

**RONALD MCDONALD HOUSE CHARITIES OF EL PASO  
EL PASO, TEXAS**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

**RONALD MCDONALD HOUSE CHARITIES OF EL PASO  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Ronald McDonald House Charities of El Paso, Inc.

### **Opinion**

We have audited the accompanying financial statements of Ronald McDonald House Charities of El Paso, Inc. (a nonprofit 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 financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities of El Paso, Inc. 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. 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 Ronald McDonald House Charities of El Paso, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ronald

McDonald House Charities of El Paso, Inc.'s ability to continue as a going concern within one year after the date that the 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Ronald McDonald House Charities of El Paso, Inc.'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 Ronald McDonald House Charities of El Paso, Inc.'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.

*Gilson Rudolph Patterson LLC*

El Paso, Texas  
April 12, 2023

**RONALD MCDONALD HOUSE CHARITIES OF EL PASO**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 174,055	\$ 511,052
Accounts Receivable, Net	5,423	-
Contributions Receivable, Net	57,990	32,937
Prepaid Expenses	8,236	11,995
Total Current Assets	245,704	555,984
<b>NONCURRENT ASSETS</b>		
Investments	2,737,348	2,710,859
Property and Equipment, Net	1,322,886	1,253,452
Beneficial Interest in Assets Held by Others	43,981	54,727
Right-of-Use Operating Lease Asset	5,509	-
Total Noncurrent Assets	4,109,724	4,019,038
Total Assets	\$ 4,355,428	\$ 4,575,022
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 22,345	\$ 24,659
Right-of-Use Operating Lease Liability	2,623	-
Total Current Liabilities	24,968	24,659
<b>NONCURRENT LIABILITIES</b>		
Right-of-Use Operating Lease Liability	2,902	-
Total Noncurrent Liabilities	2,902	-
Total Liabilities	27,870	24,659
<b>NET ASSETS</b>		
Without Donor Restrictions	3,820,988	4,043,343
With Donor Restrictions	506,570	507,020
Total Net Assets	4,327,558	4,550,363
Total Liabilities and Net Assets	\$ 4,355,428	\$ 4,575,022

See accompanying Notes to Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF EL PASO**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Contributions	\$ 87,660	\$ -	\$ 87,660	\$ 129,097	\$ -	\$ 129,097
In-kind Contributions	6,139	-	6,139	56,534	-	56,534
Special Events Revenue	232,290	-	232,290	237,075	-	237,075
Grant Revenue	200,165	-	200,165	182,002	-	182,002
Room Donations	2,752	-	2,752	4,880	-	4,880
Third-Party Reimbursements	14,734	-	14,734	7,500	-	7,500
Net Assets Released from Restrictions	12,946	(12,946)	-	13,078	(13,078)	-
Total Revenues and Other Support	<u>556,686</u>	<u>(12,946)</u>	<u>543,740</u>	<u>630,166</u>	<u>(13,078)</u>	<u>617,088</u>
<b>EXPENSES</b>						
Program Services	338,026	-	338,026	297,453	-	297,453
Cost of Direct Benefits to Donors	42,097	-	42,097	32,935	-	32,935
Management and General Administration	94,117	-	94,117	93,637	-	93,637
Fundraising	110,960	-	110,960	125,219	-	125,219
Total Expenses	<u>585,200</u>	<u>-</u>	<u>585,200</u>	<u>549,244</u>	<u>-</u>	<u>549,244</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	(28,514)	(12,946)	(41,460)	80,922	(13,078)	67,844
<b>NONOPERATING ACTIVITIES</b>						
Investment Income, net	(193,841)	12,496	(181,345)	536,084	12,634	548,718
COVID-19 Related Expenses	-	-	-	(24,443)	-	(24,443)
Total Nonoperating Activities	<u>(193,841)</u>	<u>12,496</u>	<u>(181,345)</u>	<u>511,641</u>	<u>12,634</u>	<u>524,275</u>
<b>CHANGE IN NET ASSETS</b>	(222,355)	(450)	(222,805)	592,563	(444)	592,119
Net Assets - Beginning of Year	<u>4,043,343</u>	<u>507,020</u>	<u>4,550,363</u>	<u>3,450,780</u>	<u>507,464</u>	<u>3,958,244</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,820,988</u>	<u>\$ 506,570</u>	<u>\$ 4,327,558</u>	<u>\$ 4,043,343</u>	<u>\$ 507,020</u>	<u>\$ 4,550,363</u>

