

**RONALD MCDONALD HOUSE CHARITIES OF
SOUTHERN COLORADO, INC.**

Financial Statements

For the Years Ended December 31, 2024 and 2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ronald McDonald House Charities
of Southern Colorado, Inc.
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of Ronald McDonald House Charities of Southern Colorado, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, 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 Southern Colorado, Inc. as of December 31, 2024 and 2023, and the changes in 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ronald McDonald House Charities of Southern Colorado, 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 Southern Colorado, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 Southern Colorado, 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 Southern

Colorado, 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.

McMillen & Company, PLLC

Colorado Springs, Colorado

April 21, 2025

RONALD MCDONALD HOUSE CHARITIES OF SOUTHERN COLORADO, INC.
Statement of Financial Position
December 31, 2024 and 2023

| <u>ASSETS</u> | | |
|---|-----------------------------|-----------------------------|
| | <u>2024</u> | <u>2023</u> |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 250,224 | \$ 661,208 |
| Accounts receivable, net | 99,827 | 87,781 |
| Contributions receivable, net | 133,517 | 100,201 |
| Prepaid expenses | <u>17,175</u> | <u>12,448</u> |
| Total current assets | 500,743 | 861,638 |
| NONCURRENT ASSETS: | | |
| Contributions receivable, net | 336,869 | 350,536 |
| Investments | 4,918,060 | 3,722,757 |
| Restricted investments | 575,000 | 575,000 |
| Property and equipment, net | 6,285,071 | 6,513,280 |
| Right-of-use operating lease asset | <u>400</u> | <u>1,997</u> |
| Total noncurrent assets | <u>12,115,400</u> | <u>11,163,570</u> |
| TOTAL ASSETS | <u>\$ 12,616,143</u> | <u>\$ 12,025,208</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 22,750 | \$ 50,353 |
| Deferred revenue | 13,000 | 2,700 |
| Right-of-use operating lease liability | <u>400</u> | <u>400</u> |
| Total current liabilities | 36,150 | 53,453 |
| NONCURRENT LIABILITIES | | |
| Right-of-use operating lease liability | <u></u> | <u>1,597</u> |
| Total noncurrent liabilities | | 1,597 |
| Total liabilities | 36,150 | 55,050 |
| NET ASSETS: | | |
| Without donor restrictions | 11,525,949 | 10,940,813 |
| With donor restrictions | <u>1,054,044</u> | <u>1,029,345</u> |
| Total net assets | <u>12,579,993</u> | <u>11,970,158</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 12,616,143</u> | <u>\$ 12,025,208</u> |

See Notes to Financial Statements

RONALD MCDONALD HOUSE CHARITIES OF SOUTHERN COLORADO, INC.

Statement of Activities and Changes in Net Assets

For the years ended December 31, 2024 and 2023

| | 2024 | | | 2023 | | |
|---|---|--|----------------------|---|--|----------------------|
| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | 2024 Totals | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | 2023 Totals |
| REVENUE AND SUPPORT | | | | | | |
| Contributions | \$ 431,538 | \$ 173,850 | \$ 605,388 | \$ 618,569 | \$ 36,735 | 655,304 |
| Special events and fundraisers | 485,516 | | 485,516 | 492,277 | | 492,277 |
| Grant revenue | 334,603 | | 334,603 | 67,388 | | 67,388 |
| In-kind contributions | 330,785 | | 330,785 | 306,299 | | 306,299 |
| Third-party reimbursements | 296,027 | | 296,027 | 382,789 | | 382,789 |
| Guest family donations | 5,109 | | 5,109 | 4,375 | | 4,375 |
| Other income | 4,800 | | 4,800 | 4,800 | | 4,800 |
| Net assets released from restrictions | <u>149,151</u> | <u>(149,151)</u> | | <u>137,585</u> | <u>(137,585)</u> | |
| Total revenue and support | 2,037,529 | 24,699 | 2,062,228 | 2,014,082 | (100,850) | 1,913,232 |
| EXPENSES | | | | | | |
| Program services: | | | | | | |
| Ronald McDonald house services | 1,039,218 | | 1,039,218 | 1,018,001 | | 1,018,001 |
| Ronald McDonald family rooms | <u>148,501</u> | | <u>148,501</u> | <u>96,296</u> | | <u>96,296</u> |
| Total program services | 1,187,719 | | 1,187,719 | 1,114,297 | | 1,114,297 |
| Supporting services: | | | | | | |
| General & administrative | 191,481 | | 191,481 | 151,350 | | 151,350 |
| Fundraising | 413,136 | | 413,136 | 347,574 | | 347,574 |
| Cost of direct benefit to donors | <u>44,149</u> | | <u>44,149</u> | <u>43,793</u> | | <u>43,793</u> |
| Total supporting services | <u>648,766</u> | | <u>648,766</u> | <u>542,717</u> | | <u>542,717</u> |
| Total expenses | <u>1,836,485</u> | | <u>1,836,485</u> | <u>1,657,014</u> | | <u>1,657,014</u> |
| CHANGE IN NET ASSETS FROM OPERATIONS | 201,044 | 24,699 | 225,743 | 357,068 | (100,850) | 256,218 |
| INVESTMENT INCOME, NET | <u>384,092</u> | | <u>384,092</u> | <u>427,329</u> | | <u>427,329</u> |
| CHANGE IN NET ASSETS | 585,136 | 24,699 | 609,835 | 784,397 | (100,850) | 683,547 |
| NET ASSETS - BEGINNING OF YEAR | <u>10,940,813</u> | <u>1,029,345</u> | <u>11,970,158</u> | <u>10,156,416</u> | <u>1,130,195</u> | <u>11,286,611</u> |
| NET ASSETS - END OF YEAR | <u>\$ 11,525,949</u> | <u>\$ 1,054,044</u> | <u>\$ 12,579,993</u> | <u>\$ 10,940,813</u> | <u>\$ 1,029,345</u> | <u>\$ 11,970,158</u> |

