Ronald McDonald House Charities of Southern Arizona, Inc.

Financial Statements

For the Years Ended December 31, 2025 and 2024

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of Southern Arizona, Inc.

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Independent Auditor's Report

The Board of Directors
Ronald McDonald House Charities of Southern Arizona, Inc.

Report on Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Ronald McDonald House Charities of Southern Arizona, Inc. (Organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 Arizona, Inc. as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the year 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 Arizona, 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 the Organization'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 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Tucson, Arizona
June 4, 2026

Ronald McDonald House Charities of Southern Arizona, Inc.
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	$ 1,085,411	$ 1,221,432
Contributions receivable	3,528,815	69,502
Grants receivable	85,517	42,954
Prepaid expenses	16,289	15,965
Total current assets	4,716,032	1,349,853
Noncurrent assets		
Investments	10,594,860	9,510,352
Property and equipment, net	3,196,292	3,341,323
In-kind contribution receivable	523,776	540,144
Total noncurrent assets	14,314,928	13,391,819
Total assets	$ 19,030,960	$ 14,741,672
<u>Liabilities</u>		
Current liabilities		
Accounts payable	$ 141,985	$ 207,910
Accrued payroll and other liabilities	70,737	59,587
Total liabilities	212,722	267,497
<u>Net assets</u>		
Without donor restrictions:		
Undesignated	15,745,100	11,615,960
Designated by the Board	1,994,900	1,751,691
	17,740,000	13,367,651
With donor restrictions:		
Time restricted	523,776	540,144
Purpose restricted	48,212	60,130
Perpetual in nature	506,250	506,250
	1,078,238	1,106,524
Total net assets	18,818,238	14,474,175
Total liabilities and net assets	$ 19,030,960	$ 14,741,672

See accompanying notes to financial statements.

Ronald McDonald House Charities of Southern Arizona, Inc.
Statement of Activities
For the year ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Contributions and bequests	$ 5,336,648	$ 58,151	$ 5,394,799
Contributions in-kind	587,666		587,666
Third-party reimbursements	253,592		253,592
Grant revenue	479,911		479,911
Other income	11,690		11,690
Special events	452,899		452,899
Net assets released from restrictions	116,202	(116,202)	
Total revenues and other support	7,238,608	(58,051)	7,180,557
Expenses:			
Program services	2,483,519		2,483,519
Management and general	275,848		275,848
Fundraising	486,653		486,653
Cost of direct benefits to donors	213,408		213,408
Total expenses	3,459,428		3,459,428
Change in net assets from operations	3,779,180	(58,051)	3,721,129
Nonoperating activities:			
Investment return, net	593,169	29,765	622,934
Change in net assets	4,372,349	(28,286)	4,344,063
Net assets, beginning of year	13,367,651	1,106,524	14,474,175
Net assets, end of year	$ 17,740,000	$ 1,078,238	$ 18,818,238

See accompanying notes to financial statements.

Ronald McDonald House Charities of Southern Arizona, Inc.
Statement of Activities
For the year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Contributions and bequests	$ 1,444,647	$ 125,825	$ 1,570,472
Contributions in-kind	256,005		256,005
Third-party reimbursements	218,094		218,094
Grant revenue	463,570		463,570
Other income	8,160		8,160
Special events	425,261		425,261
Net assets released from restrictions	191,307	(191,307)	
Total revenues and other support	3,007,044	(65,482)	2,941,562
Expenses:			
Program services	2,328,057		2,328,057
Management and general	253,947		253,947
Fundraising	535,671		535,671
Cost of direct benefits to donors	157,609		157,609
Total expenses	3,275,284		3,275,284
Change in net assets from operations	(268,240)	(65,482)	(333,722)
Nonoperating activities:			
Investment return, net	625,361	35,161	660,522
Change in net assets	357,121	(30,321)	326,800
Net assets, beginning of year	13,010,530	1,136,845	14,147,375
Net assets, end of year	$ 13,367,651	$ 1,106,524	$ 14,474,175

See accompanying notes to financial statements.

