RONALD MCDONALD HOUSE CHARITIES OF THE TRIANGLE

Financial Statements

Years Ended December 31, 2025 and 2024

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Ronald McDonald House Charities of the Triangle
Durham, North Carolina

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ronald McDonald House Charities of the Triangle 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 Ronald McDonald House Charities of the Triangle's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ronald McDonald House Charities of the Triangle'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 the Triangle'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.

Thomas, Judy & Ducks, P.A.

Durham, North Carolina
June 25, 2026

RONALD MCDONALD HOUSE CHARITIES OF THE TRIANGLE
STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 4,587,189	$ 1,780,938
Contributions Receivable, Current Portion	40,000	105,644
Contribution Receivable, Facilities Use, Current Portion	189,296	180,282
Sales Tax Receivable	22,883	16,610
Third Party Receivables	252,794	
Investments	9,086,792	8,044,985
Gift Card Inventory	6,305	8,723
Prepaid Expenses	16,582	24,742
Total Current Assets	14,201,841	10,161,924
Long-Term Contributions Receivable, Net	32,862	55,000
Long-Term Contribution Receivable, Facilities Use, Net	2,635,776	2,825,072
Property and Equipment, Net	13,235,819	12,800,423
Total Assets	$ 30,106,298	$ 25,842,419
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	$ 61,096	$
Accrued Payroll and Vacation	198,031	192,559
Other Accrued Liabilities	64,822	27,629
Deferred Revenue	8,200	41,200
Total Liabilities	332,149	261,388
Net Assets:		
Without Donor Restrictions		
Undesignated	6,675,455	4,431,310
Designated by Board for Endowment	2,637,901	1,694,636
Invested in Property and Equipment	13,235,819	12,800,423
With Donor Restrictions	7,224,974	6,654,662
Total Net Assets	29,774,149	25,581,031
Total Liabilities and Net Assets	$ 30,106,298	$ 25,842,419

See Independent Auditors' Report and Accompanying Notes

RONALD MCDONALD HOUSE CHARITIES OF THE TRIANGLE
STATEMENTS OF ACTIVITIES
Year Ended December 31, 2025

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions of Cash and Other Financial Assets	$ 4,000,284	$ 180,263	$ 4,180,547
Contributions of Nonfinancial Assets	2,500,649	150,268	2,650,917
Third Party Reimbursements	3,812,630		3,812,630
Special Events Income, Net of Fees of $457,186	994,004		994,004
Other Income	59,731		59,731
Investment Earnings, Net	624,913	599,350	1,224,263
Total Support and Revenue	11,992,211	929,881	12,922,092
Net Assets Released from Restrictions	359,569	(359,569)	
Total Support, Revenue and Net Assets Released from Restrictions	12,351,780	570,312	12,922,092
Expenses:			
Program Expenses:			
Ronald McDonald House of Durham	2,596,379		2,596,379
Ronald McDonald House at WakeMed	380,858		380,858
Ronald McDonald House of Chapel Hill	2,795,633		2,795,633
Triangle Wide	232,945		232,945
Family Room at Duke Children's Hospital	129,806		129,806
Family Room at WakeMed Hospital	204,634		204,634
Family Room at UNC Hospital	290,772		290,772
Management and General	799,701		799,701
Fundraising	1,298,246		1,298,246
Total Expenses	8,728,974		8,728,974
Change in Net Assets	3,622,806	570,312	4,193,118
Net Assets, Beginning of Year	18,926,369	6,654,662	25,581,031
Net Assets, End of Year	$ 22,549,175	$ 7,224,974	$ 29,774,149