See Notes to Financial Statements

RONALD MCDONALD HOUSE CHARITIES OF SOUTHERN COLORADO, INC.

Statement of Functional Expenses

For the year ended December 31, 2024

| | Ronald McDonald House | Ronald McDonald Family Rooms | Total Program Services | Management & General | Fundraising | Cost of Direct Benefits to Donors | Total Supporting Expenses | 2024 Total |
|--|-----------------------------|------------------------------------|------------------------------|-------------------------|-------------|---|---------------------------------|---------------|
| Salaries | \$ 376,252 | \$ 79,689 | \$ 455,941 | \$ 128,147 | \$ 218,006 | \$ | \$ 346,153 | \$ 802,094 |
| Employee benefits | 39,201 | 2,711 | 41,912 | 13,814 | 13,950 | | 27,764 | 69,676 |
| Payroll taxes | 32,293 | 6,806 | 39,099 | 10,762 | 18,623 | | 29,385 | 68,484 |
| Total salaries and related expenses | 447,746 | 89,206 | 536,952 | 152,723 | 250,579 | | 403,302 | 940,254 |
| Supplies | 140,742 | 48,565 | 189,307 | 3,646 | 81,648 | | 85,294 | 274,601 |
| Depreciation | 226,161 | 5,848 | 232,009 | 11,903 | | | 11,903 | 243,912 |
| Repairs and maintenance | 59,520 | | 59,520 | | | | | 59,520 |
| Contract services, including in-kind | 45,627 | | 45,627 | | | | | 45,627 |
| Miscellaneous, including in-kind | 7,863 | 3,496 | 11,359 | 3,806 | 26,972 | | 30,778 | 42,137 |
| Utilities | 38,767 | | 38,767 | | | | | 38,767 |
| Insurance | 37,946 | | 37,946 | | | | | 37,946 |
| Marketing | 137 | | 137 | | 34,214 | | 34,214 | 34,351 |
| Rent and facilities | | | | | | 35,951 | 35,951 | 35,951 |
| Investment fees | | | | 21,140 | | | 21,140 | 21,140 |
| Telephone, cable, and internet | 19,645 | | 19,645 | | | | | 19,645 |
| Accounting and legal | | | | 14,172 | | | 14,172 | 14,172 |
| Newsletter | 105 | 24 | 129 | 424 | 9,185 | | 9,609 | 9,738 |
| Prizes | | | | | | 8,198 | 8,198 | 8,198 |
| Transportation | 3,116 | | 3,116 | 630 | 2,790 | | 3,420 | 6,536 |
| Bank and credit card fees | | | | 1,580 | 4,922 | | 6,502 | 6,502 |
| Volunteer support | 4,086 | 1,362 | 5,448 | | | | | 5,448 |
| Dues and subscriptions | 3,211 | | 3,211 | 1,131 | | | 1,131 | 4,342 |
| Meetings and seminars | | | | 1,406 | 2,826 | | 4,232 | 4,232 |
| Copier lease | 3,406 | | 3,406 | | | | | 3,406 |
| Emergency housing | 1,140 | | 1,140 | | | | | 1,140 |
| Licenses, permits and fees | | | | 60 | | | 60 | 60 |
| Total expenses | 1,039,218 | 148,501 | 1,187,719 | 212,621 | 413,136 | 44,149 | 669,906 | 1,857,625 |
| Less: amounts reported net on the statement of activities | | | | (21,140) | | | (21,140) | (21,140) |
| Total expenses, as reported on the statement of activities | \$ 1,039,218 | \$ 148,501 | \$ 1,187,719 | \$ 191,481 | \$ 413,136 | \$ 44,149 | \$ 648,766 | \$ 1,836,485 |