See accompanying Notes to Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF EL PASO**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

	Program Services				Total	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
	Ronald McDonald House	Ronald McDonald Family Room	Ronald McDonald Care Mobile	Other Program Services					
Salaries	\$ 163,092	\$ -	\$ -	\$ -	\$ 163,092	\$ 46,598	\$ 49,187	\$ -	\$ 258,877
Employee Benefits	22,773	-	-	-	22,773	10,563	6,417	-	39,753
Payroll Taxes	12,827	-	-	-	12,827	3,665	3,868	-	20,360
Total Salaries and Related Expenses	198,692	-	-	-	198,692	60,826	59,472	-	318,990
Amortization	2,254	-	-	-	2,254	125	125	-	2,504
Automobile	4,536	-	-	-	4,536	252	252	-	5,040
Depreciation	46,320	1,567	-	-	47,887	2,660	2,660	-	53,207
Direct Mail	-	-	-	-	-	-	43,872	-	43,872
Donor Recognition	-	-	-	-	-	2,262	-	-	2,262
Family Support Services and Supplies	3,061	7,080	-	-	10,141	-	-	-	10,141
Insurance	15,413	-	-	-	15,413	1,813	907	-	18,133
Maintenance and Repairs	13,559	-	-	-	13,559	753	753	-	15,065
Meetings, Education and Training	-	-	-	-	-	2,322	-	-	2,322
Supplies	9,377	-	-	-	9,377	521	521	29,311	39,730
Postage and Courier	1,497	-	-	-	1,497	83	83	-	1,663
Printing and Publishing	-	-	-	-	-	-	496	-	496
Professional Fees	-	-	-	-	-	12,456	-	-	12,456
Rent	319	-	-	-	319	18	18	12,786	13,141
Technology	3,999	-	-	-	3,999	222	222	-	4,443
Telephone	4,854	-	-	-	4,854	270	270	-	5,394
Travel, Meals, and Entertainment	1,930	-	-	-	1,930	-	-	-	1,930
Utilities	23,568	-	-	-	23,568	1,309	1,309	-	26,186
Volunteer Resources and Recognition	-	-	-	-	-	981	-	-	981
Other	-	-	-	-	-	7,244	-	-	7,244
Total Operating Expenses	329,379	8,647	-	-	338,026	94,117	110,960	42,097	585,200
COVID-19 Related Expenses	-	-	-	-	-	-	-	-	-
Total Expenses	\$ 329,379	\$ 8,647	\$ -	\$ -	\$ 338,026	\$ 94,117	\$ 110,960	\$ 42,097	\$ 585,200