See Independent Auditors' Report and Accompanying Notes

RONALD MCDONALD HOUSE CHARITIES OF THE TRIANGLE

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions of Cash and Other Financial Assets	$ 3,269,016	$ 80,000	$ 3,349,016
Contributions of Nonfinancial Assets	2,136,289	158,852	2,295,141
Third Party Reimbursements	891,419		891,419
Special Events Income, Net of Fees of $331,538	897,872		897,872
Gain on Insurance Proceeds	7,184		7,184
Other Income	6,271		6,271
Investment Earnings, Net	314,939	262,168	577,107
Total Support and Revenue	7,522,990	501,020	8,024,010
Net Assets Released from Restrictions	439,350	(439,350)	
Total Support, Revenue and Net Assets Released from Restrictions	7,962,340	61,670	8,024,010
Expenses:			
Program Expenses:			
Ronald McDonald House of Durham	2,677,547		2,677,547
Ronald McDonald House at WakeMed	382,391		382,391
Ronald McDonald House of Chapel Hill	2,569,488		2,569,488
Triangle Wide	200,400		200,400
Family Room at Duke Children's Hospital	85,725		85,725
Family Room at WakeMed Hospital	188,905		188,905
Family Room at UNC Hospital	246,756		246,756
Management and General	640,383		640,383
Fundraising	1,482,507		1,482,507
Total Expenses	8,474,102		8,474,102
Change in Net Assets	(511,762)	61,670	(450,092)
Net Assets, Beginning of Year	19,438,131	6,592,992	26,031,123
Net Assets, End of Year	$ 18,926,369	$ 6,654,662	$ 25,581,031

See Independent Auditors' Report and Accompanying Notes

RONALD MCDONALD HOUSE CHARITIES OF THE TRIANGLE
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended December 31, 2025

	2025											
	Program Services											
	Ronald McDonald House of Durham	Ronald McDonald House at WakeMed	Ronald McDonald House at Chapel Hill	Triangle Wide	Family Room at Duke Children's Hospital	Family Room at WakeMed Hospital	Family Room at UNC Hospital	Total Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Salaries	$ 656,927	$ 61,897	$ 718,315	$	$ 71,577	$ 61,016	$ 85,754	$ 1,655,486	$ 525,950	$ 587,428	$	$ 2,768,864
Payroll Taxes	50,211	4,731	54,903		5,471	4,664	6,554	126,534	40,200	44,899		211,633
Employee Benefits	95,545	9,003	104,474		10,410	8,874	12,472	240,778	76,496	85,437		402,711
Total Salaries and Related Expenses	802,683	75,631	877,692		87,458	74,554	104,780	2,022,798	642,646	717,764		3,383,208
Advertising										3,442		3,442
Automobile	7,409	2,365	1,880					11,654	498	1,307		13,459
Bank and Credit Card Fees									3,955	73,589		77,544
Cleaning Services and Supplies	75,785		89,517					165,302				165,302
Depreciation	299,221	15,239	318,321		5,381	2,634	5,230	646,026	9,783	10,084		665,893
Direct Mail										247,598		247,598
Donor Recognition										16,568		16,568
Facilities and Equipment Rental										7,497	138,680	146,177
Family Support Services and Supplies	109,820	29,290	71,935	4,112	10,136	8,105	23,295	256,693				256,693
In Kind	709,200	228,125	835,156	219,988	11,445	108,856	139,930	2,252,700				2,252,700
Insurance	36,464	1,857	38,792		656	321	637	78,727	1,192	1,229		81,148
Linens and Laundry	51,250		24,907					76,157				76,157
Maintenance and Repairs	176,083	8,968	187,323		3,166	1,550	3,078	380,168	5,757	5,934		391,859
Meetings, Education and Training	3,048	66	1,628	7,656	164	165	203	12,930	26,902	5,762		45,594
Merchandise										13,360		13,360
Office Supplies	11,826	1,115	12,931		1,288	1,098	1,544	29,802	9,467	10,575	7,441	57,285
Postage and Courier			66			5		71	3,275	24,266	5,779	33,391
Printing and Publishing	196	98	127		117			538	5,685	75,032	18,516	99,771
Professional Fees									35,471	13,500		48,971
Donated Rent and Land Lease	148,534	7,565	158,015		2,671	1,307	2,596	320,688	4,856	5,006		330,550
Technology	48,066	4,528	52,556		5,238	4,464	6,275	121,127	38,482	42,981		202,590
Telephone	24,300	1,238	25,851		437	214	425	52,465	794	819		54,078
Travel, Meals and Entertainment									4,064	11,861	153,241	169,166
Utilities	90,930	4,631	96,734		1,635	800	1,589	196,319	2,973	3,064		202,356
Volunteer Resources and Recognition	1,009	142	2,168	20		561	1,190	5,090	500	121		5,711
Merger Expenses									287			287
Other	555		34	1,169	14			1,772	3,114	6,887	133,529	145,302
Total Expenses by Function	2,596,379	380,858	2,795,633	232,945	129,806	204,634	290,772	6,631,027	799,701	1,298,246	457,186	9,186,160
Less Expenses Included with Revenue:												
Cost of Direct Benefit to Donors											(457,186)	(457,186)
Total Expenses Included in Expense Section in Statement of Activities	$ 2,596,379	$ 380,858	$ 2,795,633	$ 232,945	$ 129,806	$ 204,634	$ 290,772	$ 6,631,027	$ 799,701	$ 1,298,246	$	$ 8,728,974

