



**Ronald McDonald  
House Charities®**  
Arkansas & North Louisiana

**Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.**

**Financial Statements  
December 31, 2024 and 2023**

**(With Independent Auditor's Report Thereon)**

# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.  
Little Rock, Arkansas

We have audited the financial statements of **Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.** (the Organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we have identified during the audits.

A handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Little Rock, Arkansas  
July 31, 2025

## **Financial Statements**

# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Statements of Financial Position December 31, 2024 and 2023

	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,416,841	\$ 4,932,549
Certificates of deposit	3,361,762	3,029,428
Contributions receivable, net	1,785,263	4,335,368
Endowment assets	1,958,584	1,741,452
Property and equipment, net	9,546,466	7,541,817
Prepaid expenses	38,619	18,297
Other assets	655	1,216
<b>TOTAL ASSETS</b>	<u>\$ 26,108,190</u>	<u>\$ 21,600,127</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts and contracts payable	\$ 511,507	\$ 53,850
Accrued payroll and related liabilities	58,491	52,146
Refundable advances	373,527	290,424
<b>Total Liabilities</b>	<u>943,525</u>	<u>396,420</u>
<b>Net Assets</b>		
Without donor restrictions	15,134,982	11,969,080
With donor restrictions	10,029,683	9,234,627
<b>Total Net Assets</b>	<u>25,164,665</u>	<u>21,203,707</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 26,108,190</u>	<u>\$ 21,600,127</u>

See accompanying notes to financial statements.

# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Statements of Activities Years Ended December 31, 2024 and 2023

	2024	2023
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>Revenue, Support, Gains and Reclassifications</b>		
Grant awards and contributions of financial assets	\$ 1,898,960	\$ 1,626,273
Contributions of nonfinancial assets	188,429	170,355
Special event revenue	1,232,945	1,285,503
Family donations	24,746	27,956
Interest and dividends	399,442	165,810
Net change in value of endowment assets	166,434	182,855
Other income	196	-
	<u>3,911,152</u>	<u>3,458,752</u>
Net assets released from restrictions	<u>2,440,302</u>	<u>358,123</u>
<b>Total Revenue, Support, Gains and Reclassifications</b>	<u>6,351,454</u>	<u>3,816,875</u>
<b>Expenses</b>		
Program services	2,414,697	2,222,174
General and administrative	85,212	170,409
Fundraising	351,063	378,463
Capital campaign	85,810	38,170
Cost of direct benefits to donors	248,770	273,374
<b>Total Expenses</b>	<u>3,185,552</u>	<u>3,082,590</u>
<b>Increase in Net Assets without Donor Restrictions</b>	<u>3,165,902</u>	<u>734,285</u>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions of financial assets	3,235,358	6,659,746
Contributions of nonfinancial assets	-	310,629
Net assets released from restrictions	<u>(2,440,302)</u>	<u>(358,123)</u>
<b>Increase in Net Assets with Donor Restrictions</b>	<u>795,056</u>	<u>6,612,252</u>
<b>INCREASE IN TOTAL NET ASSETS</b>	<u>3,960,958</u>	<u>7,346,537</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>21,203,707</u>	<u>13,857,170</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 25,164,665</u>	<u>\$ 21,203,707</u>

See accompanying notes to financial statements.

# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Statement of Functional Expenses Year Ended December 31, 2024

