

**RONALD MCDONALD HOUSE  
CHARITIES OF DENVER, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2025 AND 2024**

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## Independent Auditors' Report

Board of Directors  
Ronald McDonald House Charities of Denver, Inc.  
Denver, Colorado

### **Opinion**

We have audited the accompanying financial statements of Ronald McDonald House Charities of Denver, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities of Denver, Inc. as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ronald McDonald House Charities of Denver, Inc. 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 Financial Statements**

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

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

## **Auditors' 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 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

*The Adams Group, LLC*

Greenwood Village, Colorado  
April 28, 2026

RONALD MCDONALD HOUSE CHARITIES OF DENVER, INC.  
STATEMENTS OF FINANCIAL POSITION

December 31,	2025	2024
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 943,844	\$ 420,075
Investments	14,956,992	15,110,535
Promises to give	437,493	338,412
Accounts receivable	140,976	132,854
Prepaid expenses	65,628	80,856
Total Current Assets	16,544,933	16,082,732
Noncurrent Assets		
Beneficial use of land, net	129,634	129,761
Investments held in perpetuity	546,250	546,250
Right-of-use operating lease, net	27,277	33,525
Property and equipment, net	19,316,682	17,483,342
Total Noncurrent Assets	20,019,843	18,192,878
Total Assets	\$ 36,564,776	\$ 34,275,610
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 378,192	\$ 140,254
Accrued expenses	173,614	156,246
Current portion of lease liability	6,527	6,220
Total Current Liabilities	558,333	302,720
Noncurrent Liabilities		
Operating lease liability, net of current portion	20,750	27,305
Total Liabilities	579,083	330,025
Net Assets		
Without donor restriction		
Undesignated	35,309,809	32,744,259
Board designated	-	351,180
Total net assets without donor restriction	35,309,809	33,095,439
With donor restriction	675,884	850,146
Total net assets	35,985,693	33,945,585
Total Liabilities and Net Assets	\$ 36,564,776	\$ 34,275,610

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

RONALD MCDONALD HOUSE CHARITIES OF DENVER, INC.  
STATEMENT OF ACTIVITIES

For the Year Ended December 31,

2025

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>OPERATING ACTIVITIES</b>			
<u>Support, revenue and other gains</u>			
Contributions	\$ 3,527,918	\$ -	\$ 3,527,918
Third-party reimbursements	1,476,201	-	1,476,201
Special events	844,991	-	844,991
Contributed non-financial assets	824,823	-	824,823
Net assets released from restrictions	174,262	(174,262)	-
	<u>6,848,195</u>	<u>(174,262)</u>	<u>6,673,933</u>
<u>Expenses</u>			
Program services	4,942,086		4,942,086
Supporting services			
General and administrative	639,026		639,026
Fundraising	968,237		968,237
Total supporting services	1,607,263		1,607,263
	<u>6,549,349</u>		<u>6,549,349</u>
Changes in net assets from operating activities	298,846	(174,262)	124,584
<b>NON-OPERATING ACTIVITIES</b>			
Investment income, net	1,915,524	-	1,915,524
Total change in net assets	2,214,370	(174,262)	2,040,108
Net assets - beginning of year	33,095,439	850,146	33,945,585
Net assets - end of year	<u>\$ 35,309,809</u>	<u>\$ 675,884</u>	<u>\$ 35,985,693</u>