See Notes to Financial Statements

RONALD MCDONALD HOUSE CHARITIES OF SOUTHERN COLORADO, INC.
Statement of Functional Expenses
For the year ended December 31, 2023

| | Ronald McDonald House | Ronald McDonald Family Rooms | Total Program Services | Management & General | Fundraising | Cost of Direct Benefits to Donors | Total Support Expenses | 2023 Total |
|--|-----------------------------|------------------------------------|------------------------------|-------------------------|-------------------|---|------------------------------|---------------------|
| Salaries | \$ 341,177 | \$ 50,010 | \$ 391,187 | \$ 91,423 | \$ 198,603 | \$ | \$ 290,026 | \$ 681,213 |
| Employee benefits | 38,418 | 704 | 39,122 | 13,733 | 18,053 | | 31,786 | 70,908 |
| Payroll taxes | 28,757 | 4,231 | 32,988 | 7,646 | 17,477 | | 25,123 | 58,111 |
| Total salaries and related expenses | 408,352 | 54,945 | 463,297 | 112,802 | 234,133 | | 346,935 | 810,232 |
| Depreciation | 228,350 | 5,274 | 233,624 | 12,296 | | | 12,296 | 245,920 |
| Supplies | 165,568 | 29,542 | 195,110 | 3,809 | 6,256 | 1,120 | 11,185 | 206,295 |
| Contract services, including in-kind | 53,866 | | 53,866 | | | | | 53,866 |
| Repairs and maintenance | 44,015 | | 44,015 | | | | | 44,015 |
| Events value and meals | | | | | | 42,673 | 42,673 | 42,673 |
| Prizes | | | | | 37,603 | | 37,603 | 37,603 |
| Utilities | 36,268 | | 36,268 | | | | | 36,268 |
| Insurance | 33,155 | | 33,155 | | | | | 33,155 |
| Miscellaneous, including in-kind | 4,237 | 5,185 | 9,422 | 6,662 | 13,114 | | 19,776 | 29,198 |
| Marketing | 431 | | 431 | | 22,890 | | 22,890 | 23,321 |
| Bank and credit card fees | | | | 1,503 | 21,426 | | 22,929 | 22,929 |
| Telephone, cable, and internet | 18,356 | | 18,356 | | | | | 18,356 |
| Investment fees | | | | 13,669 | | | 13,669 | 13,669 |
| Transportation | 8,774 | | 8,774 | 349 | 1,863 | | 2,212 | 10,986 |
| Accounting and legal | | | | 10,890 | | | 10,890 | 10,890 |
| Newsletter | 310 | 103 | 413 | 290 | 8,763 | | 9,053 | 9,466 |
| Volunteer support | 5,008 | 1,247 | 6,255 | | | | | 6,255 |
| Emergency housing | 4,130 | | 4,130 | | | | | 4,130 |
| Dues and subscriptions | 2,905 | | 2,905 | 1,058 | | | 1,058 | 3,963 |
| Copier lease | 2,919 | | 2,919 | | | | | 2,919 |
| Meetings and seminars | | | | 1,630 | | | 1,630 | 1,630 |
| Website | 1,357 | | 1,357 | | | | | 1,357 |
| Equipment | | | | | 941 | | 941 | 941 |
| Rent and facilities | | | | | 585 | | 585 | 585 |
| Licenses, permits and fees | | | | 61 | | | 61 | 61 |
| Total expenses | 1,018,001 | 96,296 | 1,114,297 | 165,019 | 347,574 | 43,793 | 556,386 | 1,670,683 |
| Less: amounts reported net on the statement of activities | | | | (13,669) | | | (13,669) | (13,669) |
| Total expenses, as reported on the statement of activities | <u>\$ 1,018,001</u> | <u>\$ 96,296</u> | <u>\$ 1,114,297</u> | <u>\$ 151,350</u> | <u>\$ 347,574</u> | <u>\$ 43,793</u> | <u>\$ 542,717</u> | <u>\$ 1,657,014</u> |

See Notes to Financial Statements

RONALD MCDONALD HOUSE CHARITIES OF SOUTHERN COLORADO, INC.

