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# **Ronald McDonald House Charities of Kansas City, Inc.**

## **Independent Auditor's Report and Financial Statements**

December 31, 2022 and 2021

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**Ronald McDonald House Charities  
of Kansas City, Inc.  
December 31, 2022 and 2021**

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## Independent Auditor's Report

Board of Directors  
Ronald McDonald House Charities  
of Kansas City, Inc.  
Kansas City, Missouri

### **Opinion**

We have audited the financial statements of Ronald McDonald House Charities of Kansas City, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's 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.

### **Emphasis of Matters**

As discussed in *Note 6* to the financial statements, in 2022, the Organization adopted ASU 2020-07, *Not-for-Profit-Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

As discussed in *Note 11* to the financial statements, the 2021 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

### **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 within one year after the date that these financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

**FORVIS,LLP**

Kansas City, Missouri  
October 13, 2023

# Ronald McDonald House Charities of Kansas City, Inc.

## Statements of Financial Position

December 31, 2022 and 2021

### Assets

	2022	2021 <i>(Restated - Note 11)</i>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,593,654	\$ 1,374,875
Restricted cash	686,521	774,859
Accounts receivables, net of allowance	73,991	45,302
Contributions receivable, net	1,290,576	1,102,055
Other	115,266	86,025
Total current assets	3,760,008	3,383,116
<b>Non-Current Assets</b>		
Contributions receivable, net	49,155	45,351
Beneficial interest in assets held by other	137,313	137,313
Investments	6,103,642	7,295,052
Property and equipment, net	12,140,046	12,477,338
Other	32,683	32,683
Total non-current assets	18,462,839	19,987,737
Total assets	\$ 22,222,847	\$ 23,370,853

### Liabilities and Net Assets

<b>Current Liabilities</b>		
Accounts payable	\$ 296,425	\$ 420,995
Accrued liabilities	239,549	260,021
Deferred revenue	5,000	27,306
Total current liabilities	540,974	708,322
<b>Net Assets</b>		
Without donor restrictions	15,602,736	15,647,505
With donor restrictions	6,079,137	7,015,026
Total net assets	21,681,873	22,662,531
Total liabilities and net assets	\$ 22,222,847	\$ 23,370,853

# Ronald McDonald House Charities of Kansas City, Inc.

## Statement of Activities Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>			
Contributions – general	\$ 2,310,036	\$ 626,326	\$ 2,936,362
Contributions of nonfinancial assets	350,149	312,621	662,770
Contributions – McDonald’s related fundraisers	540,082	5,000	545,082
Total contributions	<u>3,200,267</u>	<u>943,947</u>	<u>4,144,214</u>
Organization-sponsored fundraising events	903,113	533,175	1,436,288
External fundraising events	315,522	1,208,334	1,523,856
Medicaid revenue	490,625	-	490,625
Other income (loss)	188	(2,156)	(1,968)
Net assets released from restrictions	<u>3,227,468</u>	<u>(3,227,468)</u>	<u>-</u>
Total revenues, gains and other support	<u>8,137,183</u>	<u>(544,168)</u>	<u>7,593,015</u>
<b>Expenses and Losses</b>			
Program services	5,065,974	-	5,065,974
Cost of direct benefits to donors	316,600	-	316,600
Support services			
Management and general	766,048	-	766,048
Fundraising	<u>1,172,406</u>	<u>-</u>	<u>1,172,406</u>
Total expenses and losses	<u>7,321,028</u>	<u>-</u>	<u>7,321,028</u>
<b>Change in Net Assets from Operations</b>	816,155	(544,168)	271,987
<b>Net Investment Loss</b>	<u>(860,924)</u>	<u>(391,721)</u>	<u>(1,252,645)</u>
<b>Change in Net Assets</b>	(44,769)	(935,889)	(980,658)
<b>Net Assets, Beginning of Year</b>	<u>15,647,505</u>	<u>7,015,026</u>	<u>22,662,531</u>
<b>Net Assets, End of Year</b>	<u>\$ 15,602,736</u>	<u>\$ 6,079,137</u>	<u>\$ 21,681,873</u>