See accompanying Notes to Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF EL PASO**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	Program Services			Management and General	Fundraising	Cost of Direct Benefits to Donors	Total
	Ronald McDonald House	Ronald McDonald Family Room	Total				
Salaries	\$ 153,184	\$ -	\$ 153,184	\$ 43,402	\$ 58,721	\$ -	\$ 255,307
Employee Benefits	23,440	-	23,440	10,633	6,833	-	40,906
Payroll Taxes	11,049	-	11,049	3,131	4,236	-	18,416
<b>Total Salaries and Related Expenses</b>	<b>187,673</b>	<b>-</b>	<b>187,673</b>	<b>57,166</b>	<b>69,790</b>	<b>-</b>	<b>314,629</b>
Advertising	-	-	-	280	-	-	280
Automobile	2,369	-	2,369	132	132	-	2,633
Depreciation	45,185	-	45,185	2,510	2,510	-	50,205
Direct Mail	-	-	-	-	46,088	-	46,088
Donor Recognition	-	-	-	2,269	-	-	2,269
Family Support Services and Supplies	2,795	705	3,500	-	-	-	3,500
Insurance	15,096	-	15,096	2,096	888	-	18,080
Maintenance and Repairs	9,208	-	9,208	512	512	-	10,232
Meetings, Education and Training	-	-	-	2,493	-	-	2,493
Office Supplies	2,802	-	2,802	1,515	2,322	23,998	30,637
Postage and Courier	1,124	-	1,124	62	62	-	1,248
Printing and Publishing	-	-	-	-	1,351	-	1,351
Professional Fees	-	-	-	14,160	-	-	14,160
Rent	2,864	-	2,864	159	159	8,937	12,119
Technology	2,052	-	2,052	114	114	-	2,280
Telephone	4,718	-	4,718	262	262	-	5,242
Travel, Meals, and Entertainment	2,331	-	2,331	-	-	-	2,331
Utilities	18,531	-	18,531	1,029	1,029	-	20,589
Volunteer Resources and Recognition	-	-	-	1,613	-	-	1,613
Other	-	-	-	7,265	-	-	7,265
<b>Total Operating Expenses</b>	<b>296,748</b>	<b>705</b>	<b>297,453</b>	<b>93,637</b>	<b>125,219</b>	<b>32,935</b>	<b>549,244</b>
COVID-19 Related Expenses	24,443	-	24,443	-	-	-	24,443
<b>Total Expenses</b>	<b>\$ 321,191</b>	<b>\$ 705</b>	<b>\$ 321,896</b>	<b>\$ 93,637</b>	<b>\$ 125,219</b>	<b>\$ 32,935</b>	<b>\$ 573,687</b>

See accompanying Notes to Financial Statements.



**RONALD MCDONALD HOUSE CHARITIES OF EL PASO**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (222,805)	\$ 592,119
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	53,207	50,205
Contributed Nonfinancial Assets	(1,500)	(28,550)
Net Realized and Unrealized (Gains) Losses on Investments	230,430	(484,804)
Amortization of Right-of-Use Operating Lease Assets	2,504	-
(Increase) Decrease in Assets:		
Accounts Receivable	(5,423)	-
Contributions Receivable	(25,053)	(19,863)
Prepaid Expenses	(222)	(2,288)
Operating Lease Assets		
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(2,316)	7,319
Operating Lease Liabilities	(2,488)	
Deferred Revenue	-	(2,911)
Net Cash Provided (Used) by Operating Activities	26,334	111,227
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(409,326)	(340,009)
Proceeds from Sale of Investments	163,246	334,962
Purchases of Property and Equipment	(117,251)	-
Net Cash Provided (Used) by Investing Activities	(363,331)	(5,047)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	-
Net Cash Provided (Used) by Financing Activities	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(336,997)	106,180
Cash and Cash Equivalents - Beginning of Year	511,052	404,872
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 174,055	\$ 511,052
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Acquisition of Right-of-Use Assets via Lease Obligation	\$ 8,013	

See accompanying Notes to Financial Statements.

**RONALD MCDONALD HOUSE CHARITIES OF EL PASO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Ronald McDonald House Charities El Paso, Inc. (the Organization) is a Texas nonprofit charitable corporation formed in 1984. The mission of Ronald McDonald House Charities is to create, find and support programs that directly improve the health and well-being of children and their families. Collectively, RMHC and the network of local Chapters ascribe to five core values: we are focused on the critical needs of children, we lead with compassion, we celebrate the diversity of our people and our programs, we value our heritage and we operate with accountability and transparency.

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 program located in El Paso, Texas 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 Room**

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 programs in Children's Hospital at the Memorial Campus of the Hospitals of Providence in El Paso, Texas and Memorial Medical Center in Las Cruces, New Mexico serve 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.

**RONALD MCDONALD HOUSE CHARITIES OF EL PASO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 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.