	Program Services	General and Administrative	Fundraising	Capital Campaign	Cost of Direct Benefits to Donors	Total
Salaries	\$ 831,014	\$ 16,074	\$ 224,497	\$ -	\$ -	\$ 1,071,585
Direct marketing and special events	163,658	11,092	49,421	67,837	-	292,008
Utilities	85,501	217	1,103	-	-	86,821
Depreciation	347,286	592	3,009	-	-	350,887
Insurance	43,762	111	564	-	-	44,437
Employee benefits	63,397	1,226	17,127	-	-	81,750
Printing and publishing	6,335	16	82	-	-	6,433
Household	249,935	-	-	-	-	249,935
Rent and facilities	40,099	-	-	9,674	40,406	90,179
Janitorial services	49,716	126	641	-	-	50,483
Payroll taxes	63,761	1,233	17,225	-	-	82,219
Repairs and maintenance	87,476	222	1,128	-	-	88,826
Professional fees	45,922	51,643	-	-	-	97,565
Postage	20,659	52	266	-	-	20,977
Telephone	16,037	41	207	-	-	16,285
Office supplies	3,193	8	41	-	-	3,242
Food and beverage	-	-	-	4,153	101,861	106,014
Advertising and public relations	38,226	739	10,326	-	-	49,291
Care Mobile expenses	80,012	-	-	-	-	80,012
Ronald McDonald Family Room (UAMS) expenses	36,802	-	-	-	-	36,802
Ronald McDonald Family Room (Monroe, LA) expenses	15,350	-	-	-	-	15,350
Canister collection fees and supplies	32,438	-	-	-	-	32,438
Travel and conferences	18,482	357	4,993	4,146	-	27,978
Bad debt	-	-	-	-	-	-
Miscellaneous	75,636	1,463	20,433	-	106,503	204,035
<b>Total Expenses</b>	<b>\$ 2,414,697</b>	<b>\$ 85,212</b>	<b>\$ 351,063</b>	<b>\$ 85,810</b>	<b>\$ 248,770</b>	<b>\$ 3,185,552</b>

See accompanying notes to financial statements.



# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Statement of Functional Expenses Year Ended December 31, 2023

	Program Services	General and Administrative	Fundraising	Capital Campaign	Cost of Direct Benefits to Donors	Total
Salaries	\$ 682,726	\$ 55,999	\$ 236,876	\$ -	\$ -	\$ 975,601
Direct marketing and special events	196,127	35,248	74,962	6,613	-	312,950
Utilities	72,892	1,741	754	-	-	75,387
Depreciation	361,326	5,927	2,566	-	-	369,819
Insurance	42,752	1,021	442	-	-	44,215
Employee benefits	46,094	3,781	15,993	-	-	65,868
Printing and publishing	2,554	61	26	-	-	2,641
Household	187,716	-	-	-	-	187,716
Rent and facilities	40,000	-	-	10,675	37,633	88,308
Janitorial services	46,164	1,103	477	-	-	47,744
Payroll taxes	52,360	4,295	18,167	-	-	74,822
Repairs and maintenance	87,870	2,099	909	-	-	90,878
Professional fees	34,079	52,200	-	1,243	-	87,522
Postage	6,243	149	65	-	-	6,457
Telephone	12,587	301	130	-	-	13,018
Office supplies	3,652	87	38	-	-	3,777
Food and beverage	-	-	-	12,248	101,546	113,794
Advertising and public relations	11,750	964	4,077	-	-	16,791
Care Mobile expenses	80,355	-	-	-	-	80,355
Ronald McDonald Family Room (UAMS) expenses	86,753	-	-	-	-	86,753
Ronald McDonald Family Room (Monroe, LA) expenses	6,433	-	-	-	-	6,433
Canister collection fees and supplies	39,497	-	-	-	-	39,497
Travel and conferences	17,106	1,403	5,935	7,391	-	31,835
Bad debt	56,009	-	-	-	-	56,009
Miscellaneous	49,129	4,030	17,046	-	134,195	204,400
<b>Total Expenses</b>	<b>\$ 2,222,174</b>	<b>\$ 170,409</b>	<b>\$ 378,463</b>	<b>\$ 38,170</b>	<b>\$ 273,374</b>	<b>\$ 3,082,590</b>

See accompanying notes to financial statements.

# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Statements of Cash Flows Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in Total Net Assets	\$ 3,960,958	\$ 7,346,537
Adjustments to Reconcile Increase in Net Assets to		
Net Cash Provided by Operating Activities		
Depreciation	350,887	369,819
Loss on uncollectible contributions	-	56,009
Net change in value of endowment assets	(166,434)	(182,855)
Contribution of donated property and equipment	-	(347,814)
Changes in operating assets and liabilities:		
Contributions receivable, net	2,550,105	(3,204,186)
Prepaid expenses	(20,322)	(2,004)
Other assets	561	6,935
Accounts and contracts payable	5,183	14,772
Accrued payroll and related liabilities	6,345	16,863
Refundable advances	83,103	32,325
Net Cash Provided by Operating Activities	<u>6,770,386</u>	<u>4,106,401</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of certificates of deposit, net	(332,334)	(2,027,568)
Purchases of property and equipment	(1,903,062)	(274,613)
Purchases of endowment assets	(399,655)	(646,229)
Proceeds from liquidation of endowment assets	348,957	1,096,151
Net Cash Used by Investing Activities	<u>(2,286,094)</u>	<u>(1,852,259)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,484,292	2,254,142
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>4,932,549</u>	<u>2,678,407</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 9,416,841</u>	<u>\$ 4,932,549</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>		
Property and equipment additions included in accounts and contracts payable	<u>\$ 452,474</u>	<u>\$ -</u>

See accompanying notes to financial statements.

# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Notes to Financial Statements December 31, 2024 and 2023

### **NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS**

Ronald McDonald House Charities of Arkansas & North Louisiana, Inc. (the Organization), is a nonprofit organization incorporated under the laws of the state of Arkansas and licensed by McDonald's Corporation to operate as an affiliate of Ronald McDonald House Charities, Inc. (RMHC Global). 100% of all donations made directly to the Organization remain with the Organization. The Organization is granted the right to use the Ronald McDonald House Charities registered trademark and related copyrights in connection with the operation and maintenance of the Ronald McDonald House, which provides temporary housing for seriously ill children and their families while the children are receiving treatment at near-by hospitals, fundraising activities and making grants to others for the benefit of children in and around the local area. Currently, the Organization operates a Ronald McDonald House located in Little Rock, Arkansas. The Organization is constructing a new house in Shreveport, Louisiana with an anticipated open date of October 1, 2025.

Under terms of the license agreement, the Organization participates in a McDonald's customer donation program, which was established by RMHC Global. The Organization receives 75% of the collections from the McDonald's customer donation program. The Organization receives 80% of the collections from the McDonald's customer Round-Up program.

The Organization provides support for the Ronald McDonald Care Mobile (Care Mobile), a mobile healthcare unit operated by Arkansas Children's Hospital that provides free dental services to the surrounding community. Under the terms of an agreement between RMHC Global, the Organization and Arkansas Children's Hospital, the Organization provides for 20% of the operating expenses related to the Care Mobile.

The Organization also operates the Ronald McDonald Family Room (the Family Room) at the University of Arkansas for Medical Sciences (UAMS), located adjacent to UAMS' neonatal intensive care unit, providing respite, overnight rooms and amenities to families of their hospitalized babies.

On May 22, 2023, RMHC Global assigned additional program territory to the Organization, which included the remaining three counties in Southeast Arkansas and twelve parishes in Northeast Louisiana. The existing chapter in Monroe, Louisiana was closed by RMHC Global, with RMHC Global granting the Organization that chapter's financial assets of \$2.1 million in cash and nonfinancial assets of approximately \$348,000 that the Organization has utilized for the future construction of a Ronald McDonald Family Room in Monroe, Louisiana.

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Accounting**

The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Notes to Financial Statements December 31, 2024 and 2023

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Basis of Presentation**

The Organization reports information regarding its financial position and activities according to the following two classes of net assets:

Net Assets without Donor Restriction—Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets with Donor Restriction—Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

#### **Cash and Cash Equivalents**

For purposes of presentation in the statements of cash flows, cash and cash equivalents include demand deposit accounts and money market accounts held at multiple financial institutions.

#### **Endowment Assets**

Endowment assets include units of participation in two separate pooled funds administered by the Arkansas Community Foundation (ACF) and a certificate of deposit held at the Arkansas Federal Credit Union (AFCU). Note 7 provides more information about these pooled funds and policies for determining fair value.

Realized and unrealized gains and losses on endowment assets are included in “change in value of endowment assets” on the statements of activities. Purchases and sales are recorded on the trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

#### **Property and Equipment**

Property and equipment are stated at cost. Donated property and equipment are recorded at the fair value at the time of donation. Major renewals and improvements are capitalized, while normal repairs and maintenance are expensed in the period incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets, which range from three to forty years.

#### **Revenue Recognition**

Grants and contributions, including unconditional promises to give, are recognized as support in the period received or when the Organization becomes aware that a promise to give has been made, whichever occurs first.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions.

# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Notes to Financial Statements December 31, 2024 and 2023

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Revenue Recognition (Continued)**

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as “net assets released from restrictions.”

Promises to give which are scheduled to be received after one year are discounted at a discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional support over the term of the related promise to give.