Statement of Cash Flows

For the years ended December 31, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|---|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 609,835 | \$ 683,547 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Realized and unrealized (gains) losses | (248,618) | (311,968) |
| Depreciation | 274,601 | 245,920 |
| Decrease (increase) in assets: | | |
| Accounts receivable | (12,046) | 181,346 |
| Pledges receivable | (19,649) | 110,125 |
| Prepaid expenses | (4,727) | 2,749 |
| Right-of-use assets | 1,597 | 7,461 |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued liabilities | (27,603) | (30,703) |
| Lease liabilities | (1,597) | (1,591) |
| Deferred revenue | <u>10,300</u> | <u>500</u> |
| Total adjustments | <u>(27,742)</u> | <u>203,839</u> |
| Net cash provided by operating activities | 582,093 | 887,386 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of fixed assets | (11,685) | (76,112) |
| Gross proceeds from sale of investments | 5,053,828 | 1,470,434 |
| Purchases of investments | <u>(6,035,220)</u> | <u>(2,652,388)</u> |
| Net cash used by investing activities | <u>(993,077)</u> | <u>(1,258,066)</u> |
| NET INCREASE (DECREASE) IN CASH | (410,984) | (370,680) |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>661,208</u> | <u>1,031,888</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 250,224</u> | <u>\$ 661,208</u> |

See Notes to Financial Statements

RONALD MCDONALD HOUSE CHARITIES OF SOUTHERN COLORADO, INC.

Notes to Financial Statements

For the Years Ended December 31, 2024 and 2023

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Ronald McDonald House Charities of Southern Colorado, Inc. (the Organization) is a nonprofit charitable corporation formed on December 5, 1985. The mission of Ronald McDonald House Charities of Southern Colorado, Inc. is to provide essential services that remove barriers, strengthen families, and promote healing when children need healthcare. Collectively, Ronald McDonald House Charities and the network of local Chapters ascribe to four core values: we lead with compassion, we are deeply respectful, we act with integrity, we are firmly committed.

The mission is fulfilled through the operation of sustainable programs that enable family-centered care, bridge access to quality health care, are a vital part of the health care continuum and strengthen families during difficult times. The following programs, operated by the Organization, represent the core functions of Ronald McDonald House Charities of Southern Colorado, Inc.:

Ronald McDonald House

When children must travel long distances to access top medical care, accommodations and support for families can be expensive or not readily available. The Organization helps families stay close to their ill or injured child through the Ronald McDonald House program in Colorado Springs which provides temporary lodging, meals and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers' ability to spend more time with their child, to interact with their clinical care team and to participate in critical medical care decisions.

Ronald McDonald Family Room

When a child is critically ill, parents may be reluctant to leave the hospital. In order to provide comfort and support for their child, it is important that parents have an opportunity to rest, have a meal or have a moment of quiet. Located inside medical care facilities, the Ronald McDonald Family Room program in Children's Hospital Colorado Springs

Ronald McDonald House Charities
of Southern Colorado, Inc.
Notes to Financial Statements
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serves as a place of respite, relaxation, and privacy for family members, often just steps away from where their child is being treated. The Ronald McDonald Family Room program provides parents with an opportunity to remain close to their hospitalized child and to be an active member of their child's health care team.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and are presented on the basis of net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. All other net assets, including board designated or appropriated amounts, are unrestricted and are reported as part of the net assets without donor restrictions class.

Measure of Operations

The Organization's change in net assets from operations on the statements of activities includes all operating revenues and expenses that are an integral part of its program and supporting activities, net assets released from donor restrictions to support operating expenditures, and other non-operating funds to support current operating activities. The measure of operations excludes return on investments.

Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents, and restricted cash consist of the Organization's checking and money market accounts.

The Organization maintains its cash, cash equivalents, and restricted cash in commercial banks. In the unlikely event of a bank failure, the Organization could suffer a loss to the extent its deposits exceed the banks' insurance limits.

Investments

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

Ronald McDonald House Charities
of Southern Colorado, Inc.
Notes to Financial Statements
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investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses and income are included in the statements of activities.

Accounts Receivable

Accounts receivable are reported at the amount the Organization expects to collect on outstanding balances. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, consideration is given to whether or not allowance for doubtful accounts is necessary. No allowance for doubtful accounts was considered necessary as of December 31, 2024 and 2023.

Pledges Receivable

Pledges receivable are unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Pledges receivable are written off when deemed uncollectible. Based on Management's assessment of the payment history with donors having outstanding balances and current relationships with them, consideration is given to whether or not an allowance for doubtful pledges is necessary at December 31, 2024 and 2023. No allowance for doubtful pledges was considered necessary at December 31, 2024 and 2023.

Property and Equipment

Property and equipment exceeding \$2,500 are recorded at cost when purchased or fair market value if donated. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is recorded for equipment using the straight-line method over an estimated useful life of three to 40 years. Depreciation expense for the years ended December 31, 2024 and 2023, was \$243,912 and \$245,920, respectively.

