



# **Ronald McDonald House Charities of Southern California**

Consolidated Financial Statements and Report of  
Independent Certified Public Accountants  
December 31, 2024 (With Comparative Summarized Financial Information  
for December 31, 2023)



**Ronald McDonald House Charities of Southern California**

**CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1-2
Consolidated Financial Statements	
Consolidated Statements of Financial Position as of December 31, 2024 and 2023	3
Consolidated Statement of Activities for the Year Ended December 31, 2024 (With Summarized Financial Information for the Year Ended December 31, 2023)	4
Consolidated Statement of Functional Expenses for the Year Ended December 31, 2024 (With Summarized Financial Information for the Year Ended December 31, 2023)	5
Consolidated Statements of Cash Flows for the Years Ended December 31, 2024 and 2023	6
Notes to Consolidated Financial Statements	7-20
Supplementary Schedules	
Schedule of Financial Position by Location as of December 31, 2024	22
Schedule of Activities by Location for the Year Ended December 31, 2024	23

The Board of Directors  
**Ronald McDonald House Charities of Southern California**  
Los Angeles, California

## ***Opinion***

We have audited the consolidated financial statements of **Ronald McDonald House Charities of Southern California** (the "Organization"), which comprise the consolidated statement of financial position as of **December 31, 2024**, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of **December 31, 2024**, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 audit. 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

## ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated 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 consolidated 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.

### ***Other Matters***

### **Report on Summarized Comparative Information**

We have previously audited Ronald McDonald House Charities of Southern California's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 12, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material aspects, with the audited consolidated financial statements from which it has been derived.

### ***Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Financial Position by Location as of December 31, 2024 and the Schedule of Activities by Location for the year ended December 31, 2024 are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*CBIZ CPAs P.C.*

Bakersfield, California  
August 21, 2025

**Ronald McDonald House Charities of Southern California**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As of December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 4,718,824	\$ 7,129,889
Other Receivables	899,920	874,899
Short-Term Contributions Receivable (net) (Note 7)	339,203	779,259
Short-Term Investments	-	113,631
Prepaid Expenses and Other assets	543,783	630,069
<b>Total Current Assets</b>	<b>6,501,730</b>	<b>9,527,747</b>
<b>NONCURRENT ASSETS</b>		
Long Term Contributions Receivable (net) (Note 7)	461,493	689,673
Investments - at Fair Value (Note 5)	22,111,786	28,395,195
Investments - at Cost (Note 6)	1,244,570	1,385,536
Land, Buildings, and Equipment (net) (Note 9)	72,775,660	68,462,581
Beneficial Use of Land and Buildings	830,111	870,769
<b>Total Noncurrent Assets</b>	<b>97,423,620</b>	<b>99,803,754</b>
<b>Total Assets</b>	<b>103,925,350</b>	<b>109,331,501</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	2,351,104	3,009,800
Notes Payable, current (Note 15)	5,606,534	5,006,103
<b>Total Current Liabilities</b>	<b>7,957,638</b>	<b>8,015,903</b>
<b>NONCURRENT LIABILITIES</b>		
Notes Payable, noncurrent (Note 15)	12,500,000	14,500,000
<b>Total Noncurrent Liabilities</b>	<b>12,500,000</b>	<b>14,500,000</b>
<b>Total Liabilities</b>	<b>20,457,638</b>	<b>22,515,903</b>
<b>NET ASSETS</b>		
Without Donor Restrictions	70,140,589	61,575,449
With Donor Restrictions	13,327,123	25,240,149
<b>Total Net Assets</b>	<b>83,467,712</b>	<b>86,815,598</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 103,925,350</b>	<b>\$ 109,331,501</b>

**Ronald McDonald House Charities of Southern California**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2024  
(With Summarized Financial Information for the Year Ended December 31, 2023)**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2024 Total	2023 Total
Revenues and Support				
Contributions	\$ 11,434,599	\$ 725,613	\$ 12,160,212	\$ 10,550,293
Capital campaigns	-	3,030,880	3,030,880	1,440,086
In-kind contributions	65,570	-	65,570	683,800
Special event revenues	4,738,623	-	4,738,623	5,040,635
Less: cost of direct benefit to donors	(1,977,224)	-	(1,977,224)	(1,920,833)
Special events, net	2,761,399	-	2,761,399	3,119,802
Program fees	147,517	-	147,517	114,387
Rental and other income	827,429	-	827,429	464,019
Net assets released from restrictions	16,481,042	(16,481,042)	-	-
Total Revenues and Support	31,717,556	(12,724,549)	18,993,007	16,372,387
Expenses				
Programs	17,917,922	-	17,917,922	16,188,684
Management and general	2,062,557	-	2,062,557	1,696,199
Fundraising	3,895,599	-	3,895,599	3,032,987
Total expenses	23,876,078	-	23,876,078	20,917,870
Change in net assets from Operations	7,841,478	(12,724,549)	(4,883,071)	(4,545,483)
Nonoperating Activities				
Investment returns, net	723,662	811,523	1,535,185	3,145,226
Total Nonoperating Activities	723,662	811,523	1,535,185	3,145,226
Change in net assets	8,565,140	(11,913,026)	(3,347,886)	(1,400,257)
Net assets - beginning	61,575,449	25,240,149	86,815,598	88,215,855
Net assets - ending	<u>\$ 70,140,589</u>	<u>\$ 13,327,123</u>	<u>\$ 83,467,712</u>	<u>\$ 86,815,598</u>