Ronald McDonald House Charities of Southern Arizona, Inc.
Statement of Functional Expenses
For the year ended December 31, 2025

	Program services					Supporting Services			
	Ronald McDonald House	Ronald McDonald Family Room	Ronald McDonald Care Mobile	Other Program Services	Total program services	Management and general	Fundraising	Cost of direct benefits to donors	Total
Salaries	$ 596,177	$ 48,729	$	$	$ 644,906	$ 166,327	$ 207,813	$	$ 1,019,046
Employee benefits	107,127	11,011			118,138	33,847	37,313		189,298
Payroll taxes	44,565	3,615			48,180	12,350	15,329		75,859
Advertising	30,015	501			30,516	852	41,811		73,179
Cleaning services and supplies	46,926				46,926				46,926
Depreciation	392,909	1,766			394,675	2,650	4,135		401,460
Direct mail							118,211		118,211
Donor recognition							7,581		7,581
Family support services and supplies	483,478	52,895	206,010	134,440	876,823	10			876,833
Insurance	32,977	238			33,215	2,933	743		36,891
Linens and laundry	11,942				11,942				11,942
Maintenance and repairs	86,005	7			86,012	198	18		86,228
Meetings, education, and training	1,643	16			1,659	14,628	1,762		18,049
Office supplies	3,573	163			3,736	2,566	2,319		8,621
Postage and courier	3,163	233			3,396	997	1,432		5,825
Printing and publishing	6,478	305			6,783	2,225	1,617		10,625
Professional fees	18,324	917			19,241	20,351	3,512		43,104
Rent	20,521	72			20,593	108	169	69,423	90,293
Technology	12,604	919			13,523	3,709	22,366		39,598
Telephone	21,181	396			21,577	702	1,958		24,237
Travel, meals, and entertainment	730	234			964	2,632	578	89,646	93,820
Utilities	66,373	299			66,672	448	700		67,820
Other	32,874	1,168			34,042	8,315	17,286	54,339	113,982
Total expenses	$ 2,019,585	$ 123,484	$ 206,010	$ 134,440	$ 2,483,519	$ 275,848	$ 486,653	$ 213,408	$ 3,459,428

See accompanying notes to financial statements.

Ronald McDonald House Charities of Southern Arizona, Inc.
Statement of Functional Expenses
For the year ended December 31, 2024

	Program services					Supporting Services			
	Ronald McDonald House	Ronald McDonald Family Room	Ronald McDonald Care Mobile	Other Program Services	Total program services	Management and general	Fundraising	Cost of direct benefits to donors	Total
Salaries	$ 496,009	$ 45,774	$	$	$ 541,783	$ 137,405	$ 257,058	$	$ 936,246
Employee benefits	91,990	5,940			97,930	28,023	36,248		162,201
Payroll taxes	36,869	3,652			40,521	10,315	19,181		70,017
Advertising	15,902	2,056	2,500		20,458	4,232	45,275		69,965
Cleaning services and supplies	27,476				27,476	21			27,497
Depreciation	392,827	1,766			394,593	2,649	4,134		401,376
Direct mail							88,532		88,532
Donor recognition							101		101
Family support services and supplies	314,914	46,043	177,647	354,528	893,132	7,615	2,459		903,206
Insurance	31,240	314			31,554	1,009	1,910		34,473
Linens and laundry	4,528				4,528				4,528
Maintenance and repairs	99,362	4			99,366	140	32		99,538
Meetings, education, and training	1,860	236			2,096	4,498	2,708		9,302
Office supplies	3,453	61			3,514	2,508	897		6,919
Postage and courier	424				424	60	4,251		4,735
Printing and publishing	5,143	301			5,444	1,370	6,509		13,323
Professional fees	16,696	184			16,880	19,624	969		37,473
Lease	18,743	72			18,815	108	169	69,428	88,520
Technology	11,945	955			12,900	3,690	23,114		39,704
Telephone	31,127	375			31,502	867	1,756		34,125
Travel, meals, and entertainment	3,065	277			3,342	12,407	5,899	50,236	71,884
Utilities	64,264	289			64,553	433	676		65,662
Other	16,806	440			17,246	16,973	33,793	37,945	105,957
Total expenses	$ 1,684,643	$ 108,739	$ 180,147	$ 354,528	$ 2,328,057	$ 253,947	$ 535,671	$ 157,609	$ 3,275,284

See accompanying notes to financial statements.

Ronald McDonald House Charities of Southern Arizona, 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	$ 4,344,063	$ 326,800
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	401,460	401,376
Donated furniture	(139,538)	
Net (gain) loss on investments	(393,413)	(478,039)
Rent - land lease	16,368	16,368
Changes in assets and liabilities:		
Contributions receivable	(3,459,313)	30,286
Grants receivable	(42,563)	16,639
Prepaid expenses	(324)	(3,055)
Accounts payable	(65,925)	171,768
Accrued payroll and other liabilities	11,150	7,183
Net cash provided by (used for) operating activities	671,965	489,326
Cash flows from investing activities:		
Proceeds from sale of investments	2,900,870	3,300,926
Purchases of investments	(3,581,061)	(4,322,883)
Purchases of property and equipment	(127,795)	(82,949)
Net cash provided by (used for) investing activities	(807,986)	(1,104,906)
Net increase (decrease) in cash and cash equivalents	(136,021)	(615,580)
Cash and cash equivalents, beginning of year	1,221,432	1,837,012
Cash and cash equivalents, end of year	$ 1,085,411	$ 1,221,432
Noncash investing activity		
Donated furniture	$ 139,538	

See accompanying notes to financial statements.