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

RONALD MCDONALD HOUSE CHARITIES OF DENVER, INC.  
STATEMENT OF ACTIVITIES

For the Year Ended December 31,

2024

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>OPERATING ACTIVITIES</b>			
<u>Support, revenue and other gains</u>			
Contributions	\$ 2,840,178	\$ 453,994	\$ 3,294,172
Third-party reimbursements	1,410,708	-	1,410,708
Special events	796,125	-	796,125
Contributed non-financial assets	753,973	-	753,973
Net assets released from restrictions	306,730	(306,730)	-
	<u>6,107,714</u>	<u>147,264</u>	<u>6,254,978</u>
<u>Expenses</u>			
Program services	4,506,984		4,506,984
Supporting services			
General and administrative	588,727		588,727
Fundraising	942,440		942,440
Total supporting services	1,531,167		1,531,167
	<u>6,038,151</u>		<u>6,038,151</u>
Changes in net assets from operating activities	<u>69,563</u>	<u>147,264</u>	<u>216,827</u>
<b>NON-OPERATING ACTIVITIES</b>			
Investment income, net	1,495,246	-	1,495,246
Loss on disposal of fixed assets	(51,822)	-	(51,822)
Changes in net assets from non-operating activities	<u>1,443,424</u>	<u>-</u>	<u>1,443,424</u>
Total change in net assets	1,512,987	147,264	1,660,251
Net assets - beginning of year	31,582,452	702,882	32,285,334
Net assets - end of year	<u>\$ 33,095,439</u>	<u>\$ 850,146</u>	<u>\$ 33,945,585</u>

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

**RONALD MCDONALD HOUSE CHARITIES OF DENVER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31,

2025

	Program				Supporting Services			Total Expense
	Ronald McDonald House	Ronald McDonald House Family Room	Family Meals Program	Total Program	General & Administrative	Fundraising	Total Supporting Services	
Salaries	\$ 1,122,434	\$ 33,860	\$ 275,700	\$ 1,431,994	\$ 332,340	\$ 492,268	\$ 824,608	\$ 2,256,602
Employee benefits	173,311	3,524	33,373	210,208	73,631	69,842	143,473	353,681
Payroll taxes	109,632	1,263	28,076	138,971	26,287	46,938	73,225	212,196
Total salaries and related expenses	1,405,377	38,647	337,149	1,781,173	432,258	609,048	1,041,306	2,822,479
Advertising	-	-	3,726	3,726	-	18,454	18,454	22,180
Automobile	1,284	-	-	1,284	-	-	-	1,284
Cleaning services and supplies	221,988	-	-	221,988	-	-	-	221,988
Contract services	412,913	-	7,703	420,616	59,817	1,368	61,185	481,801
Depreciation	880,411	-	5,529	885,940	-	-	-	885,940
Dues and subscriptions	-	832	1,155	1,987	9,748	3,604	13,352	15,339
Event expense	750	-	-	750	-	143,178	143,178	143,928
Family support services and supplies	16,830	6,379	122,042	145,251	-	-	-	145,251
Insurance	70,410	-	-	70,410	53,995	24,049	78,044	148,454
Linens and laundry	27,087	-	-	27,087	-	-	-	27,087
Maintenance and repairs	146,179	-	-	146,179	-	-	-	146,179
Meetings, education and training	10,421	-	1,424	11,845	4,247	2,604	6,851	18,696
Office supplies	1,128	-	792	1,920	2,231	703	2,934	4,854
Postage and courier	48	-	-	48	4,117	18,888	23,005	23,053
Printing and publishing	5,025	-	-	5,025	1,719	38,346	40,065	45,090
Technology	93,695	2,631	14,628	110,954	30,743	40,697	71,440	182,394
Telephone	25,138	-	-	25,138	802	802	1,604	26,742
Travel, meals, and entertainment	7,208	-	-	7,208	6,041	3,032	9,073	16,281
Utilities	240,849	-	-	240,849	4,210	4,210	8,420	249,269
Volunteer resources and recognition	9,897	-	390	10,287	-	-	-	10,287
Donated services	132,461	-	-	132,461	24,652	2,608	27,260	159,721
Donated food, supplies and activities	462,377	-	202,725	665,102	-	-	-	665,102
Other	23,853	386	619	24,858	4,446	56,646	61,092	85,950
Total expenses	\$ 4,195,329	\$ 48,875	\$ 697,882	\$ 4,942,086	\$ 639,026	\$ 968,237	\$ 1,607,263	\$ 6,549,349