**Ronald McDonald House Charities  
of Kansas City, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2021 (Restated – Note 11)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>			
Contributions – general	\$ 1,707,760	\$ 1,666,148	\$ 3,373,908
Contributions of nonfinancial assets	263,710	123,930	387,640
Contributions – McDonald’s related fundraisers	622,657	5,000	627,657
Total contributions	<u>2,594,127</u>	<u>1,795,078</u>	<u>4,389,205</u>
Organization-sponsored fundraising events	1,073,238	204,427	1,277,665
External fundraising events	565,762	1,019,282	1,585,044
Medicaid revenue	245,308	-	245,308
Other	456,505	-	456,505
Net assets released from restrictions	<u>2,055,590</u>	<u>(2,055,590)</u>	<u>-</u>
Total revenues, gains and other support	<u>6,990,530</u>	<u>963,197</u>	<u>7,953,727</u>
<b>Expenses and Losses</b>			
Program services	4,118,151	-	4,118,151
Cost of direct benefits to donors	272,907	-	272,907
Support services			
Management and general	543,083	-	543,083
Fundraising	<u>1,042,593</u>	<u>-</u>	<u>1,042,593</u>
Total expenses and losses	<u>5,976,734</u>	<u>-</u>	<u>5,976,734</u>
<b>Change in Net Assets from Operations</b>	1,013,796	963,197	1,976,993
<b>Net Investment Income</b>	<u>512,290</u>	<u>36,140</u>	<u>548,430</u>
<b>Change in Net Assets</b>	1,526,086	999,337	2,525,423
<b>Net Assets, Beginning of Year, As     Previously Reported</b>	21,136,989	3,151,787	24,288,776
<b>Adjustments Applicable to Prior Years</b>	(7,015,570)	2,863,902	(4,151,668)
<b>Net Assets, Beginning of Year, As Restated</b>	<u>14,121,419</u>	<u>6,015,689</u>	<u>20,137,108</u>
<b>Net Assets, End of Year</b>	<u>\$ 15,647,505</u>	<u>\$ 7,015,026</u>	<u>\$ 22,662,531</u>

# Ronald McDonald House Charities of Kansas City, Inc.

## Statement of Functional Expenses Year Ended December 31, 2022

	Program Services			Total Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total Expenses
	Ronald McDonald Houses	Family Room	Project GROW					
Salaries	\$ 1,529,106	\$ 321,806	\$ -	\$ 1,850,912	\$ 320,619	\$ 493,280	\$ -	\$ 2,664,811
Employee benefits	337,629	65,623	-	403,252	75,547	81,453	-	560,252
Payroll taxes	113,785	23,882	-	137,667	23,479	35,705	-	196,851
Total	1,980,520	411,311	-	2,391,831	419,645	610,438	-	3,421,914
Advertising	-	-	-	-	-	79,334	-	79,334
Automobile	387	-	-	387	-	-	-	387
Cleaning services and supplies	135,005	-	-	135,005	-	-	-	135,005
Depreciation	806,014	150,591	67,963	1,024,568	5,769	1,672	-	1,032,009
Direct mail	-	-	-	-	-	228,598	-	228,598
Donor recognition	-	726	-	726	2,292	19,344	-	22,362
Family support services and supplies	379,444	11,033	-	390,477	999	-	-	391,476
Insurance	133,791	13,183	-	146,974	9,372	12,457	-	168,803
Linens and laundry	33,796	118	-	33,914	-	-	-	33,914
Maintenance and repairs	377,309	6,844	9,588	393,741	766	362	-	394,869
Meetings, education and training	2,176	-	-	2,176	43,188	3,452	-	48,816
Office supplies	9,307	-	-	9,307	10,705	4,959	-	24,971
Postage and courier	229	68	-	297	6,425	4,144	-	10,866
Printing and publishing	109	-	-	109	129	23,639	-	23,877
Professional fees	-	-	-	-	137,939	2,910	-	140,849
Rent	1,168	187,712	-	188,880	-	-	126,759	315,639
Technology	60,970	6,849	-	67,819	50,011	78,638	-	196,468
Telephone	50,672	-	-	50,672	-	-	-	50,672
Travel, meals and entertainment	631	368	-	999	30	3,125	152,739	156,893
Utilities	211,213	-	6,251	217,464	-	-	-	217,464
Volunteer resources and recognition	8,195	-	-	8,195	-	910	-	9,105
Other	1,500	933	-	2,433	78,778	98,424	37,102	216,737
<b>Total Expenses</b>	<b>\$ 4,192,436</b>	<b>\$ 789,736</b>	<b>\$ 83,802</b>	<b>\$ 5,065,974</b>	<b>\$ 766,048</b>	<b>\$ 1,172,406</b>	<b>\$ 316,600</b>	<b>\$ 7,321,028</b>