**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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Cash Equivalents**

Cash equivalents include money market funds and all highly liquid investments 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.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. 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. The Organization has not recorded an allowance for uncollectible receivables as of December 31, 2022 and 2021, respectively.

**RONALD MCDONALD HOUSE CHARITIES OF EL PASO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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. Contributions receivable are written off when deemed uncollectible.

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

**Investments**

The Organization carries investments in marketable securities with readily determinable fair values and all 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.

**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. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	30 - 40 Years
Office Furniture and Equipment	5 - 7 Years
Vehicles	5 Years

**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.

**RONALD MCDONALD HOUSE CHARITIES OF EL PASO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) 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, 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.

**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.

**RONALD MCDONALD HOUSE CHARITIES OF EL PASO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 donated assets. 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.

**Sponsorship Revenue**

The portion of sponsorship 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.

**Special Event Revenue – Ticket Sales**

The portion of ticket sales that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met.

**Third-party Reimbursements**

Third-party reimbursements are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing housing to eligible families. These amounts are due from third party payors, as applicable, and include variable consideration and price concessions due to coverage. Revenue is recognized as performance obligations are satisfied based on actual charges incurred in relation to total expected collections.

**RONALD MCDONALD HOUSE CHARITIES OF EL PASO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**NOTE 1 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, insurance, maintenance and repairs, rent, and utilities, which are allocated on a square footage basis; meetings, education and training, office supplies, technology and telephone, which are allocated based on full-time equivalents; and salaries and 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 non-lease component as a single lease component.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New Accounting Standards**

**Leases**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption.

The Organization has not elected to adopt the package of practical expedients available in the year of adoption. The Organization has not elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing the impairment of the Organization's ROU assets.

**Contributed Nonfinancial Assets**

In September 2020, the FASB issued amended guidance for contributed nonfinancial assets with ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The Organization adopted ASU 2020-07 for the year ending December 31, 2022.

**Reclassifications**

Certain amounts have been reclassified for the year ended December 31, 2021 to conform to the presentation for the year ended December 31, 2022. The reclassifications had no impact on previously reported net assets.



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**NOTE 2 FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of December 31, 2022 and 2021 financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 174,055	\$ 511,052
Accounts receivable	5,423	-
Contributions and grants receivable, current	57,990	32,937
Total financial assets	<u>237,468</u>	<u>543,989</u>
Less amounts not available to be used for general expenditures within one year	-	-
Restricted by donors with purpose restrictions	<u>(19,070)</u>	<u>(19,520)</u>
Total financial assets to meet cash needs for general expenditures within one year	<u>\$ 218,398</u>	<u>\$ 524,469</u>

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 \$73,319 and \$69,044, as of December 31, 2022 and 2021, respectively.

**NOTE 3 CONTRIBUTIONS RECEIVABLE**

Contributions receivable consists of pledges from one donor as of the years ended December 31:

	<u>2022</u>	<u>2021</u>
Amounts due in:		
Less than One Year	\$ 57,990	\$ 32,937
One to Five Years	-	-
More than Five Years	-	-
Total	<u>57,990</u>	<u>32,937</u>
Unamortized Discount	-	-
Allowance for Uncollectibles	-	-
Net Contributions Receivable	<u>\$ 57,990</u>	<u>\$ 32,937</u>

**RONALD MCDONALD HOUSE CHARITIES OF EL PASO**  
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**NOTE 4 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 and nonrecurring basis as of December 31, 2022 are as follows:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV	Total
<b>Assets</b>					
Recurring:					
Investments:					
Mutual Funds:					
Domestic Equity	\$ 186,783	\$ -	\$ -	\$ -	\$ 186,783
Bonds	28,457	-	-	-	28,457
Equity Securities:					
U.S. Corporate Equity Securities	2,382,679	-	-	-	2,382,679
Foreign Equity Securities	-	-	-	-	-
Money Market Cash	-	-	-	-	139,429
Total Recurring	<u>2,597,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,737,348</u>
Nonrecurring:					
Beneficial Interest in Assets held by Community Foundation	-	-	43,981	-	43,981
Total Nonrecurring	<u>-</u>	<u>-</u>	<u>43,981</u>	<u>-</u>	<u>43,981</u>
Total Assets	<u>\$ 2,597,919</u>	<u>\$ -</u>	<u>\$ 43,981</u>	<u>\$ -</u>	<u>\$ 2,781,329</u>