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

RONALD MCDONALD HOUSE CHARITIES OF DENVER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31,

2024

	<u>Supporting Services</u>				<u>Total Expense</u>
	<u>Program Services</u>	<u>General &amp; Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries	\$ 1,177,284	\$ 312,201	\$ 462,706	\$ 774,907	\$ 1,952,191
Payroll taxes	111,390	28,791	40,235	69,026	180,416
Benefits	168,146	19,550	51,037	70,587	238,733
Contract services	689,949	59,905	41,297	101,202	791,151
Advertising	400	-	29,173	29,173	29,573
Dues, subscriptions and licenses	16,381	4,620	17,508	22,128	38,509
Depreciation	931,554	25,454	1,123	26,577	958,131
Occupancy	482,935	11,466	3,868	15,334	498,269
Insurance	73,211	53,157	23,968	77,125	150,336
Supplies and printing	2,780	6,334	43,557	49,891	52,671
Event expenses	-	-	112,989	112,989	112,989
Volunteers and donors	15,952	-	11,732	11,732	27,684
Program expenses	132,875	-	-	-	132,875
Donated services	145,865	24,486	750	25,236	171,101
Donated food, supplies and activities	527,069	-	55,803	55,803	582,872
Other	31,193	42,763	46,694	89,457	120,650
<b>Total Expenses</b>	<b><u>\$ 4,506,984</u></b>	<b><u>\$ 588,727</u></b>	<b><u>\$ 942,440</u></b>	<b><u>\$ 1,531,167</u></b>	<b><u>\$ 6,038,151</u></b>

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

RONALD MCDONALD HOUSE CHARITIES OF DENVER, INC.  
STATEMENTS OF CASH FLOWS

<u>For the Years Ended December 31,</u>	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Changes in net assets	\$ 2,040,108	\$ 1,660,251
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	885,940	958,131
Net investment income	(1,915,524)	(1,495,246)
Net discount amortization	127	121
Loss on disposal of fixed assets	-	51,822
Changes in operating assets and liabilities:		
Promises to give	(99,081)	43,975
Accounts receivable	(8,122)	27,804
Prepaid expenses	15,228	(26,345)
Right-of-use operating lease	6,248	425
Accounts payable	98,935	21,026
Accrued expenses	17,368	10,141
Operating lease liability	(6,248)	(425)
	<u>1,034,979</u>	<u>1,251,680</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	(2,580,277)	(120,852)
Sale of investments	3,685,000	1,110,261
Purchase of investments	(1,615,933)	(2,107,426)
	<u>(511,210)</u>	<u>(1,118,017)</u>
Net cash used in investing activities		
Net increase in cash and cash equivalents	523,769	133,663
Cash and cash equivalents at beginning of year	<u>420,075</u>	<u>286,412</u>
Cash and cash equivalents at end of year	<u>\$ 943,844</u>	<u>\$ 420,075</u>
Supplemental cash flow information:		
Right-of-use asset obtained with lease liability	<u>\$ 0</u>	<u>\$ 33,950</u>

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

RONALD MCDONALD HOUSE CHARITIES OF DENVER, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ronald McDonald House Charities of Denver, Inc. (the “Organization”) is a not-for-profit corporation established to operate facilities (Ronald McDonald Houses) in Denver and Aurora, Colorado. Ronald McDonald Houses provide temporary housing for the families of seriously ill children while their children receive treatment at nearby hospitals.

The Organization’s Ronald McDonald Family Room program offers families a place to rest and regroup while their children receive treatment. Services at the Ronald McDonald Family Room include a kitchen area, shower facilities, laundry facilities, internet access, a seating area and a quiet room.

The Organization’s activities are supported primarily through contributions, special events and third-party reimbursements.

Basis of Presentation

The Organization prepares its financial statements in accordance with the financial reporting requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification topic, *Not-for-Profit Entities - Presentation of Financial Statements*. Those standards require the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions, based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets be displayed in the statement of activities, expenses and other changes in net assets as follows:

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed stipulations, including resources that the Board of Directors of the Organization has designated for specific purposes.