See Independent Auditors' Report and Accompanying Notes

RONALD MCDONALD HOUSE CHARITIES OF THE TRIANGLE
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024

	2024											
	Program Services											
	Ronald McDonald House of Durham	Ronald McDonald House at WakeMed	Ronald McDonald House at Chapel Hill	Triangle Wide	Family Room at Duke Children's Hospital	Family Room at WakeMed Hospital	Family Room at UNC Hospital	Total Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	Total
Salaries	$ 596,002	$ 57,458	$ 628,173	$	$ 31,073	$ 56,656	$ 64,209	$ 1,433,571	$ 338,026	$ 753,287	$	$ 2,524,884
Payroll Taxes	45,567	4,393	48,027		2,376	4,332	4,909	109,604	25,844	57,593		193,041
Employee Benefits	92,402	8,908	97,389		4,817	8,784	9,955	222,255	52,406	116,786		391,447
Total Salaries and Related Expenses	733,971	70,759	773,589		38,266	69,772	79,073	1,765,430	416,276	927,666		3,109,372
Advertising										3,045		3,045
Automobile	5,474	2,610	3,762					11,846		491		12,337
Bad debt expense									35,540			35,540
Bank and Credit Card Fees									4,418	55,946		60,364
Cleaning Services and Supplies	73,763		79,972			8		153,743				153,743
Depreciation	307,241	15,647	326,852		8,909	2,704	5,370	666,723	10,047	10,354		687,124
Direct Mail										210,861		210,861
Donor Recognition										25,501		25,501
Facilities and Equipment Rental										3,903	96,480	100,383
Family Support Services and Supplies	101,008	31,906	56,454	2,101	645	6,039	22,479	220,632				220,632
In Kind	828,830	228,125	698,016	190,077	19,215	96,775	119,488	2,180,526				2,180,526
Insurance	35,275	1,797	37,527		1,023	311	617	76,550	1,152	1,189		78,891
Linens and Laundry	54,319		21,937					76,256				76,256
Maintenance and Repairs	173,318	8,827	184,381		5,026	1,526	3,029	376,107	5,666	5,841		387,614
Meetings, Education and Training	683	30	243	1,981	4		42	2,983	44,041	4,699		51,723
Merchandise										9,168		9,168
Office Supplies	14,049	1,354	14,807		732	1,336	1,514	33,792	7,970	17,757		59,519
Postage and Courier	743		426					1,169	1,293	16,499	767	19,728
Printing and Publishing	1,051		1,072			236	1,078	3,437	2,086	61,481	31,524	98,528
Professional Fees									53,600			53,600
Donated Rent and Land Lease	147,802	7,527	157,237		4,286	1,301	2,583	320,736	4,833	4,981		330,550
Technology	53,968	5,203	56,881		2,814	5,130	5,814	129,810	30,609	70,015		230,434
Telephone	19,540	995	20,787		567	172	342	42,403	638	659		43,700
Travel, Meals and Entertainment				2,015				2,015	1,645	3,025	123,569	130,254
Utilities	99,299	5,057	105,638		2,879	874	1,736	215,483	3,247	3,346		222,076
Volunteer Resources and Recognition	826	41	2,301	3,263		244	782	7,457	776	59		8,292
Merger Expenses	26,069	2,513	27,476		1,359	2,477	2,809	62,703	14,786	32,949		110,438
Other	318		130	963				1,411	1,760	13,072	79,198	95,441
Total Expenses by Function	2,677,547	382,391	2,569,488	200,400	85,725	188,905	246,756	6,351,212	640,383	1,482,507	331,538	8,805,640
Less Expenses Included with Revenue: Cost of Direct Benefit to Donors											(331,538)	(331,538)
Total Expenses Included in Expense Section in Statement of Activities	$ 2,677,547	$ 382,391	$ 2,569,488	$ 200,400	$ 85,725	$ 188,905	$ 246,756	$ 6,351,212	$ 640,383	$ 1,482,507	$	$ 8,474,102