Note 1 – Summary of Significant Accounting Policies

Nature of Activities

Ronald McDonald House Charities of Southern Arizona, Inc. (the Organization) is a nonprofit corporation operating in Arizona under a license agreement to RMHC Global. The mission of the Organization is to provide essential services that remove barriers, strengthen families, and promote healing when children need healthcare. We fulfill our mission through 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. In Southern Arizona, the primary programs are the Ronald McDonald House, which provides a home-away-from-home for families with critically ill children; Ronald McDonald Family Room programs at Banner Diamond Children's Medical Center and TMC for Children, to give families of pediatric patients a place to rest and regroup; Ronald McDonald Care Mobile programs, which provide dental care for children in underserved communities in Cochise and Pima Counties; and the RMHC of Southern Arizona Sibling Center, which provides supervised care and creative play for siblings of hospitalized patients. The Organization's primary fundraising comes from public contributions. Therefore, the Organization's viability is dependent upon the strength and support provided to the not-for-profit industry and the Organization's ability to generate support. Collectively, RMHC and the network of local Chapters ascribe to four core values: we lead with compassion, we are deeply respectful, we act with integrity, and we are firmly committed.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. The Organization is required to report information regarding its financial position and activities according to two classes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. The Governing Board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity.

Note 1 – Summary of Significant Accounting Policies

Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

The Organization reports investments at fair value. Net investment income return is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expense.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. The Organization maintains its cash and cash equivalents in bank deposit accounts, which, for short periods of time, may exceed federally insured limits. At year end, the carrying amount of the Organization's deposits was $927,284 and the bank balance was $978,915. At year end, $360,091 of the Organization's deposits were uninsured and uncollateralized. To minimize risk, cash accounts are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The Organization's investments do not represent significant concentrations of market risk inasmuch as the Organization's investment portfolio is adequately diversified among issuers.

Revenue Recognition

Contributions and Bequests. The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The Organization did not have any conditional promises to give at December 31, 2025.

Note 1 – Summary of Significant Accounting Policies

Grants. The Organization conducts several programs that are funded by private donors, and receives funding from national fundraisers facilitated by RMHC Global, which are classified as grant revenue. These grants are unconditional in nature and recognized as revenue when cash is received. A portion of grants are restricted for a specific purpose and are reclassified to without donor restrictions when expenses have been incurred in compliance with the grant provisions.

Special Events. The Organization has various special events throughout the year. The special events raise donations that are unconditional promises to give and revenue is generated from ticket fees. The revenue is recognized when the performance obligation of the point in time that the event occurs.

Third Party Reimbursements. The Organization is eligible to request third party reimbursements for various individuals staying at the Ronald McDonald House. The Organization seeks reimbursement from the appropriate entities once the requirements for reimbursement are met. Third party reimbursement revenue is recorded when the notification of reimbursement approval is received.

Contributions Receivable

Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in periods greater than one year are recorded at net present value of expected cash flows. Management does not believe an allowance for uncollectible amounts is necessary based on historical experience with donors, and accordingly has made no allowance for doubtful accounts. All contributions receivable are expected to be received within one year.

In-Kind Contribution Receivable

The Organization leases land upon which the current facility has been built for the annual rent of one dollar. A donor restricted contribution was recorded at the inception of the 50-year lease to reflect the use restriction of the land for the operation of the Ronald McDonald House. The fair market value of the land at inception was approximately $818,400. The term of the lease is through the year 2056, and $16,368 is released annually to net assets without donor restrictions.

Property and Equipment

All acquisitions of property and equipment with a cost in excess of $1,000 and all expenses for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging from three to 40 years. Depreciation expense for the years ended December 31, 2025 and 2024 are $461,460 and $401,376, respectively.

Note 1 – Summary of Significant Accounting Policies

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present.

Compensated Absences

Employees are entitled to personal time off (PTO), depending on job classification, length of service, and other factors. It is the Organization's policy to recognize the cost of compensated absence when leave is earned by employees.