Deferred Revenue

Income from sponsorships received in advance of future special events, which the resource provider is receiving commensurate value in return, or a right of return exists if the event does not occur, is deferred and recognized over the periods to which the sponsorships relate. At December 31, 2024 and 2023, deferred revenue consisted of \$13,000 and \$2,700, respectively.

Net Assets

The Organization's net assets and changes therein are classified and reported as follows:

Without donor restrictions - Net assets that are not subject to donor-imposed restrictions or law.

With donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them.

At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

Donated Assets, Property and Equipment, and Services

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated

Ronald McDonald House Charities
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assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Organization's policy related to donated assets is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. The Organization did not sell any donated assets received during the years ending December 31, 2024 and 2023.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The Organization also receives donated services from other contributors and volunteers that are not measurable nor meet the criteria noted above; therefore, these donated services are excluded from the financial statements.

Contributions and Grants

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Conditional grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as deferred revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the

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Organization will record such disallowance at the time the final assessment is made.

Special Event Revenue

The portion of special event revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held, and performance obligations are met. Total contributions recorded in event revenue was \$441,367 and \$437,986, net of the cost of direct benefits to donors, for the years ended December 31, 2024 and 2023, respectively.

Third-party Reimbursements

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

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and schedules of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related benefits are allocated based on estimated level of effort. Other costs, such as utilities and depreciation, are allocated based on utilization by various program and administrative purposes.

Supplemental Cash Flow Disclosures

The Organization paid no interest or income taxes during the years ended December 31, 2024 and 2023. The Organization acquired \$4,999 and \$17,483 in property and equipment through contributions during the years ended December 31, 2024 and 2023, respectively.

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

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

B. AVAILABLE RESOURCES AND LIQUIDITY

The Organization manages its liquidity and reserves under the following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

As of December 31, 2024 and 2023, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

| | <u>2024</u> | <u>2023</u> |
|--|--------------------|--------------------|
| Cash and cash equivalents | \$ 250,224 | \$ 661,208 |
| Accounts receivable | 99,827 | 87,781 |
| Contributions receivable - current, net | 133,517 | 100,201 |
| Investments | <u>4,918,060</u> | <u>3,722,757</u> |
| Total financial assets | 5,401,628 | 4,571,947 |
| Less: | | |
| Donor restricted net assets | <u>(1,054,044)</u> | <u>(1,029,345)</u> |
| Amount available for general expenditures | <u>\$4,347,584</u> | <u>\$3,542,602</u> |

C. FAIR VALUE MEASUREMENTS

The Organization applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a

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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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables present assets that are measured at fair value on a recurring basis at December 31, 2024 and 2023:

| <u>Assets at Fair Value as of December 31, 2024</u> | | | | |
|---|---------------------|-------------------|----------------|---------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Exchange traded funds: | | | | |
| Equities | \$ 3,375,911 | \$ | \$ | \$ 3,375,911 |
| Fixed income | 1,602,430 | | | 1,602,430 |
| Government securities | | 77 | | 77 |
| Cash equivalent | 29,792 | | | 29,792 |
| Money Market | 36,945 | | | 36,945 |
| Certificates of Deposit | | 447,905 | | 447,905 |
| | <u>\$ 5,045,078</u> | <u>\$ 447,982</u> | <u>\$</u> | <u>\$ 5,493,060</u> |

| <u>Assets at Fair Value as of December 31, 2023</u> | | | | |
|---|---------------------|-------------------|----------------|---------------------|
| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Exchange traded funds: | | | | |
| Equities | \$ 2,144,727 | \$ | \$ | \$ 2,144,727 |
| Fixed income | 961,839 | | | 961,839 |
| Mutual funds: | | | | |
| Fixed income | 158,023 | | | 158,023 |
| US Treasury & Federal Agencies | | 243,482 | | 243,482 |
| Cash equivalent | 745,183 | | | 745,183 |
| Money Market | 44,503 | | | 44,503 |
| | <u>\$ 4,054,275</u> | <u>\$ 243,482</u> | <u>\$</u> | <u>\$ 4,297,757</u> |

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The composition of investment income on the Organization's investment portfolio for the years ended December 31, 2024 and 2023, is as follows:

| | <u>2024</u> | <u>2023</u> |
|--|-------------------|-------------------|
| Interest and dividends | \$ 156,795 | \$ 129,030 |
| Realized and unrealized gains (losses) | 248,618 | 311,968 |
| Less: investment fees | <u>(21,140)</u> | <u>(13,669)</u> |
| Total | <u>\$ 384,273</u> | <u>\$ 427,329</u> |

Investments are reported in the accompanying financial statements as follows:

| | <u>2024</u> | <u>2023</u> |
|------------------------|---------------------|---------------------|
| Long-term investments | \$ 4,918,060 | \$ 3,722,757 |
| Restricted investments | <u>575,000</u> | <u>575,000</u> |
| | <u>\$ 5,493,060</u> | <u>\$ 4,297,757</u> |

D. CONTRACT ASSETS AND LIABILITIES

The timing of revenue recognition, billings, and cash collections may result in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the Statement of Financial Position. Amounts are billed as work progresses in accordance with agreed-upon contractual terms. Revenue is recognized upon satisfaction of performance obligations (Note A).

