



Audited Financial Statements

Years Ended December 31, 2023 and 2022

RONALD McDONALD HOUSE CHARITIES OF SOUTHERN WEST VIRGINIA, INC.

Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ronald McDonald House Charities of
Southern West Virginia, Inc.
Charleston, West Virginia

Opinion

We have audited the accompanying financial statements of Ronald McDonald House Charities of Southern West Virginia, Inc. (the Corporation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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.

Gray, Griffith & Mays, a.c.

July 26, 2024
Charleston, West Virginia

RONALD McDONALD HOUSE CHARITIES OF SOUTHERN WEST VIRGINIA, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	2023	2022
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 766,359	\$ 802,619
Net capital lease receivable, current portion	7,407	7,667
Net pledges receivable, current portion	-	8,842
Total current assets	773,766	819,128
Investments - fair value	4,990,685	4,389,409
Property and equipment, net	3,056,611	3,153,908
Net capital lease receivable, less current portion	163,980	171,655
Total assets	\$ 8,985,042	\$ 8,534,100
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 8,284	\$ 29,260
Accrued and withheld liabilities	8,653	12,515
Total current liabilities	16,937	41,775
Net assets:		
Without donor restriction		
Board designated - canister funds	567,251	525,276
Undesignated	6,231,849	6,208,922
Total net assets without donor restrictions	6,799,100	6,734,198
With donor restriction		
Purpose restrictions	1,653,005	1,242,127
Perpetual restrictions	516,000	516,000
Total net assets with donor restrictions	2,169,005	1,758,127
Total net assets	8,968,105	8,492,325
Total liabilities and net assets	\$ 8,985,042	\$ 8,534,100

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

**RONALD McDONALD HOUSE CHARITIES OF
SOUTHERN WEST VIRGINIA, INC.**

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Changes in net assets without donor restriction:		
Revenues, gains, and support:		
House revenues	\$ 139,346	\$ 84,059
Contributions	259,682	298,095
Grants	155,569	105,861
Investment income, net of fees	30,295	18,177
Net unrealized and realized gain (loss) on investments	133,540	(226,341)
Special events	215,071	223,642
Net assets released from restriction	<u>8,842</u>	<u>1,211</u>
Total revenues, gains, and support	<u>942,345</u>	<u>504,704</u>
Expenses:		
Program services:		
House operations	<u>546,151</u>	<u>505,366</u>
Supporting services:		
Management and general	152,733	127,681
Fundraising	<u>178,559</u>	<u>144,579</u>
Total supporting services	<u>331,292</u>	<u>272,260</u>
Total expenses	<u>877,443</u>	<u>777,626</u>
Change in net assets without donor restriction	<u>64,902</u>	<u>(272,922)</u>
Changes in net assets with donor restriction:		
Investment income, net of fees	52,456	36,107
Net unrealized and realized gain (loss) on investments	367,264	(655,064)
Net assets released from restriction	<u>(8,842)</u>	<u>(1,211)</u>
Change in net assets with donor restriction	<u>410,878</u>	<u>(620,168)</u>
Change in total net assets	475,780	(893,090)
Net assets, beginning of year	<u>8,492,325</u>	<u>9,385,415</u>
Net assets, end of year	<u>\$ 8,968,105</u>	<u>\$ 8,492,325</u>

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

**RONALD McDONALD HOUSE CHARITIES OF
SOUTHERN WEST VIRGINIA, INC.**

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 475,780	\$ (893,090)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation	106,496	107,214
Unrealized and realized loss (gain) on investments	(500,804)	881,405
(Increase) decrease in:		
Capital lease receivable	7,935	8,213
Pledges receivable	8,842	1,211
Increase (decrease) in:		
Accounts payable	(20,976)	21,418
Accrued and withheld liabilities	(3,862)	9,056
Net cash (used in) provided by operating activities	<u>73,411</u>	<u>135,427</u>
Cash flows from investing activities:		
Purchase of property and equipment	(9,200)	-
Purchases of investments	<u>(100,471)</u>	<u>(360,968)</u>
Net cash used in investment activities	<u>(109,671)</u>	<u>(360,968)</u>
Change in cash and cash equivalents	(36,260)	(225,541)
Cash and cash equivalents, beginning of year	<u>802,619</u>	<u>1,028,160</u>
Cash and cash equivalents, end of year	<u>\$ 766,359</u>	<u>\$ 802,619</u>

