RONALD MCDONALD HOUSE CHARITIES OF SOUTHERN COLORADO, INC.

Financial Statements

For the Years Ended December 31, 2025 and 2024

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MCMILLEN & COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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, 2025 and 2024, 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, 2025 and 2024, 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.

Correction of Error

As discussed in Note M to the financial statements, during the current year, Management identified errors that resulted in an understatement of Ronald McDonald House Charities of Southern Colorado, Inc.'s beneficial interest in a perpetual trust and the related changes between years. Accordingly, management has restated the 2024 financial statements to record the beneficial interest in an irrevocable trust and to adjust net assets to correct the error, in accordance with accounting principles

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generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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
March 31, 2026

RONALD MCDONALD HOUSE CHARITIES OF SOUTHERN COLORADO, INC.

Statements of Financial Position

December 31, 2025 and 2024

ASSETS

	2025	2024
CURRENT ASSETS:		
Cash and cash equivalents	$ 425,747	$ 250,224
Accounts receivable, net	109,488	99,827
Contributions receivable, net	140,328	133,517
Prepaid expenses	28,308	17,175
Right-of-use operating asset		400
Total current assets	703,871	501,143
NONCURRENT ASSETS:		
Contributions receivable, net	244,991	336,869
Investments	6,446,088	4,918,060
Restricted investments	575,000	575,000
Property and equipment, net	6,079,486	6,285,071
Beneficial interest in perpetual trust	967,468	868,125
Total noncurrent assets	14,313,033	12,983,125
TOTAL ASSETS	$ 15,016,904	$ 13,484,268

LIABILITIES AND NET ASSETS

	2025	2024
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 62,880	$ 22,750
Deferred revenue	11,500	13,000
Right-of-use lease liability		400
Total current liabilities	74,380	36,150
Total liabilities	74,380	36,150
NET ASSETS:		
Without donor restrictions	12,896,402	11,525,949
With donor restrictions	2,046,122	1,922,169
Total net assets	14,942,524	13,448,118
TOTAL LIABILITIES AND NET ASSETS	$ 15,016,904	$ 13,484,268

See Notes to Financial Statements

RONALD MCDONALD HOUSE CHARITIES OF SOUTHERN COLORADO, INC.

Statements of Activities and Changes in Net Assets

For the years ended December 31, 2025 and 2024

	2025			2024		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2025 Totals	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2024 Totals
REVENUE AND SUPPORT						
Contributions	$ 423,692	$ 275,544	$ 699,236	$ 392,226	$ 173,850	$ 566,076
Grant revenue	430,146		430,146	334,603		334,603
Special events and fundraisers	402,701		402,701	485,516		485,516
Third-party reimbursements	347,180		347,180	296,027		296,027
In-kind contributions	332,851		332,851	330,785		330,785
Guest family donations	4,632		4,632	5,109		5,109
Other income	4,800		4,800	4,800		4,800
Net assets released from restrictions	293,971	(293,971)		188,463	(188,463)	
Total revenue and support	2,239,973	(18,427)	2,221,546	2,037,529	(14,613)	2,022,916
EXPENSES						
Program services:						
Ronald McDonald house services	1,112,507		1,112,507	1,039,218		1,039,218
Ronald McDonald family rooms	122,609		122,609	148,501		148,501
Total program services	1,235,116		1,235,116	1,187,719		1,187,719
Supporting services:						
Fundraising	366,161		366,161	413,136		413,136
General & administrative	166,609		166,609	191,481		191,481
Cost of direct benefit to donors	40,517		40,517	44,149		44,149
Total supporting services	573,287		573,287	648,766		648,766
Total expenses	1,808,403		1,808,403	1,836,485		1,836,485
CHANGE IN NET ASSETS FROM OPERATIONS	431,570	(18,427)	413,143	201,044	(14,613)	186,431
CHANGE IN BENEFICIAL INTEREST IN PERPETUAL TRUST		142,380	142,380		109,215	109,215
INVESTMENT INCOME, NET	938,883		938,883	384,092		384,092
CHANGE IN NET ASSETS	1,370,453	123,953	1,494,406	585,136	94,602	679,738
NET ASSETS - BEGINNING OF YEAR, as previously reported	11,525,949	1,922,169	13,448,118	10,940,813	1,029,345	11,970,158
PRIOR PERIOD ADJUSTMENT					798,222	798,222
NET ASSETS - BEGINNING OF YEAR, as restated	11,525,949	1,922,169	13,448,118	10,940,813	1,827,567	12,768,380
NET ASSETS - END OF YEAR	$ 12,896,402	$ 2,046,122	$ 14,942,524	$ 11,525,949	$ 1,922,169	$ 13,448,118

See Notes to Financial Statements

RONALD MCDONALD HOUSE CHARITIES OF SOUTHERN COLORADO, INC.