See Independent Auditors' Report and Accompanying Notes

RONALD MCDONALD HOUSE CHARITIES OF THE TRIANGLE

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Change in Net Assets	$ 4,193,118	$ (450,092)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	665,893	687,124
In-Kind Contribution Property and Equipment	(247,948)	
Realized and Unrealized Gain on Investments	(971,919)	(351,176)
Changes in Assets and Liabilities that Provided (Used) Cash:		
Contributions Receivable	87,782	(28,962)
Contributions Receivable, Facilities Use	180,282	171,698
Sales Tax Receivable	(6,273)	(3,367)
Grant Receivable		20,782
Third Party Receivable	(252,794)	
Gift Card Inventory	2,418	8,061
Supply Inventory		38,316
Prepaid Expenses	8,160	17,805
Accounts Payable	61,096	(491)
Accrued Payroll and Vacation	5,472	45,829
Other Accrued Liabilities	37,193	(3,808)
Deferred Insurance Proceeds		(52,311)
Deferred Revenue	(33,000)	(3,300)
Contributions Received for Long-Term Purposes	(180,263)	(80,000)
Net Cash Provided by Operating Activities	3,549,217	16,108
Cash Flows from Investing Activities:		
Purchase of Investments	(800,543)	(1,272,178)
Proceeds from Sale of Investments	730,655	1,114,105
Purchases of Property and Equipment	(853,341)	(154,474)
Net Cash Used by Investing Activities	(923,229)	(312,547)
Cash Flows from Financing Activities:		
Contributions Received for Long-Term Purposes	180,263	80,000
Net Cash Provided by Financing Activities	180,263	80,000
Net Increase (Decrease) in Cash and Cash Equivalents	2,806,251	(216,439)
Cash and Cash Equivalents, Beginning of Year	1,780,938	1,997,377
Cash and Cash Equivalents, End of Year	$ 4,587,189	$ 1,780,938

See Independent Auditors' Report and Accompanying Notes

RONALD MCDONALD HOUSE CHARITIES OF THE TRIANGLE
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2025 and 2024
(Continued)

	2025	2024
Supplemental Schedule of Noncash Transactions:		
Purchase of Property and Equipment	$ 1,101,288	$ 154,474
Less: Amounts Received as In-Kind Contribution	(247,948)	
Cash Paid for Purchase of Property and Equipment	$ 853,340	$ 154,474

1. Summary of Significant Accounting Policies

Operations

The Ronald McDonald House Charities of Durham and Wake, Inc. is a not-for-profit corporation incorporated under the laws of the State of North Carolina in 1978. The Organization was formed to provide a home away from home as well as community support for seriously ill children and their families.

In 2022, Ronald McDonald House of Durham and Wake and Ronald McDonald House of Chapel Hill formally voted to merge effective July 1, 2023. Upon the merge the name of the entity was changed to Ronald McDonald House Charities of the Triangle (the "Organization"). The Organization now operates 103 bedrooms for short and long-term stays at a house in Durham, Chapel Hill, at Duke Children's Hospital in Durham, North Carolina, and at Wake Med Hospital in Raleigh, North Carolina. The Organization also provides in-hospital support through family rooms located at Duke Children's Hospital in Durham, WakeMed Children's Hospital in Raleigh, and UNC Hospital in Chapel Hill.

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. Under these provisions, the Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

- **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.
- **Net assets with donor restrictions**: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

  Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

The Organization has also adopted FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. Under these provisions, contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence or nature of donor restrictions.

1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Use of Estimates
The financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP"). Management uses estimates and assumptions in preparing the financial statements. 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.

Revenue Recognition
Contributions, Grants and Bequests
Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Bequests are recorded when the amount and rate of payment is probable.

Special Event Income – Ticket Sales
The portion of ticket sales that relates to the commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met. Proceeds received in advance of the event are recorded as deferred revenue.

Contributions Receivable
Contributions receivable are unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. The discount is calculated using a risk-adjusted rate of 1%. This rate does not include any consideration of collectability, for which the Organization records a separate allowance for credit losses. Contributions receivable are written off when deemed uncollectible.

The Organization uses the allowance method to determine doubtful accounts. The allowance is based on prior years' experience and management's analysis of specific promises made and the uncollectible amounts are charged as a loss in the statements of activities. The allowance for doubtful accounts was $2,138 and $5,477 at December 31, 2025 and 2024, respectively, and $5,477 at December 31, 2023.