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

**RONALD McDONALD HOUSE CHARITIES OF
SOUTHERN WEST VIRGINIA, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

	Program Services	Supporting Services			Total
	House Operations	Management and General	Fund- raising	Total	
Salaries and wages	\$ 149,193	\$ 91,174	\$ 76,428	\$ 167,602	\$ 316,795
Employee benefits	15,784	9,739	8,059	17,798	33,582
Payroll taxes	12,551	7,744	6,409	14,153	26,704
Utilities	52,813	-	-	-	52,813
Repairs and maintenance	32,248	-	-	-	32,248
Occupancy	8,987	-	-	-	8,987
Insurance	10,719	-	-	-	10,719
Travel	4,642	2,321	2,321	4,642	9,284
Supplies	8,943	7,317	-	7,317	16,260
Postage	408	441	-	441	849
Hospitality	1,696	848	848	1,696	3,392
Printing expense	4,052	-	-	-	4,052
Furnishings	5,252	-	-	-	5,252
Professional fees	50,156	10,393	22,086	32,479	82,635
Depreciation	106,496	-	-	-	106,496
Dues and subscriptions	-	7,715	-	7,715	7,715
Advertising	38,500	7,044	-	7,044	45,544
Special events	-	-	62,408	62,408	62,408
Miscellaneous	43,711	7,997	-	7,997	51,708
	<u>43,711</u>	<u>7,997</u>	<u>-</u>	<u>7,997</u>	<u>51,708</u>
Total functional expenses	<u>\$ 546,151</u>	<u>\$ 152,733</u>	<u>\$ 178,559</u>	<u>\$ 331,292</u>	<u>\$ 877,443</u>

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

**RONALD McDONALD HOUSE CHARITIES OF
SOUTHERN WEST VIRGINIA, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Program Services	Supporting Services			Total
	House Operations	Management and General	Fund- raising	Total	
Salaries and wages	\$ 133,908	\$ 78,343	\$ 68,009	\$ 146,352	\$ 280,260
Employee benefits	19,005	11,086	9,503	20,589	39,594
Payroll taxes	11,531	6,726	5,765	12,491	24,022
Utilities	56,554	-	-	-	56,554
Repairs and maintenance	16,963	-	-	-	16,963
Occupancy	8,500	-	-	-	8,500
Insurance	11,861	-	-	-	11,861
Travel	1,504	752	752	1,504	3,008
Supplies	4,896	4,005	-	4,005	8,901
Postage	264	285	-	285	549
Hospitality	735	368	368	736	1,471
Printing expense	3,045	-	-	-	3,045
Furnishings	4,461	-	-	-	4,461
Professional fees	46,945	7,700	16,362	24,062	71,007
Depreciation	107,214	-	-	-	107,214
Dues and subscriptions	-	4,149	-	4,149	4,149
Advertising	63,265	11,575	-	11,575	74,840
Special events	-	-	43,820	43,820	43,820
Miscellaneous	14,715	2,692	-	2,692	17,407
Total functional expenses	<u>\$ 505,366</u>	<u>\$ 127,681</u>	<u>\$ 144,579</u>	<u>\$ 272,260</u>	<u>\$ 777,626</u>

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

RONALD McDONALD HOUSE CHARITIES OF SOUTHERN WEST VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

1 –DESCRIPTION OF ORGANIZATION

Organization

Ronald McDonald House Charities of Southern West Virginia, Inc. (the Corporation) was established in 1983 as a nonstock corporation under the laws of the State of West Virginia and is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code. The Corporation's primary purpose is to provide a home and other assistance for families of children with cancer, leukemia and other illnesses who are receiving treatment at area hospitals and health care facilities in Southern West Virginia. Also, the Corporation, through a grant committee, directs the disbursement of canister collections through grants to eligible organizations established by guidelines from the national Ronald McDonald House Charities.

2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Without donor restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

With donor restriction

Net assets subject to donor- (or certain grantor-) 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 those resources be maintained in perpetuity. 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.

RONALD McDONALD HOUSE CHARITIES OF SOUTHERN WEST VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2023 and 2022

2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

The Corporation uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Management has determined that no allowance is necessary at December 31, 2023 and 2022.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at fair values.

Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in support, revenue, and gains unless the income or loss is restricted by donor or law. The company invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

Property and Equipment

Property and equipment are stated at cost or, in the case of donated assets, at fair value on the date of donation. Major purchases and improvements are capitalized while repairs and maintenance are expensed as incurred. The Corporation capitalizes items costing \$1,000 or more with a minimum useful life of three (3) years. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years.