Statement of Functional Expenses

For the year ended December 31, 2025

	Ronald McDonald House	Ronald McDonald Family Rooms	Total Program Services	Management & General	Fundraising	Cost of Direct Benefits to Donors	Total Supporting Expenses	2025 Total
Salaries	$ 407,092	$ 85,525	$ 492,617	$ 103,282	$ 204,706	$	$ 307,988	$ 800,605
Employee benefits	38,986	7,564	46,550	12,966	19,760		32,726	79,276
Payroll taxes	35,103	7,318	42,421	9,293	17,673		26,966	69,387
Total salaries and related expenses	481,181	100,407	581,588	125,541	242,139		367,680	949,268
Supplies	185,845	10,222	196,067	5,571	40,902		46,473	242,540
Depreciation	207,817	5,874	213,691	11,247			11,247	224,938
Contract services, including in-kind	68,775		68,775					68,775
Repairs and maintenance	51,559		51,559					51,559
Miscellaneous, including in-kind	512	4,927	5,439	7,858	35,874		43,732	49,171
Insurance	40,991		40,991					40,991
Rent and facilities						37,911	37,911	37,911
Utilities	37,307		37,307					37,307
Professional fees					23,052		23,052	23,052
Telephone, cable, and internet	20,419		20,419					20,419
Accounting and legal				12,531			12,531	12,531
Newsletter	155	34	189	590	10,519		11,109	11,298
Marketing	188		188		7,149		7,149	7,337
Transportation	4,108		4,108	186	2,379		2,565	6,673
Bank and credit card fees				1,794	3,929		5,723	5,723
Volunteer support	3,302	1,145	4,447					4,447
Dues and subscriptions	3,578		3,578	619			619	4,197
Copier lease	3,811		3,811					3,811
Website	2,707		2,707					2,707
Prizes						2,606	2,606	2,606
Meetings and seminars				656	218		874	874
Emergency housing	252		252					252
Licenses, permits and fees				16			16	16
Total expenses, as reported on the statement of activities	$ 1,112,507	$ 122,609	$ 1,235,116	$ 166,609	$ 366,161	$ 40,517	$ 573,287	$ 1,808,403

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 Support 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
Rent and facilities						35,951	35,951	35,951
Marketing	137		137		34,214		34,214	34,351
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
Emergency housing	1,140		1,140					1,140
Meetings and seminars				1,406	2,826		4,232	4,232
Copier lease	3,406		3,406					3,406
Licenses, permits and fees				60			60	60
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.

Statements of Cash Flows

For the years ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,494,406	$ 679,738
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized (gains) losses	(769,151)	(248,618)
Change in value of beneficial interest in irrevocable trust	(142,380)	(109,215)
Depreciation	224,938	274,601
Decrease (increase) in assets:		
Accounts receivable	(9,661)	(12,046)
Pledges receivable	85,067	(19,649)
Prepaid expenses	(11,133)	(4,727)
Right-of-use assets	400	1,597
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	40,130	(27,603)
Lease liabilities	(400)	(1,597)
Deferred revenue	(1,500)	10,300
Total adjustments	(583,690)	(136,957)
Net cash provided by operating activities	910,716	542,781
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of fixed assets	(19,353)	(11,685)
Distributions from perpetual trust	43,037	39,312
Gross proceeds from sale of investments	2,632,559	5,053,828
Purchases of investments	(3,391,436)	(6,035,220)
Net cash used by investing activities	(735,193)	(953,765)
NET INCREASE (DECREASE) IN CASH	175,523	(410,984)
CASH AND CASH EQUIVALENTS, beginning of year	250,224	661,208
CASH AND CASH EQUIVALENTS, end of year	$ 425,747	$ 250,224

See Notes to Financial Statements

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 Global 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 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 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 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, 2025 and 2024.

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-free 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, 2025 and 2024. No allowance for doubtful pledges was considered necessary at December 31, 2025 and 2024.

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.

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, 2025 and 2024, deferred revenue consisted of $11,500 and $13,000, 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 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, 2025 and 2024.