As of December 31, the contract balances were as follows:

| | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--------------------------|-------------|-------------|-------------|
| Accounts receivable, net | \$ 42,115 | \$ | \$ 653 |

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E. PLEDGES RECEIVABLE

Total pledges receivable at December 31, 2024 and 2023, are as follows:

| | <u>2024</u> | <u>2023</u> |
|------------------------|-------------------|-------------------|
| Amounts due in | | |
| less than one year | \$ 122,800 | \$ 110,000 |
| One to five years | 364,550 | 362,500 |
| More than five years | <u>5,000</u> | <u>10,000</u> |
| Total | 492,350 | 482,500 |
| Unamortized discount | <u>(21,964)</u> | <u>(31,763)</u> |
| Net pledges receivable | <u>\$ 470,386</u> | <u>\$ 450,737</u> |

The pledges that are promised to be paid more than one year in the future are discounted using a presumed risk-free interest rate for the respective term of each pledge in the year that they were received. The interest rates used range from 1.04% to 2.52%.

F. PROPERTY AND EQUIPMENT

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

| | <u>2024</u> | <u>2023</u> |
|----------------------------|---------------------|---------------------|
| Buildings and improvements | \$ 7,004,125 | \$ 7,004,125 |
| Furniture and equipment | 244,052 | 244,852 |
| Land improvements | 208,206 | 208,206 |
| Family room | 41,114 | 36,915 |
| Artwork | 39,077 | 28,192 |
| Vehicles | 18,484 | 18,484 |
| Software | 5,000 | 5,000 |
| Accumulated depreciation | <u>(1,275,787)</u> | <u>(1,032,494)</u> |
| | <u>\$ 6,284,271</u> | <u>\$ 6,513,280</u> |

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G. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for specific purposes, time restrictions, and endowments are as follows for the years ending December 31:

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Meals | \$ 1,658 | \$ 573 |
| Holiday store | | 1,000 |
| Family room freezer food | | 35 |
| Total purpose restricted | <u>1,658</u> | <u>1,608</u> |
| Time restricted pledges receivable, net of discount: | | |
| 2024 operations | | 80,000 |
| 2025 operations | 80,000 | 80,000 |
| 2026 operations | 80,000 | 80,000 |
| 2027 operations | 80,000 | 80,000 |
| 2028 operations | 80,000 | 80,000 |
| 2029 operations | 42,500 | 42,500 |
| 2030 operations | 5,000 | 5,000 |
| 2031 operations | 5,000 | 5,000 |
| Less: discount on pledges receivable | <u>(21,964)</u> | <u>(31,763)</u> |
| Total time restricted pledges receivable, net of discount | 350,536 | 420,737 |
| Time restricted room sustainer | | |
| 2025 | 20,750 | 30,750 |
| 2026 | <u>5,000</u> | <u>1,250</u> |
| Total time restricted room sustainer | 25,750 | 32,000 |
| Legacy Wall | | |
| 2025 | 42,800 | |
| 2026 | 42,800 | |
| 2027 | <u>15,500</u> | |
| | 101,100 | |
| Donor-restricted Kroc endowment | <u>575,000</u> | <u>575,000</u> |
| Total net assets with donor restrictions | <u>\$ 1,054,044</u> | <u>\$ 1,029,345</u> |

During the years ended December 31, 2024 and 2023, net assets with donor restrictions for specific purposes and time restrictions were released from restriction for the following purposes:

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| | <u>2024</u> | <u>2023</u> |
|------------------------------|-------------------|-------------------|
| Capital and house operations | \$ 77,050 | \$ 115,925 |
| Time restricted | 70,201 | 17,749 |
| Holiday Store | 1,000 | |
| Meals | 865 | 1,946 |
| Family room freezer | <u>35</u> | <u>1,965</u> |
| | <u>\$ 149,151</u> | <u>\$ 137,585</u> |

Net assets with donor restrictions for endowments of \$575,000 at December 31, 2024 and 2023, consist of endowment fund assets to be held in perpetuity for support of house operations.