Management evaluates the collectability of pledges receivable on a regular basis. As of December 31, 2024, it has been determined that no allowance for uncollectible contributions is necessary based on current information and historical collection experience. If amounts become uncollectible, they will be expensed when that determination is made.

The Organization receives funds for special events, including two major fundraising events, and other events held with the intent to increase awareness of the Organization and its programs. A portion of the major fundraising event revenue is intended to cover the cost of the meal and entertainment provided, although the majority of the revenue consists of donor sponsorships and contributions. The Organization received donor sponsorships and contributions for future fundraising events of approximately \$308,800 and \$233,600 that is included in refundable advances and the revenue has not been recognized at December 31, 2024 and 2023, respectively, because barriers to revenue recognition have not yet been met.

#### **Donated Services, Land and Facilities**

Donated services are recognized as contributions if services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. A portion of the Organization’s functions and activities are conducted by unpaid board members and other volunteers, the hours of which totaled approximately 13,000 during the year ended December 31, 2024. Since this volunteer time does not meet the criteria for revenue recognition, its value is not reflected in the accompanying financial statements.

On June 30, 2015, a lease agreement was executed between the Organization and Arkansas Children’s Hospital for the land on which the Ronald McDonald House (Little Rock, Arkansas) is located. The rent for the land is one dollar (\$1.00) per year, which was paid in full in 2022. This arrangement provides significant economic value to the Organization. However, there is no determinable fair value of the rent associated with the usage of the land. Accordingly, no promises to give, nor rent expense has been recorded for this lease.

On March 31, 2019, an agreement was executed between the Organization and UAMS for space in UAMS to house the Family Room. The use of facilities and related utilities are provided to the Organization for one dollar (\$1.00) over the life of the agreement. This contribution is reflected as support, operating, and facilities expense in the accompanying financial statements based upon its estimated fair value of \$40,000 for both of the years ended December 31, 2024 and 2023.

# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Notes to Financial Statements December 31, 2024 and 2023

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Donated Services, Land and Facilities (Continued)**

On April 4, 2024, a lease agreement was executed between the Organization and Willis Knighton Health for the land on which the Ronald McDonald House (Shreveport, Louisiana) is located. The rent for the land is one dollar (\$1.00) per year. This arrangement provides significant economic value to the Organization. However, there is no determinable fair value of the rent associated with the usage of the land. Accordingly, no promises to give, nor rent expense has been recorded for this lease.

#### **Functional Expenses**

Expenses associated with certain activities and functions necessary for the support of programs provided by the Organization are considered supporting services expenses. Supporting services include various costs associated with administration, fundraising, maintenance and other general functions of the Organization.

The Organization allocates its expenses on a functional basis among various programs and supporting services. Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service according to their natural expenditure classification. Other expenses that are common to several functions are allocated to programs and supporting services. The expenses that are allocated include depreciation, insurance, repairs and maintenance, utilities, janitorial services, telephone, postage, printing and publishing, and office supplies, and are allocated on a square footage basis. Salaries, employee benefits, payroll taxes, professional fees, advertising and public relations, and travel and conferences are allocated based on the basis of estimates of time and effort.

#### **Advertising Expense**

The Organization uses advertising to promote its programs throughout the area it serves. The production costs of advertising are expensed the first time the advertising takes place. Advertising expense was approximately \$49,300 and \$16,800 during the years ended December 31, 2024 and 2023, respectively.

#### **Income Taxes**

The Organization is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there is no provision for income taxes in the accompanying financial statements.

Accounting standards require the Organization to evaluate tax positions and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more than likely would not be sustained upon examination by the Internal Revenue Service. The Organization has analyzed the tax positions taken and has concluded that as of December 31, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require the recognition of a liability (or asset) or disclosure in the financial statements. The Organization may be subject to audit by the Internal Revenue Service; however, there are currently no audits for any tax periods in progress.

# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Notes to Financial Statements December 31, 2024 and 2023

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results may differ from those estimates.

#### Expense Allocation

The Organization achieves some of its programmatic goals in direct mail campaigns that include requests for contributions. During the year ending December 31, 2024, the Organization changed its direct mail partner from 100% external to a combination of internal and external. For the years ended December 31, 2024 and 2023, the costs of conducting those campaigns totaled approximately \$53,000 and \$158,300, respectively, of joint costs that are not directly attributable to either the program services or the fundraising component of the activities. Of those amounts, approximately \$37,600 and \$112,400 were allocated to program services and approximately \$15,400 and \$45,900 were allocated to fundraising for the years ended December 31, 2024 and 2023, respectively.