In-Kind Contributions

Donations of property and equipment are recorded as contributions at fair value 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 to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. 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. The Organization reclassifies net assets with donor restrictions to net assets without restrictions at that time.

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in the operation of its programs. Donated services are recognized as contributions if the services create or enhance nonfinancial assets, or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Services valued at approximately $86,083 have not been recognized in the Statement of Activities as they do not meet the requirements for recognition.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Note 1 – Summary of Significant Accounting Policies

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Professional services	Full time equivalent
Occupancy	Square footage
Depreciation	Square footage
Repairs and maintenance	Square footage

Advertising
The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended December 31, 2025 and 2024, advertising costs totaled $81,100 and $67,655, respectively.

Income Tax Status
The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State of Arizona tax provisions. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). The Organization's Form 990, *Return of Organization Exempt from Income,* is generally subject to examination by the Internal Revenue Service for three years after the date filed.

Management has evaluated the tax positions taken or expected to be taken, if any, on its exempt organization filings, and the likelihood that upon examination those positions would be sustained. Based on the results of this evaluation, management believes there are no uncertain tax positions.

Reclassifications
Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Date of Management's Review
In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 4, 2026, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and Availability

The following represents the Organization's financial assets at fiscal year end:

	2025	2024
Financial assets at year end:		
Cash and cash equivalents	$ 1,085,411	$ 1,221,432
Contributions receivable	3,528,815	69,502
Grants receivable	85,517	42,954
Investments	10,594,860	9,510,352
Total financial assets	15,294,603	10,844,240
Less amounts not available to be used within one year:		
Net assets with donor restrictions, excluding land lease	554,462	566,380
Financial assets available to meet general expenditures over the next twelve months	$ 14,740,141	$ 10,277,860

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, and maintain a significant cash-on-hand balance. As part of its liquidity plan, excess cash is invested in short-term and long-term investments. In addition, the Board has designated a reserve fund to maintain nine months of operating expenses. Net assets designated by the Board for this purpose at year end was $1,994,900.

Note 3 – Investments and Fair Value Measurements

Fair value is defined as the price that the Organization would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting standards establish a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques. Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Observable inputs are those that reflect the assumptions that market participants would use in pricing the asset and are based on market data obtained from independent sources. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1: Quoted prices in active markets for identical investments.
Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability.
Level 3: Unobservable inputs for the asset or liability.

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

Note 3 – Investments and Fair Value Measurements

Fair Values Measured on Recurring Basis

Fair values of assets measured on a recurring basis at year end are as follows:

	Hierarchy Level	Fair Value	
		2025	**2024**
Investments			
Fixed income investments	Level 1	$ 4,928,525	$ 4,305,062
Equities	Level 1	5,063,009	4,654,881
Other	Level 1	268,088	202,916
Investments measured at net asset value			
Campbell Fund Trust	N/A	335,238	347,493
Total assets		$ 10,594,860	$ 9,510,352

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value.

Investments – Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

Campbell Fund Trust – The investment in the Campbell Fund Trust is valued on a monthly basis using the net asset value per share as a practical expedient and is not classified in the fair value hierarchy. The investment strategy of the Fund is to seek capital appreciation over the medium to long term through investments in future related interests, derivative instruments, and debt instruments. Redemption of investments in the Fund can only occur at the end of a month. There were no unfunded commitments as of fiscal year end.

Note 4 – Property and Equipment

Property and equipment consist of the following.

	2025	**2024**
Buildings and improvements	$ 6,042,815	$ 5,985,545
Vehicles, furniture, and equipment	917,027	894,799
Total property and equipment	6,959,842	6,880,344
Less: Accumulated depreciation	(3,763,550)	(3,539,021)
Net property and equipment	$ 3,196,292	$ 3,341,323

Note 5 – Endowments

The Organization's endowment consists of a donor restricted fund on which earnings are intended for general operating expenses. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the State of Arizona's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gifts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund
b. The purpose of the donor-restricted endowment fund
c. General economic conditions
d. The possible effect of inflation and deflation
e. The expected total return from income and the appreciation of investments
f. Other resources of the organization
g. The investment policies of the organization

The donor-restricted endowment's value at the end of the year for December 31, 2025 and 2024 was $506,250.

Investment Return Objectives, Risk Parameters and Strategies

The Organization's endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities. Endowment assets consist entirely of donor restricted funds that the Organization must hold in perpetuity. To satisfy its long-term rate-of-return objectives, the Organization relies on a strategy in which investments in equity and debt securities are diversified to protect against volatility in the market and achieve long-term growth.

