RONALD MCDONALD HOUSE CHARITIES OF CENTRAL INDIANA, INC.

FINANCIAL REPORT

December 31, 2022

Ronald McDonald House Charities®
Central Indiana

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ronald McDonald House
Charities of Central Indiana, Inc.

Opinion
We have audited the financial statements of Ronald McDonald House Charities of Central Indiana, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’s ability to continue as a going concern for 12 months beyond the date of this report.

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

INDEPENDENT AUDITOR'S REPORT - continued

Auditor's Responsibilities for the Audit of the Financial Statements - continued
Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Pile CPAs

Indianapolis, Indiana
July 17, 2023

RONALD MCDONALD HOUSE CHARITIES OF CENTRAL INDIANA. INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

		2022		2021
ASSETS				
CURRENT ASSETS				
Cash	$	1,697,349	$	1,166,719
Contributions and grants receivable		161,880		274,688
Prepaid expenses		41,011		45,923
TOTAL CURRENT ASSETS		1,900,240		1,487,330
INVESTMENTS AND OTHER ASSETS				
Operating lease right-of-use assets, net		25,467		-
Investments, at fair value		9,036,030		12,039,166
Investments in limited liability companies		709,027		431,437
Property and equipment, net		1,470,039		1,527,071
		11,240,563		13,997,674
TOTAL ASSETS	$	13,140,803	$	15,485,004
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current portion of right-of-use operating lease liability	$	7,204	$	-
Accounts payable and accrued expenses		307,669		130,435
Deferred revenue		50,000		31,500
TOTAL CURRENT LIABILITIES		364,873		161,935
LONG-TERM LIABILITIES				
Right-of-use operating lease liability, net of current portion		18,074		-
NET ASSETS				
Without donor restrictions				
Undesignated		8,779,363		11,020,734
Board designated for capital expenditures		2,778,541		2,778,541
		11,557,904		13,799,275
With donor restrictions				
Purpose restrictions		703,702		1,027,544
Perpetual in nature		496,250		496,250
		1,199,952		1,523,794
TOTAL NET ASSETS		12,757,856		15,323,069
TOTAL LIABILITIES AND NET ASSETS	$	13,140,803	$	15,485,004

See Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF CENTRAL INDIANA. INC.

STATEMENTS OF ACTIVITIES

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions and pledges	$ 1,438,071	$ -	$ 1,438,071
Contributions of nonfinancial assets	254,486	-	254,486
Grants	210,697	58,800	269,497
Bequests	-	-	-
	1,903,254	58,800	1,962,054
Specials events:			
Special event revenue	421,045	-	421,045
Special event revenue, nonfinancial assets	23,591	-	23,591
Less direct benefit costs	222,313	-	222,313
	222,323	-	222,323
Room fees	-	-	-
Investment income (loss):			
Interest and dividends, net of fees	224,974	35,582	260,556
Unrealized gain (loss)	(1,770,583)	(290,656)	(2,061,239)
Realized gain (loss)	(14,569)	-	(14,569)
Other revenue	18,206	-	18,206
LLC distribution in excess of basis	8,457	-	8,457
Net assets released from restrictions	127,568	(127,568)	-
	(1,405,947)	(382,642)	(1,788,589)
TOTAL REVENUES AND SUPPORT	719,630	(323,842)	395,788
FUNCTIONAL EXPENSES:			
Program services	1,947,179	-	1,947,179
Supporting activities	1,013,822	-	1,013,822
TOTAL EXPENSES	2,961,001	-	2,961,001
CHANGE IN NET ASSETS	(2,241,371)	(323,842)	(2,565,213)
NET ASSETS			
Beginning of year	13,799,275	1,523,794	15,323,069
End of year	$ 11,557,904	$ 1,199,952	$ 12,757,856

See Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF CENTRAL INDIANA. INC.