#### Reclassification

Certain amounts presented in the 2023 financial statements have been reclassified to conform to presentation in the 2024 financial statements.

### NOTE 3: CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable at December 31, 2024 and 2023 include the following:

	<u>2024</u>	<u>2023</u>
Contributions receivable	\$ 1,823,217	\$ 4,409,195
Less unamortized discount on long-term receivables	<u>(37,954)</u>	<u>(73,827)</u>
Contributions receivable, net	<u><u>\$ 1,785,263</u></u>	<u><u>\$ 4,335,368</u></u>

Contributions receivable at December 31, 2024 are expected to be collected as follows:

Amounts due in:

Less than one year	\$ 1,310,837
One to five years	<u>512,380</u>
	<u><u>\$ 1,823,217</u></u>

Promises to give which are scheduled to be received after one year are reported at the present value of estimated future cash flows using a discount rate of 8.0%.

# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Notes to Financial Statements December 31, 2024 and 2023

### NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Buildings and improvements	\$ 8,073,603	\$ 8,073,603
Leasehold improvements	682,913	679,440
Furniture and equipment	405,752	348,740
Vehicles	89,333	89,333
Less accumulated depreciation	<u>(2,580,225)</u>	<u>(2,229,339)</u>
	6,671,376	6,961,777
Land and land improvements	342,075	342,075
Construction in progress	<u>2,533,015</u>	<u>237,965</u>
Property and equipment, net	<u>\$ 9,546,466</u>	<u>\$ 7,541,817</u>

As of December 31, 2024 and 2023, construction in progress consisted primarily of construction costs related to the future Ronald McDonald House in Shreveport, Louisiana, expected to be completed in 2025, and architecture and design fees related to the Ronald McDonald Family Room in Monroe, Louisiana, expected to be completed in 2026. See Note 12 related to outstanding contracts at December 31, 2024.

### NOTE 5: LINE OF CREDIT

At December 31, 2024, the Organization had a \$100,000 line of credit with a financial institution, with interest on this line of credit accruing at 8.00%. None of this line of credit was used as of December 31, 2024. This line of credit matured on March 30, 2025. On March 7, 2025, this line of credit was extended through March 30, 2027 for \$100,000. The interest rate on the renewal will accrue at 7.50%. At the time of maturity, all outstanding advances and any unpaid interest thereon are due and payable.



# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Notes to Financial Statements December 31, 2024 and 2023

### NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

The following provides the amounts comprising net assets with donor restrictions as of December 31:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specific purpose:		
Shreveport capital campaign	\$ 6,152,880	\$ 6,076,044
Ronald McDonald Family Room (Monroe, LA)	2,004,255	1,917,234
Ronald McDonald House (Baptist)	669,964	5,000
Ronald McDonald Family Room (UAMS)	139,973	174,218
Coca-Cola fund	40,095	37,526
Tyson meal program	22,516	15,375
	<u>9,029,683</u>	<u>8,225,397</u>
Subject to passage of time:		
Capital campaign fund	<u>-</u>	<u>9,230</u>
Subject to perpetuity:		
Kroc Operating Endowment	<u>1,000,000</u>	<u>1,000,000</u>
Total net assets with donor restrictions	<u><u>\$ 10,029,683</u></u>	<u><u>\$ 9,234,627</u></u>

### NOTE 7: ENDOWMENT

During 2016 and 2021, the Board entered into agreements with ACF to create endowment funds (Fund 1 and Fund 2, respectively). In addition, during 2023, as part of the closing of the Monroe, Louisiana chapter, the Board entered into an agreement with AFCU to create an endowment fund (Fund 3). Collectively, Fund 1, Fund 2 and Fund 3 will be referred to as "the Funds." The purpose of the Funds are to aid and assist the Organization in carrying out its charitable purposes. The Organization invested into Fund 1 and Fund 3 contributions received from a donor, the corpus of which is to be maintained in perpetuity. In addition, the Organization invested general contributions into the Funds resulting from an internal designation by the Board of Directors (the Board). Additional contributions and income of the Funds are reported as increases to net assets without donor restrictions.