**Ronald McDonald House Charities of Southern California**

**CONSOLIDATED STATEMENT OF Functional Expenses**

**For the Year Ended December 31, 2024  
(With Summarized Financial Information for the Year Ended December 31, 2023)**

	Houses	Camp	Other Programs	Total Programs	Management and General	Fundraising	2024 Total	2023 Total
Salaries and related costs								
Salaries	\$ 5,578,863	\$ 759,424	\$ 106,115	\$ 6,444,402	\$ 1,215,493	\$ 1,960,006	\$ 9,619,901	\$ 8,172,946
Employee benefits	492,739	54,798	7,360	554,897	89,818	143,077	787,792	612,824
Payroll taxes	438,561	62,396	8,574	509,531	91,067	148,899	749,497	642,109
Retirement plan	236,786	21,786	7,073	265,645	41,990	78,318	385,953	259,912
Total salaries and related costs	6,746,949	898,404	129,122	7,774,475	1,438,368	2,330,300	11,543,143	9,687,791
Expenses								
Activities and fees	208,185	68,596	13,684	290,465	-	3,100	293,565	301,453
Guest hotel costs	485,000	-	-	485,000	-	-	485,000	581,063
Guest services	12,507	252,614	-	265,121	-	-	265,121	306,205
Insurance	715,821	410,235	12,030	1,138,086	84,182	142,973	1,365,241	1,145,446
Utilities	419,671	81,311	-	500,982	38,612	65,603	605,197	548,327
Repairs and maintenance	226,548	41,848	-	268,396	20,686	35,146	324,228	434,044
Rent	197,251	-	-	197,251	15,203	25,830	238,284	231,203
Supplies	98,834	3,766	6,755	109,355	8,417	14,352	132,124	95,774
Outside services	343,905	13,919	9,032	366,856	-	978,078	1,344,934	774,135
Event Facilities, food, and catering	36,361	1,740	2,004	40,105	-	1,977,224	2,017,329	1,990,105
Cleaning, gardening and housekeeping	193,010	53,908	-	246,918	-	-	246,918	186,954
Automobile costs	47,405	6,529	2,120	56,054	147	160	56,361	60,196
Printing	74,209	1,864	2,672	78,745	1,726	198	80,669	84,053
Advertising and promotion	181,474	1,238	4,066	186,778	490	723	187,991	122,718
Professional fees	1,115,866	247,900	15,157	1,378,923	94,673	43,914	1,517,510	1,002,229
Equipment	105,172	13,941	(2,984)	116,129	-	-	116,129	165,415
Telephone	134,027	20,937	13,922	168,886	12,958	22,126	203,970	198,242
Postage	18,387	891	8,105	27,383	2,285	4,186	33,854	36,742
Employee development	277,967	21,141	6,830	305,938	-	191	306,129	293,023
Conferences and meetings	127,948	5,539	6,451	139,938	-	10	139,948	107,823
Temporary labor	134,856	-	-	134,856	-	-	134,856	101,156
Property taxes	14,236	5,190	-	19,426	-	-	19,426	463,732
Tax related charges and expenses	2,523	-	-	2,523	-	-	2,523	-
Bank charges	10,836	168	1,318	12,322	58,661	9,386	80,369	57,596
Interest expense	1,079,664	-	-	1,079,664	151,330	-	1,230,994	1,140,443
Other expenses	241,751	(3,834)	16,259	254,176	8,449	8,326	270,951	351,114
Expenses before depreciation and income taxes	13,250,363	2,147,845	246,543	15,644,751	1,936,187	5,661,826	23,242,764	20,466,982
Depreciation	1,771,919	499,673	1,579	2,273,171	85,808	210,997	2,569,976	2,286,721
Trust's income taxes	-	-	-	-	40,562	-	40,562	85,000
Subtotal	15,022,282	2,647,518	248,122	17,917,922	2,062,557	5,872,823	25,853,302	22,838,703
Less: cost of direct benefit to donors	-	-	-	-	-	(1,977,224)	(1,977,224)	(1,920,833)
Total expenditures	\$ 15,022,282	\$ 2,647,518	\$ 248,122	\$ 17,917,922	\$ 2,062,557	\$ 3,895,599	\$ 23,876,078	\$ 20,917,870

See Accompanying Notes to the Consolidated Financial Statements

**Ronald McDonald House Charities of Southern California**

**CONSOLIDATED STATEMENTS OF Cash Flows**

**For the Year Ended December 31, 2024**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (3,347,886)	\$ (1,400,257)
Adjustments to reconcile changes in net assets to net cash provided by operations:		
Depreciation	2,569,976	2,286,721
Amortization of in-kind rent	40,658	40,658
Contributions restricted for long-term and capital projects	(3,030,880)	(1,440,086)
Contributions of Securities	(249,422)	(158,828)
Contribution of Property	-	(570,000)
Net realized and unrealized investment gains	(1,647,434)	(3,702,602)
(Gain) loss on disposal of assets	7,626	(1,904)
Right-of-use-asset	-	117,032
Unrealized loss on interest of land trust	112,249	557,376
Increase (decrease) in cash resulting from changes in:		
Contribution receivable	668,236	(256,092)
In-kind and other receivables	(25,048)	53,185
Prepaid expenses and other assets	86,313	33,781
Accounts payable and accrued expenses	(788,524)	477,398
Lease Liability	-	(129,828)
Net cash used in operating activities	<u>(5,604,136)</u>	<u>(4,093,446)</u>
<b>Cash flows from investing activities</b>		
Purchases of investments- at fair value	(21,784,440)	(4,383,546)
Purchases of investments- at cost	-	(32,467)
Proceeds from sales and maturities of investments	30,107,053	10,751,514
Purchases of property and equipment	(6,890,681)	(10,143,045)
Proceeds from disposition of property and equipment	-	3,808
Net cash provided by (used in) investing activities	<u>1,431,932</u>	<u>(3,803,736)</u>
<b>Cash flows from financing activities</b>		
Contributions collected for long-term and capital purposes	3,030,880	1,440,086
Net activity on line of credit	230,259	-
Payment on CNB loan	(2,000,000)	-
Proceeds from loan	500,000	1,000,000
Net cash provided by financing activities	<u>1,761,139</u>	<u>2,440,086</u>
<b>Net change in cash</b>	<u>(2,411,065)</u>	<u>(5,457,096)</u>
<b>Cash - beginning of year</b>	<u>7,129,889</u>	<u>12,586,985</u>
<b>Cash - end of year</b>	<u>\$ 4,718,824</u>	<u>\$ 7,129,889</u>
<b>Supplemental cash flow information:</b>		
Interest payments	<u>\$ 1,130,562</u>	<u>\$ 1,140,443</u>
Income taxes paid	<u>\$ 40,562</u>	<u>\$ 85,000</u>
In-kind contributions of goods and services	<u>\$ 65,570</u>	<u>\$ 683,800</u>



## Ronald McDonald House Charities of Southern California

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2024 and 2023

#### NOTE 1 – DESCRIPTION OF THE ORGANIZATION

Ronald McDonald House Charities of Southern California (“RMHCSC” or the “Organization”) is a not-for-profit corporation organized in California in 1977. The Organization’s mission is to provide comfort, care, and support to children and families in Southern California. The Organization owns and/or operates houses and family rooms for this purpose in Los Angeles, Orange, Inland Empire, Pasadena, Bakersfield, Long Beach, Ventura, and Westside Los Angeles California. It also operates Camp Ronald McDonald for Good Times (the “Camp”).