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 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 $391,763 and $441,367, net of the cost of direct benefits to donors, for the years ended December 31, 2025 and 2024, 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, 2025 and 2024. The Organization acquired $5,508 and $4,999 in property and equipment through contributions during the years ended December 31, 2025 and 2024, 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 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, 2025 and 2024, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	2025	2024
Cash and cash equivalents	$ 425,747	$ 250,224
Accounts receivable	109,488	99,827
Contributions receivable - current, net	140,328	133,517
Beneficial interest in perpetual trust	967,468	868,125
Investments	6,446,088	4,918,060
Total financial assets	8,089,119	6,269,753
Less:		
Donor restricted net assets	(2,046,122)	(1,922,169)
Amount available for general expenditures	$6,042,997	$4,347,584

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 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, 2025 and 2024:

Assets at Fair Value as of December 31, 2025

	Level 1	Level 2	Level 3	Total
Exchange traded funds:				
Equities	$ 4,644,556	$	$	$ 4,644,556
Fixed income	2,078,527			2,078,527
Government securities		54		54
Cash equivalent	47,040			47,040
Certificates of Deposit		250,911		250,911
Beneficial interest in perpetual trust			967,468	967,468
	$ 6,770,123	$ 250,965	$ 967,468	$ 7,988,556

Assets at Fair Value as of December 31, 2024	Level 1	Level 2	Level 3	Total
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
Beneficial interest in perpetual trust			868,125	868,125
	$ 5,045,078	$ 447,982	$ 868,125	$ 6,361,185

The fair value of the beneficial interest in perpetual trust is based on the Organization's proportionate share of the fair value of the underlying trust assets as reported by the trustee.

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statement of financial position using significant unobservable (Level 3) inputs:

Balance, January 1, 2024	$ 798,222
Change in beneficial interest in perpetual trust	109,215
Disbursements	(39,312)
Balance, December 31, 2024	$ 868,125
Balance, January 1, 2025	$ 868,125
Change in beneficial interest in perpetual trust	142,380
Disbursements	(43,037)
Balance, December 31, 2025	$ 967,468

The composition of investment income on the Organization's investment portfolio for the years ended December 31, 2025 and 2024, is as follows:

	2025	2024
Interest and dividends	$ 198,413	$ 156,795
Realized and unrealized gains (losses)	769,151	248,618
Less: investment expenses	(28,681)	(21,140)
	$ 938,883	$ 384,273

Investments are reported in the accompanying financial statements as follows:

	2025	2024
Long-term investments	$ 6,446,088	$ 4,918,060
Restricted investments	575,000	575,000
	$ 7,021,088	$ 5,493,060

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:

	2025	2024	2023
Accounts receivable, net	$ 22,623	$ 42,115	$

E. PLEDGES RECEIVABLE

Total pledges receivable at December 31, 2025 and 2024, are as follows:

	2025	2024
Amounts due in less than one year	$ 153,550	$ 122,800
One to five years	245,700	364,550
More than five years		5,000
Total	399,250	492,350
Unamortized discount	(13,931)	(21,964)
Net pledges receivable	$ 385,319	$ 470,386

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, 2025 and 2024:

	2025	2024
Buildings and improvements	$ 7,004,125	$ 7,004,125
Furniture and equipment	252,840	244,852
Land improvements	213,939	208,206
Family room	41,114	41,114
Artwork	44,709	39,077
Vehicles	18,484	18,484
Software	5,000	5,000
Accumulated depreciation	(1,500,725)	(1,275,787)
	$ 6,079,486	$ 6,285,071

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:

	2025	2024
Food & meals	$ 14,091	$ 1,658
Solar	10,000	
Other	4,775	
Holiday store	265	
Total purpose restricted	29,131	1,658
Time restricted pledges receivable, net of discount:		
2025 operations		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	(13,931)	(21,964)
Total time restricted pledges receivable, net of discount	278,569	350,536
Time restricted room sustainer		
2025	28,750	20,750
2026	6,500	5,000
2027	25,000	
Total time restricted room sustainer	60,250	25,750
Legacy Wall		
2025		42,800
2026	81,502	42,800
2027	54,202	15,500
	135,704	101,100
Beneficial interest in perpetual trust	967,468	868,125
Donor-restricted Kroc endowment	575,000	575,000
Total net assets with donor restrictions	$ 2,046,122	$ 1,922,169

During the years ended December 31, 2025 and 2024, net assets with donor restrictions for specific purposes and time restrictions were released from restriction for the following purposes:

	2025	2024
Capital and house operations	$ 173,135	$ 77,050
Time restricted	71,967	70,201
Distributions from perpetual trust	43,037	39,312
Other	5,051	
Holiday Store	456	1,000
Meals	325	865
Family room freezer		35
	$ 293,971	$ 188,463

Net assets with donor restrictions for endowments of $575,000 at December 31, 2025 and 2024, 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, 2025 and 2024, 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, 2025 and 2024, the original gift was equal to the fair market value of the donor-restricted net assets.

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, 2025 and 2024, 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, 2025 and 2024:

	Net Assets without donor restrictions	Net assets with donor restrictions	Total
Endowment net assets, January 1, 2024	$	$ 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
Investment income	22,011		22,011
Program expenditures	(22,011)		(22,011)
Endowment net assets, December 31 2025	$	$ 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.