The Organization attempts to ensure preservation of capital and to provide a satisfactory market rate of return in order to provide for current and future needs of the Organization. The income earned thereon is to be utilized for operating expenses incurred by the Organization. As permitted by the spending rate policy adopted by the Board, any amount may be withdrawn out of the Funds. For the amount withdrawn from Fund 1 and Fund 3, any donor restrictions will remain in place.

# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Notes to Financial Statements December 31, 2024 and 2023

### NOTE 7: ENDOWMENT (Continued)

The Organization invests the assets in Fund 1 and Fund 2 in pooled funds managed by ACF. The Organization's interest in the pooled funds is evidenced by a unit. The value of a unit is calculated based on the fair value of the underlying assets, adjusted for the effects of such transactions as administrative fees and investment income that has not been reinvested in the underlying assets. The Organization invests the assets in Fund 3 in a non-brokered certificate of deposit at AFCU. The certificate of deposit has an original maturity of twelve months and bears fixed interest rates. This certificate of deposit is recorded at cost.

Changes in endowment net assets attributable to the Funds during the years ended December 31 are as follows:

	2024		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 741,452	\$ 1,000,000	\$ 1,741,452
Contributions	399,655	-	399,655
Distributions	(348,957)	-	(348,957)
Change in value of endowment assets	166,434	-	166,434
Endowment net assets, end of year	<u>\$ 958,584</u>	<u>\$ 1,000,000</u>	<u>\$ 1,958,584</u>
	2023		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,508,519	\$ 500,000	\$ 2,008,519
Contributions	146,229	500,000	646,229
Distributions	(1,096,151)	-	(1,096,151)
Change in value of endowment assets	182,855	-	182,855
Endowment net assets, end of year	<u>\$ 741,452</u>	<u>\$ 1,000,000</u>	<u>\$ 1,741,452</u>

# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Notes to Financial Statements December 31, 2024 and 2023

### **NOTE 8: EMPLOYEE BENEFIT PLAN**

Effective February 1, 2009, the Board established a 403(b) thrift plan that covers all employees. Employees are allowed to make salary deferrals to this plan, subject to limitations set forth in the Internal Revenue Code. In addition, the Organization makes matching contributions equal to 100% of the employee's salary deferrals up to 3% of their compensation. Employer matching contributions totaled approximately \$14,400 and \$15,800 the years ended December 31, 2024 and 2023, respectively.

### **NOTE 9: CONCENTRATION OF CREDIT RISK**

The Organization maintains bank accounts, which include demand deposits and certificates of deposit that may, at times, have balances in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). In the event of an institutional failure, the excess of the balance over FDIC insurance may not be recoverable. At December 31, 2024 and 2023, the total account balance maintained at multiple financial institutions was approximately \$13,573,000 and \$8,464,000, respectively, of which approximately \$51,000 and \$39,000 were not insured by the FDIC at December 31, 2024 and 2023, respectively.

### **NOTE 10: CONTRIBUTIONS OF NONFINANCIAL ASSETS**

For the years ended December 31, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities include the following:

	<u>2024</u>	<u>2023</u>
Family support supplies	\$ 113,245	\$ 30,229
Food	21,601	32,235
House supplies	9,336	26,742
Pop tabs	4,247	3,964
Use of facilities	40,000	40,000
Property and vehicle	<u>-</u>	<u>347,814</u>
Total contributions of nonfinancial assets	<u>\$ 188,429</u>	<u>\$ 480,984</u>

The Organization recognized contributed nonfinancial assets within revenues, including family support supplies, food for families, house supplies, pop tabs, the use of facilities for the Family Room at UAMS, property from the closed chapter, as disclosed in Note 1, and a vehicle. None of the contributed nonfinancial assets have any donor-imposed restrictions, excluding the property received from the closed chapter that is restricted for the future construction of the Ronald McDonald Family Room in Monroe, Louisiana.

# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Notes to Financial Statements December 31, 2024 and 2023

### **NOTE 10: CONTRIBUTIONS OF NONFINANCIAL ASSETS (Continued)**

Contributed family support supplies, food and household items were utilized in both the operations of the Ronald McDonald House and the Family Room at UAMS. In valuing family support supplies, food and household items, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed pop tabs are utilized by the Organization as a fundraising item, and the Organization estimated the fair value on the basis of what the Organization received after recycling these pop tabs.