The Organization has controlling interests in Los Angeles Electing Small Business Trust (“LA ESBT”) and RMHCSC Holdings LLC. Both LA ESBT and RMHCSC Holdings LLC hold interest in real property located primarily in the Los Angeles area. The interests were received as part of a bequest from a donor to support RMHCSC’s capital campaign. Every year, both entities also receive rental income and all the income is given to RMHCSC as contributions. As RMHCSC has a controlling interest in both entities, RMHCSC consolidated the two entities into RMHCSC’s financial statements.

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Presentation**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). All intercompany transactions have been eliminated.

##### **Net Assets**

The Organization reports information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

*Without Donor Restrictions* – Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restrictions class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions are reported in the without donor restrictions net asset class because the use of restricted contributions is in accordance with donors’ stipulations results in the release of such restrictions.

*With Donor Restrictions* – Net assets with donor restrictions consist of contributions with donor-imposed restrictions requiring that the donations be used for a specified location, a specified purpose, or during a future specified period of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. For donations that are to be used for a specified location, to the extent contributions for each location’s operations exceed operating costs, current restricted revenues are added to net assets with donor restrictions. To the extent the location’s operating costs exceed current year contributions, prior purpose restricted revenues are released from restriction and used to support current operations. Restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted contributions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

**Ronald McDonald House Charities of Southern California**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2024 and 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Summarized Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information is included for informational purposes only and should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023 from which the summarized information was derived.

**Cash**

The Organization maintains cash in various financial institutions that periodically, and as of year-end, exceeds federally insured limits of \$250,000. The amount in excess of federally insured limits is approximately \$4.2 Million and \$6.6 Million as of December 31, 2024 and 2023, respectively. Management does not consider this concentration to be a significant credit risk.

**Investments**

Investments are recorded in the consolidated financial statements at estimated fair value. Fair value is based on quoted prices in active markets, if available. The fair value of the Organization's interest in a land trust and limited liability company is based on significant unobservable inputs. The fair value of the land trust and limited liability company is evaluated each reporting period using an income approach. The Organization's interests in alternative investment funds such as private equity and hedge funds are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of December 31, 2024 and 2023, the Organization had no plans to sell investments at amounts different from NAV. A summary of the inputs used in valuing the Organization's investments as of December 31, 2024 and 2023 is included in Note 5.

Interest income and dividend income are accrued as earned. Investment activities and results on the consolidated financial statements include investment advisory and management fees. All security transactions are recorded on a trade date basis.

The Organization maintains investments in a financial institution that as of year-end exceeds Securities Investor Protection Corporation's insured limits of \$500,000.

**Donated Services and Noncash Gifts**

Many individuals have donated time and services to advance the Organization's programs and objectives. In some instances, the value of these services has not been recorded in the consolidated financial statements because they do not meet the requirements for recognition under US GAAP. Many other donated goods and products used in programs were received but are not recorded in the consolidated financial statements because there is no objective basis for measuring their values. See Note 16 for the listing of in-kind goods and services that satisfied the revenue recognition and valuation requirements. Donated services and noncash gifts are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized.

**Donated Stock**

In accordance with authoritative guidance, investments in equity securities with readily determinable fair market values and all debt securities are reported at fair value with gains and losses included in the statement of activities. Realized gains and losses on the sale of securities are based upon the original cost of the security, as determined by the specific identification method. Unrealized gains and losses represent the change in the fair market value of the individual investments for the year or since the acquisition date if acquired during the year and are recorded in the statement of activities as part of current year operations.

Securities acquired by gift are recorded at their fair market value at the date of the gift. The Organization's policy is to liquidate all gifts of securities immediately upon receipt.

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2024 and 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**Contributions of Nonfinancial Assets**

For the years ended December 31, 2024 and 2023, contributed nonfinancial assets recognized within the consolidated statement of changes in net assets included:

	<u>2024</u>	<u>2023</u>
Real Estate	\$ -	\$ 570,000

The Organization's policy related to contributions of nonfinancial assets is to utilize the assets given in carrying out the mission of the Organization. If an asset is contributed that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value.

**Land, Buildings, and Equipment**

Land, buildings and equipment are presented at cost or donated value and are being depreciated on the straight-line method over the useful lives of 3-5 years for vehicles, 3-15 years for fixtures and equipment, and 15-30 years for buildings and improvements. The Organization's policy is to capitalize all asset improvements in excess of \$1,000 that extend the useful life or increase the utility of the property.

**Accounting for the Impairment of Long-Lived Assets and Disposal of Long-Lived Assets**

The Organization reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. During the years ended December 31, 2024 and 2023, there were no events or changes in circumstances indicating that the carrying amount of the long-lived assets may not be recoverable.

**Revenue and Expense Recognition**

Contributions, including unconditional promises to give, are recognized as revenue in the period received and are reported as increases in the appropriate class of net assets. Contributions where donor restrictions are met within the same fiscal year as the contribution is received are included in net assets without restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate. An allowance for uncollectible contributions is estimated based upon such factors as prior collection history, type of contribution and nature of fundraising activity. Expenses are recognized when incurred.

**Functional Expense Reporting**

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying consolidated statement of activities and detailed in the consolidated statement of functional expenses. The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure classification. The expenditures that are allocated include depreciation, insurance, utilities, telephone and certain maintenance and repairs expenses, which are allocated on estimated space utilization; and salaries and benefits are allocated on the basis of time records and estimates made by the Organization's management.

**Advertising Expenses**

Advertising costs are expensed as incurred. During 2024 and 2023, advertising costs were approximately \$188,000 and \$123,000, respectively, and are reported as advertising and promotion expenses on the consolidated statement of functional expense.

# Ronald McDonald House Charities of Southern California

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2024 and 2023

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Income Taxes

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has also been recognized by the California Franchise Tax Board as an Organization that is exempt from California franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax Obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

The Organization, on behalf of the Los Angeles House (“House”), is the sole trustee of an electing small business trust (“ESBT”) that qualifies as a California S Corporation stockholder, but is treated as a separate trust for tax purposes (see Note 11).

#### Use of Estimates

The preparation of financial statements in conformity with US GAAP 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 and expenses during the reporting period. While management believes that these estimates are adequate as of December 31, 2024 and 2023, it is possible that actual results could differ from those estimates.

#### Reclassification

Certain amounts in the prior year’s consolidated financial statements have been reclassified to conform to the current year’s presentation. These reclassifications had no effect on previously reported change in net assets or net assets.

### NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general use, that is, without donor or other restrictions limiting their use within one year of the financial statement date, comprise the following:

	<b>2024</b>	<b>2023</b>
<b>Financial Assets:</b>		
Cash	\$ 4,718,824	\$ 7,129,889
Investments	23,356,356	29,894,362
Other Receivables	899,920	874,899
	<hr/>	<hr/>
<b>Financial Assets at year end</b>	28,975,100	37,899,150
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Permanent endowment restrictions	(5,409,260)	(4,872,818)
Restrictions by donor with time or purpose restrictions	(3,797,134)	(2,321,493)
Interest in Land Trust and Limited Liability Company	(2,573,000)	(2,685,251)
	<hr/>	<hr/>
<b>Financial Assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 17,195,706</b>	<b>\$ 28,019,588</b>

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2024 and 2023

NOTE 3 – LIQUIDITY AND AVAILABILITY - Continued

Excluded from the amounts above are those assets that do not have immediate liquidity and are intended to be held for long-term purposes. Some of the assets without immediate liquidity may be available and liquid within one year. As part of its liquidity management, the Organization maintains financial assets on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. Additionally, management is confident that the level of liquid assets available at December 31, 2024, are more than adequate to support one year of normal operations and programmatic activities of the Organization.

NOTE 4 – PREPAID EXPENSES AND OTHER ASSETS

RMHCSC pays for certain products or services in advance. The upfront payments are recorded to Prepaid Expenses and Other Assets.

As of December 31, 2024, and 2023, the balance in prepaids and other assets consisted of:

	2024	2023
Other Deposits	\$ 84,042	\$ 189,806
Other Prepaid Expense	459,741	440,263
Total Prepaid Expenses and Other Assets	<u>\$ 543,783</u>	<u>\$ 630,069</u>

NOTE 5 – INVESTMENTS

RMHCSC accounts for its investments at fair value. ASC 820, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value which focuses on an exit price between market participants. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

The three levels of fair value hierarchy are described below:

- Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that RMHCSC has the ability to access at the measurement date. These investments include cash and cash equivalents and short term investments.
- Level 2 Valuations based on inputs, including broker quotes, in markets that are not active or for which all significant inputs are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3 Valuations based on inputs that are both significant to the fair value measurement and unobservable, as they trade infrequently and therefore have little or no price transparency. These inputs into the determination of fair value require significant management judgment or estimation and these investments typically are privately held investments and partnership interests.

The determination of where an asset or liability falls in the hierarchy requires significant judgment. The Organization evaluates its hierarchy disclosures each reporting period and, based on various factors, it is possible that an asset or liability may be classified differently from period to period. However, the Organization expects that changes in classifications between different levels will be rare.

**Ronald McDonald House Charities of Southern California**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2024 and 2023**

**NOTE 5 – INVESTMENTS - Continued**

The Organization holds marketable debt and equity securities that are intended to provide resources to be used for programs and operations. A portion of these investments are restricted in perpetuity by donor stipulation, and the remainder is a combination of purpose restricted and unrestricted amounts.

The fair values of investments that are measured on a recurring basis are listed below:

Asset Class	2024					2023
	Level 1	Level 2	Level 3	Net Asset Value	Total	Total
Mutual funds / exchange traded funds:						
Equities	\$ 4,691,056	\$ -	\$ -	\$ -	\$ 4,691,056	\$ 3,691,416
Fixed Income	1,960,574	-	-	-	1,960,574	4,419,847
Cash and cash equivalents	492,198	-	-	-	492,198	379,553
Separately managed accounts:						
Equities	6,314,931	-	-	-	6,314,931	10,889,933
Fixed Income	3,628,776	293,818	-	-	3,922,594	3,766,940
Absolute return	-	-	-	2,157,433	2,157,433	2,105,886
	<u>17,087,535</u>	<u>293,818</u>	<u>-</u>	<u>2,157,433</u>	<u>19,538,786</u>	<u>25,253,575</u>
Real Estate investment	-	-	-	-	-	570,000
Interest in land trust	-	-	1,813,750	-	1,813,750	1,895,813
Interest in limited liability company	-	-	759,250	-	759,250	789,438
	<u>-</u>	<u>-</u>	<u>2,573,000</u>	<u>-</u>	<u>2,573,000</u>	<u>3,255,251</u>
Total	<u>\$ 17,087,535</u>	<u>\$ 293,818</u>	<u>\$ 2,573,000</u>	<u>\$ 2,157,433</u>	<u>\$ 22,111,786</u>	<u>\$ 28,508,826</u>

The Organization's policy is to recognize transfers in and out of Level 1, 2, and 3 as of the end of the year or change in circumstances that caused the transfer. There have been no transfers from the Level 1 and Level 2 assets to Level 3 during 2024 and 2023.

Investment income (losses) and expenses consisted of the following for the years ended December 31, 2024 and 2023:

	2024	2023
Interest and dividend income	\$ 941,733	\$ 812,784
Gain on sales of investments	1,979,541	33,344
Investment broker fees	(136,728)	(132,567)
Unrealized gains (losses) on investments	(1,137,112)	2,989,039
Unrealized losses on land trust and limited liability company	(112,249)	(557,374)
Total realized and unrealized investment gains, net	<u>\$ 1,535,185</u>	<u>\$ 3,145,226</u>

The Los Angeles House has a beneficial interest in a land trust that holds real property located primarily in the Los Angeles area. This interest was received as a bequest from a donor to the Los Angeles House's capital campaign. In addition, the Los Angeles House is the sole member of a California limited liability company ("LLC") that is a general partner in a company that holds real property located primarily in the Los Angeles area. This interest was received as a bequest from a donor to the Los Angeles house's capital campaign.

Valuations of the trust properties and the LLC's properties are calculated using the capitalization method which capitalizes an income stream into a value indication by converting a series of future periodic installments of net income into present value. The present value of the income stream is calculated using an overall capitalization rate. At December 31, 2024, the capitalization rate ranged from 4.9% to 5.3%. At December 31, 2023, the capitalization rate ranged from 3.7% to 5.5%

**Ronald McDonald House Charities of Southern California**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2024 and 2023**

**NOTE 5 – INVESTMENTS - Continued**

The 2024 and 2023 activity in the Real Estate investment was as follows:

	<b>2024</b>	<b>2023</b>
Balance at the beginning of the year	\$ 570,000	\$ -
Contribution of asset	-	570,000
Sale of asset	(570,000)	-
Balance at the end of the year	<u>\$ -</u>	<u>\$ 570,000</u>

The 2024 and 2023 activity in the land trust was as follows:

	<b>2024</b>	<b>2023</b>
Balance at the beginning of the year	\$ 1,895,813	\$ 2,129,375
Adjustment to fair value	(82,063)	(233,562)
Balance at the end of the year	<u>\$ 1,813,750</u>	<u>\$ 1,895,813</u>

The 2024 and 2023 activity in the limited liability company was as follows:

	<b>2024</b>	<b>2023</b>
Balance at the beginning of the year	\$ 789,438	\$ 1,113,250
Adjustment to fair value	(30,188)	(323,812)
Balance at the end of the year	<u>\$ 759,250</u>	<u>\$ 789,438</u>

The following tables present the category, fair value, redemption frequency, and redemption notice period for the investments, the fair values of which are estimated using the NAV per share:

<u>Asset Class</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge Funds	Monthly to Quarterly	30 to 90 days
Private Equity	Redemptions not permitted	N/A

The Organization is obligated under certain limited partnership fund agreements to advance additional funding periodically up to specified levels. At December 31, 2024, the Organization had unfunded commitments of approximately \$255,000.