STATEMENTS OF ACTIVITIES - continued
Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions and pledges	$ 1,579,678	$ 1,500	$ 1,581,178
Contributions of nonfinancial assets	472,622	-	472,622
Grants	295,391	455,285	750,676
Bequests	83,644	-	83,644
	2,431,335	456,785	2,888,120
Specials events:			
Special event revenue	299,026	-	299,026
Special event revenue, nonfinancial assets	21,157	-	21,157
Less direct benefit costs	104,203	-	104,203
	215,980	-	215,980
Room fees	56,457	-	56,457
Investment income (loss):			
Interest and dividends, net of fees	420,689	71,515	492,204
Unrealized gain (loss)	342,037	101,337	443,374
Realized gain (loss)	128,674	-	128,674
Other revenue	6,184	-	6,184
LLC distribution in excess of basis	270,241	-	270,241
Net assets released from restrictions	723,897	(723,897)	-
	1,948,179	(551,045)	1,397,134
TOTAL REVENUES AND SUPPORT	4,595,494	(94,260)	4,501,234
FUNCTIONAL EXPENSES:			
Program services	1,602,990	-	1,602,990
Supporting activities	907,949	-	907,949
TOTAL EXPENSES	2,510,939	-	2,510,939
CHANGE IN NET ASSETS	2,084,555	(94,260)	1,990,295
NET ASSETS			
Beginning of year	11,714,720	1,618,054	13,332,774
End of year	$ 13,799,275	$ 1,523,794	$ 15,323,069

See Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF CENTRAL INDIANA. INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

	Program Services			Supporting Activities			
	House Operations	Family Rooms	Total Program	Mgmt. and General	Fund-Raising	Total Supporting	Total
Advertising expense	$ 3,057	$ -	$ 3,057	$ 37,737	$ 38,918	$ 76,655	$ 79,712
Bank and merchant fees	2,678	697	3,375	1,592	20,798	22,390	25,765
Benefits	82,647	4,717	87,364	28,957	29,524	58,481	145,845
Depreciation and amortization	143,499	72,071	215,570	20,174	15,589	35,763	251,333
Dues and subscriptions	941	25	966	5,989	7,223	13,212	14,178
Guest services	76,885	2,446	79,331	-	-	-	79,331
In-kind expenses	256,186	-	256,186	-	17,300	17,300	273,486
Insurance	24,212	3,279	27,491	2,739	2,090	4,829	32,320
Laundry and housekeeping	100,145	-	100,145	-	-	-	100,145
Maintenance and contract services	340,419	5,679	346,098	50,622	10,461	61,083	407,181
Other expenses	11,880	59	11,939	15,671	2,928	18,599	30,538
Other personnel costs	2,153	340	2,493	3,773	1,090	4,863	7,356
Payroll processing costs	2,415	1,436	3,851	1,868	1,539	3,407	7,258
Payroll taxes	44,598	5,387	49,985	15,598	15,651	31,249	81,234
Postage and shipping	820	159	979	2,100	208,566	210,666	211,645
Printing and publications	828	54	882	6,263	8,822	15,085	15,967
Professional fees	38,379	10,394	48,773	27,705	13,593	41,298	90,071
Salaries and wages	599,924	70,424	670,348	175,107	211,030	386,137	1,056,485
Supplies	18,887	2,194	21,081	3,056	403	3,459	24,540
Travel and meetings	4,543	2,010	6,553	4,486	1,523	6,009	12,562
Utilities	10,106	606	10,712	2,354	983	3,337	14,049
	$ 1,765,202	$ 181,977	$ 1,947,179	$ 405,791	$ 608,031	$ 1,013,822	$ 2,961,001

See Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF CENTRAL INDIANA. INC.

STATEMENTS OF FUNCTIONAL EXPENSES - continued
Year ended December 31, 2021

	Program Services			Supporting Activities			
	House Operations	Family Rooms	Total Program	Mgmt. and General	Fund-Raising	Total Supporting	Total
Advertising expense	$ 231	$ 9,778	$ 10,009	$ 108	$ 43,474	$ 43,582	$ 53,591
Bank and merchant fees	134	-	134	7,264	15,003	22,267	22,401
Benefits	89,447	2,025	91,472	22,969	36,610	59,579	151,051
Depreciation and amortization	187,618	20,393	208,011	-	-	-	208,011
Dues and subscriptions	5,278	-	5,278	2,415	7,202	9,617	14,895
Guest services	31,323	2,412	33,735	354	17	371	34,106
In-kind expenses	140,172	-	140,172	-	-	-	140,172
Insurance	21,151	2,588	23,739	2,694	2,198	4,892	28,631
Laundry and housekeeping	98,896	-	98,896	-	-	-	98,896
Maintenance and contract services	283,024	7,649	290,673	20,631	5,922	26,553	317,226
Other expenses	7,570	20	7,590	3,256	712	3,968	11,558
Other personnel costs	2,328	295	2,623	3,642	498	4,140	6,763
Payroll processing costs	2,411	1,704	4,115	4,298	1,738	6,036	10,151
Payroll taxes	41,208	5,058	46,266	9,836	20,426	30,262	76,528
Postage and shipping	935	86	1,021	5,524	179,309	184,833	185,854
Printing and publications	496	373	869	-	17,555	17,555	18,424
Professional fees	1,000	500	1,500	98,417	1,000	99,417	100,917
Salaries and wages	536,246	58,308	594,554	126,656	257,970	384,626	979,180
Supplies	24,694	5,974	30,668	1,005	2,439	3,444	34,112
Travel and meetings	797	217	1,014	2,569	1,162	3,731	4,745
Utilities	9,208	1,443	10,651	1,817	1,259	3,076	13,727
	$ 1,484,167	$ 118,823	$ 1,602,990	$ 313,455	$ 594,494	$ 907,949	$ 2,510,939