**Ronald McDonald House Charities  
of Kansas City, Inc.  
Statement of Functional Expenses  
Year Ended December 31, 2021**

	Program Services			Total Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total Expenses
	Ronald McDonald Houses	Family Room	Project GROW					
Salaries	\$ 1,548,396	\$ 118,109	\$ -	\$ 1,666,505	\$ 255,017	\$ 443,452	\$ -	\$ 2,364,974
Employee benefits	274,780	12,668	-	287,448	48,979	63,843	-	400,270
Payroll taxes	117,464	8,704	-	126,168	19,391	31,371	-	176,930
Total	1,940,640	139,481	-	2,080,121	323,387	538,666	-	2,942,174
Advertising	-	-	-	-	-	83,366	-	83,366
Automobile	46	-	-	46	-	-	-	46
Cleaning services and supplies	109,514	-	-	109,514	-	-	-	109,514
Depreciation	734,202	18,971	67,736	820,909	7,170	6,370	-	834,449
Direct mail	-	-	-	-	-	209,482	-	209,482
Donor recognition	-	-	-	-	1,560	3,543	-	5,103
Family support services and supplies	389,200	443	-	389,643	-	2,085	-	391,728
Insurance	104,675	10,093	-	114,768	7,181	9,538	-	131,487
Linens and laundry	12,999	-	-	12,999	-	-	-	12,999
Maintenance and repairs	264,570	755	13,849	279,174	2,230	159	-	281,563
Meetings, education and training	5,101	-	-	5,101	18,149	475	-	23,725
Office supplies	6,475	-	-	6,475	6,510	4,243	-	17,228
Postage and courier	9	30	-	39	1,203	8,200	-	9,442
Printing and publishing	426	474	-	900	218	23,597	-	24,715
Professional fees	-	-	-	-	73,289	520	-	73,809
Rent	-	-	-	-	-	-	127,839	127,839
Technology	53,661	7,317	-	60,978	24,673	40,648	-	126,299
Telephone	50,050	-	-	50,050	-	-	-	50,050
Travel, meals and entertainment	301	-	-	301	156	1,726	124,270	126,453
Utilities	160,988	-	457	161,445	-	-	-	161,445
Volunteer resources and recognition	5,436	-	-	5,436	-	1,908	-	7,344
Other	19,906	346	-	20,252	77,357	108,067	20,798	226,474
<b>Total Expenses</b>	<b>\$ 3,858,199</b>	<b>\$ 177,910</b>	<b>\$ 82,042</b>	<b>\$ 4,118,151</b>	<b>\$ 543,083</b>	<b>\$ 1,042,593</b>	<b>\$ 272,907</b>	<b>\$ 5,976,734</b>

**Ronald McDonald House Charities  
of Kansas City, Inc.  
Statements of Cash Flows  
Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
		<i>(Restated - Note 11)</i>
<b>Operating Activities</b>		
Change in net assets	\$ (980,658)	\$ 2,525,423
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	1,032,009	834,449
Loss on disposal of property and equipment	-	16,984
Net realized and unrealized (gains) losses on investments	1,431,478	(100,237)
Contributions of property and equipment or contributions received restricted for acquisition of property and equipment	(1,204,815)	(1,491,715)
Forgiveness of PPP loan	-	(434,000)
Changes in		
Contributions receivable	(192,325)	255,811
Accounts receivables and other assets	(57,930)	(61,548)
Accounts payable and accrued liabilities	(23,854)	125,871
Deferred revenue	(22,306)	(3,308)
	<u>(18,401)</u>	<u>1,667,730</u>
<b>Investing Activities</b>		
Purchase of property and equipment	(654,421)	(1,395,183)
Purchase of investments	(240,068)	(581,079)
	<u>(894,489)</u>	<u>(1,976,262)</u>
<b>Financing Activities</b>		
Proceeds from contributions restricted for acquisition of property and equipment	1,043,331	1,354,175
	<u>1,043,331</u>	<u>1,354,175</u>
<b>Increase in Cash, Cash Equivalents and Restricted Cash</b>	130,441	1,045,643
<b>Cash, Cash Equivalents and Restricted Cash, Beginning of Year</b>	<u>2,149,734</u>	<u>1,104,091</u>
<b>Cash, Cash Equivalents and Restricted Cash, End of Year</b>	<u>\$ 2,280,175</u>	<u>\$ 2,149,734</u>
<b>Reconciliation to Statements of Financial Position</b>		
Cash and cash equivalents	\$ 1,593,654	\$ 1,374,875
Restricted cash	686,521	774,859
<b>Cash, Cash Equivalents and Restricted Cash</b>	<u>\$ 2,280,175</u>	<u>\$ 2,149,734</u>
<b>Supplemental Cash Flows Information</b>		
Property and equipment acquired through noncash contributions	\$ 36,603	\$ 13,610
Property and equipment purchases in accounts payable and accrued liabilities	20,407	141,595