*Net Assets With Donor Restrictions* - Net assets subject to donor-imposed stipulations that are to be maintained by the Organization temporarily or in perpetuity and their related investment earnings. The related investment earnings are expendable only for purposes specified by the donor or grantor. The Organization has elected to report donor restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

RONALD MCDONALD HOUSE CHARITIES OF DENVER, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and investments with original maturities of less than three months, excluding cash and cash equivalents held as part of the Organization's investment portfolio, are classified as cash and cash equivalents. At times, cash balances may exceed federally insured limits. The Organization is selective in choosing financial institutions to maintain accounts and believes any risk of loss is remote.

Investments

Investments are reported at fair value. Unrealized gains and losses are included in the statement of activities.

Promises to Give

Promises to give that are expected to be collected within one year are recorded at their net realizable value, and those that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Accounts Receivables

Receivables are recorded at the amounts expected to be collected and relate to amounts due primarily from third-party reimbursement. The allowance for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is estimated by management considering historical experience, current conditions, and, when appropriate, a reasonable and supportable forecast. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. As of December 31, 2025 and 2024, the Organization determined all account receivable balances to be fully collectible.

Property and Equipment

Property and equipment are stated at cost, if purchased, and at fair value at the date of donation, if donated. The Organization capitalizes purchases of \$5,000 or more with a useful life longer than one year. Repairs and maintenance costs are charged to expense when incurred. Depreciation is provided utilizing the straight-line method over the estimated useful lives for owned assets, ranging from 3 to 40 years.

RONALD MCDONALD HOUSE CHARITIES OF DENVER, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (continued)

The Organization evaluates long-lived assets for impairment. No impairment loss was recognized for the years ended December 31, 2025 and 2024.

Leases

The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Management only reassesses its determination if the terms and conditions of the contract are changed. Leases with an initial term of twelve months or less (short-term leases) are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities in the accompanying statements of financial position. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date at the present value of lease payments over the lease term. The Organization generally uses the risk free rate for the discount rate to calculate the present value of lease payments.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

Revenue Recognition

*Contributions*

Contributions are recognized when cash is received, when ownership of donated assets is transferred, or when a verifiable unconditional promise to give is received. Sponsorships represent contributions as the value provided to sponsors is generally not commensurate with payments. Conditional contributions are recognized once the condition is substantially met.

*Third-Party Reimbursements*

Third-party reimbursements are primarily associated with Medicaid in which revenues are generally recognized when eligible expenses are incurred. During the years ended December 31, 2025 and 2024, reimbursements from Medicaid comprised approximately 22% and 20% of total support, revenue and other gains.

RONALD MCDONALD HOUSE CHARITIES OF DENVER, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

*Special Events*

The Organization hosts special events and generally collects funds in advance of the event. Funds received in advance are initially recorded as deferred revenue and recognized when the event occurs.

*Contributions of Non-Financial Assets*

The Organization receives contributions of non-financial assets, such as services, meals, and clothing. Contributions of goods or services are recorded at their estimated fair value at the time of receipt. Donated services are only recorded if the services create or enhance a nonfinancial asset or require specialized skills that the Organization would need to otherwise purchase. The Organization’s policy related to contributed non-financial assets is to utilize the assets given to carry out its mission. If an asset is provided that does not allow the Organization to utilize it in the normal course of business, the asset will be sold. The auction items donated were monetized and remaining contributed nonfinancial assets were utilized in operations during the years ended December 31, 2025 and 2024.

Contributed non-financial assets were as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Guest services	\$ 351,261	\$ 283,676
Services	159,721	171,101
Food inventory	82,701	55,636
Clothing and household goods	100,649	93,342
Books and publications	10,584	11,388
Toys and games	64,417	87,153
Auction items	55,490	51,677
	<u>\$ 824,823</u>	<u>\$ 753,973</u>

Clothing, household goods, books and publications, toys and games, and food are valued using estimated retail prices of identical or similar products. Services are valued based on current rates for similar services. Auction items are valued at their estimated cost to purchase in an open market. Donated auction items are sold at auction in the year received.

Income Taxes

The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code (IRC).

Advertising Costs

The Organization expenses advertising costs as incurred.