**RONALD MCDONALD HOUSE CHARITIES OF EL PASO**  
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**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

The fair values of assets measured on a recurring and nonrecurring basis as of December 31, 2021 are as follows:

	Quoted Prices in Active Markets or Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV	Total
<b>Assets</b>					
Recurring:					
Investments:					
Mutual Funds:					
Domestic Equity	\$ 243,222	\$ -	\$ -	\$ -	\$ 243,222
Bonds	32,420	-	-	-	32,420
Equity Securities:					
U.S. Corporate Equity Securities	2,361,420	-	-	-	2,361,420
Foreign Equity Securities	-	-	-	-	-
Money Market Cash	-	-	-	-	73,797
Total Recurring	<u>2,637,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,710,859</u>
Nonrecurring:					
Beneficial Interest in Assets held by Community Foundation	-	-	54,727	-	54,727
Total Nonrecurring	<u>-</u>	<u>-</u>	<u>54,727</u>	<u>-</u>	<u>54,727</u>
Total Assets	<u>\$ 2,637,062</u>	<u>\$ -</u>	<u>\$ 54,727</u>	<u>\$ -</u>	<u>\$ 2,765,586</u>

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value of Level 2 investments are determined by reference to quoted prices for similar assets in less active markets. Fair value of Level 3 investments are determined from valuation techniques in which one or more inputs are unobservable. The Organization reviewed and evaluated the values and assumptions used in determining the fair value of Level 3 financial instruments. The carrying amounts of all other assets and liabilities reflected in the statements of financial position for the Organization's financial instruments approximates their respective fair value due to the short-term maturities of those instruments. There have been no changes in valuation techniques and related inputs.

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**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>2022</u>	<u>2021</u>
Beginning Balance	\$ 54,727	\$ 54,308
Total Gains or Losses (Realized/Unrealized)		
Included in Changes in Net Assets	(10,746)	419
Settlements	-	-
Ending Balance	<u>\$ 43,981</u>	<u>\$ 54,727</u>
Change in Unrealized Gains or Losses for the Period		
Included in the Change in Net Assets Relating to		
Investments Still Held at End of Reporting Period	<u>\$ (10,746)</u>	<u>\$ 419</u>

**Investments**

Overall Investment Objective

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 Trustees 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, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Interest and Dividend Income, Net	\$ 49,085	\$ 63,914
Realized and Unrealized Gains, Net	(230,430)	484,804
Investment Income, Net	<u>\$ (181,345)</u>	<u>\$ 548,718</u>

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**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31:

	2022	2021
Land	\$ 455,243	\$ 455,243
Buildings and Improvements	1,568,857	1,456,357
Office Furniture and Equipment	400,608	393,481
Automobiles	57,956	57,956
Total, at Cost	2,482,664	2,363,037
Accumulated Depreciation	(1,159,778)	(1,109,585)
Total Property and Equipment	\$ 1,322,886	\$ 1,253,452

**NOTE 6 BENEFICIAL INTEREST IN ASSETS HELD BY THE EL PASO COMMUNITY FOUNDATION**

In 1985, the Organization set up a fund at the El Paso Community Foundation. The irrevocable agreement grants variance power and ultimate control the Board of Directors of the El Paso Community Foundation. However, since the fund was established by the Organization and the Organization is the beneficiary of the fund, the Organization has a beneficial interest in the fund at the El Paso Community Foundation.

Subsequent changes in the value of the underlying assets are recorded in the accompanying statements of activities as the change in value of beneficial interest in assets held by others.