**Note 6 – INVESTMENTS – AT COST**

The Organization has investments with minimal ownership in a real estate investment trust ("REIT") as part of its investment pool activity. The investments do not qualify for the NAV practical expedient as they are not an investment in an investment company within the scope of ASC 946. As such, the investments are reported at cost which is \$1,244,570 and \$1,385,536 as of December 31, 2024 and 2023, respectively. The Organization has not identified any events or changes in circumstance that would have an adverse effect on fair value.

**Ronald McDonald House Charities of Southern California**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2024 and 2023**

**NOTE 7 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable as of December 31, 2024 and 2023 consist of the following amounts:

	<b>2024</b>	<b>2023</b>
Capital campaign contributions due to Inland Empire House	\$ -	\$ 160,000
Capital campaign contributions due to Orange County House	42,151	375,980
Capital campaign contributions due to Westside L.A. Program	817,250	1,049,750
Capital campaign contributions due to Ventura Program	10,000	18,000
Contributions receivable before adjustment to reported value	869,401	1,603,730
Less: adjustments to record contributions receivable at fair value		
Discount to present value	(46,969)	(94,703)
Allowance for uncollectible pledges	(21,736)	(40,095)
Total contributions receivable, net	<u>\$ 800,696</u>	<u>\$ 1,468,932</u>

Contributions receivable are expected to be realized in the following periods:

Due in one year or less	\$ 339,203
Due in two to five years	461,493
	<u>\$ 800,696</u>

Unconditional promises to give are included in the consolidated financial statements as contributions receivable and revenue within net assets with donor restrictions. Promises to give are recorded after discounting to the present value of the future cash flows. Unconditional promises to give received during the year ended December 31, 2024 have been discounted at credit-adjusted rates ranging from 1.40% to 6.71% in accordance with ASC 820.

The Organization has established an allowance for uncollectible pledges to further adjust pledges receivable to fair value. Management records a 2.5% allowance for all pledges.

**NOTE 8 – CAPITAL CAMPAIGNS**

The Pasadena House began a capital campaign in 2024 to raise funds for the purchase and renovation of existing facilities. As of December 31, 2024, the campaign has raised approximately \$2.0 million.

The Inland Empire House began a capital campaign in 2013 to raise funds for the renovation of existing facilities. As of December 31, 2024, the campaign has raised approximately \$7.6 million.

The Orange County House began a capital campaign in 2018 to raise funds for the renovation of existing facilities. As of December 31, 2024, the campaign has raised approximately \$10.9 million. The balance of contributions receivable at December 31, 2024 of \$42,151 is scheduled to be received between 2025 and 2028.

The Ventura Family Room began a capital campaign in 2019 to raise funds for the construction of facilities. As of December 31, 2024, the campaign has raised approximately \$913,000. The balance of contributions receivable at December 31, 2024 of \$10,000 is scheduled to be received in 2025.

The Westside Los Angeles Ronald McDonald House began a capital campaign in 2020 to raise funds for the construction of facilities. As of December 31, 2024, the campaign has raised approximately \$5.9 million. The balance of contributions receivable at December 31, 2024 of \$817,250 is scheduled to be received between 2025 and 2028.



**Ronald McDonald House Charities of Southern California**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2024 and 2023**

**NOTE 9 – LAND, BUILDINGS, AND EQUIPMENT**

Land, buildings, and equipment was comprised of the following at December 31:

	<b>2024</b>	<b>2023</b>
Construction projects in progress	\$ 1,911,644	\$ 15,554,662
Land	16,365,174	16,365,174
Buildings and improvements	83,194,857	63,105,376
Furniture and fixtures	6,343,516	5,929,554
Transportation equipment	294,897	294,897
Less: accumulated depreciation	(35,334,428)	(32,787,082)
	<u>\$ 72,775,660</u>	<u>\$ 68,462,581</u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$2,569,976 and \$2,286,721, respectively.

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

**Discounted Leases**

The Organization leases property from Bakersfield Memorial Hospital for its Bakersfield House rent-free. The original lease was for a five-year term which ended in December 2013 with options to renew thereafter annually. The fair market value of the rent was \$38,957 and \$37,848 for the years ended December 31, 2024 and 2023, respectively, and is included in in-kind contributions.

The Organization leases property from Memorial Health Services for its Long Beach House. The lease is for a 35-year term, which expires in May 2045, with options to renew for three additional five year terms. The annual lease payment is \$1 per year. The in-kind rent receivable was \$830,111 and \$870,769 at December 31, 2024 and 2023, respectively, and is recorded Beneficial Use of Land and Buildings. Amortization of the in-kind rent receivable was \$40,658 for the years ended December 31, 2024 and 2023.

**Litigation**

In the normal course of business, the Organization is occasionally named as a defendant in various lawsuits. It is the opinion of management and of legal counsel that the outcome of any pending lawsuits will not materially affect the operations or the financial position of the Organization.

**NOTE 11 – PROVISION FOR INCOME TAXES**

The income tax provisions for the ESBT for the year ended December 31, 2024 were \$30,000 and \$10,562 for federal and state, respectively. For the year ended December 31, 2023 income tax provisions were \$59,000 and \$26,000 for federal and state, respectively.

**NOTE 12 – RETIREMENT PLAN**

The Organization has adopted a qualified salary deferral 401(k) plan that covers substantially all employees who have met certain service requirements. The Organization may elect to match the employee contributions to the plan. The voluntary employee contributions are limited to a percentage of compensation of qualified participants. The Organization elected to make matching contributions of \$385,953 and \$259,912 in 2024 and 2023, respectively.