# Ronald McDonald House Charities of Kansas City, Inc.

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

### Note 1: Nature of Operations and Summary of Significant Accounting Policies

#### **Organization**

Ronald McDonald House Charities of Kansas City, Inc. (the “Organization”) is a Missouri not-for-profit organization formed in 1979 that operates three Kansas City Ronald McDonald Houses and two Family Rooms, which provides temporary housing for the families of seriously ill children while the children are receiving treatment at local hospitals. The mission of Ronald McDonald House Charities – Kansas City is to reduce the burden of childhood illness on children and their families.

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.

#### 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 Kansas City, Missouri 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 Family Rooms

When a child is critically ill, parents may be reluctant to leave the hospital. In order to provide comfort and support to their child, it is important that parents have an opportunity to rest, have a meal or have a moment of quiet. Located inside medical care facilities, the Ronald McDonald Family Room program in Children’s Mercy and Overland Park Regional serves as a place of respite, relaxation and privacy for family members, often just steps away from where their child is being treated. The Ronald McDonald Family Room program provides parents with an opportunity to remain close to their hospitalized child and to be an active member of their child’s health care team.

The Organization’s revenues and other support are derived principally from contributions and Organization-sponsored fundraising events.

#### **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 are presented on the basis of net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created only by donor-imposed

# Ronald McDonald House Charities of Kansas City, Inc.

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

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.

### ***Measure of Operations***

The Organization's change in net assets from operations on the statements of activities includes all operating revenues and expenses that are an integral part of its program and supporting activities, net assets released from donor restrictions to support operating expenditures and other non-operating funds to support current operating activities. The measure of operations excludes investment return on investments.

### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

### ***Cash, Cash Equivalents and Restricted Cash***

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts are not considered to be cash and cash equivalents. At December 31, 2022 and 2021, cash equivalents consisted primarily of money market accounts.

Amounts included in restricted cash are donor contributions received and restricted for a particular purpose.

At December 31, 2022, the Organization's cash accounts exceeded federally insured limits by approximately \$1,660,000.

### ***Accounts Receivable***

Accounts receivable are stated at the amount of consideration from customers of which the Organization has an unconditional right to receive. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

# Ronald McDonald House Charities of Kansas City, Inc.

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

### ***Beneficial Interest in Assets Held by Other***

The Organization is a beneficiary of a \$250,000 contribution made to and held by an unrelated not-for-profit organization. The funds are restricted to support Ronald McDonald Family Room and may be utilized at any time. The unspent contribution was \$137,313 at December 31, 2022 and 2021.

### ***Investments and Net Investment Return***

The Organization measures securities at fair value. Investment return includes dividends, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value, less external investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is recorded as revenue with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

### ***Property and Equipment***

Property and equipment acquisitions over \$1,000 are stated at cost, less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building improvements	10 - 15 years
Contributed fixed assets	50 years
Vans and autos	5 years
Furniture, fixtures and equipment	5 years
Donation box equipment	5 years

# Ronald McDonald House Charities of Kansas City, Inc.

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

### **Long-lived Asset Impairment**

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2022 and 2021.

### **Net Assets**

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve, which was \$1,010,591 and \$981,416 and net assets for projects, which was \$101,311 and \$112,299 as of December 31, 2022 and 2021, respectively. Net assets with donor restrictions are 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.

### **Contributions**

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Expected to be collected within one year	Net realizable value

# Ronald McDonald House Charities of Kansas City, Inc.

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

<b>Nature of the Gift</b>	<b>Value Recognized</b>
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

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.

Approximately 27 percent and 12 percent of all revenue from contributions, special events and external fundraising events were received from two donors and one donor in 2022 and 2021, respectively.

### ***Deferred Revenue***

Income from sponsorships received in advance of future special events, which the resource provider is receiving commensurate value in return or a right of return exists if the event does not occur, is deferred and recognized over the periods to which the sponsorships relate.