**NOTE 7 PAYCHECK PROTECTION PROGRAM**

Under the second round of Paycheck Protection Program funding, the Organization applied for and was approved for an additional \$50,050 loan. The loan was received on February 18, 2021. The loan accrues interest at 1%, with the first ten months of interest deferred, has a term of five years and is unsecured and guaranteed by the Small Business Administration. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization received forgiveness of \$50,050 on August 4, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

**RONALD MCDONALD HOUSE CHARITIES OF EL PASO**  
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**NOTE 8 ENDOWMENT FUNDS**

The Organization's endowment consists of one individual funds established by donors to provide annual funding for specific activities and general operations.

Absent explicit donor stipulations to the contrary, the Board of Trustees 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 gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with the standard of prudence prescribed by UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the various funds
- (2) The purposes of the donor-restricted endowment funds
- (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
- (7) The Organization's investment policies

*Investment Return Objectives, Risk Parameters and Strategies.* The Organization has adopted investment and spending policies, approved by the Board of Trustees, 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. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. The Organization expects its endowment assets, over time, to produce an average rate of return of approximately 6% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

*Spending Policy – Donor-restricted endowment.* Each year the dividends and interest are spent on House expenses, not including depreciation or repairs.

**RONALD MCDONALD HOUSE CHARITIES OF EL PASO**  
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**NOTE 8 ENDOWMENT FUNDS (CONTINUED)**

Changes in endowment net assets and net assets by type of fund were as follows for the fiscal year ended December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 487,500	\$ 487,500
Investment return, net	-	12,496	12,496
Contributions	-	12,496	12,496
Appropriation of endowment assets for expenditure	-	(12,496)	(12,496)
Other Changes:			
Transfers to remove board-designated endowment funds	-	-	-
Transfers to create board-designated endowment funds	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 487,500</u>	<u>\$ 487,500</u>
Board-designated endowment funds	\$ -	\$ -	\$ -
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be retained by donor	-	487,500	487,500
Portion subject to appropriation under UPMIFA	-	-	-
Total funds	<u>\$ -</u>	<u>\$ 487,500</u>	<u>\$ 487,500</u>

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**NOTE 8 ENDOWMENT FUNDS (CONTINUED)**

Changes in endowment net assets and net assets by type of fund were as follows for the fiscal year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 487,500	\$ 487,500
Investment return, net	-	12,634	12,634
Contributions	-	-	-
Appropriation of endowment assets for expenditure	-	(12,634)	(12,634)
Other Changes:			
Transfers to remove board-designated endowment funds	-	-	-
Transfers to create board-designated endowment funds	-	-	-
	-	-	-
Endowment net assets, end of year	\$ -	\$ 487,500	\$ 487,500
Board-designated endowment funds	\$ -	\$ -	\$ -
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be retained by donor	-	487,500	487,500
Portion subject to appropriation under UPMIFA	-	-	-
	-	-	-
Total funds	\$ -	\$487,500	\$487,500

*Fund 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. There were no such deficiencies as of December 31, 2022 and 2021.



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**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

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

	2022	2021
<b>Subject to expenditure for specific purpose:</b>		
Program Activities:		
Pharmacy Fund	\$ 7,287	\$ 7,501
Family Relocation	3,326	3,326
Technology Equipment	8,457	8,693
	19,070	19,520
<b>Subject to passage of time:</b>		
For periods after December 31	-	-
<b>Subject to the Organization's spending policy and appropriation:</b>		
Ronald McDonald House Operations:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	487,500	487,500
Accumulated Gain (Losses)	-	-
Total – Ronald McDonald House Operations	487,500	487,500
 Total net assets with donor restrictions	<b>\$ 506,570</b>	<b>\$ 507,020</b>

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**NOTE 10 NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

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 year ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Purpose restrictions accomplished:		
Ronald McDonald House	\$ 12,496	\$ 12,634
Pharmacy Fund	214	-
Family Relocation	-	166
Technology Equipment	236	278
	<u>\$ 12,946</u>	<u>\$ 13,078</u>
Total restrictions released		