RONALD MCDONALD HOUSE CHARITIES OF DENVER, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications were made to prior year information to conform with current year presentation.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses that are allocated are done so primarily on the basis of personnel time and effort.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 28, 2026, which is the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of December 31, 2025 for general expenditure are as follows:

Cash and cash equivalents	\$ 943,844
Investments	15,503,242
Promises to give	437,493
Accounts receivable	<u>140,976</u>
	17,025,555
Less: Donor restricted net assets	<u>(675,884)</u>
Available for general expenditure	<u>\$ 16,349,671</u>

As part of the Organization's liquidity management, they have a policy to structure its financial assets to be available as their general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. The board has discretion to designate funds to be made available for use if necessary.

RONALD MCDONALD HOUSE CHARITIES OF DENVER, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 3 – INVESTMENTS

Investments are valued at fair value using a hierarchy that prioritizes inputs used to measure fair value into three broad levels as follows:

Level 1: Quoted prices in active markets for identical assets.

Level 2: Observable inputs other than level 1, such as quoted prices for similar assets in active markets or yield curves.

Level 3: Unobservable inputs when little or no market data is available requiring significant management judgment or estimation.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments are comprised of the following as of December 31:

	<u>2025</u>	<u>2024</u>
Mutual funds - equity	\$ 9,970,858	\$ 9,236,206
Mutual funds - fixed income	5,032,569	4,972,727
Money market funds	229,448	1,241,864
Cash held for investment	<u>270,367</u>	<u>205,988</u>
Total investments	<u>\$ 15,503,242</u>	<u>\$ 15,656,785</u>

Cash equivalents and money market funds included in the investment portfolio are not subject to the fair value hierarchy and are valued at cost and net asset value, respectively. Remaining investment fair values are determined using Level 1 inputs.

NOTE 4 – BENEFICIAL USE OF LAND

In 2006, the Organization entered into an agreement whereby it obtained the right to use land for purposes of providing program services on the land. The initial term of the agreement was for a 99-year term that ends in 2105, with an aggregate annual base rent of \$1. The fair value of the agreement at inception was approximately \$655,000 which was recorded net of a discount. During the years ended December 31, 2025 and 2024, amortization of the discount to contribution revenue was \$6,494 and \$6,500. Amortization of the beneficial use of land to rent expense was \$6,615 for the years ended December 31, 2025 and 2024. As of December 31, 2025 and 2024, the beneficial use of land is presented net of an unamortized discount of \$399,579 and \$406,067.

RONALD MCDONALD HOUSE CHARITIES OF DENVER, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 5 – LEASES

The Organization leases office equipment under an operating lease which is comprised of the following:

	<u>2025</u>	<u>2024</u>
ROU operating assets	\$ 34,033	\$ 34,033
Accumulated amortization	<u>(6,756)</u>	<u>(508)</u>
ROU operating assets, net	<u>\$ 27,277</u>	<u>\$ 33,525</u>

The weighted average remaining term and discount rate was 3.92 years and 4.38% as of December 31, 2025. Lease expenses were not material for the years ended December 31, 2025 and 2024.

Future lease payments are as follows for the years ending December 31:

2026	\$ 7,592
2027	7,592
2028	7,592
2029	<u>6,959</u>
Total lease payments	29,735
Less: interest	<u>(2,458)</u>
Present value of lease liabilities	<u>\$ 27,277</u>

NOTE 6 – PROPERTY AND EQUIPMENT

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

	<u>2025</u>	<u>2024</u>
Land	\$ 167,000	\$ 167,000
Buildings and improvements	30,116,538	27,438,177
Furnishings and equipment	<u>1,086,504</u>	<u>1,045,583</u>
	31,370,042	28,650,760
Accumulated depreciation	<u>(12,053,360)</u>	<u>(11,167,418)</u>
Total property and equipment	<u>\$ 19,316,682</u>	<u>\$ 17,483,342</u>

RONALD MCDONALD HOUSE CHARITIES OF DENVER, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 7 – LINE OF CREDIT

The Organization has an available line of credit of \$670,000 that matures in August 2026. The line of credit carries an interest rate equal to prime less 1%, which was 5.75% as of December 31, 2025. The line of credit is collateralized by certain investment accounts held by the Organization. There was no outstanding balance on the line of credit as of December 31, 2025 and 2024.