These net assets are subject to donor restrictions that stipulate that the original principal of the gift is to be held and invested by the Organization indefinitely and income from the fund is to be used for house operations. The donor further stipulated that none of the income is to be used for capital expenditures.

As of December 31, 2024 and 2023, the underlying assets of the endowment fund are included in the statements of financial position as restricted investments.

In accordance with generally accepted accounting principles, net assets with donor restrictions associated with endowment funds are classified based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization's Board of Directors has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restriction except for explicit donor-stipulations to the contrary. As a result of this interpretation, net assets with donor restrictions for endowments include the original value of the gift and any required accumulations for inflation stipulated by the donor.

The Organization's net assets with donor restrictions for endowments consist of an endowment gift received from one donor. The gift instrument does not require that a percentage of the annual income, including realized and unrealized gains, be added to the original gift as a hedge against the effects of inflation. As of December 31, 2024 and 2023, the original gift was equal to the fair market value of the donor-restricted net assets.

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The remaining portion of the donor-restricted endowment that is not classified as net assets with donor restrictions is classified as such until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA and the Organization's investment and spending policies.

The Kroc Endowment is composed of donor-restricted contributions totaling \$575,000 at December 31, 2024 and 2023, which is included in the net assets with donor restrictions.

Composition of Kroc Endowment

The following table reflects the changes in the Kroc endowment net assets during the years ended December 31, 2024 and 2023:

| | Net Assets without donor restrictions | Net assets with donor restrictions | Total |
|---|---|--|------------|
| Endowment net assets, January 1, 2023 | \$ | \$ 575,000 | \$ 575,000 |
| Investment income | 22,011 | | 22,011 |
| Program expenditures | (22,011) | | (22,011) |
| Endowment net assets, December 31 2023 | | 575,000 | 575,000 |
| Investment income | 18,273 | | 18,273 |
| Program expenditures | (18,273) | | (18,273) |
| Endowment net assets, December 31 2024 | \$ | \$ 575,000 | \$ 575,000 |

Return Objectives and Risk Parameters

The Organization has adopted objectives and parameters in its investment policy for the purpose of providing reasonably predictable earnings while preserving the required fair value of the endowment's net assets restricted in perpetuity.

Spending Policy and Relation to Investment Objectives

To the extent that expenses satisfy donor stipulations, the Organization considers the long-term expected return on the endowment to determine appropriate distributions each year. Accordingly, over the long-term, the Organization expects its spending policy to provide funding for its programs as well as preserve the required fair values of the endowment's net assets.

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Strategies Employed for Achieving Objectives

The Organization employs a total-return strategy to achieve its investment objectives, utilizing both capital appreciation (realized and unrealized) and current yield (interest and dividends). Asset allocation and diversification is applied to maintain an acceptable level of prudent risk.

H. DONATED GOODS AND SERVICES

The fair value of donated goods and services included as contributions in the financial statements and the corresponding expense categories for the years ended December 31, 2024 and 2023, are as follows:

| | <u>2024</u> | <u>2023</u> |
|----------------------------------|-------------------|-------------------|
| Services: | | |
| Laundry services | \$ 16,914 | \$ 18,789 |
| IT services | 7,700 | 12,563 |
| Cleaning services | 6,532 | 2,891 |
| Contractor services | 5,376 | 16,326 |
| Pest control | 1,850 | 1,600 |
| Marketing and advertising | 207 | |
| Maintenance services | | 6,233 |
| Christmas lights | | 2,600 |
| | <u>38,579</u> | <u>61,002</u> |
| Tangible goods: | | |
| Supplies | 113,574 | 86,705 |
| Clay Shoot | 55,765 | 32,856 |
| Meals | 55,247 | 66,035 |
| Airtime | 27,200 | 22,200 |
| Golf tournament | 14,786 | 9,357 |
| Gift cards | 12,670 | 17,796 |
| Fundraising event supplies | 8,763 | |
| Capital assets | 4,199 | 10,348 |
| | <u>292,204</u> | <u>245,297</u> |
| Total in-kind goods and services | <u>\$ 330,783</u> | <u>\$ 306,299</u> |

Donated services are all used for the Ronald McDonald House and Family Room programs.

I. PENSION PLAN

The Organization's full-time employees are eligible to participate in a 403(b)-pension plan. Employees who normally work over 20 hours a week are considered full-time. Employees may elect to defer a portion of their salary to the plan. The

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Organization contributes 5% of the employees' gross salary and matches employees' contributions up to 5% of qualified employees' salary. To qualify, the employee must complete one year of service and be employed on December 31. During the years ended December 31, 2024 and 2023, the Organization contributed \$26,674 and \$22,323, respectively, to the plan. All contributions are fully vested.

