; supplies, printing, mailing and postage, IT support, insurance, and other professional fees, which are allocated based on full-time equivalents; and salaries, wages, payroll taxes and employee benefits, which are allocated on the basis of management’s estimates of time and effort.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income, if any, from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Income Tax Status (Concluded)

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets – operating and lease liability – operating, and finance leases are included in right-of-use ("ROU") assets – financing and lease liability – financing in the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Organization has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

Reclassifications

Certain amounts have been reclassified for the year ended December 31, 2024, to conform to the presentation for the year ended December 31, 2025. The reclassifications had no impact on previously reported change in net assets.

NOTE 3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

Liquidity

As of December 31, 2025 and 2024, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	2025	2024
Cash and Cash Equivalents	$ 151,038	$ 497,508
Contributions Receivable	535,178	531,660
Total	$ 686,216	$ 1,029,168

NOTE 3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES (CONCLUDED)

Liquidity (Concluded)

Additionally, although the Organization does not intend to spend from its long-term investments without donor restrictions, these amounts could be made available if necessary.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately $637,000.

As more fully described in Note 8, the Organization also has a line of credit in the amount of $2,000,000 as of December 31, 2025 and 2024, respectively, which it could draw upon in the event of an unanticipated liquidity need.

NOTE 4. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of the years ended December 31, 2025 and 2024 are as follows.

	2025	2024
Due within One Year	$ 535,178	$ 531,660
Due in One to Five Years	-	-
Total	$ 535,178	$ 531,660
Less: Discount	-	-
Total Net Contributions Receivable	$ 535,178	$ 531,660

As of December 31, 2025 and 2024, there were no long-term contributions receivable, therefore no discount was calculated.

NOTE 5. EMPLOYEE RETENTION TAX CREDIT

The Organization qualified to receive tax refunds as part of the Employee Retention Tax Credit which was created as part of the Coronavirus Aid, Relief, and Economic Security Act to encourage businesses to continue paying employees by providing a credit to eligible employers for wages paid to eligible employees. In 2024, the Organization applied for the credit in which it is expected to receive $443,844, plus interest, related to the quarters ended March 31, 2020 through September 30, 2021. The credit was treated as a conditional grant since it had not been approved by IRS or received as of December 31, 2024. During the year ended December 31, 2025, $19,840 was received. There are substantial delays in the Internal Revenue Service processing claims for the ERC. Potential collection of the amount unpaid as of December 31, 2025, is unknown.

NOTE 6. FAIR VALUE MEASUREMENTS

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. A hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

Levels within the hierarchy are based on the reliability of inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

Level 2 - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

The fair values of assets measured on a recurring basis as of December 31, 2025 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Recurring Investments:				
Equities	$ 5,421,251	$ -	$ -	$ 5,421,251
Corporate Bonds	-	3,078,572	-	3,078,572
Alternatives	120,028	-	-	120,028
Total Recurring Investments	$ 5,541,279	$ 3,078,572	$ -	$ 8,619,851
Cash Equivalents	$ 411,944	-	-	$ 411,944
Total Investments	$ 5,953,223	$ 3,078,572	$ -	$ 9,031,795

The fair values of assets measured on a recurring basis as of December 31, 2024 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Recurring Investments:				
Equities	$ 5,574,293	$ -	$ -	$ 5,574,293
Corporate Bonds	-	2,374,573	-	2,374,573
Total Recurring Investments	$ 5,574,293	$ 2,374,573	$ -	$ 7,948,866
Cash Equivalents	$ 339,123	-	-	$ 339,123
Total Investments	$ 5,913,416	$ 2,374,573	$ -	$ 8,287,989

NOTE 6. FAIR VALUE MEASUREMENTS (CONCLUDED)

The overall investment objective of the Organization is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The Organization diversifies its investments among various asset classes incorporating multiple strategies and managers. Major investment decisions are authorized by the Board of Directors which oversees the Organization's investment program in accordance with established guidelines.

The composition of investment income on the Organization's investment portfolio for the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
Interest and Dividend Income, Net	$ 246,039	$ 222,619
Realized and Unrealized Gains, Net	568,727	435,335
Investment Fee	(45,872)	(43,778)
Investment Income, Net	$ 768,894	$ 614,176

NOTE 7. BENEFICIAL USE OF LAND

In October 1996, the Organization entered into a lease agreement with Inova Fairfax Hospital Systems, Inc. (the Hospital) whereby the Organization would lease from the Hospital certain land owned by the Hospital. The agreement includes annual base rent of $1.00 and provides for an initial lease term of 30 years and contains two 10-year renewal options, for a combined lease period that ends in 2046. An independent appraisal determined the fair value of the space at the time of inception was $255,668. The annual rental value was estimated to be $5,113 per year. In connection with this lease agreement, the Organization discounted the value of the 50-year initial term of the lease using a discounted rate of approximately 7.4% and recorded a restricted contribution in 2018 in the amount of $63,436. The implicit contribution receivable under this agreement was not previously recorded in the financial statements and was recorded as a donor-restricted contribution in 2018. The value remaining on the use of land as of December 31, 2025 and 2024 is $52,601 and $53,610, respectively, and has been recorded as such on the statements of financial position. For each of the years ended December 31, 2025 and 2024, rent expense of $5,113 was recorded in connection with this lease agreement.