NOTE 8 – NET ASSETS

During 2024, the board of directors designated certain funds for the expansion and renovation of the Aurora location, which was spent during 2025.

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

	<u>2025</u>	<u>2024</u>
Aurora land use	\$ 129,634	\$ 129,761
Meals	-	19,635
Aurora renovation	-	154,500
Endowment held in perpetuity	546,250	546,250
	<u>\$ 675,884</u>	<u>\$ 850,146</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or time restriction as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Time restriction expired	\$ 127	\$ 6,615
Coca-Cola vending subsidy	-	53,500
Meals	19,635	201,115
Aurora renovation	154,500	45,500
	<u>\$ 174,262</u>	<u>\$ 306,730</u>

NOTE 9 – ENDOWMENT

The Organization's net assets with donor restrictions include a donor restricted endowment fund established for the operating expenses of the Organization. As required by generally accepted accounting principles, net assets associated with these endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 9 – ENDOWMENT (CONTINUED)

The Organization follows *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, issued by the Financial Accounting Standards Board. The State of Colorado adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective September 1, 2008.

The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies the following as 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 and (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. The remaining portion of the donor restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund.
2. The purpose of the Organization and the donor restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

Changes in endowment are as follows for the years ended December 31:

	<u>With Donor Restriction</u>	<u>Without Donor Restriction</u>	<u>Total</u>
December 31, 2023	\$ 546,250	\$ 567,097	\$ 1,113,347
Contributions	-	65,000	65,000
Net investment income	-	144,264	144,264
December 31, 2024	<u>546,250</u>	<u>776,361</u>	<u>1,322,611</u>
Contributions	-	250,000	250,000
Net investment income	-	221,004	221,004
December 31, 2025	<u>\$ 546,250</u>	<u>\$ 1,247,365</u>	<u>\$ 1,793,615</u>

RONALD MCDONALD HOUSE CHARITIES OF DENVER, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

NOTE 9 – ENDOWMENT (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. At December 31, 2025 and 2024, there was no such deficiency.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to maximize utilization of investments in income-producing instruments which preserve principal, maximize income commensurate with risk, provide liquidity to help ensure adequate reserves and fit within the Organization's preference of acceptable principal and interest risk.

Strategies for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year a prudent amount for the operating expenses of the Organization. This policy applies to restricted and unrestricted funds unless those funds have their own distribution requirements. In establishing the distribution policy, the Organization considers the long-term expected return on its endowment.

This is consistent with the Organization 's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return. In determining the annual distribution to the Organization for operating expenses, the Board of Directors may make an exception to the distribution policy.

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NOTE 10 – RELATED PARTY TRANSACTIONS

Ronald McDonald House Charities Global, now known as Ronald McDonald House Global (Global), collects canister collection and point-of-sale round-up funds from McDonald's operators and makes monthly remittances to Ronald McDonald House of Charities chapters, net of a 25% administrative fee and other collection fees. During the years ended December 31, 2025 and 2024, the Organization received \$897,728 and \$460,099 from Global related to this arrangement.

Global occasionally makes grants to the Organization. These amounts totaled \$75,000 and \$200,000 for the years ended December 31, 2025 and 2024. As of December 31, 2025 and 2024, promises to give from Global were \$216,205 and \$92,236.

During the years ended December 31, 2025 and 2024, revenue recognized from Global comprised approximately 28% and 17% of total contribution revenue.

NOTE 11 – RETIREMENT PLAN

The Organization adopted a 401(k) profit sharing plan. Employees are eligible to participate in the plan after age 18 and completion of 6 months of service. The Organization may make matching and discretionary contributions to the plan. During the years ended December 31, 2025 and 2024, the Organization made total contributions of \$135,078 and \$71,374 to the plan.