See Notes to Financial Statements.

RONALD MCDONALD HOUSE CHARITIES OF CENTRAL INDIANA. INC.

STATEMENTS OF CASH FLOWS

Year ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (2,565,213)	$ 1,990,295
Adjustments to reconcile change in net assets to		
net cash provided by (used in) operating activities:		-
Depreciation and amortization	251,333	208,011
Net change in operating lease right-of-use		
assets / liabilities	(189)	-
Unrealized (gain) loss on investments	2,061,239	(443,374)
Realized (gain) loss on investments	14,569	(128,674)
(Gain) loss on asset disposal	600	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Contributions and grants receivable	112,808	(217,477)
Prepaid expenses	4,912	(12,187)
Increase (decrease) in:		
Accounts payable and accrued expenses	177,234	(135,323)
Deferred revenue	18,500	18,466
Net cash provided by (used in) operating activities	75,793	1,279,737
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(194,901)	(836,000)
Purchase of investments	(113,909)	(985,255)
Proceeds from sale of investments	1,041,237	809,499
Capital contributions in limited liability companies	(300,000)	(300,000)
Distributions from investment in limited liability companies	22,410	251,555
Net cash provided by (used in) investing activities	454,837	(1,060,201)
Increase (decrease) in cash and cash equivalents	530,630	219,536
CASH		
Beginning of year	1,166,719	947,183
End of year	$ 1,697,349	$ 1,166,719

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS - continued
Year ended December 31, 2022 and 2021

	2022	2021
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Contributions of nonfinancial assets	$ 278,077	$ 493,779
Cash paid for amounts in lease liabilities:		
Operating cash outflows-payments on operating leases	$ 4,330	$ -
Right-of-use assets obtained in exchange for new lease obligations:		
Operating Leases	$ 29,579	$ -

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The mission of Ronald McDonald House Charities of Central Indiana, Inc. (the "Organization") is to provide a supportive home-away-from-home for families of children receiving medical care at Riley Children's Health ("Riley") and other area hospitals. Today we operate one Ronald McDonald House as well as two Ronald McDonald Family Rooms, both of which are located within Riley. Since 1982, our organization has provided comfort and care to families when they need it most - when their child is sick or injured and receiving care in an Indianapolis-area hospital. The Organization is a mission-drive, volunteer-support organization, with a network of more than 200 dedicated volunteers supporting our three facilities. The House offers overnight accommodations for 51 families, while the Family Rooms provide rest and respite to families just steps away from their children. The Organization's main source of revenue is contributions.

A summary of the Organization's significant accounting policies follows:

A. Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting.

B. Basis of Presentation

These financial statements have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with accounting principles generally accepted in the United States of America. This has been done by classification of fund transactions and balances into two categories of net assets:

Net Assets without donor restrictions: These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with donor restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

C. Cash

The Organization's cash consists of checking and savings accounts with three financial institutions. The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. To date, there have been no losses on such accounts.

D. Investments

Investments consist of money market funds, mutual funds, exchange-traded funds, and equity securities. The Organization accounts for investments with readily determinable fair values in the statement of financial position at fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

D. Investments - continued

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the Organization's financial statements.

E. Contributions and Grants Receivable

Contributions and grants receivable consists of amounts management expects to collect from donors and grantors, and are reported at net realizable value. All amounts are expected to be collected within one year, and none are considered uncollectible as of the year ended December 31, 2022 and 2021.

F. Property and Equipment

Property and equipment are stated at cost. Donated property and equipment is recorded at fair value. The Organization's capitalization policy is $1,000 for assets purchased with an estimated useful life of 3 years or more. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years.