**Ronald McDonald House Charities of Southern California**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2024 and 2023**

**NOTE 13 – NET ASSETS**

**NET ASSETS WITH DONOR RESTRICTIONS**

Restricted For a Specified Purpose Portion of Net Assets with Donor Restrictions

At December 31, 2024 and 2023 the purpose restricted portion of net assets with donor restrictions are available for the following purposes:

	<b>2024</b>	<b>2023</b>
West L.A. capital	\$ 2,925,680	\$ 1,982,578
Pasadena capital	2,015,129	-
Long Beach In-kind Rent	830,111	870,791
Pasadena operations	565,478	140,865
Bakersfield operations	482,742	684,096
Long Beach operations	262,964	816,365
Scholarships – HACER	189,535	189,535
Orange County purpose restricted contributions	187,308	418,020
Scholarships – ASIA	148,992	148,992
Central Office - Operations	101,755	289,174
Long Beach purpose restricted contributions	83,965	18,784
Camp capital	74,375	3,871,445
Pasadena emergency fund	28,221	28,221
Scholarships – Future Achievers	21,518	21,518
Pasadena purpose restricted contributions	90	1,366
Orange County capital	-	10,875,800
Camp purpose restricted contributions	-	6,531
Ventura operations	-	3,250
Total purpose restricted portion of net assets with donor restrictions	<u>\$ 7,917,863</u>	<u>\$ 20,367,331</u>

Restricted in Perpetuity Portion of Net Assets with Donor Restrictions

Restricted in perpetuity portion of net assets with donor restrictions at December 31, 2024 and 2023 are held in perpetuity for the various locations.

	<b>2024</b>	<b>2023</b>
Los Angeles House	\$ 1,762,918	\$ 1,568,830
Camp Ronald McDonald for Good Times	735,538	713,888
Orange County House	2,893,095	2,574,961
Inland Empire House	17,709	15,139
Total restricted in perpetuity portion of net assets with donor restrictions	<u>\$ 5,409,260</u>	<u>\$ 4,872,818</u>

Total Net Assets with donor restrictions at December 31, 2024 and 2023

	<b>2024</b>	<b>2023</b>
Restricted for a specified purpose	\$ 7,917,863	\$ 20,367,331
Restricted in perpetuity	5,409,260	4,872,818
Total net assets with donor restrictions	<u>\$ 13,327,123</u>	<u>\$ 25,240,149</u>

**Ronald McDonald House Charities of Southern California**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2024 and 2023**

**NOTE 13 – NET ASSETS - Continued**

**RELEASED FROM RESTRICTION**

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

**NOTE 14 – ENDOWMENTS**

RMHCSC has classified as donor restricted, the fair value of donations restricted by donors to be held as endowments in perpetuity. As a result, the endowment fund includes the fair value of the original and subsequent gifts made.

Authoritative guidance related to not-for-profit entities provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”) and requires additional disclosures about an organization’s endowment funds.

The Organization has interpreted UPMIFA as the prudent preservation of the fair value of the original gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund and (d) the remaining portion of the donor-restricted endowment until those amounts are appropriated for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by the State of California’s UPMIFA. As such, much of the net realized and unrealized appreciation in the fair value of the assets of an endowment fund over the historic dollar value of the fund is considered prudent, unless the donor’s intention is indicated in the endowment.

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

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

The Organization’s endowment investment policy and strategy is to generate total investment returns, through the long-term growth of capital while achieving a real rate of return in excess of inflation.

From time to time, the fair values of endowment assets may, due to unfavorable market fluctuations, fall below the level that donors require to be retained as a fund of perpetual duration. In accordance with generally accepted accounting principles, declines of this nature are reported as losses in net assets with donor restrictions. No deficiencies existed in 2024 or 2023.

The Organization has adopted a policy to appropriate for distribution based on 3% to 5% of the trailing 3-year moving average of the portfolio value of endowments that do not contain spending guidelines. For endowments that include specific spending guidelines, amounts will be appropriated in accordance with such specified guidelines.

**Ronald McDonald House Charities of Southern California**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2024 and 2023**

**NOTE 14 – ENDOWMENTS - Continued**

Changes in endowment assets for the year ended December 31, 2024 and 2023 are as follows:

	December 31, 2024		
	Net Assets Without Restriction	Net Assets With Restriction	Total
Balance at December 31, 2023	\$ -	\$ 4,872,818	\$ 4,872,818
Contributions	-	1,000	1,000
Investment income	-	140,175	140,175
Investment broker fees	-	(35,752)	(35,752)
Net realized and unrealized gains	-	707,100	707,100
Appropriation of endowment income for expenditures	-	(276,081)	(276,081)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 5,409,260</u>	<u>\$ 5,409,260</u>
	December 31, 2023		
	Net Assets Without Restriction	Net Assets With Restriction	Total
Balance at December 31, 2022	\$ -	\$ 4,188,239	\$ 4,188,239
Contributions	-	2,450	2,450
Investment income	-	74,511	74,511
Investment broker fees	-	(28,274)	(28,274)
Net realized and unrealized gains	-	635,892	635,892
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 4,872,818</u>	<u>\$ 4,872,818</u>

All endowments at December 31, 2024 and 2023 are donor restricted endowment funds.

**NOTE 15 – NOTES PAYABLE**

Morgan Stanley Smith Barney (MSSB)

The note payable consists of a Portfolio Loan Account (PLA) in place at MSSB. The PLA is secured by investment accounts held at MSSB and there is no specified repayment period as long as a minimum level of investments is maintained. The terms of the PLA include monthly interest only payments based on a variable rate, which is determined by the corresponding PLA index plus 1.25%. The variable rate ranged from 5.89% to 6.71% in 2024, and was 5.89% as of December 31, 2024. The balance of the PLA was \$3,090,800 and \$3,006,103 at December 31, 2024 and 2023, respectively.

The PLA is callable by the borrower at any time. At December 31, 2024, the maximum amount available under the PLA is \$3,845,393.

**Ronald McDonald House Charities of Southern California**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2024 and 2023**

**NOTE 15 – NOTES PAYABLE - Continued**

Unihealth Foundation

In August 2022, the Organization received a program-related investment loan from Unihealth Foundation in the amount of \$2,500,000. The loan proceeds were disbursed over a three-year period, accrues interest at 2% per annum and matures seven years from the date of the final disbursement. The Organization received \$500,000, \$1,000,000, and \$1,000,000, during the years ended December 31, 2024, 2023, and 2022, respectively.