J. BENEFICIAL INTEREST IN PERPETUAL TRUST

The Organization is a 5% income beneficiary of a perpetual trust. The Organization receives quarterly distributions of 5% of the income of the trust. During the years ended December 31, 2024 and 2023, the Organization received \$39,312 and \$34,738, respectively, from the trust which is included in contributions and grants in the statement of activities.

K. OPERATING LEASES

The Organization assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. As the Organization's leases do not provide an implicit rate, the Organization uses the risk-free discount rate based on the five-year Treasury bond rate as of the later of the date of adoption of the lease standard or the initial date of the lease term in determining the present value of lease payments in determination of the respective right-of-use (ROU) assets and liabilities.

Under ASU 2016-02, the Organization has made an accounting policy election to apply the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with a term of 12 months or less that do not include an option to purchase the underlying asset, are not recorded on the balance sheet as ROU assets or lease liabilities. The Organization has elected to expense the cost of the short-term leases on the straight-line basis in the accompanying Statements of Activities.

During 2019, the Organization entered into a ground lease agreement for the land where the family house was constructed. This lease is in effect at \$1 per year through 2052, which automatically extends one year for every additional \$1 paid. The Organization prepaid the first 60 years of the lease extension at the time of signing. This lease is far below market value and is considered a contribution therefore *Leases (Topic 842)* is not applicable to this lease.

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In April 2020, the Organization leased a copier. The lease requires monthly payments of \$133 through March 2025. Variable payments may be required based upon the number and type of images used during the period. The Organization has the option to purchase the copier at fair market value at the end of the term. The Organization has not decided whether to utilize the purchase option.

In December 2020, the Organization entered into a three-year lease for a van. The entire lease was paid during 2020; therefore, no lease liability exists related to this lease. The Organization had the option to purchase the van at the residual value stated in the lease agreement of \$18,479 at the end of the term, which the Organization exercised in December of 2023.

The following summarizes the line items in the statement of activities which include the components of lease expense for the years ended December 31, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> |
|---|-----------------|-----------------|
| Operating lease rent, included in program service expense | \$ 1,602 | \$ 1,602 |
| Variable payments, included in program service expense | <u>1,804</u> | <u>1,317</u> |
| | <u>\$ 3,406</u> | <u>\$ 2,919</u> |

The following summarizes lease terms and discount rates for operating leases as of December 31, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> |
|---------------------------------------|-------------|-------------|
| Weighted Average Remaining Lease Term | 1.25 | 2.25 |
| Weighted Average Discount Rate | 0.36% | 0.36% |

Maturities of operating lease liabilities as of December 31, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> |
|------------------------------------|---------------|-----------------|
| 2024 | \$ | \$ 1,602 |
| 2025 | <u>400</u> | <u>400</u> |
| | 400 | 2,002 |
| Less: interest | <u></u> | <u>(5)</u> |
| Present value of lease liabilities | <u>\$ 400</u> | <u>\$ 1,997</u> |

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Supplemental cash flow information for the years ended December 31, 2024 and 2023:

| | <u>2024</u> | <u>2023</u> |
|---|-----------------|-----------------|
| Cash paid for amounts included in measurement of lease liabilities for operating leases | <u>\$ 1,602</u> | <u>\$ 1,602</u> |

L. RELATED PARTIES

Ronald McDonald House Charities (RMHC) is a system of independent, separately registered public benefit organizations, referred to as chapters within the global organization. The Organization is an independent operating Chapter within the RMHC system. Each Chapter is licensed by McDonald's Organization and Ronald McDonald House Charities, Inc. to use RMHC related trademarks in conjunction with fundraising activities and the operation of its programs; the License Agreement also sets standards of operations for programs, governance, finance, branding, and reporting.

Ronald McDonald House Charities, Inc. (RMHC Global), a separately registered nonprofit organization, ensures delivery of the mission across the globe. As a center of excellence, RMHC Global builds and sustains a robust infrastructure of support to the network of Chapters, including operations, licensing and compliance, finance, risk management, communications, marketing, and development.

The Organization receives between 75% and 80% of net revenues from all national fundraising efforts facilitated by RMHC Global, as defined by the license agreement. The Organization may also receive grants for designated use from RMHC Global. During the years ended December 31, 2024 and 2023, the Organization received \$127,754 and \$67,388, respectively, from these support sources.

M. INCOME TAXES

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. Accordingly, no income tax provision has been recorded. The Organization's Form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date of filing. Management of the Organization believes that it does not have any uncertain tax positions that are material to the

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financial statements.

N. SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 21, 2025, the date that the financial statements were available to be issued. No subsequent events or transactions were identified for recognition or disclosure except as described below.