Note 5 – Endowments

Spending Policy

Earnings on the Organization's donor-restricted endowment are unrestricted and available for general operating expenses. As a result, investment income is appropriated for expenditure in the year earned, and therefore is included in net assets without donor restrictions.

Changes in Endowment Net Assets as of year end:

	2025	2024
Endowment net assets, beginning of year	$ 506,250	$ 506,250
Investment return, net	29,765	35,161
Amounts appropriated for expenditure	(29,765)	(35,161)
Endowment net assets, end of year	$ 506,250	$ 506,250

Note 6 – Net Assets

Net assets without donor restrictions are as follows:

	2025	2024
Designated for operating expense	$ 1,994,900	$ 1,751,691
Undesignated	15,745,100	11,615,960
Total unrestricted net assets	$17,740,000	$ 13,367,651

Net assets with donor restrictions were as follows:

	2025			
	Beginning Balance	Contributions	Releases	Ending Balance
Passage of Time:				
UMC land lease	$ 540,144	$	$ 16,368	$ 523,776
Specific Purpose:				
Family fund	6,381	5,025	11,406	
Mental health		25,000	936	24,064
Chef for a Day		2,000	915	1,085
Family support services		11,000	11,000	
Other	6,859	4,826	4,205	7,480
Family room - TMC	34,773		19,690	15,083
MCH Care Mobile	11,617		11,617	
Special Projects	500	10,300	10,300	500
Endowments:				
Perpetual in nature	506,250	29,765	29,765	506,250
Total	$ 1,106,524	$ 87,916	$ 116,202	$ 1,078,238

Note 6 – Net Assets

	2024			
	Beginning Balance	Contributions	Releases	Ending Balance
Passage of Time:				
UMC land lease	$ 556,512	$	$ 16,368	$ 540,144
Specific Purpose:				
Family fund	10,500	1,325	5,444	6,381
Family support services		13,500	13,500	
Other	5,606	4,000	2,747	6,859
Wellness grant	4,000	2,000	6,000	
Family room – TMC	53,977		19,204	34,773
MCH Care Mobile		100,000	88,383	11,617
Special Projects		5,000	4,500	500
Endowments:				
Perpetual in nature	506,250	35,161	35,161	506,250
Total	$ 1,136,845	$ 160,986	$ 191,307	$ 1,106,524

Note 7 – Donated Services and Assets

The Organization receives significant in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations, special events, and fund-raising campaigns. Donated services are recognized as contributions if the services create or enhance nonfinancial assets, or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in the amount approximating the estimated fair value at the time of the donation.

During the fiscal year, the Organization received various donated services such as information technology and other specialized services. The Organization also received contributions of food, furniture, toys, and supplies for use in its programs.

	2025		
Program Service	Donated Goods	Donated Services	Total
Ronald McDonald House	$ 546,340	$ 41,326	$ 587,666

	2024		
Program Service	Donated Goods	Donated Services	Total
Ronald McDonald House	$ 233,863	$ 22,142	$ 256,005

Note 7 – Donated Services and Assets

All donated services and assets were utilized by the Organization’s programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

Donated services are valued at the standard hourly rates charged for those services. Donated goods are valued using current prices located on publicly available websites for similar or matching items.

Note 8 – Concentrations

The Organization derives a significant portion of its revenues and support from contributions. During the year ended December 31, 2025, one donor accounted for 89 percent of donor support. The same donor accounted for 97 percent of contributions receivable at December 31, 2025. At December 31, 2024, two donors accounted for 39 percent of the Organization's contributions receivable of 17 and 22 percent respectively.

Note 9 – Employee Benefit Plans

The Organization contributes to a simplified employee pension plan for its employees. The Organization provides a matching contribution, up to four percent of the participating employee’s salary reduction contribution, not to exceed the annual maximum amount set by the Internal Revenue Service. Contributions to the plan for the years ended December 31, 2025 and 2024 were $41,872 and $20,690, respectively.

Note 10 – Transactions with Related Entities

Ronald McDonald House Charities (RMHC) is a system of independent, separately registered nonprofit charitable corporations, referred to as “Chapters” within the global organization. The Organization is an independent operating Chapter within the RMHC system. Each Chapter is licensed by 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. RMHC Global builds and sustains a robust infrastructure of support to the network of Chapters, including operations, licensing and compliance, finance, risk management, communications, marketing and development. The Organization receives a portion of net revenues from all McDonald’s national fundraising efforts facilitated by RMHC Global. The Organization may also receive other grants and in-kind support from RMHC Global. During the years ended December 31, 2025 and 2024, the Organization received $474,051 and $387,732, respectively, from these revenue streams.