Expenditures for property and equipment and for renewals or betterments which extend the originally estimated economic life of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities. Projects in progress are not depreciated until the asset is placed into service.

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying value may not be fully recoverable. If impairment is present, the carrying value of the impaired assets are reduced to its fair value. During the years ended December 31, 2022 and 2021, there was no impairment loss recognized on long-lived assets.

G. Leases

Effective January 1, 2022, the Organization adopted the provisions of ASC Topic 842, Leases. The standard requires lessees to recognize most leases on their balance sheets as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis.

Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the standard retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement.

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

G. Leases - continued

The Organization adopted Topic 842, Leases, on January 1, 2022, using the optional transition method as provided by Accounting Standards Update ("ASU") No. 2018-11, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, Leases.

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease, or January 1, 2022, for existing leases upon the adoption of Topic 842. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. Absent an implicit rate to determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date, or remaining term for leases existing upon the adoption of Topic 842, or uses an incremental borrowing rate.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

G. Leases - continued

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Organization's operating leases of approximately $29,579 and $29,391, respectively, at January 1, 2022. The adoption of the new lease standard did not materially impact consolidated net earnings or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

H. 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 in the period to which the sponsorships relate.

I. Support and Revenue

The Organization receives support from private contributions and grants, and recognizes this support when cash or an unconditional promise to give 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. Contributions and grants recognized are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence and/or nature of any donor restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

The portion of ticket sales that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met.

J. Contributions of Nonfinancial Assets

In addition to receiving cash contributions, the Organization received in-kind contributions of goods from various donors totaling $278,077 and $493,779 for the years ended December 31, 2022 and 2021, respectively.

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

J. Contributions of Nonfinancial Assets - continued
In-kind contributions of goods consisted mainly of household products and supplies, linens, tickets to professional sporting and entertainment events for guests, video games, TV's and DVD players, toys, nonperishable food items and canned goods. In-kind contributions are reflected in the accompanying statement of activities at their estimated values at date of receipt.

K. Volunteer Services
Contributions of services are recognized if the services received (a) create or enhance a nonfinancial asset, or (b) be specialized skills, provided by entities or persons possessing those skills, that would be purchased if they were not donated. Donated services for operations reflected in the statement of activities for 2022 and 2021 was $5,107 and $10,996, respectively.

The Organization utilizes significant volunteer services to help support the staff and guests of the Organization by providing office assistance, light housekeeping and maintenance. The Organization tracks volunteer services and uses a national service rating system to estimate their value. The estimated value of volunteer services utilized by the Organization for the year ended December 31, 2022 and 2021 was $255,577 and $209,712, respectively, and have not been reflected in the financial statements. If the value of volunteer services had been recorded by the Organization, in-kind contribution revenue and program expenses would have been $255,577 and $209,712 higher than reported as of December 31, 2022 and 2021, respectively.

L. Functional Expenses
The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses have been classified based on the actual direct expenditures and cost allocation based on estimates of time and usage by Organization personnel and programs.

M. Tax Status
The Organization is exempt from federal and state income taxes on its related activities under Internal Revenue Service Code Section 501(c)(3). Accordingly, no provision for federal and state income taxes has been made.

The Organization files the required federal and state information returns. Whenever tax returns are filed, the filing organization must evaluate the merits of its tax positions and determine if they will be ultimately sustained. Those tax positions for the Organization include maintaining their tax-exempt status and the taxability of any unrelated business income. The Organization believes these positions are sustainable. Although the Organization has not incurred any interest and penalties associated with these positions, it is their policy to expense them in the statement of activities.

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - continued

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

O. Reclassifications

Certain prior year balances have been reclassified to conform with current year classifications and presentations.

P. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through July 17, 2023, which is the date the financial statements were available to be issued.

NOTE 2 RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, Topic 842, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and corresponding lease liability on the balance sheet at the date of the lease commencement. Leases are classified as either finance or operating, and this distinction is relevant for the pattern of expense recognition in the statement of income. This standard was adopted for the Organization for the year ending December 31, 2022.

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from the contributions of cash and other financial assets, along with expanded disclosure requirements. The Organization adopted and implemented this pronouncement on January 1, 2022 using the prospective method of application. The adoption of ASU 2020-07 resulted in no material changes to the recognition of collections.