Cash and Cash Equivalents
For purposes of the statement of cash flows, the Organization considers cash on hand, cash in demand deposit accounts, and all short-term debt securities with a maturity of three months or less to be cash equivalents. The Organization had $3,473,044 and $337,957 of cash equivalents at December 31, 2025 and 2024, respectively.

1. Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses and income are included in investment earnings, net in the accompanying statements of activities.

The Organization maintains investment accounts for its donor-restricted and board-designated endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of each endowment to the total fair value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Donated securities are recorded at their fair values on the dates of the gifts and, except where otherwise required by the donor or Board of Directors, are immediately sold by the Organization.

Income Taxes

The Organization is exempt from income taxes as a not-for-profit organization under Internal Revenue Section code section 501(c)(3). The Organization has been approved under Internal Revenue Code for recognition as a public charity and not as a private foundation. The Organization has adopted the provisions of FASB ASC 740-10-25, *Accounting for Uncertainty in Income Taxes*. Under this standard, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained upon examination. The Organization does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. No interest or penalties were accrued as of December 31, 2025.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods.

Functional Allocation of 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. The expenses that are allocated on a square footage basis include: depreciation, insurance, maintenance and repairs, donated rent and land lease, telephone, and utilities. The expenses allocated on the basis of estimates of time and effort are salaries, payroll taxes, employee benefits, office supplies, and technology. All other expenses are allocated based on specific identification.

1. Summary of Significant Accounting Policies (Continued)

Property and Equipment
It is the Organization's policy to capitalize property and equipment with an original cost or donated value of $5,000 or more and estimated useful life of more than one year and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets. Purchased property and equipment are carried at cost. Donations of equipment are recorded as contributions at their estimated fair value at the date of the 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. In the absence of such stipulations, contributions of equipment are recorded as unrestricted assets. Depreciation and amortization are computed using the straight-line method over the estimated useful lives as follows:

Buildings and Improvements	5 – 45 years
Vehicles, Furnishings and Equipment	3 – 15 years

Depreciation expense totaled $665,893 and $687,124 for the years ended December 31, 2025 and 2024, respectively.

Donated Services
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, and therefore, are excluded from the financial statements.

Risks and Uncertainties
The Organization invests in various investment securities. 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, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

Advertising
The Organization expenses advertising costs when incurred. Advertising expenses totaled $3,442 and $3,045 for the years ended December 31, 2025 and 2024, respectively.

Accrued Vacation
The Organization allows all full-time employees discretionary time off based on years of continuous service. Employees working less than 40 hours per week are not eligible for paid time off. The maximum number of accrued vacation hours that an employee may carry-over each year is 160 hours. Accrued vacation at December 31, 2025 and 2024 was $103,409 and $121,800, respectively.

2. Concentrations of Credit Risk

The Organization occasionally maintains deposits in excess of federally insured limits. These are identified as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions. The Federal Deposit Insurance Corporation insures up to $250,000 for all accounts held at a single institution. As of December 31, 2025, the Organization's uninsured cash balance was $3,935,538.

3. Liquidity and Availability

The following represents the Organization's financial assets at December 31:

	2025	2024
Cash and Cash Equivalents	$ 4,587,189	$ 1,780,938
Contributions Receivable, Current Portion	40,000	105,644
Sales Tax Receivable	22,883	16,610
Third Party Receivables	252,794	
Investments	9,086,792	8,044,985
Total financial assets	13,989,658	9,948,177
Less amounts not available to be used within one year:		
Net assets with donor restrictions	4,399,903	3,649,308
Financial assets available to meet general expenditures over the next twelve months	$ 9,589,755	$ 6,298,869

The Organization maintains financial assets consisting of cash and short-term investments on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. It is the Organization's policy to maintain an operating reserve of one to three years of annual expenses. The Organization defines its operating reserve as net assets without donor restrictions less property and equipment divided by annual operating expenses.