RONALD McDONALD HOUSE CHARITIES OF SOUTHERN WEST VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2023 and 2022

2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement

Accounting Standards Codification 820 “Fair Value Measurements” was issued in order to establish a single definition of fair value and a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP) that is intended to result in increased consistency and comparability in fair value measurements. Accounting Standards Codification 820 also expands disclosures about fair value measurements and applies whenever other authoritative literature requires certain assets and liabilities to be measured at fair value but does not expand the use of fair value.

“Fair Value Measurement” establishes a fair value hierarchy that prioritizes inputs to valuation techniques to measure fair value. This hierarchy consists of three broad levels: quoted prices in active markets for identical assets or liabilities (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

Revenue Recognition

Substantially all of the Corporation’s revenue and support is derived from room rentals, individual contributions, fundraisers, and investment income. Room rental revenue is recognized with performance obligations are satisfied. The performance obligations are satisfied daily as the Corporation provides the room for the occupant. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contribution receivables are recorded when formal notification of intent to appropriate or contribute funds is received by the Corporation. The Corporation is the beneficiary under various wills and trust agreements. Such amounts are recorded when a will is declared valid by a probate court and the proceeds are measurable.

Functional Allocation of Expenses

The costs of providing the various services and programs have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on informal timekeeping of the Corporation’s employees.

Income Taxes

The Corporation operates as an organization other than a private foundation and is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made. The Corporation’s Department of the Treasury information returns are subject to examination, generally for three years after the date filed.

RONALD McDONALD HOUSE CHARITIES OF SOUTHERN WEST VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2023 and 2022

2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed Items and Services

Items contributed to the Corporation are recognized at their fair value at the date of the gift. Means for determining fair value may range from recognized reliable industry sources to certified appraisers. Unpaid volunteers and service providers have made time and service contributions to the Corporation during 2023 and 2022. The value of contributed time and service is not reflected in the accompanying financial statements since it is not susceptible to objective measurement or valuation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates used in preparation of these financial statements include pledge receivables, functional expense allocation and depreciation expense. Consequently, fluctuations of amounts in the near term are more likely and the difference could be significant.

Advertising Expense

The Corporation expenses advertising and marketing costs the first time the advertising or marketing takes place.

RONALD McDONALD HOUSE CHARITIES OF SOUTHERN WEST VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2023 and 2022

3 – LIQUIDITY AND AVAILABILITY

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

	2023	2022
Cash and cash equivalents	\$ 766,359	\$ 802,619
Operating investments	1,557,017	1,379,132
Accounts receivable	-	8,842
	\$ 2,323,376	\$ 2,190,593

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

4 – INVESTMENTS

The following schedule summarizes unrestricted and temporarily restricted investment appreciation during the years ended December 31, 2023 and 2022:

	2023	2022
Dividends and interest	\$ 117,613	\$ 87,777
Net realized and unrealized (loss) gain on investments	500,804	(881,405)
Total	618,417	(793,628)
Less custodial fees	(34,862)	(33,493)
Investment appreciation	\$ 583,555	\$ (827,121)

5 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

RONALD McDONALD HOUSE CHARITIES OF SOUTHERN WEST VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2023 and 2022

The three levels of fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Corporate bonds and government bonds (Fixed Income): Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Common and Preferred Stock (Equities), Mutual Funds, and Exchange Traded Funds: Valued at the closing price reported in the active market where the individual securities are traded.

RONALD McDONALD HOUSE CHARITIES OF SOUTHERN WEST VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2023 and 2022

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a summary of the levels within the fair value hierarchy in which the Corporation invests.

	Fair Value Measurement at Report Date			
	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Cash and cash equivalents	\$ -	\$ 229,383	\$ -	\$ 229,383
Equities	1,588,064	-	-	1,588,064
Mutual funds	978,843	-	-	978,843
Exchange traded funds	<u>2,194,395</u>	<u>-</u>	<u>-</u>	<u>2,194,395</u>
	<u>\$4,761,302</u>	<u>\$ 229,383</u>	<u>\$ -</u>	<u>\$4,990,685</u>

	Fair Value Measurement at Report Date			
	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Cash and cash equivalents	\$ -	\$ 131,394	\$ -	\$ 131,394
Equities	1,060,705	-	-	1,060,705
Mutual funds	720,231	-	-	720,231
Exchange traded funds	<u>2,477,079</u>	<u>-</u>	<u>-</u>	<u>2,477,079</u>
	<u>\$4,258,015</u>	<u>\$ 131,394</u>	<u>\$ -</u>	<u>\$4,389,409</u>