NOTE 3 LIQUIDITY AND AVAILABILITY

The table below represents financial assets available for general expenditures within one year at December 31, 2022 and 2021:

Financial assets at year-end:	2022	2021
Cash	$ 1,697,349	$ 1,166,719
Contribution and grants receivable	161,880	274,688
Investments	9,036,030	12,039,166
Total financial assets	10,895,259	13,480,573
Less amounts not available to be used within one year		
Investments held for endowments	(1,194,552)	(1,516,882)
Donor-imposed restrictions	(5,400)	(6,912)
Board-designated restrictions	(2,778,541)	(2,778,541)
Financial assets not available to be used within one year	(3,978,493)	(4,302,335)
Financial assets available to meet general expenditures within one year	$ 6,916,766	$ 9,178,238

The Organization regularly monitors liquidity to meet its operating needs while at the same time maximizing investment of available funds. The Organization utilizes a number of sources including cash, line of credit and equity securities. See note 10 regarding the Organization's line of credit.

In analyzing resources available to meet general expenditures over a 12-month period the Organization considers all expenditures related to its ongoing activities of providing a home-away-from-home for families of children receiving medical care, funding smaller nonprofits supporting health, education, and well-being of children as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for fiscal years 2022 and 2021.

NOTE 4 PREPAID OPERATING LEASES

In September 1981, the Organization entered into a 25-year land lease with Indiana University. In consideration for the use of the land, the Organization transferred title and rights to the building constructed on the land to Indiana University. In 1997, the lease was transferred to IU Health and was renewed through August 2026.

NOTE 4 PREPAID OPERATING LEASES - continued

Accordingly, the cost of the building constructed on the land and subsequent leasehold improvements have been recorded as a prepaid operating lease and reported under Property and Equipment in the Statement of Financial Position. The original cost of the building is amortized over the term of the lease using the straight-line method. Subsequent leasehold improvements are amortized on the straight-line method over the estimated useful lives of the improvements or the lease term remaining, whichever is less. Facility lease amortization for this lease included in the Statement of Activities was $101,880 and $110,099 for 2022 and 2021, respectively.

The Organization opened its expansion in Riley Hospital in March 2004. The Organization has signed a 15-year agreement with IU Health which provides that the ownership of all improvements vest in the Hospital and all moveable equipment and furnishings vest in the Organization when the term expires. The agreement is currently month-to-month.

The original cost of the expansion less the cost of the furnishings is amortized over the term of the agreement using the straight-line method. Amortization expense related to the construction of the expansion included in the Statement of Activities was $46,398 and $8,461 for 2022 and 2021, respectively.

NOTE 5 INVESTMENTS

Investments are presented in the financial statements at fair value. Investments at December 31, 2022 and 2021 are comprised of the following:

	2022		
	Cost	Net Unrealized Gains (Losses)	Fair Value
Money Market Funds	$ 661,848	$ -	$ 661,848
Mutual Funds	5,457,659	166,870	5,624,529
Exchange-traded funds ("ETFs")	1,357,480	1,392,173	2,749,653
Equity securities	-	-	-
	$ 7,476,987	$ 1,559,043	$ 9,036,030

NOTE 5 INVESTMENTS - continued

	2021		
	Cost	Net Unrealized Gains (Losses)	Fair Value
Money Market Funds	$ 609,600	$ -	$ 609,600
Mutual Funds	6,851,201	1,118,588	7,969,789
Exchange-traded funds ("ETFs")	1,357,480	2,071,578	3,429,058
Equity securities	3,533	27,186	30,719
	$ 8,821,814	$ 3,217,352	$ 12,039,166

Net return on investments is as follows:

	2022	2021
Investment income, net of related expenses of $36,196 and $34,687, respectively	$ 253,244	$ 491,999
Unrealized gain (loss)	(2,061,239)	443,374
Realized gain (loss)	(14,569)	128,674
	$ (1,822,564)	$ 1,064,047

NOTE 6 INVESTMENTS IN LIMITED LIABILITY COMPANIES

The Organization owns interests in various real estate partnerships. The ownership in each partnership is less than 3% and the investments are recorded at cost, less impairment, adjusted for observable price changes in orderly transactions for the identical or similar investments of the same issuer. Income recognized by the investor is limited to distributions received, except that distributions that exceed the Organization's share of earnings after the date of the investment are applied to reduce the carrying value of the investment. During the years ended December 31, 2022 and 2021, there was no impairment loss recognized. Investments consisted of the following as of December 31, 2022 and 2021:

	Ownership Percentage	2022	2021
Pan Am Plaza Partners, LLC	0.77%	$ 45,663	$ 45,662
BH Lexington, LLC	0.27%	80,155	85,775
Whitestown Industrial Holdings III	0.40%	100,000	100,000
Sycamore Heights Townhome Partners	0.68%	94,861	100,000
Citimark South Carolina Investors	0.82%	93,782	100,000
BH Pomelo	0.41%	144,566	-
City View Family Apartment	2.14%	150,000	-
		$ 709,027	$ 431,437

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2022 and 2021:

	2022	2021
Building and improvements	$ 8,586,089	$ 8,481,408
Furniture and fixtures	606,789	655,066
Equipment	827,664	761,838
Construction in progress	2,650	-
	10,023,192	9,898,312
Less: accumulated depreciation	(8,553,153)	(8,371,241)
	$ 1,470,039	$ 1,527,071

NOTE 8 FAIR VALUE MEASUREMENTS

The Organization utilizes a framework for measuring fair value. That framework provides 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 unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- **Level 1** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- **Level 2** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- **Level 3** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

During the years ended December 31, 2022 and 2021, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its financial position or results of operations.

NOTE 8 FAIR VALUE MEASUREMENTS - continued

The following is a description of the valuation methodologies used for assets measured at fair value:

Money market funds : Valued at the net asset value ("NAV") of share held at year-end.

Mutual funds : Valued at the net asset value ("NAV") of share held at year-end.

Exchange-traded funds: Valued at listing closing price of shares held at year-end.

Equity securities: Valued at the closing price of the active market in which the security is traded.

Assets measured at fair value as of December 31 are summarized as follows:

	2022			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Money Market Funds	$ 661,848	$ -	$ 661,848	$ -
Mutual Funds:				
Bond Fund	2,532,810	2,532,810	-	-
Small Blend	255,037	255,037	-	-
Large Growth	1,036,286	1,036,286	-	-
Large Blend	1,034,745	1,034,745	-	-
Large Value	765,651	765,651	-	-
Exchange-Traded Funds:				
Small Blend	500,950	500,950	-	-
Large Blend	2,248,703	2,248,703	-	-
Equity securities:				
Common stock	-	-	-	-
	$ 9,036,030	$ 8,374,182	$ 661,848	$ -

	2021			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Money Market Funds	$ 609,600	$ -	$ 609,600	$ -
Mutual Funds:				
Bond Fund	3,984,011	3,984,011	-	-
Small Blend	290,574	290,574	-	-
Large Growth	1,475,486	1,475,486	-	-
Large Blend	1,362,918	1,362,918	-	-
Large Value	856,800	856,800	-	-
Exchange-Traded Funds:				
Small Blend	628,908	628,908	-	-
Large Blend	2,800,150	2,800,150	-	-
Equity securities:				
Common stock	30,719	30,719	-	-
	$ 12,039,166	$ 11,429,566	$ 609,600	$ -

NOTE 9 ENDOWMENT

The Organization's endowment consists of donor-restricted contributions that were made to provide a source of income for operations. As required by Accounting Principles Generally Accepted in the United States of America ("GAAP"), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law
The Board of Directors has interpreted the 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 restricted endowment funds, unless there are 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 gift amounts (including promises to give at fair value) 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 expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

As of December 31, 2022 and 2021, the Organization had the following endowment net asset composition by type of fund:

December 31, 2022	With Donor Restrictions
Donor-restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 496,250
Accumulated investment gains (losses)	698,302
	$ 1,194,552

NOTE 9 ENDOWMENT - continued

December 31, 2021	
Donor-restricted endowment funds:	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 496,250
Accumulated investment gains (losses)	1,020,632
	$ 1,516,882

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such deficiencies as of December 31, 2022 and 2021.

Investment and Spending Policies
The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets 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 total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The Organization has a policy of appropriating for distribution each year the interest and dividend income from the endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through investment return.

NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 9 ENDOWMENT - continued

Changes in Endowment Net Assets as of December 31, 2022 and 2021 are as follows:

	With Donor Restrictions
Endowment net assets, January 1, 2021	$ 1,385,707
Investment income	71,515
Net appreciation, realized and unrealized	101,337
Total investment return	172,852
Appropriation for expenditure	(41,677)
Endowment net assets, December 31, 2021	1,516,882
Investment income	35,582
Net depreciation, realized and unrealized	(290,656)
Total investment return	(255,074)
Appropriation for expenditure	(67,256)
Endowment net assets, December 31, 2022	$ 1,194,552

NOTE 10 LINE OF CREDIT

The Organization has a line of credit with PNC Bank with a maximum debt facility of $250,000 available through September 30, 2023. At December 31, 2022 and 2021, there were no amounts outstanding on the line of credit. The line of credit bears interest at 3% plus the Daily Bloomberg Short-term Bank Yield Index. The rate was 4.55% as of December 31, 2022 and 2021.

NOTE 11 RETIREMENT PLAN

The Organization has a 401(K) retirement plan (the "Plan") for employees who meet certain eligibility requirements. The Plan permits eligible employees, through salary deferrals, to contribute up to IRS limits annually. The Organization matches 50% of employee contributions up to 6% of compensation. The Organization contributed $17,496 and $9,029 to the Plan in 2022 and 2021, respectively.

NOTE 12 CONTRIBUTED NONFINANCIAL ASSETS

For the year ended December 31, contributed nonfinancial assets recognized in the statement of activities included:

	2022	2021
Facility rental	$ 7,000	$ -
Services	5,107	10,996
Program supplies	265,970	482,783
	$ 278,077	$ 493,779

NOTE 13 LEASES

The Organization is obligated under various operating leases for equipment with monthly payments ranging from $135 to $365 and various expiration dates through October 2024.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended December 31, 2022:

	2022
Operating lease cost	$ 4,330
Short-term lease cost	5,400
Variable lease cost	1,351
Total lease cost	$ 11,081

Other lease information:

Weighted-average remaining lease term - operating leases	4.09 years
Weighted-average discount rate - operating leases	3.54%

Maturities of operating lease liabilities as of December 31, 2022 are as follows:

	Equipment
2023	$ 7,980
2024	6,945
2025	4,380
2026	4,380
2027	3,650
Thereafter	-
	27,335
Less imputed interest	(2,057)
Total present value of lease liabilities	$ 25,278

NOTE 13 LEASES - continued

Maturities of operating lease liabilities, as determined under Topic 840, for all non-cancellable leases as of December 31, 2021 are as follows:

	Operating Leases
2023	$ 3,600
2024	2,730
Thereafter	-
	$ 6,330

NOTE 14 NET ASSETS

Net assets consist of the following:

	2022	2021
Without donor restrictions		
Undesignated	$ 8,779,363	$ 11,020,734
Board designated for capital expenditures	2,778,541	2,778,541
	$ 11,557,904	$ 13,799,275

With donor restrictions:	2022	2021
Purpose restrictions:		
Endowment fund	$ 698,302	$ 1,020,632
Computer equipment for quiet room	-	1,500
Miscellaneous equipment and supplies	-	130
Family assistance	-	2,282
Employee wellness	3,000	3,000
Families from Bartholomew County	2,400	-
	703,702	1,027,544
Perpetual in nature:		
Endowment fund	496,250	496,250
	$ 1,199,952	$ 1,523,794

NOTE 15 RELATED PARTY TRANSACTIONS

Ronald McDonald House Charities 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 Ronald McDonald House Charities system.

NOTE 15 RELATED PARTY TRANSACTIONS - continued

Each Chapter is licensed by McDonald’s Corporation and Ronald McDonald House Charities, Inc. to use the 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 grants and a portion of net revenues from all national fundraising efforts facilitated by RMHC Global, as defined by the license agreement. During the year ended December 31, 2022 and 2021, the Organization received $144,577 and $469,119, respectively, from these revenue streams.

The Organization purchased and received in-kind services from one board member's company during 2022 and two different board members' companies in 2021. The services related to the family room build out, purchase and installation of courtyard lighting and a fire alarm suppression system for the house, and other electrical and general contract work. The Organization paid these related parties a total of $2,650 and $403,156 in 2022 and 2021, respectively.

NOTE 16 EMPLOYEE RETENTION CREDIT

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance they will be fulfilled. During the year December 31, 2021, the Organization applied for the Employee Retention Credit ("ERC") from the Internal Revenue Service. The Organization recognized $79,772 of grant revenue related to performance requirements being met in compliance with the program during the year ended December 31, 2021.

Eligibility and conditions for the ERC program may be audited by the IRS. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; management is of the opinion that any audit will not have a material adverse impact on the Organization’s financial position.