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment of $2,637,901 is subject to an annual spending rate between 4% and 5% as described in Note 8. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

4. Contributions Receivable

At December 31, contributions receivable are expected to be received as follows:

	2025	2024
Less than One Year	$ 40,000	$ 105,644
One to Five Years	35,000	60,990
	75,000	166,634
Less: Allowance for Uncollectible Contributions	(2,138)	(5,990)
Net Contributions Receivable	$ 72,862	$ 160,644

5. Contributions Receivable – Facilities Use

Durham
The Organization entered into a land and improvements lease with Duke University for the site upon which the Organization's Durham house is located. The lease restricts the use of the property to operating a short-term residence facility for children and parents of children who are being treated at Duke University Medical Center. The original lease began May 1979. The Organization entered into a new lease with similar terms in May 2012 through November 2041 with two 10-year renewal periods through November 2061. No rent is paid, and the lessor retains the right to renegotiate rent not in excess of $1,000 per annum each succeeding fifth year. The lessee is responsible for all assessments against the property, and upon termination of the lease, the improvements thereon become the property of the lessor.

An internal valuation determined that the fair value of the land and improvements at the date of inception was $1,750,000. The annual rental value was estimated to be approximately $87,500 per year. In connection with this lease agreement, the Organization discounted the value of the 30-year initial term of the lease using a discount rate of 5.0% and recorded a restricted contribution in 2012 in the amount of $1,345,089.

5. Contributions Receivable – Facilities Use (Continued)

The value remaining on the use of facilities at December 31, 2025 and 2024 is $948,305 and $986,481, respectively, and has been recorded as contribution receivable, facilities use on the statements of financial position. Rent expense recorded in connection with this lease agreement was $87,500 for each of the years ended December 31, 2025 and 2024.

Chapel Hill
The Organization entered into a land and improvements lease with the State of North Carolina for the site upon which the Organization's Chapel Hill house is located. The lease restricts the use of the property to operating a short-term residence facility for children and parents of children who are being treated at UNC Children's Hospital. The original lease began December 1985. The Organization entered into a new lease with similar terms in June 2001. The new lease expires in October 2035. The Organization pays annual rent of $1. The lessee is responsible for all assessments against the property, and upon termination of the lease, the improvements thereon become the property of the lessor.

An internal valuation determined that the fair value of the land and improvements at the date of inception was $4,860,997. The annual rental value was estimated to be approximately $243,050 per year. In connection with this lease agreement, the Organization discounted the value of the 35-year initial term of the lease using a discount rate of 5.0%.

The value remaining on the use of facilities at December 31, 2025 and 2024 is $1,876,767 and $2,018,873, respectively, and has been recorded as contribution receivable – facilities use on the statements of financial position. Rent expense recorded in connection with this lease agreement for the years ended December 31, 2025 and 2024 was $243,050.

6. Investments

Investments are summarized below.

	Cost	Fair Value
December 31, 2025		
Equity Securities	$ 592,564	$ 1,143,181
Fixed Income	5,234,954	5,628,809
Exchange Traded Funds	1,904,267	2,074,884
Real Estate Interests	300,000	239,918
Total	$ 8,031,785	$ 9,086,792
December 31, 2024		
Equity Securities	$ 592,747	$ 975,216
Fixed Income	4,113,502	4,570,844
Exchange Traded Funds	1,901,505	2,260,063
Real Estate Interests	300,000	238,862
Total	$ 6,907,754	$ 8,044,985

6. Investments (Continued)

Investment earnings for the years ended December 31 are as follows:

	2025	2024
Interest and Dividends	$ 288,376	$ 236,795
Investment Fees	(36,032)	(10,864)
Realized and Unrealized Gain	971,919	351,176
Total	$ 1,224,263	$ 577,107

7. Property and Equipment

Property and equipment consist of the following at December 31:

	2025	2024
Buildings and Leased Land	$ 21,590,524	$ 20,965,267
Construction in Progress	482,748	30,363
Furnishings and Equipment	1,153,474	1,129,828
Vehicles	168,992	168,992
Total Property and Equipment	23,395,738	22,294,450
Less: Accumulated Depreciation	(10,159,919)	(9,494,027)
Property and Equipment, Net	$ 13,235,819	$ 12,800,423

8. Cash and Investments Held in Endowments

The Organization's endowments consist of multiple funds established for the ongoing operations of the Organization. The endowment balances include board-designated and donor-restricted endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law
North Carolina G.S. 116, Chapter 36E, Uniform Prudent Management of Institutional Funds Act (UPFIMA) was signed into law March 2009 and is applied to the Organization's endowment funds existing at December 31, 2025 and 2024. The Board of Trustees of the Organization has interpreted the 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.