### ***Fundraising Events Revenue***

The portion of the fundraising events revenue that relates to the commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met. The transaction price is determined based on the cost of benefits provided to donors, which was \$316,600 and \$272,907 for the years ended December 31, 2022 and 2021, respectively. All revenue is recognized as of the point in time the event is held and benefits are provided to the donor, which is when the performance obligations are met. The portion of fundraising events

# **Ronald McDonald House Charities of Kansas City, Inc.**

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

revenue considered to be a contribution is recognized in accordance with the Organization's contribution revenue policies.

### ***Medicaid Revenue***

Medicaid revenue represents fees for services and is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. These amounts are due from third-party insurers. Revenue is recognized as the performance obligation is satisfied, which is over time as services are provided as the customer simultaneously receives and consumes the benefit. The Organization determines the transaction price based on standard charges for services provided. These contracts are generally short-term in nature and revenue is recognized based on the number of nights stayed. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the outputs needed to satisfy the obligation. Insurers are generally invoiced the month following the service. Medicaid revenue for the years ended December 31, 2022 and 2021 was \$490,625 and \$245,308, respectively.

### ***Advertising***

The Organization expenses advertising costs as they are incurred. Advertising expenses were \$79,334 and \$83,366 for the years ended December 31, 2022 and 2021, respectively.

### ***Income Taxes***

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.

### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, cost of direct benefits to donors, management and general and fundraising categories based on time expended, usage and other methods.



# Ronald McDonald House Charities of Kansas City, Inc.

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

### ***Paycheck Protection Program (PPP) Loan - ASC Topic 470***

The Organization received a PPP loan established by the CARES Act and elected to account for the funding as a loan in accordance with ASC Topic 470, *Debt*. Interest was accrued in accordance with the loan agreement. Any forgiveness of the loan is recognized as a gain in the financial statements in the period the debt is legally released. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to any gain recognized. The Organization's loan in the amount of \$434,000 was forgiven during 2021 and is included in the other revenue line item in the statement of activities.

### ***Subsequent Events***

Subsequent events have been evaluated through October 13, 2023, which is the date the financial statements were available to be issued.

### **Note 2: Contributions Receivable**

Contributions receivable at December 31 consisted of the following unconditional promises to give discounted at a rate of 5 percent:

	<b>2022</b>	<b>2021</b>
Due within one year	\$ 1,293,326	\$ 1,104,805
Due in one to five years	117,230	50,000
	1,410,556	1,154,805
Less		
Allowance for uncollectible contributions	(2,750)	(2,750)
Unamortized discount	(68,075)	(4,649)
	\$ 1,339,731	\$ 1,147,406

Approximately 63 percent and 85 percent of contributions receivable was due from one donor and two donors as of December 31, 2022 and 2021, respectively.

# Ronald McDonald House Charities of Kansas City, Inc.

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

### Note 3: Fair Value Measurements and Disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs are supported by little or no market activity and are significant to the fair value of the assets or liabilities

#### Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2022 and 2021:

	Total	Fair Value	Fair Value Measurements Using		
			Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>December 31, 2022</b>					
Money market funds	\$ 1,107,680	\$ 1,107,680	\$ 1,107,680	\$ -	\$ -
Bond mutual funds	1,372,139	1,372,139	1,372,139	-	-
Equity mutual funds	3,598,823	3,598,823	3,598,823	-	-
Total at fair value	6,078,642	6,078,642	6,078,642	-	-
Certificate of deposit	25,000	-	-	-	-
Total investments	\$ 6,103,642	\$ 6,078,642	\$ 6,078,642	\$ -	\$ -

# Ronald McDonald House Charities of Kansas City, Inc.

## Notes to Financial Statements

December 31, 2022 and 2021

	Fair Value Measurements Using				
	Total	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>December 31, 2021</b>					
Money market funds	\$ 1,015,697	\$ 1,015,697	\$ 1,015,697	\$ -	\$ -
Bond mutual funds	1,667,717	1,667,717	1,667,717	-	-
Equity mutual funds	4,586,638	4,586,638	4,586,638	-	-
Total at fair value	7,270,052	7,270,052	7,270,052	-	-
Certificate of deposit	25,000	-	-	-	-
Total investments	\$ 7,295,052	\$ 7,270,052	\$ 7,270,052	\$ -	\$ -

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2022.