Contributed use of facilities are used for the operations of the Family Room at UAMS, and the Organization estimated the fair value on the basis of the rental value of the property and associated cost of utilities.

A contributed vehicle is used for travel as needed for Ronald McDonald House operations, and the Organization estimated the fair value on the basis of what the Organization would have paid to purchase the vehicle.

The Organization received the Ronald McDonald House that was affiliated with the closed Monroe, Louisiana chapter. The Organization estimated the fair value on the basis of the assessed value of the property at the time of donation. On March 20, 2024, the Organization received approximately \$499,500 of proceeds from the sale of this house, with the purpose of these funds being used for building a Ronald McDonald Family Room in Monroe, Louisiana.

### **NOTE 11: RELATED PARTY RELATIONSHIPS**

RMHC Global builds and sustains a robust infrastructure of support to the network of chapters, including operations, licensing and compliance, finance, risk management, communications, marketing and development. The Organization receives a portion of net revenues from all McDonald's national fundraising efforts facilitated by RMHC Global. The Organization may also receive other grants and in-kind support from RMHC Global. During the years ended December 31, 2024 and 2023, the Organization received approximately \$495,000 and \$496,000, respectively, from these revenue streams.

Certain members of the Board serve in management capacities at organizations, including, but not limited to, financial institutions, construction and administrative services, that the Organization has transacted with during the years ended December 31, 2024 and 2023.

# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Notes to Financial Statements December 31, 2024 and 2023

### **NOTE 12: COMMITMENTS AND CONTINGENCIES**

On April 1, 2023, the Organization entered into an agreement, as amended, for the construction of the Ronald McDonald House in Shreveport, Louisiana, as described in Note 4. The total contract amount is \$10,661,035. As of December 31, 2024, the Organization had made payments totaling \$1,468,249. For each progress payment made prior to substantial completion of the work, an amount up to 10% can be withheld as retainage from the payment otherwise due. As of December 31, 2024, the retainage payable amount is approximately \$190,000 and has been recorded in accounts and contracts payable on the statements of financial position. As of December 31, 2024, the balance due on the agreement, including retainage, is \$452,474.

On November 12, 2024, the Organization entered into an agreement for the construction of the Ronald McDonald Family Room in Monroe, Louisiana, as described in Note 4. The total contract amount is \$1,860,275. As of December 31, 2024, no work has been completed for this contract. For each progress payment made prior to substantial completion of the work, the Organization may withhold an amount up to 5% as retainage from the payment otherwise due. As of December 31, 2024, there were no outstanding payments or retainage.

### **NOTE 13: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization monitors its liquidity so that it is able to meet its operating needs and contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the statements of financial position to fund expenses without limitations:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 9,416,841	\$ 4,932,549
Certificates of deposit	3,361,762	3,029,428
Contributions receivable	1,785,263	4,335,368
Endowment assets	<u>958,584</u>	<u>691,452</u>
	15,522,450	12,988,797
Less contributions due in more than one year	<u>(512,380)</u>	<u>(996,671)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$15,010,070</u></u>	<u><u>\$11,992,126</u></u>

Although not expected to be needed, the Organization could also draw upon a \$100,000 line of credit, all of which is unused as of December 31, 2024 (as disclosed in Note 5).

# Ronald McDonald House Charities of Arkansas & North Louisiana, Inc.

## Notes to Financial Statements December 31, 2024 and 2023

### ***NOTE 14: SUBSEQUENT EVENTS***

Management has evaluated subsequent events through July 31, 2025, the date that the financial statements were available to be issued.

On April 1, 2025, the Organization completed a merger with Ronald McDonald House Charities of Arkoma, which increased the Organization's program territory to include nine counties in Northwest Arkansas and three contiguous counties in Eastern Oklahoma. This also added three new programs to the Organization - the Ronald McDonald House in Fort Smith, Arkansas, an in-hospital Ronald McDonald House at Washington Regional in Fayetteville, Arkansas and a Ronald McDonald Family Room in Mercy Hospital in Rogers, Arkansas.

On July 25, 2025, an agreement was executed between the Organization and Baptist Health for space to construct and operate a House within Baptist Health Medical Center - Little Rock.