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, 2025 and 2024, are as follows:

	2025	2024
Services:		
Laundry services	$ 25,220	$ 16,914
Cleaning services	15,564	6,532
Other	11,122	
IT services	9,550	7,700
Contractor services	5,593	5,376
Pest control	2,000	1,850
Marketing and advertising		207
	69,049	38,579
Tangible goods:		
Supplies	88,159	113,574
Meals	76,540	55,247
Clay Shoot	58,531	55,765
Gift cards	13,180	12,670
Fundraising event supplies	13,104	8,763
Golf tournament	8,780	14,786
Capital assets	5,508	4,199
Airtime		27,200
	263,802	292,204
Total in-kind goods and services	$ 332,851	$ 330,783

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

I. PENSION PLAN

The Organization's employees are eligible for deferrals and Safe Harbor immediately upon hire date.

For non-elective contributions, employees become eligible to participate in the plan on January 1st and July 1st, immediately following the completion of one year of service and attainment of age 21. A year of service is a twelve-month period, beginning on the date of hire, with at least 1,000 Hours of Service worked for such period.

The Organization will make safe harbor matching contributions at a rate of 100% of the first 5% of compensation that the employee contributes. The Organization may make a year-end discretionary contribution to all eligible employees' accounts. Discretionary employer contributions are not guaranteed.

During the years ended December 31, 2025 and 2024, the Organization contributed $26,674 and $22,323, respectively, to the plan.

Employee contributions and all Employer Safe Harbor Matching contributions are 100% vested into the Plan. Other Employer Contributions are vested according to the following schedule:

Years of Service	Vested Interest
1	0%
2	20%
3	40%
4	60%
5	80%
6	100%

J. BENEFICIAL INTEREST IN PERPETUAL TRUST

During the year ended December 31, 2002, the Organization learned of a beneficial interest in the Jacqueline Grace Archer Trust (the Trust). The Trust was formed in 1988 by Jacqueline Archer and named the Organization as a 5% income beneficiary. The trust assets are managed by JPMorgan Chase Bank. The principal of the trust is restricted in perpetuity, and the income is distributed quarterly to the beneficiaries.

The net assets of the Trust at December 31, 2025 and 2024, are reflected in the line "Beneficial interest in perpetual trust" in the accompanying statement of financial position.

The Organization receives quarterly distributions of 5% of the income of the trust. During the years ended December 31, 2025 and 2024, the Organization received $43,037 and $39,312, respectively, from the trust which reduces the interest in the trust.

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. If the leases do not provide an implicit rate, the Organization uses a risk-free discount rate based on a Treasury security of similar term in determining the present value of lease payments in determination of the respective right-of-use (ROU) assets and liabilities.

Under ASC 842, 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 statement of financial position as ROU assets or lease liabilities; also, smaller leases with less than material impact to the statement of financial position, both individually and in aggregate, as determined by Management, are also not recorded as assets and 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.

During the year ended December 31, 2025, the Organization entered into a five-year copier lease with monthly payments of $146. 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.

As of December 31, 2025, no leases met the Organization's criteria for recognizing an ROU asset or lease liability.

The following summarizes the line items in the statement of activities which include the components of lease expense for the years ended December 31, 2025 and 2024:

	2025	2024
Operating lease rent, included in program service expense	$ 1,716	$ 1,602
Variable payments, included in program service expense	2,095	1,804
Net lease cost	$ 3,811	$ 3,406

L. RELATED PARTIES

Ronald McDonald House Global (RMHG) 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 RMHG system. Each Chapter is licensed by McDonald's Organization and Ronald McDonald House Global to use RMHG 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.

RMHG, a separately registered nonprofit organization, ensures delivery of the mission across the globe. As a center of excellence, RMHG 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 RMHG Global, as defined by the license agreement. The Organization may also receive grants for designated use from RMHG Global. During the years ended December 31, 2025 and 2024, the Organization received $231,347 and $127,754, respectively, from these support sources.

M. PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2025, Management identified an error related to the omission in recording a 5% beneficial interest in an irrevocable trust. In accordance with accounting principles generally accepted in the United States of America, the Organization has restated its 2024 comparative financial statements to recognize the beneficial interest in the irrevocable trust at its fair value in accordance with ASC 958-605.

Because the Organization presents comparative financial statements, the prior period adjustment was reflected in the earliest period presented. As a result of the restatement, for the year ended December 31, 2024, beginning restricted net assets were increased by $798,222, contributions were decreased by $39,312, and change in beneficial interest in perpetual trust was increased by $109,215 on the statement of activities and changes in fund balances.

N. 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 financial statements.

O. SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 31, 2026, the date that the financial statements were available to be issued. No subsequent events or transactions were identified for recognition or disclosure.