### **Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

# Ronald McDonald House Charities of Kansas City, Inc.

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

### Note 4: Property and Equipment

Property and equipment at December 31 consisted of the following:

	<b>2022</b>	<b>2021</b> <i>(Restated - Note 11)</i>
Land and parking lot	\$ 3,032,147	\$ 2,023,016
Buildings and improvements	8,026,736	8,972,332
Vans and autos	20,919	20,919
Furniture and equipment	2,121,779	2,038,906
Donation box equipment	-	26,421
Family Room	1,078,819	431,645
Construction in progress	13,848	645,594
	14,294,248	14,158,833
 Contributed fixed assets		
Building and land	11,428,726	11,428,726
Building improvements	1,848,336	1,439,385
	13,277,062	12,868,111
Less discount	(3,903,808)	(4,027,739)
Total contributed fixed assets	9,373,254	8,840,372
 Less accumulated depreciation	(11,527,456)	(10,521,867)
	<b>\$ 12,140,046</b>	<b>\$ 12,477,338</b>

### Note 5: Line of Credit

During 2022 and 2021, the Organization has a \$750,000 revolving bank line of credit due on demand with a maturity date of August 1, 2023. At December 31, 2022 and 2021, there were no borrowings against this line. Interest on the revolving line of credit is payable monthly at the bank prime rate (7.50 percent and 3.50 percent at December 31, 2022 and 2021, respectively).

# Ronald McDonald House Charities of Kansas City, Inc.

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

### Note 6: Contributed Nonfinancial Assets (Restated – Note 11)

In 2022, the Organization adopted ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the statement of activities and disclosures within the notes to the financial statements about the valuation methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included:

	2022	2021
Contributed leases	\$ 312,621	\$ 123,930
Auction/raffle items	40,272	98,265
Food and household goods	220,879	74,429
Services	88,998	91,016
	\$ 662,770	\$ 387,640

The nonfinancial assets listed above were recognized within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

#### **Contributed Leases**

The contributed leases will be used for program activities and include the following:

**Bernstein Lease** – A 99-year land lease through 2085 for an annual payment of \$10 with Children’s Mercy Hospital where the Bernstein House has been constructed. As this is a long-term promise, it is considered to be restricted as to time for the continued use of the property over the life of the contributed lease.

**Longfellow House** – A 20-year lease, with three 10-year renewal options, for an annual payment of \$1 with the City of Kansas City, Missouri that includes the land and Longfellow House. As this is a long-term promise, it is considered to be restricted as to time for the continued use of the property over the life of the contributed lease.

**Children’s Mercy Family Room** – A cancellable five-year lease of space within Children’s Mercy Hospital, with additional one-year automatic renewal options. This lease is cancellable by either party with proper notice. As the space is provided specifically for the Family Room program and specific to Children’s Mercy patients and families, the use of the space is considered restricted.

# Ronald McDonald House Charities of Kansas City, Inc.

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

Overland Park Family Room – A cancellable five-year lease of space within Overland Park Regional Hospital, with additional one-year automatic renewal options. This lease is cancellable by either party with proper notice. As the space is provided specifically for the Family Room program and specific to Overland Park Regional Hospital patients and families, the use of the space is considered restricted.

### **Other Contributed Items**

Other contributed items were utilized in the following programs:

Contributed Items	Programs
Auction/raffle items	Fundraising
Food and household goods	Ronald McDonald Houses and Family Rooms
Services	Fundraising, Ronald McDonald Houses and Family Rooms

The following basis was used for valuing contributed items:

Contributed Items	Valuation Basis
Contributed leases	The Organization estimated the fair value on the basis of comparable lease terms at the date of inception
Auction and raffle items	The Organization estimated the fair value on the basis of estimates of retail price values that would be received for selling similar products in the United States
Food and household goods	The Organization estimated the fair value on the basis of estimates of retail or wholesale values that would be received for selling similar products in the United States
Services	The Organization estimated the fair value based on current rates for similar services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contributions of services also include services received from personnel of an affiliate.

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. Contributed goods and services not subject to objective measurement or valuation are not reflected in the financial statements.

