# RONALD MCDONALD HOUSE CHARITIES OF CONNECTICUT AND WESTERN MASSACHUSETTS, INC.

*FINANCIAL STATEMENTS*

***FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024***

# RONALD MCDONALD HOUSE CHARITIES OF CONNECTICUT AND WESTERN MASSACHUSETTS, INC.
## FINANCIAL STATEMENTS

MeyersBrothersKalicka, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS STRATEGISTS

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Ronald McDonald House Charities of Connecticut and Western Massachusetts, Inc.

## Opinion

We have audited the accompanying financial statements of Ronald McDonald House Charities of Connecticut and Western Massachusetts, Inc. (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 Connecticut and Western Massachusetts, Inc. 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 Connecticut and Western Massachusetts, Inc. 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 these 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 Connecticut and Western Massachusetts, Inc.'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 Connecticut and Western Massachusetts, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ronald McDonald House Charities of Connecticut and Western Massachusetts, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Meyers Brothers Kalicka, P.C.

Holyoke, Massachusetts
June 24, 2026

## RONALD MCDONALD HOUSE CHARITIES OF CONNECTICUT AND WESTERN MASSACHUSETTS, INC.

## STATEMENTS OF FINANCIAL POSITION
## DECEMBER 31, 2025 AND 2024

*ASSETS*

| | 2025 | 2024 |
|---|---|---|
| Cash and cash equivalents | $ 1,496,522 | $ 1,097,826 |
| Accounts receivable - related party | 86,250 | 67,800 |
| Rent receivable | 52,700 | 76,500 |
| Contributions receivable, net | 110,625 | 188,444 |
| Other receivable - investment income from beneficial interest | 39,922 | 35,518 |
| Prepaid expenses | 26,673 | 19,086 |
| Investments | 7,399,340 | 6,351,073 |
| Beneficial interest in assets held by others | 1,666,854 | 1,460,435 |
| Property and equipment, net | 11,754,303 | 10,728,356 |
| **Total assets** | $ 22,633,189 | $ 20,025,038 |

*LIABILITIES AND NET ASSETS*

| | 2025 | 2024 |
|---|---|---|
| Accounts payable and accrued liabilities | $ 362,940 | $ 142,924 |
| Total liabilities | 362,940 | 142,924 |
| Net assets without donor restrictions | 18,475,007 | 15,894,619 |
| Net assets with donor restrictions | 3,795,242 | 3,987,495 |
| Total net assets | 22,270,249 | 19,882,114 |
| **Total liabilities and net assets** | $ 22,633,189 | $ 20,025,038 |

The accompanying notes are an integral part of these financial statements.

## RONALD MCDONALD HOUSE CHARITIES OF CONNECTICUT AND WESTERN MASSACHUSETTS, INC.

### STATEMENTS OF ACTIVITIES
### FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| **Net assets without donor restrictions** | | |
| Support and revenue | | |
| Contributions and donations | $ 1,819,609 | $ 1,409,551 |
| Special event contributions | 467,456 | 603,532 |
| Special event income | 224,657 | 222,369 |
| Grants | 168,762 | 52,644 |
| In-kind contributions (Note 13) | 428,196 | 301,179 |
| Rental income | 398,200 | 398,200 |
| Other income | 48,787 | 17,460 |
| Net assets released from restrictions | 1,850,505 | 272,316 |
| Total support and revenue | 5,406,172 | 3,277,251 |
| **Expenses** | | |
| Program expenses | 2,440,330 | 2,230,595 |
| Management and general | 433,360 | 311,132 |
| Fundraising | 778,050 | 780,586 |
| Total expenses | 3,651,740 | 3,322,313 |
| Operating income (loss) | 1,754,432 | (45,062) |
| **Non-operating income - investment income, net** | 825,956 | 719,972 |
| Change in net assets without donor restrictions | 2,580,388 | 674,910 |
| **Net assets with donor restrictions** | | |
| Contributions and donations | 1,225,936 | 740,641 |
| Investment income, net | 225,897 | 129,069 |
| Net assets released from restrictions | (1,850,505) | (272,316) |
| Net increase in beneficial interest in a perpetual trust | 206,419 | 87,387 |
| Change in net assets with donor restrictions | (192,253) | 684,781 |
| **Change in net assets** | 2,388,135 | 1,359,691 |
| **Net assets balance,** beginning of year | 19,882,114 | 18,522,423 |
| **Net assets balance,** end of year | $ 22,270,249 | $ 19,882,114 |

The accompanying notes are an integral part of these financial statements.

