

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.**

**FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITORS' REPORT**

**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**



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Strategic, Smart and **Wonderfully Human**

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1-2</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS</b>	<b>4-5</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>6-7</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>8</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>9-22</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Ronald McDonald House Charities  
of Greater Washington, D.C., Inc.  
Falls Church, Virginia

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of the Ronald McDonald House Charities of Greater Washington, D.C., Inc. (RMHCDC), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 RMHCDC as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit 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 RMHCDC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Other Matter**

The financial statements of RMHCDC for the year ended December 31, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on June 6, 2024.

#### ***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 RMHCDC's ability to continue as a going concern for one year after the date that the financial statements are 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 RMHCDC'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 RMHCDC'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 10, 2025

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2024 AND 2023**

**ASSETS**

	2024	2023
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 497,508	\$ 510,970
Contributions receivable	531,660	245,631
Prepaid expenses	11,316	35,077
Total Current Assets	\$ 1,040,484	\$ 791,678
<b>INVESTMENTS</b>	8,287,989	7,675,156
<b>BENEFICIAL USE OF LAND</b>	53,610	54,547
<b>OTHER ASSETS</b>	11,592	11,592
<b>PROPERTY AND EQUIPMENT</b>		
Land and improvements	1,762,506	1,762,506
Building and Improvements	13,946,847	13,836,847
Furniture and equipment	758,523	750,494
Website	8,575	8,575
Subtotal	\$ 16,476,451	\$ 16,358,422
Less: Accumulated depreciation and amortization	(4,518,862)	(4,155,139)
Total Property and Equipment	\$ 11,957,589	\$ 12,203,283
<b>TOTAL ASSETS</b>	\$ 21,351,264	\$ 20,736,256

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 286,232	\$ 374,562
Line of credit	1,430,219	752,340
Total Current Liabilities	\$ 1,716,451	\$ 1,126,902
Total Liabilities	\$ 1,716,451	\$ 1,126,902
<b>NET ASSETS</b>		
Without donor restrictions		
Board designated	\$ 820,480	\$ 820,480
Undesignated	16,249,475	16,253,728
Total net assets without donor restrictions	\$ 17,069,955	\$ 17,074,208
With donor restrictions		
Time and purpose restrictions	\$ 1,224,357	\$ 1,194,645
Perpetual restrictions	1,340,501	1,340,501
Total net assets with donor restrictions	\$ 2,564,858	\$ 2,535,146
Total Net Assets	\$ 19,634,813	\$ 19,609,354
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 21,351,264	\$ 20,736,256

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

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
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 income	8,644	-	8,644
Net assets released from restrictions	574,757	(574,757)	-
<b>Total Revenue and Other Support</b>	<b>\$ 4,286,474</b>	<b>\$ 29,712</b>	<b>\$ 4,316,186</b>
<b>EXPENSES</b>			
Program services	\$ 3,299,464	\$ -	\$ 3,299,464
Management and general	510,959	-	510,959
Fundraising	480,304	-	480,304
<b>Total Expenses</b>	<b>\$ 4,290,727</b>	<b>\$ -</b>	<b>\$ 4,290,727</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (4,253)</b>	<b>\$ 29,712</b>	<b>\$ 25,459</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>17,074,208</b>	<b>2,535,146</b>	<b>19,609,354</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 17,069,955</b>	<b>\$ 2,564,858</b>	<b>\$ 19,634,813</b>

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

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Contributions, grants and fundraising events	\$ 1,865,804	\$ 309,728	\$ 2,175,532
Donated materials and services	265,151	-	265,151
Special events	221,145	-	221,145
Realized gains on sale of investments	139,249	19,106	158,355
Unrealized gain on investments	408,409	206,057	614,466
Interest and dividends, net of fees	113,530	45,345	158,875
Other	318	-	318
Net assets released from restrictions	1,661,992	(1,661,992)	-
	<u>\$ 4,675,598</u>	<u>\$ (1,081,756)</u>	<u>\$ 3,593,842</u>
<b>EXPENSES</b>			
Program services	\$ 3,445,172	\$ -	\$ 3,445,172
Management and general	484,569	-	484,569
Fundraising and membership	530,267	-	530,267
	<u>\$ 4,460,008</u>	<u>\$ -</u>	<u>\$ 4,460,008</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 215,590</u>	<u>\$ (1,081,756)</u>	<u>\$ (866,166)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>16,858,618</u>	<u>3,616,902</u>	<u>20,475,520</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 17,074,208</u>	<u>\$ 2,535,146</u>	<u>\$ 19,609,354</u>