# Ronald McDonald House Charities of Kansas City, Inc.

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

### Note 7: Net Assets With Donor Restrictions

#### ***Net Assets With Donor Restrictions***

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

	<b>2022</b>	<b>2021</b>
		<i>(Restated - Note 11)</i>
Subject to expenditure for specified purpose		
Other projects	\$ 84,884	\$ 60,286
Beneficial interests in assets held by another for		
Family Room	137,313	137,313
Overland Park Family Room	671,418	1,346,677
	893,615	1,544,276
Subject to the passage of time		
Long-term contributed use of facilities	2,692,922	2,778,411
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	1,290,928	1,098,946
	3,983,850	3,877,357
Endowments		
Endowment, subject to spending policy and appropriation		
General use	1,201,672	1,593,393
Total endowments	1,201,672	1,593,393
Total net assets with donor restrictions	\$ 6,079,137	\$ 7,015,026

# Ronald McDonald House Charities of Kansas City, Inc.

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

### **Net Assets Released from Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<b>2022</b>	<b>2021</b>
		<i>(Restated - Note 11)</i>
Satisfaction or purpose restrictions		
Other projects	\$ 41,729	\$ 115,575
Overland Park Family Room	726,557	-
Longfellow bathroom upgrades	-	40,000
Guest room improvements	100,000	23,197
Expiration of time restrictions	2,359,182	1,876,818
	\$ 3,227,468	\$ 2,055,590

### **Note 8: Endowment**

The Organization's endowment consists of one donor-restricted fund established in the amount of \$1,000,000, to be held in perpetuity in order to provide supplemental income for the operating expenses at the Ronald McDonald House. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's governing body is subject to the State of Missouri *Uniform Prudent Management of Institutional Funds Act* as adopted by the state of Missouri (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. The governing body of the Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund



# Ronald McDonald House Charities of Kansas City, Inc.

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

3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

The composition of endowment net assets at December 31, 2022 and 2021 was:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>December 31, 2022</b>			
Board Designated endowment funds	\$ 129,596	\$ -	\$ 129,596
Donor-restricted endowment funds			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	1,000,000	1,000,000
Accumulated investment gains	-	201,672	201,672
	<u>\$ 129,596</u>	<u>\$ 1,201,672</u>	<u>\$ 1,331,268</u>
Total endowment funds	<u>\$ 129,596</u>	<u>\$ 1,201,672</u>	<u>\$ 1,331,268</u>
<b>December 31, 2021</b>			
Board Designated endowment funds	\$ 664,684	\$ -	\$ 664,684
Donor-restricted endowment funds			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	1,000,000	1,000,000
Accumulated investment gains	-	593,393	593,393
	<u>\$ 664,684</u>	<u>\$ 1,593,393</u>	<u>\$ 2,258,077</u>
Total endowment funds	<u>\$ 664,684</u>	<u>\$ 1,593,393</u>	<u>\$ 2,258,077</u>

# Ronald McDonald House Charities of Kansas City, Inc.

## Notes to Financial Statements

**December 31, 2022 and 2021**

Changes in endowment net assets for the years ended December 31, 2022 and 2021 were:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, January 1, 2021	\$ 525,088	\$ 1,557,252	\$ 2,082,340
Net investment return	<u>139,596</u>	<u>36,141</u>	<u>175,737</u>
Endowment net assets, December 31, 2021	664,684	1,593,393	2,258,077
Net investment return (loss)	39,912	(391,721)	(351,809)
Distribution of board designation of endowment funds	<u>(575,000)</u>	<u>-</u>	<u>(575,000)</u>
Endowment net assets, December 31, 2022	<u><u>\$ 129,596</u></u>	<u><u>\$ 1,201,672</u></u>	<u><u>\$ 1,331,268</u></u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Organization is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. The Organization did not have any deficiencies of this nature, which in accordance with GAAP would be reported in net assets with donor restrictions, at December 31, 2022 and 2021.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include assets of donor-restricted endowment funds the Organization must hold in perpetuity.

Under the Organization's policies, the primary investment goal is long-term asset growth with the generation of investment income a secondary goal. The Organization's investment policy details other guidelines for investment assets. The Organization expects its endowment funds to provide returns over a rolling three-year period, which will be reasonably consistent with those from a comparably positioned "unmanaged" fund consisting of equity, fixed income and cash indices, as applicable. Actual returns in any given year may vary from this amount.

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 current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

# Ronald McDonald House Charities of Kansas City, Inc.

## Notes to Financial Statements

**December 31, 2022 and 2021**

The Organization follows the donor’s stipulation in regard to this endowment, which requires the original gift to be held in perpetuity and the income earned to be used for operating expenses. The Organization has a policy (the spending policy) of appropriating for expenditure each year up to 7 percent of the endowment fund’s average fair value over the prior three years as long as the funds exceed a value of 1.5 times the original gift. This policy does not restrict the board from approving expenditure from the endowment when the fund is valued at less than 1.5 times the original gift, but gives guidance as to the treatment when the endowment has experienced tremendous growth. No distribution will be appropriated should the fair market value fall below the original gift value.