RONALD McDONALD HOUSE CHARITIES OF SOUTHERN WEST VIRGINIA, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2023 and 2022

6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2023	2022
Building and improvements	\$ 3,708,985	\$ 3,708,986
Furniture, fixtures, and equipment	167,597	158,397
Vehicles	26,869	26,869
	3,903,451	3,894,252
Accumulated depreciation	(846,840)	(740,344)
	\$ 3,056,611	\$ 3,153,908

7 – NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction are restricted for the following purposes:

	2023	2022
Subject to expenditure for specified purpose:		
Programs, operations, and activities of Ronald McDonald House	\$ 1,653,005	\$ 1,233,285
Bridging love building hearts campaign	-	8,842
	1,653,005	1,242,127
Net assets restricted to investment in perpetuity	516,000	516,000
	\$ 2,169,005	\$ 1,758,127

8 – CREDIT RISK

Financial instruments which potentially expose the Corporation to significant concentrations of credit risk consist of cash, investments, and pledges and accounts receivable.

At December 31, 2023 and 2022, the Corporation had cash balances that exceeded the Federal Depository Insurance Corporation. However, management believes that the financial institutions are financially sound and do not present a significant risk to the Corporation.

**RONALD McDONALD HOUSE CHARITIES OF
SOUTHERN WEST VIRGINIA, INC.**

NOTES TO FINANCIAL STATEMENTS
(Continued)

December 31, 2023 and 2022

9 – LEASE

The Corporation leases land from a hospital under a 50-year lease agreement which began in 2015 and calls for annual lease payments of \$1 which is below the fair market value. The fair market value of the lease was estimated at \$425,000, which was recognized as a contribution receivable and temporarily restricted contribution. During the years ended December 31, 2023 and 2022, a release of the temporarily restricted contribution was recognized in the amount of \$8,500, each year. The unamortized discount to net present value is recognized as temporarily restricted contribution income in the year amortized. The discount rate applied in determining the net present value was 3.5% for 2023 and 2022. Details of the discounted capital lease receivable are as follows:

	2023	2022
Capital lease receivable	\$ 348,500	\$ 357,000
Unamortized discount to net present value	(177,113)	(177,678)
Net capital lease receivable	171,387	179,322
Less current portion	(7,407)	(7,667)
 Net long term capital lease receivable	 \$ 163,980	 \$ 171,655

Minimum future fair market rental values from the date of gift of lease payments as of December 31, 2023 are as follows:

Years Ending December 31,	
2024	\$ 7,407
2025	7,157
2026	6,915
2027	6,681
2028	6,455
Thereafter	136,772
	\$ 171,387

**RONALD McDONALD HOUSE CHARITIES OF
SOUTHERN WEST VIRGINIA, INC.**

NOTES TO FINANCIAL STATEMENTS
(Continued)

December 31, 2023 and 2022

10 – PLEDGES RECEIVABLE

Details of unconditional pledges receivable at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Unconditional pledges receivable	\$ -	\$ 8,842
Discount to net present value	-	-
Net pledges receivable	<u>\$ -</u>	<u>\$ 8,842</u>
Receivables expected to be collected in less than one year	\$ -	\$ 8,842
Receivables expected to be collected in one to five year	-	-
Net pledges receivable	<u>\$ -</u>	<u>\$ 8,842</u>

Pledges are discounted to net present value using a discount rate of 3.5%.

11 – SPECIAL EVENTS

Gross receipts from special fundraising events recorded by the Corporation consist of exchange transaction revenue and contribution revenue. As a result of adopting FASB ASU 2014-09, the Corporation is required to separately present the components of this revenue as follows:

	<u>2023</u>	<u>2022</u>
Contributions	\$ 152,663	\$ 174,686
Special event revenue	<u>62,408</u>	<u>48,956</u>
	<u>\$ 215,071</u>	<u>\$ 223,642</u>

**RONALD McDONALD HOUSE CHARITIES OF
SOUTHERN WEST VIRGINIA, INC.**

NOTES TO FINANCIAL STATEMENTS
(Continued)

December 31, 2023 and 2022

12 – SUBSEQUENT EVENTS

The Corporation's management has evaluated events and transactions occurring after December 31, 2023 through the date of the Auditor's Report, which is the date the financial statements were available to be issued. No significant events were noted requiring adjustments to or disclosure in the financial statements.