City National Bank-West Los Angeles Loan

In December 2022, the Organization entered into a credit agreement ("Loan") with City National Bank for \$14,500,000 to support the acquisition of property on the westside of LA. The terms of the loan include annual principal payments as well as monthly interest payments based on a variable interest rate, which is determined by the Daily Simple Secured Overnight Financing Rate (SOFR) plus 1.85%, subject to a floor of 1.85%. The SOFR at December 31, 2024 was 4.49%. The loan is collateralized by the gross revenues of all capital campaign pledges and proceeds associated with the West Los Angeles Capital Campaign. The proceeds of the Loan were used to purchase the property in the westside of Los Angeles. The Loan matures in December 2028. The Organization is subject to compliance with certain debt covenants under the loan agreement. The balance of the loan was \$12,500,000 and \$14,500,000 at December 31, 2024 and 2023, respectively.

Principal maturities of notes payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 5,606,534
2026	2,500,000
2027	2,500,000
2028	5,000,000
Thereafter	2,500,000
Total	<u>\$ 18,106,534</u>

**NOTE 16 – IN-KIND CONTRIBUTIONS AND EXPENSES**

In-kind goods and services that satisfied the revenue recognition requirements were recorded as follows:

	<u>2024</u>	<u>2023</u>
Expenses for operations		
Automobile costs	\$ 3,439	\$ 3,642
Cleaning, gardening, housekeeping	960	720
Special event expenses	1,966	-
Rent	38,957	37,848
Professional fees	-	6,070
Supplies	20,248	29,656
Vehicle	-	35,864
House	-	570,000
	<u></u>	<u></u>
Total in-kind contributions	<u>\$ 65,570</u>	<u>\$ 683,800</u>

**Ronald McDonald House Charities of Southern California**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**For the Years Ended December 31, 2024 and 2023**

**NOTE 17 – RELATED PARTIES**

RMHCSC is a local chapter of Ronald McDonald House Charities, Inc. ("RMHC, Inc."), an organization that supports a global network of Ronald McDonald Houses and other programs directed at children around the world. RMHCSC has a license agreement with the McDonald's Corporation for the use of its name and trademarks. This license agreement also includes programmatic guidelines that should be followed. As part of the license agreement, twenty-five percent of the revenues from all national fundraising efforts that take place in McDonald's restaurants, such as the donation boxes that are located on the counter tops and at the drive thru windows, are shared with RMHC, Inc. During 2024 and 2023, contributions from local McDonald's Owner Operators through the Happy Meal promotion was \$747,494 and \$853,600, respectively.

**NOTE 18 – SUBSEQUENT EVENTS**

The Organization evaluated its December 31, 2024 consolidated financial statements for subsequent events through August 21, 2025, the date the consolidated financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recording or disclosure in the consolidated financial statements.

## **SUPPLEMENTARY SCHEDULES**

**Ronald McDonald House Charities of Southern California**  
**SCHEDULE OF FINANCIAL POSITION BY LOCATION**  
**As of December 31, 2024**

	Los Angeles House	Bakersfield House	Camp Ronald McDonald	Orange County House	Inland Empire House	Pasadena House	West Los Angeles House	Long Beach House	Ventura Family Room	Central Office	Total
<b>Assets</b>											
<b><u>Current Assets</u></b>											
Cash	\$ -	\$ 268,048	\$ -	\$ 42,223	\$ -	\$ 2,210,070	\$ -	\$ 1,379,121	\$ -	\$ 819,362	\$ 4,718,824
Other Receivables	35,925	21,023	34,548	18,029	8,014	4,842	242,828	37,021	252	497,438	899,920
Short-Term Contributions Receivable (net)	-	-	-	31,347	-	-	298,106	-	9,750	-	339,203
Prepaid Expenses and Other Assets	93,755	8,305	146,689	52,651	55,520	23,094	28,334	43,222	7,217	84,996	543,783
<b>Total Current Assets</b>	<b>129,680</b>	<b>297,376</b>	<b>181,237</b>	<b>144,250</b>	<b>63,534</b>	<b>2,238,006</b>	<b>569,268</b>	<b>1,459,364</b>	<b>17,219</b>	<b>1,401,796</b>	<b>6,501,730</b>
<b><u>Noncurrent Assets</u></b>											
Long Term Contributions Receivable (net)	-	-	-	7,903	-	-	453,590	-	-	-	461,493
Investments - at Fair Value	6,936,596	966,405	2,497,648	4,425,413	1,189,493	1,908,894	169,106	3,811,825	-	206,406	22,111,786
Investments - at Cost	-	-	-	-	-	-	-	-	-	1,244,570	1,244,570
Land, Buildings, and Equipment (net)	8,853,256	305,993	12,183,841	17,345,104	9,539,150	87,239	20,430,057	2,835,468	1,100,885	94,667	72,775,660
Beneficial Use of Land and Buildings	-	-	-	-	-	-	-	830,111	-	-	830,111
<b>Total Noncurrent Assets</b>	<b>15,789,852</b>	<b>1,272,398</b>	<b>14,681,489</b>	<b>21,778,420</b>	<b>10,728,643</b>	<b>1,996,133</b>	<b>21,052,753</b>	<b>7,477,404</b>	<b>1,100,885</b>	<b>1,545,643</b>	<b>97,423,620</b>
<b>Total Assets</b>	<b>\$ 15,919,532</b>	<b>\$ 1,569,774</b>	<b>\$ 14,862,726</b>	<b>\$ 21,922,670</b>	<b>\$ 10,792,177</b>	<b>\$ 4,234,139</b>	<b>\$ 21,622,021</b>	<b>\$ 8,936,768</b>	<b>\$ 1,118,104</b>	<b>\$ 2,947,439</b>	<b>\$ 103,925,350</b>
<b>Liabilities</b>											
<b><u>Current Liabilities</u></b>											
Accounts Payable and Accrued Expenses	\$ 195,405	\$ 77,399	\$ 236,692	\$ 334,941	\$ 126,784	\$ 105,076	\$ 267,269	\$ 195,770	\$ 34,434	\$ 777,334	\$ 2,351,104
Notes Payable, current	3,106,534	-	-	-	-	-	2,500,000	-	-	-	5,606,534
Inter-Entity Payables (receivables)	30,243	(452,066)	2,052,304	(1,951,363)	301,939	(971,052)	5,269,401	46,155	28,365	(4,353,926)	-
<b>Total Current Liabilities</b>	<b>3,332,182</b>	<b>(374,667)</b>	<b>2,288,996</b>	<b>(1,616,422)</b>	<b>428,723</b>	<b>(865,976)</b>	<b>8,036,670</b>	<b>241,925</b>	<b>62,799</b>	<b>(3,576,592)</b>	<b>7,957,638</b>
<b><u>Noncurrent Liabilities</u></b>											
Notes payable, noncurrent	-	-	-	-	-	-	12,500,000	-	-	-	12,500,000
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,500,000</b>
<b>Net Assets</b>											
Without Donor Restrictions	10,824,432	1,461,699	11,763,817	20,458,690	10,345,744	2,491,197	(1,840,330)	7,517,803	1,055,305	6,062,232	70,140,589
With Donor Restrictions	1,762,918	482,742	809,913	3,080,402	17,710	2,608,918	2,925,681	1,177,040	-	461,799	13,327,123
<b>Total Net Assets</b>	<b>12,587,350</b>	<b>1,944,441</b>	<b>12,573,730</b>	<b>23,539,092</b>	<b>10,363,454</b>	<b>5,100,115</b>	<b>1,085,351</b>	<b>8,694,843</b>	<b>1,055,305</b>	<b>6,524,031</b>	<b>83,467,712</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 15,919,532</b>	<b>\$ 1,569,774</b>	<b>\$ 14,862,726</b>	<b>\$ 21,922,670</b>	<b>\$ 10,792,177</b>	<b>\$ 4,234,139</b>	<b>\$ 21,622,021</b>	<b>\$ 8,936,768</b>	<b>\$ 1,118,104</b>	<b>\$ 2,947,439</b>	<b>\$ 103,925,350</b>