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

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Employee costs	\$ 1,673,345	\$ 195,586	\$ 304,245	\$ 2,173,176
Depreciation and amortization	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
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	82,413	4,335	3,499	90,247
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
<b>Total Expenses</b>	<b>\$ 3,299,464</b>	<b>\$ 510,959</b>	<b>\$ 480,304</b>	<b>\$ 4,290,727</b>

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

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Employee costs	\$ 1,424,293	\$ 156,533	\$ 385,893	\$ 1,966,719
Depreciation and amortization	353,731	6,067	9,855	369,653
Family transportation	19,953	704	1,127	21,784
Grants and family assistance	450,000	-	-	450,000
Insurance	39,839	2,300	5,208	47,347
Marketing and public relations	182,106	-	85,127	267,233
Occupancy	90,600	2,442	3,886	96,928
Other outside services	193,688	-	-	193,688
Other	1,984	31,478	37	33,499
Printing, mailing, and postage	9,494	27,792	1,201	38,487
Professional fees	105,206	233,117	12,991	351,314
Repairs and maintenance	281,511	654	3,492	285,657
Supplies	158,891	9,172	20,772	188,835
Travel and meetings	5,912	8,295	678	14,885
Utilities	127,964	6,015	-	133,979
<b>Total Expenses</b>	<b>\$ 3,445,172</b>	<b>\$ 484,569</b>	<b>\$ 530,267</b>	<b>\$ 4,460,008</b>

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

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 25,459	\$ (866,166)
Adjustments to reconcile change in net assets to net cash operating activities		
Depreciation and amortization	363,720	369,653
Amortization of beneficial use of land	934	870
Realized gain on sale of investments	(589,023)	(158,355)
Unrealized gain (loss) on investments	153,688	(614,466)
Loss on disposal of property and equipment	-	8,973
(Increase) Decrease in assets		
Contributions receivable	(286,029)	459,686
Accounts receivable	-	12,345
Prepaid expenses	23,761	(4,797)
Other assets	-	(11,592)
Increase (Decrease) in liabilities		
Accounts payable and accrued expenses	(88,323)	107,166
	<u>(88,323)</u>	<u>107,166</u>
Net Cash - Operating Activities	<u>\$ (395,813)</u>	<u>\$ (696,683)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	\$ (118,030)	\$ (75,062)
Purchases of investments	(2,915,520)	(2,702,485)
Proceeds from sale of investments	<u>2,738,022</u>	<u>2,845,208</u>
	<u>\$ (295,528)</u>	<u>\$ 67,661</u>
Net Cash - Investing Activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Proceeds from Line of Credit	<u>\$ 677,879</u>	<u>\$ 752,340</u>
	<u>\$ 677,879</u>	<u>\$ 752,340</u>
Net Cash - Financing Activities		
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	\$ (13,462)	\$ 123,318
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>510,970</u>	<u>387,652</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 497,508</u></u>	<u><u>\$ 510,970</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for line of credit interest	\$ 77,879	\$ 27,384

There were no non-cash investing and financing activities for the years ended the years ended December 31, 2024 and 2023.

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

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 1. ORGANIZATION**

Ronald McDonald House Charities of Greater Washington, D.C., Inc. (RMHCDC or the Organization) is a nonprofit 501(c)(3) organization. The mission of Ronald McDonald House Charities is to provide essential services that remove barriers, strengthen families, and promote healing when children need healthcare. Collectively, RMHCDC 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 Ronald McDonald House Charities of Greater Washington D.C., Inc.

**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, D.C., 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.

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**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 or 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.