8. Cash and Investments Held in Endowments (Continued)

As a result of this interpretation, the Organization classifies the following as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified as net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the Organization and the donor-restricted endowment fund (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The ultimate responsibility for managing the cash and investments of the Organization rests with the Board of Trustees, which may delegate responsibility to the Investment Committee of the Board of Trustees.

Investment Objectives – The investment objective is to maximize investment returns consistent with risk levels resulting in a Target Rate of Return (TRR) of 4.5% - 5.5% net of inflation. Risk tolerance, in achieving TRR, will be low and will not tolerate any loss of principal or capital from default or bankruptcy, or outside of normal market volatility.

Spending Policy – The Organization has various funds established by donors and additional board-designated funds. Based on the terms of the endowments, the Organization can make distributions between 4% and 5% each year or the Organization can appropriate investment income generated from the funds as directed by donors and/or the Board of Trustees. A certain amount of cash equivalents will be held in order to provide for tactical investment decisions, rebalancing, accrued income, and disbursements. Should expenditures be anticipated on a ad hoc basis, sufficient liquidity should be maintained in order to provide for these needs.

Strategies Employed for Achieving Objectives
To achieve its long-term goals the Organization has adopted the following asset allocation objective as a percentage of total assets:

Asset Class	Allocation %	Allowable Range
Equities	60%	40% - 70%
Single Stock Holding	3%	0% - 6%
Fixed Income	35%	25% - 50%
Real Assets	5%	0% - 10%
Alternative Assets	5%	0% - 10%
Cash and Equivalents	5%	2% - 15%

8. Cash and Investments Held in Endowments (Continued)

Endowment net asset composition by fund type as of December 31 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2025			
Board-Designated Funds	$ 2,637,901	$	$ 2,637,901
Donor-Restricted Funds		4,399,903	4,399,903
Total Funds	$ 2,637,901	$ 4,399,903	$ 7,037,804
2024			
Board-Designated Funds	$ 1,694,636	$	$ 1,694,636
Donor-Restricted Funds		3,649,309	3,649,309
Total Funds	$ 1,694,636	$ 3,649,309	$ 5,343,945

Changes in endowments for the years ended December 31 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2025			
Endowment Net Assets, Beginning of Year	$ 1,694,636	$ 3,649,309	$ 5,343,945
Transfers	502,965		502,965
Contributions	433,434	180,263	613,697
Investment Earnings	336,866	599,350	936,216
Distributions	(330,000)	(29,019)	(359,019)
Endowment Net Assets, End of Year	$ 2,637,901	$ 4,399,903	$ 7,037,804
2024			
Endowment Net Assets, Beginning of Year	$ 1,804,242	$ 3,312,471	$ 5,116,713
Transfers		103,470	103,470
Contributions	18,500	80,000	98,500
Investment Earnings	143,813	262,168	405,981
Distributions	(271,919)	(108,800)	(380,719)
Endowment Net Assets, End of Year	$ 1,694,636	$ 3,649,309	$ 5,343,945

From time to time, certain donor-restricted funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments at December 31, 2025 and 2024.

9. Fair Value Measurements

The FASB established a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value of investments. 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 as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- 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;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
December 31, 2025			
Equity Securities	$ 1,143,181	$ 277,818	$ 865,363
Fixed Income	5,628,809	5,628,809	
Exchange -Traded Funds	2,074,884	2,074,884	
Real Estate Interests	239,918		239,918
	$ 9,086,792	$ 7,981,511	$ 1,105,281
December 31, 2024			
Equity Securities	$ 975,216	$ 263,510	$ 711,706
Fixed Income	4,570,844	4,570,844	
Exchange -Traded Funds	2,260,063	2,260,063	
Real Estate Interests	238,862		238,862
	$ 8,044,985	$ 7,094,417	$ 950,568

9. Fair Value Measurements (Continued)

Changes in Fair Value Levels – The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Change in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. There have been no changes in levels or valuation techniques for these assets and liabilities for the years ended December 31, 2025 and 2024.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at December 31 were as follows:

	2025	2024
Beginning Balance	$ 950,568	$ 939,701
Purchases		6,000
Total Realized/Unrealized Gains included in Changes in Net Assets	154,713	4,867
Ending Balance	$ 1,105,281	$ 950,568

Level 3 investments consist of capital invested in real estate holdings that are valued by brokerage firms that hold and manage the investment portfolio and investments in private investment companies that are valued using the net asset valuations provided by the underlying private investment companies.