NOTE 8. LINE OF CREDIT

During the year ended December 31, 2023, the Organization was extended a line of credit that has a maximum borrowing amount of $2,000,000. The line of credit is secured by investments and bears interest at a base rate not to exceed three percentage points above the Prime Rate as published in the Wall Street Journal (6.75% at December 31, 2025). Total amounts outstanding on the line of credit were $1,525,753 and $1,430,219 at December 31, 2025 and 2024, respectively.

NOTE 9. ENDOWMENTS

In March 1993, the Organization received a donation of shares of common stock of the McDonald's Corporation from Mrs. Ray Kroc. This gift was valued at $490,500 and was intended to create an endowment that would provide a source of income to help with ongoing operating expenses of the Ronald McDonald Houses.

In 2016, upon donor instruction, the Organization transferred $850,001 of donor-restricted Care Mobile Medical Unit funds to create a permanent endowment to where earnings of the endowment would be used to fund operations of the current and future Care Mobiles.

Absent explicit donor stipulations to the contrary, the Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the standard of prudence prescribed by UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund,
2) The purposes of the Organization and the donor-restricted endowment fund,
3) General economic conditions,
4) The possible effect of inflation and deflation,
5) The expected total return from income and the appreciation of investments,
6) Other resources of the Organization, and
7) The investment policy of the Organization.

Investment Return Objectives, Risk Parameters and Strategies. The Organization's endowment investment policy is focused on preservation of capital. The original endowment remains invested in donated common stock of the McDonald's Corporation, and the Care Mobile endowment funds are invested in a portfolio of securities with the investment objective to produce income, with long-term growth potential to meet the current and future needs of the Care Mobile program for the Washington, DC, chapter.

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy approved by the Board of Directors, the endowment assets are invested in a manner with long-term orientation and without undue exposure to risk.

NOTE 9. ENDOWMENTS (CONCLUDED)

Spending Policy and How the Investment Objectives Relate to Spending Policy. The spending rate policy will be 5%. Over the long-term, the Organization expects to allow its endowment to grow annually, consistent with the Organization's objectives to maintain the purchasing power of the endowment assets held in-perpetuity and to provide additional real growth through new contributions and investment returns.

Strategies Employed for Achieving Objectives. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yields (interest and dividends) by holding on to the original donated investments.

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. These deficiencies in prior year resulted from unfavorable market fluctuations that occurred after the investment of contributions for donor-restricted endowment funds. There were no such deficiencies as of December 31, 2025 and 2024.

Changes in endowment net assets and net assets by type of fund were as follows for the year ended December 31, 2025:

	With Donor Restrictions	Total
Endowment Net Assets- January 1, 2025	$ 2,475,819	$ 2,475,819
Investment return, net	269,606	269,606
Investment sales	(687,593)	(687,593)
Appropriation of endowment assets for expenditure	(942,396)	(942,396)
Endowment Net Assets- December 31, 2025	$ 1,115,436	$ 1,115,436

Changes in endowment net assets and net assets by type of fund were as follows for the year ended December 31, 2024:

	With Donor Restrictions	Total
Endowment Net Assets- January 1, 2024	$ 2,403,945	$ 2,403,945
Investment return, net	96,399	96,399
Appropriation of endowment assets for expenditure	(24,525)	(24,525)
Endowment Net Assets- December 31, 2024	$ 2,475,819	$ 2,475,819

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS

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

	2025	2024
Subject to Expenditure for Specific Purpose:		
Advertising Expenses	$ 615	$ 615
DC House - Playground	6	6
State Registration Grant	1,738	1,738
Total	$ 2,359	$ 2,359
Subject to Passage of Time:		
For Periods after December 31	-	33,070
Subject to the Organization's Spending Policy and Appropriation:		
Original Donor-Restricted Gifts Required to be Maintained in Perpetuity by Donor	490,500	1,340,501
Accumulated Endowment Earnings	625,008	1,135,318
Not Subject to Appropriation or Expenditure:		
Land Required to be Used for a Ronald McDonald House	52,601	53,610
Total	$ 1,170,468	$ 2,564,858

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

	2025	2024
Endowment Fund	$ 779,988	$ 24,525
Potomac Health Foundation Grant	100,000	-
4th Quarter Happy Meal Pledge	33,070	37,191
Care Mobile Medical Unit	850,001	-
Land Lease	937	937
Capital Business Unit- 2025 operating pledge	525,000	475,000
Co-Op Operating Pledge	-	37,104
Total	$ 2,288,996	$ 574,757

NOTE 11. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization’s governing Board of Directors has designated net assets without donor restrictions for the following purposes as of December 31:

	2025	2024
Property Reserve Fund	$ 200,566	$ 200,566
Capital Expenditure Fund	619,914	619,914
Total	$ 820,480	$ 820,480

NOTE 12. CONTRIBUTED NONFINANCIAL ASSETS

The Organization received the following contributions of nonfinancial assets for the years ended December 31:

	2025	2024
Food and Supplies	$ 24,554	$ 68,709
Services	11,125	128,187
Rent	4,104	83,376
Utilities	-	19,039
Total Contributed Nonfinancial Assets	$ 39,783	$ 299,311

Contributed food and supplies items received by the Organization are recorded as in-kind contribution revenue. These items are used in program services and are valued using the current average price located on a publicly available website for similar items.