**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, 2024 and 2023.

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.

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Assets, Property and Equipment, and Services (Concluded)**

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.

**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.

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Expenses**

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include; depreciation, 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).

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 nonlease component as a single lease component.

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

**Reclassifications**

Certain amounts have been reclassified for the year ended December 31, 2023, to conform to the presentation for the year ended December 31, 2024. The reclassifications had no impact on previously reported change in net assets.

**NOTE 3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

**Liquidity**

As of December 31, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	2024	2023
Cash and Cash Equivalents	\$ 497,508	\$ 510,970
Contributions Receivable	531,660	245,631
Total	\$ 1,029,168	\$ 756,601

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 7, the Organization also has a line of credit in the amount of \$2,000,000 as of December 31, 2024 and 2023, 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, 2024 and 2023 are as follows.

	2024	2023
Due within One Year	\$ 531,660	\$ 245,631
Due in One to Five Years	-	-
Total	\$ 531,660	\$ 245,631
Less: Discount	-	-
Total Net Contributions Receivable	\$ 531,660	\$ 245,631

As of December 31, 2024 and 2023, there were no long-term contributions receivable, therefore no discount was calculated.

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**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. Partial payment was received in 2025.

**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. 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, 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	<u>\$ 5,574,293</u>	<u>\$ 2,374,573</u>	<u>\$ -</u>	<u>\$ 7,948,866</u>
Cash Equivalents	<u>\$ 339,123</u>	<u>-</u>	<u>-</u>	<u>\$ 339,123</u>
Total Investments	<u>\$ 5,913,416</u>	<u>\$ 2,374,573</u>	<u>\$ -</u>	<u>\$ 8,287,989</u>

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 6. FAIR VALUE MEASUREMENTS (CONCLUDED)**

The fair values of assets measured on a recurring basis as of December 31, 2023 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
<b>Assets</b>				
<b>Recurring Investments:</b>				
Equities	\$ 5,060,020	\$ -	\$ -	\$ 5,060,020
Corporate Bonds	<u>-</u>	<u>2,350,311</u>	<u>-</u>	<u>2,350,311</u>
<b>Total Recurring Investments</b>	<u>\$ 5,060,020</u>	<u>\$ 2,350,311</u>	<u>-</u>	<u>\$ 7,410,331</u>
Cash Equivalents	<u>\$ 264,825</u>	<u>-</u>	<u>-</u>	<u>\$ 264,825</u>
<b>Total Investments</b>	<u>\$ 5,324,845</u>	<u>\$ 2,350,311</u>	<u>\$ -</u>	<u>\$ 7,675,156</u>

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, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Interest and Dividend Income, Net	\$ 222,619	\$ 197,714
Realized and Unrealized Gains, Net	435,335	772,821
Investment Fee	<u>(43,778)</u>	<u>(38,839)</u>
<b>Investment Income, Net</b>	<u>\$ 614,176</u>	<u>\$ 931,696</u>

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**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, 2024 and 2023 is \$53,610 and \$54,547, respectively, and has been recorded as such on the statements of financial position. For each of the of the years ended December 31, 2024 and 2023, 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, RMHCDC 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 (7.5% at December 31, 2024). Total amounts outstanding on the line of credit were \$1,430,219 and \$752,340 at December 31, 2024 and 2023, respectively.

**NOTE 9. ENDOWMENTS**

In March 1993, RMHCDC 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, RMHCDC 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.

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 9. ENDOWMENTS (CONTINUED)**

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

- 1) The duration and preservation of the 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, D.C., 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.

*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, 2024 and 2023.