10. Line of Credit

In April of 2021, the Organization opened a standby line of credit with a bank. Total borrowing capacity was based on a percentage of investments held, ranging from 60% to 90% depending on the type of investment. Borrowings of less than $5,000,000 carried an interest rate equal to the Secured Overnight Financing Rate (“SOFR”) plus 1.75% (6.24% at December 31, 2024) and were due monthly. The line of credit was closed in November 2024, and there were no draws on the line of credit during the year ended December 31, 2024.

In April 2025, a line of credit was opened with a bank. Total borrowing capacity is $750,000 with an interest rate equal to SOFR plus 6.887% (10.76% at December 31, 2025) and are due monthly with all unpaid principle and interest due April 21, 2026. The debt is secured by substantially all business assets. As of December 31, 2025, no draws have been made on this line of credit.

11. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes and periods:

	2025	2024
Subject to appropriation and expenditure when a Specified event occurs:		
Land Lease	$ 2,825,072	$ 3,005,354
House Operations	1,877,539	1,436,776
General Purpose	338,010	264,205
Garden Enhancement	49,779	29,093
Duke Family Room	102,594	88,385
WakeMed Family Room	41,065	20,197
Subject to endowment spending policy and appropriation:		
House Operations	1,537,763	1,402,500
General Purpose	175,110	175,110
Garden Enhancement	93,392	83,392
Duke Family Room	40,000	40,000
WakeMed Family Room	144,650	109,650
	$ 7,224,974	$ 6,654,662

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	2025	2024
Satisfaction of purpose restrictions		
Land Lease	$ 330,550	$ 330,550
House Operations	18,250	81,688
General Purpose		19,396
Duke Family Room	6,190	6,303
WakeMed Family Room	4,579	1,413
Satisfaction of purpose restrictions	$ 359,569	$ 439,350

12. Related Party Transactions

The Organization received pledges and contributions from Board members in 2025 and 2024 totaling $237,359 and $162,630, respectively. As of December 31, 2025 and 2024, total outstanding pledges due from board members was $0.

13. Retirement Plan

Effective January 1, 2024, the Organization adopted the *Ronald McDonald House Charities of the Triangle 401(k) Plan*, a qualified defined contribution plan under IRC Sections 401(a) and 401(k). The Plan is available to all full-time and part-time employees who have completed 90 days of service. The Organization sponsors the Plan with automatic enrollment at 5% of compensation and offers a safe harbor matching contribution equal to 100% of employee deferrals up to 5% of compensation. The Plan replaces the previous retirement plan that was terminated effective December 31, 2023. Total employer contributions for the years ended December 31, 2025 and 2024 were $113,998 and $100,421, respectively.

14. Contributed Services

The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recorded in the accompanying statement of activities because the criteria for recognition of such volunteer effort has not been satisfied.

15. Contributed Nonfinancial Assets

The Organization received the following contributions of nonfinancial assets for the years ending December 31:

	2025	2024
Expenses and Capitalized Property and Equipment:		
Meals and Supplies	$ 1,469,290	$ 1,262,912
Capital Improvement	151,000	
Computer System	96,948	
Family Support Services	277,308	453,968
Transportation Services	286,115	229,332
Rent	150,268	158,852
Miscellaneous Services	219,988	190,077
	$ 2,650,917	$ 2,295,141

The Organization recognized contributed nonfinancial assets within revenue, including meals and supplies, family support services, transportation services, and miscellaneous services.

In valuing property and equipment, the Organization estimated fair value at the date of donation. In valuing meals and supplies, family support services, transportation services, and miscellaneous services, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed rent is for the land and facilities which are used for program and general and administrative activities. In valuing the contributed land and facilities, which is located in Durham, North Carolina, the Organization estimated the fair value on the basis of recent comparable sales prices in Durham, North Carolina's real estate market.

15. Contributed Nonfinancial Assets (Continued)

Contributed food, household goods, and clothing were utilized in the following programs: Ronald McDonald Houses and Ronald McDonald Family Rooms. In valuing these items, the Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

All donated assets were utilized by the Organization's Programs and Supporting Services. There were no donor restrictions associated with the donated assets.

16. Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 25, 2026, which is the date the financial statements were available to be issued.