**Ronald McDonald House Charities of Southern California**  
**SCHEDULE OF ACTIVITIES BY LOCATION**  
**For the Year Ended December 31, 2024**

	<b>Los Angeles House</b>	<b>Bakersfield House</b>	<b>Camp Ronald McDonald</b>	<b>Orange County House</b>	<b>Inland Empire House</b>	<b>Pasadena House</b>	<b>West Los Angeles House</b>	<b>Long Beach House</b>	<b>Ventura Family Room</b>	<b>Central Office</b>	<b>Total</b>
<b>Revenues and Support</b>											
Contributions	\$ 1,089,796	\$ 322,416	\$ 894,939	\$ 1,335,544	\$ 928,650	\$ 1,229,656	\$ 168,084	\$ 969,035	\$ 149,736	\$ 5,072,356	<b>\$ 12,160,212</b>
Capital campaigns	-	-	74,375	(1,726)	-	2,015,129	943,102	-	-	-	<b>3,030,880</b>
In-kind contributions	4,605	38,957	-	800	9,812	2,451	-	8,645	-	300	<b>65,570</b>
Special event revenues	476,901	468,718	502,571	780,041	533,907	453,770	112,186	969,974	78,670	361,885	<b>4,738,623</b>
Less: cost of direct benefit to donors	(210,957)	(292,555)	(204,358)	(264,849)	(163,172)	(155,788)	(22,361)	(394,252)	(48,106)	(220,826)	<b>(1,977,224)</b>
Special events, net	265,944	176,163	298,213	515,192	370,735	297,982	89,825	575,722	30,564	141,059	2,761,399
Program fees	15,120	1,776	-	1,736	88,168	12,575	-	28,142	-	-	<b>147,517</b>
Rental and other income	317,653	195	390,294	2,147	(1,005)	1,181	114,059	2,564	-	341	<b>827,429</b>
Inter-entity	419,576	26,028	178,929	232,668	172,368	90,648	21,600	106,704	21,600	(1,270,121)	-
<b>Total Revenues and Support</b>	<b>2,112,694</b>	<b>565,535</b>	<b>1,836,750</b>	<b>2,086,361</b>	<b>1,568,728</b>	<b>3,649,622</b>	<b>1,336,670</b>	<b>1,690,812</b>	<b>201,900</b>	<b>3,943,935</b>	<b>18,993,007</b>
<b>Expenses</b>											
Programs	2,869,338	679,787	2,647,520	2,479,516	1,963,550	937,767	2,278,440	1,436,628	288,795	2,336,581	<b>17,917,922</b>
Management and general	424,217	19,713	188,005	157,101	148,801	65,611	74,358	153,864	12,273	818,614	<b>2,062,557</b>
Fundraising	332,163	41,165	244,745	418,626	472,224	115,082	244,848	285,864	18,271	1,722,611	<b>3,895,599</b>
<b>Total Expenses</b>	<b>3,625,718</b>	<b>740,665</b>	<b>3,080,270</b>	<b>3,055,243</b>	<b>2,584,575</b>	<b>1,118,460</b>	<b>2,597,646</b>	<b>1,876,356</b>	<b>319,339</b>	<b>4,877,806</b>	<b>23,876,078</b>
<b>Change in Net Assets from Operations</b>	<b>(1,513,024)</b>	<b>(175,130)</b>	<b>(1,243,520)</b>	<b>(968,882)</b>	<b>(1,015,847)</b>	<b>2,531,162</b>	<b>(1,260,976)</b>	<b>(185,544)</b>	<b>(117,439)</b>	<b>(933,871)</b>	<b>(4,883,071)</b>
<b>Nonoperating Activiites</b>											
Investment Returns, net	264,787	35,896	11,932	650,585	60,771	48,390	117,933	302,140	-	42,751	<b>1,535,185</b>
<b>Total Nonoperating Activities</b>	<b>264,787</b>	<b>35,896</b>	<b>11,932</b>	<b>650,585</b>	<b>60,771</b>	<b>48,390</b>	<b>117,933</b>	<b>302,140</b>	<b>-</b>	<b>42,751</b>	<b>1,535,185</b>
Change in net assets	(1,248,237)	(139,234)	(1,231,588)	(318,297)	(955,076)	2,579,552	(1,143,043)	116,596	(117,439)	(891,120)	<b>(3,347,886)</b>
Net assets - beginning	13,835,587	2,083,675	13,805,318	23,857,389	11,318,530	2,520,563	2,228,394	8,578,247	1,172,744	7,415,151	<b>86,815,598</b>
<b>Net assets - ending</b>	<b>\$ 12,587,350</b>	<b>\$ 1,944,441</b>	<b>\$ 12,573,730</b>	<b>\$ 23,539,092</b>	<b>\$ 10,363,454</b>	<b>\$ 5,100,115</b>	<b>\$ 1,085,351</b>	<b>\$ 8,694,843</b>	<b>\$ 1,055,305</b>	<b>\$ 6,524,031</b>	<b>\$ 83,467,712</b>