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 9. ENDOWMENTS (CONCLUDED)**

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

	With Donor <u>Restrictions</u>	<u>Total</u>
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	<u>(24,525)</u>	<u>(24,525)</u>
Endowment Net Assets- December 31, 2024	<u>\$ 2,475,819</u>	<u>\$ 2,475,819</u>

Changes in endowment net assets and net assets by type of fund were as follows for the year ended December 31, 2023:

	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment Net Assets - January 1, 2023	\$ 2,168,059	\$ 2,168,059
Investment return, net	270,508	270,508
Appropriation of endowment assets for expenditure	<u>(34,622)</u>	<u>(34,622)</u>
Endowment Net Assets - December 31, 2023	<u>\$ 2,403,945</u>	<u>\$ 2,403,945</u>

**NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2024</u>	<u>2023</u>
Subject to Expenditure for Specific Purpose:		
Advertising Expenses	\$ 615	\$ 615
D.C. House - Playground	6	6
State Registration Grant	<u>1,738</u>	<u>1,738</u>
Total	\$ 2,359	\$ 2,359
Subject to Passage of Time:		
For Periods after December 31	33,070	74,295
Subject to the Organization's Spending Policy and Appropriation:		
Original Donor-Restricted Gifts Required to be Maintained in Perpetuity by Donor	1,340,501	1,340,501
Accumulated Endowment Earnings	1,135,318	1,063,444
Not Subject to Appropriation or Expenditure:		
Land Required to be Used for a Ronald McDonald House	<u>53,610</u>	<u>54,547</u>
Total	<u>\$ 2,564,858</u>	<u>\$ 2,535,146</u>

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS (CONCLUDED)**

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:

	<u>2024</u>	<u>2023</u>
Endowment Fund	\$ 24,525	\$ 34,622
Davis Elen Matching Gift	-	18,500
Advertising Expenses	-	25,003
Open Homes Grant	-	2,124
State Registration Grant	-	1,263
4th Quarter Happy Meal Pledge	37,191	36,714
Curtis Bell Pledge	-	80,000
Land Lease	937	870
Capital Business Unit- 2024 operating pledge	475,000	-
Co-Op Operating Pledge	<u>37,104</u>	<u>1,462,896</u>
Total	<u>\$ 574,757</u>	<u>\$ 1,661,992</u>

**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:

	<u>2024</u>	<u>2023</u>
Property Reserve Fund	\$ 200,566	\$ 200,566
Capital Expenditure Fund	<u>619,914</u>	<u>619,914</u>
Total	<u>\$ 820,480</u>	<u>\$ 820,480</u>

**NOTE 12. CONTRIBUTED NONFINANCIAL ASSETS**

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

	<u>2024</u>	<u>2023</u>
Food and Supplies	\$ 68,709	\$ 131,031
Services	128,187	23,110
Rent	83,376	95,132
Utilities	<u>19,039</u>	<u>15,878</u>
Total Contributed Nonfinancial Assets	<u>\$ 299,311</u>	<u>\$ 265,151</u>

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 12. CONTRIBUTED NONFINANCIAL ASSETS (CONCLUDED)**

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 (RMHC Global) 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.

The license agreement requires the Organization to remit 25% of Special RMHCDC 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 2024 and 2023, the fundraising amounts were collected by the global organization and the proceeds net of the 25% fee were remitted to RMHCDC. RMHCDC recorded \$864,878 and \$496,485 of revenue from RMHC Global in 2024 and 2023, respectively. As of December 31, 2024 and 2023, amounts receivable from RMHC Global totaled \$183,710 and \$127,885, respectively.

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

**RONALD MCDONALD HOUSE CHARITIES  
OF GREATER WASHINGTON, D.C., INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**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 2024 and 2023, the Organization matched employee contributions up to 5% of each employee's compensation, resulting in pension expense of \$20,131 and \$32,558, respectively.

**NOTE 15. 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:

	2024	2023
Program Services	\$ 221,980	\$ 182,106
Fundraising	90,668	75,127
Management and General	-	-
Total	\$ 312,648	\$ 257,233

**NOTE 16. CONCENTRATIONS AND MARKET RISK**

**Revenue Concentrations**

For the years ended December 31, 2024 and 2023, RMHCDC received 23% and 22%, respectively, of total support revenue (which excludes investment income), from one donor. As of December 31, 2024 and 2023, 30% and 15% of contributions receivable, respectively, was due from this donor.

**Market Risk**

RMHCDC 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 17. SUBSEQUENT EVENTS**

Management evaluated subsequent events through September 10, 2025, 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.