Contributed services are recognized as in-kind revenue at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. These services are used for management and general activities.

Contributed equipment rent is valued using the current average price located on a publicly available website for similar items. These items are used in program services.

Contributed utilities are valued using the current average price located on a publicly available website for similar utilities. These utilities are used in program services.

NOTE 13. TRANSACTIONS WITH RELATED ENTITIES

Ronald McDonald House Charities is a system of independent, separately registered nonprofit charitable corporations, referred to as “Chapters” within the global organization. The Organization is an independent operating Chapter within the RMHC Global system. Each Chapter is licensed by Ronald McDonald House Charities, Inc. to use RMHC Global 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. 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 a portion of net revenue from all McDonald’s national fundraising efforts facilitated by RMHC Global. The Organization may also receive other grants and in-kind support from RMHC Global.

NOTE 13. TRANSACTIONS WITH RELATED ENTITIES (CONCLUDED)

The license agreement requires the Organization to remit 25% of Special Fundraising Contributions to Ronald McDonald House Charities, Inc. on a quarterly basis. These amounts are recorded against contribution income on the statements of activities and changes in net assets. In 2025 and 2024, the fundraising amounts were collected by the global organization and the proceeds net of the 25% fee were remitted to the Organization. The Organization recorded $1,054,021 and $864,878 of revenue from RMHC Global in 2025 and 2024, respectively. As of December 31, 2025 and 2024, amounts receivable from RMHC Global totaled $231,314 and $183,710, respectively.

Local contributions and proceeds from local fundraisers are not subject to these remittance requirements.

NOTE 14. PENSION PLAN

The retirement plan is a defined contribution plan under which employees who work at least 1,000 hours per year and have completed one year of service can make voluntary contributions up to the IRS maximum allowed contribution. There is a safe harbor match and a provision for discretionary contributions by the employer. All participants are fully vested in all contributions made. For 2025 and 2024, the Organization matched employee contributions up to 5% of each employee's compensation, resulting in pension expense of $18,565 and $20,131, respectively.

NOTE 15. LEASE COMMITMENTS

The Company entered into a lease agreement in January 2025 for office space. The lease has a sixty-six month term, including one five year renewal option. The Company occupied the space in February 2025. Under terms of the lease, the landlord provided the Company with a furniture, fixture and equipment allowance not to exceed of $41,280 to be used for the Company's moving costs and the purchase of furniture and equipment. The lease also provides that the first six full calendar months of the term are fully abated. Rent expense under this lease was $77,856 for the year ended December 31, 2025.

The cash paid for the lease liabilities was $31,648 for the year ended December 31, 2025. The Right-of-Use (ROU) assets obtained in exchange for the operating lease liabilities totaled $405,780 for the year ended December 31, 2025. The accumulated amortization of the ROU assets as of December 31, 2025 was $60,312.

Maturities of the lease liabilities as of December 31, 2025 are as follows for the years ending December 31:

2026	$ 97,341
2027	100,005
2028	102,750
2029	105,578
2030	65,124
Total	$ 470,798
Less: imputed interest	(43,814)
Total present value	$ 426,984
Less: lease liability, current portion	(82,738)
Lease liability, net of current portion	$ 344,246

NOTE 15. LEASE COMMITMENTS (CONCLUDED)

Other Information- Operating Leases:	
Weighted-average remaining lease terms (in years)	4.6 years
Weighted-average discount rate	4.35%

NOTE 16. ALLOCATION OF JOINT COSTS

The Organization incurs joint costs for informational materials and activities that included fundraising appeals. The following is a summary of the allocation of these joint costs for the years ended December 31:

	2025	2024
Program Services	$ 221,980	$ 221,980
Fundraising	118,015	90,668
Management and General	-	-
Total	$ 339,995	$ 312,648

NOTE 17. CONCENTRATIONS AND MARKET RISK

Revenue Concentrations

For the years ended December 31, 2025 and 2024, the Organization received 21% and 23%, respectively, of total support revenue (which excludes investment income), from one donor. As of December 31, 2025 and 2024, 43% and 30% of contributions receivable, respectively, was due from this donor.

Market Risk

the Organization invests in a variety of investments. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

NOTE 18. SUBSEQUENT EVENTS

Management evaluated subsequent events through September 14, 2026, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.