**NOTE 11 CONTRIBUTED NONFINANCIAL ASSETS**

The Organization received the following contributions of nonfinancial assets for the year ending December 31,

	<u>2022</u>	<u>2021</u>
<b>Property and Equipment</b>		
Furniture and office Equipment	\$ 1,500	\$ -
Vehicle	-	28,550
<b>Expenses</b>		
Landscaping	-	23,426
Masks	-	808
Printing	-	3,750
Professional Services	-	-
Supplies	4,639	-
	<u>\$ 6,139</u>	<u>\$ 56,534</u>
Total Contributed Nonfinancial Assets		

- The organization recognized contributed nonfinancial assets within revenue, including property and equipment, supplies, family support supplies, and accounting services.
- In valuing property and equipment, the Organization estimated fair value at the date of donation.

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**NOTE 11 CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)**

- Contributed services are recognized as in-kind revenues 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. Contributed services recognized are comprised of professional services from attorneys advising the Organization on various administrative legal matters and from accountants providing bookkeeping services. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar legal and accounting services.
- Contributed food, household goods, and clothing were utilized in the following programs: Ronald McDonald House and Ronald McDonald Family Room. In valuing these items, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

The Organization receives items to be sold at its annual auction, and it is the Organization's policy value the items at the gross selling price received.

All donated services and assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

**NOTE 12 TAX-DEFERRED ANNUITY PLAN**

The Organization has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all employees of the Organization, who contribute more than \$200. The Organization contributes 3% of gross salaries to the plan for qualified employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. Employer contributions to the plan were \$6,810 and \$8,607 for the years ended December 31, 2022 and 2021, respectively.

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**NOTE 13 OPERATING LEASES**

The Organization has two non-cancelable operating leases, primarily for various forms of office equipment that expire at various dates through March 2026. The Organization records rent expense equally over the lease term and recognizes the difference between the rent expense recorded and the amount paid as a deferred rent obligation on the statements of financial position. Rental expense was \$2,504 for the year ended December 31, 2022.

The following table provides quantitative information concerning the Organization's leases accounted for under FASC ASC 842:

	2022
Lease Costs:	
Operating Lease Cost	\$ 8,013
Cash Paid for Amounts included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	\$ 2,866
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 8,013
Weighted-Average Remaining Lease Term:	
Operating Lease	4 Years
Weighted-Average Discount Rate:	
Operating Lease	6.00%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

Year Ending December 31,	Amount
2023	\$ 2,866
2024	1,789
2025	1,020
2026	255
Total Lease Payments	5,930
Less: Present Value Discount	(405)
Present Value of Lease Liabilities	\$ 5,525

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**NOTE 14 TRANSACTIONS WITH RELATED ENTITIES**

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% 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 \$151,365 and \$100,983, respectively, from these revenue streams.

**NOTE 15 CONCENTRATIONS**

Contributions totaling \$151,365 and \$100,983, were received from a single donor during the years ended December 31, 2022 and 2021, respectively, which represents 25% and 16%, respectively of total revenues and other support.

The golf tournament generated 25% and 24% of the total revenues and support in 2022 and 2021, respectively.

Walk for Kids generated 10% of the total revenues and support for 2022.

Cash balances exceed the FDIC insurance limit by \$250,651 in 2021.

**NOTE 16 COMMITMENTS**

In 2021, the Organization entered into an agreement with a professional fundraising company for direct marketing services. The agreement ends December 2024. The agreement calls for various fees including flat rate plus per piece pricing. The Organization paid the company \$39,252 and \$46,088 in 2022 and 2021, respectively.

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**NOTE 17 RISKS AND UNCERTAINTIES**

During the year ended December 31, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2023 operations and financial results. In addition, investment markets may continue to experience significant fluctuations. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NOTE 18 SUBSEQUENT EVENTS**

Management evaluated subsequent events through April 12, 2023, 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.