### **Note 9: Liquidity and Availability**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of December 31, 2022 and 2021, comprise the following:

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 1,593,654	\$ 1,374,875
Accounts receivables	73,991	45,302
Contributions receivable	1,290,576	1,102,055
Appropriations from investments	235,618	221,971
	\$ 3,193,839	\$ 2,744,203

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$1,520,000 and \$1,500,000 for 2022 and 2021, respectively.

In addition, the Organization maintains an investment portfolio that allows for annual spending of up to 5 percent of the 3-year average balance as of December 31 of the three preceding years of the Spendable Investments (Operating Reserve, Long-Term Portfolio and any spendable portion of the Endowment Portfolio). Up to \$235,618 and \$221,971 of appropriations from the investment portfolio will be available within the next 12 months as of December 31, 2022 and 2021, respectively.

As more fully described in *Note 5*, the Organization also has a committed line of credit in the amount of \$750,000, which it could draw upon in the event of an unanticipated liquidity need.

# Ronald McDonald House Charities of Kansas City, Inc.

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

### Note 10: Retirement Plan

The Organization has a defined contribution pension plan covering substantially all employees. Regularly scheduled employees are eligible to participate in the plan after reaching age 21 and completing six months of eligible service. For both 2022 and 2021, the Organization contributed the 5 percent required of eligible compensation and also matched 50 percent of the employees' contributions up to 4 percent of eligible compensation. The Organization's retirement expense amounted to \$166,551 and \$142,921 for the years ended 2022 and 2021, respectively.

### Note 11: Restatement of Prior Year's Financial Statements

In prior years, long-term promises for the use of contributed facilities were not discounted. During 2022, the Organization retroactively changed its accounting method to discount the promises of contributed facilities. Adjustments of \$4,151,668 applicable to 2020 and prior have been included in the restated 2021 beginning net assets. The following financial statement line items for fiscal year 2021 were affected by the correction:

	<b>As Restated</b>	<b>As Previously Reported</b>	<b>Effect of Change</b>
<b>Statement of Financial Position</b>			
Property and equipment, net	\$ 12,477,338	\$ 16,505,076	\$ (4,027,738)
Total non-current assets	19,987,737	24,015,475	(4,027,738)
Total assets	23,370,853	27,398,591	(4,027,738)
Net assets without donor restrictions	15,647,505	22,453,655	(6,806,150)
Net assets with donor restrictions	7,015,026	4,236,614	2,778,412
Total net assets	22,662,531	26,690,269	(4,027,738)
Total liabilities and net assets	23,370,853	27,398,591	(4,027,738)
<b>Statement of Activities</b>			
Contributions of nonfinancial assets, With Donor Restrictions	\$ 123,930	\$ -	\$ 123,930
Total contributions of nonfinancial assets	387,640	263,710	123,930
Net assets released from restrictions, Without Donor Restrictions	2,055,590	1,846,170	209,420
Net assets released from restrictions, With Donor Restrictions	(2,055,590)	(1,846,170)	(209,420)
Total revenues, gains and other support, With Donor Restrictions	7,953,727	7,829,797	123,930
Change in Net Assets from Operations, Without Donor Restrictions	1,976,993	1,853,063	123,930
Change in Net Assets donor restrictions, With Donor Restrictions	2,525,423	2,401,493	123,930
Net Assets, Beginning of Year, With Donor Restrictions	20,137,108	24,288,776	(4,151,668)
Net Assets, End of Year, With Donor Restrictions	22,662,531	26,690,269	(4,027,738)
<b>Statement of Cash Flows</b>			
Change in net assets	\$ 2,525,423	\$ 2,401,493	\$ 123,930
Contributions of property and equipment or contributions received restricted for acquisition of property and equipment	(1,491,715)	(1,367,785)	(123,930)

# Ronald McDonald House Charities of Kansas City, Inc.

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

### Note 12: Related Party

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

Ronald McDonald House Charities, Inc. (RMHC Global), a separately registered nonprofit organization, ensures delivery of the mission across the globe. As a center of excellence, RMHC Global builds and sustains a robust infrastructure of support to the network of Chapters, including operations, licensing and compliance, finance, risk management, communications, marketing and development. The Organization receives 75 percent of net revenues from all national fundraising efforts facilitated by RMHC Global, as defined by the License Agreement. During the years ended December 31, 2022 and 2021, the Organization received \$383,101 and \$463,510, respectively, from these revenue streams.