## RONALD MCDONALD HOUSE CHARITIES OF CONNECTICUT AND WESTERN MASSACHUSETTS, INC.

### STATEMENT OF FUNCTIONAL EXPENSES
### FOR THE YEAR ENDED DECEMBER 31, 2025

| | Program Services | Management and General | Fundraising | Total |
|---|---|---|---|---|
| Personnel expenses | $ 1,105,205 | $ 159,897 | $ 426,283 | $ 1,691,385 |
| Professional fees | - | 152,701 | - | 152,701 |
| Fundraising events | - | - | 284,109 | 284,109 |
| Repairs | 277,975 | 8,366 | - | 286,341 |
| Utilities | 144,426 | - | - | 144,426 |
| Other expenses | 74,801 | 83,736 | - | 158,537 |
| Miscellaneous program costs | 45,295 | - | - | 45,295 |
| House operation expenses | 34,367 | - | - | 34,367 |
| House food and supplies | 267,118 | - | - | 267,118 |
| Telephone | 20,944 | - | - | 20,944 |
| Volunteer recognition | 10,163 | - | - | 10,163 |
| Bank service charges | - | 28,660 | - | 28,660 |
| Depreciation | 417,880 | - | - | 417,880 |
| Conferences and meetings | 28,869 | - | - | 28,869 |
| Other campaign costs | 13,287 | - | 67,658 | 80,945 |
| Total expenses | $ 2,440,330 | $ 433,360 | $ 778,050 | $ 3,651,740 |

The accompanying notes are an integral part of these financial statements.

## RONALD MCDONALD HOUSE CHARITIES OF CONNECTICUT AND WESTERN MASSACHUSETTS, INC.

### STATEMENT OF FUNCTIONAL EXPENSES
### FOR THE YEAR ENDED DECEMBER 31, 2024

| | Program Services | Management and General | Fundraising | Total |
|---|---|---|---|---|
| Personnel expenses | $ 1,065,077 | $ 121,801 | $ 418,371 | $ 1,605,249 |
| Professional fees | - | 148,260 | - | 148,260 |
| Fundraising events | - | - | 322,705 | 322,705 |
| Repairs | 154,108 | 5,129 | - | 159,237 |
| Utilities | 136,219 | - | - | 136,219 |
| Other expenses | 68,537 | 10,377 | - | 78,914 |
| Miscellaneous program costs | 21,275 | - | - | 21,275 |
| House operation expenses | 32,538 | - | - | 32,538 |
| House food and supplies | 149,744 | - | - | 149,744 |
| Telephone | 23,513 | - | - | 23,513 |
| Volunteer recognition | 9,662 | - | - | 9,662 |
| Bank service charges | - | 25,565 | - | 25,565 |
| Depreciation | 414,935 | - | - | 414,935 |
| Interest | 118,041 | - | - | 118,041 |
| Conferences and meetings | 23,958 | - | - | 23,958 |
| Other campaign costs | 12,988 | - | 39,510 | 52,498 |
| Total expenses | $ 2,230,595 | $ 311,132 | $ 780,586 | $ 3,322,313 |

The accompanying notes are an integral part of these financial statements.

# RONALD MCDONALD HOUSE CHARITIES OF CONNECTICUT AND WESTERN MASSACHUSETTS, INC.

## STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Change in net assets | $ 2,388,135 | $ 1,359,691 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Contributions restricted for acquisition of property and long-term investments | (1,110,293) | (740,641) |
| Depreciation expense | 417,880 | 414,935 |
| Realized and unrealized gain on investments | (860,309) | (670,698) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable - related party | (18,450) | (1,800) |
| Rent receivable | 23,800 | 15,800 |
| Other receivable - investment income from beneficial interest | (4,404) | (35,518) |
| Prepaid expenses | (7,587) | (2,393) |
| Accounts payable and accrued liabilities | 45,911 | (14,546) |
| Net cash provided by operating activities | 874,683 | 324,830 |
| **Cash flows from investing activities** | | |
| Purchase of investments, net | (187,958) | (187,623) |
| Proceeds from sale of investments | - | 2,840,045 |
| Purchase of property and equipment | (1,269,722) | (249,423) |
| Change in beneficial interest in a perpetual trust | (206,419) | (87,387) |
| Net cash (used in) provided by investing activities | (1,664,099) | 2,315,612 |
| **Cash flows from financing activities** | | |
| Contributions restricted for acquisition of property and long-term investments | 1,110,293 | 740,641 |
| Decrease (increase) in contributions receivable for acquisition of property and long-term investments | 77,819 | (92,444) |
| Payments on note payable | - | (2,868,255) |
| Net cash provided by (used in) financing activities | 1,188,112 | (2,220,058) |
| Increase in cash and cash equivalents | 398,696 | 420,384 |
| **Cash and cash equivalents,** beginning of year | 1,097,826 | 677,442 |
| **Cash and cash equivalents,** end of year | $ 1,496,522 | $ 1,097,826 |
| **Supplementary disclosure of cash flow information** | | |
| Interest paid | $ - | $ 118,041 |

The accompanying notes are an integral part of these financial statements.

## 1. ORGANIZATION:

Ronald McDonald House Charities of Connecticut and Western Massachusetts, Inc. (the "Organization") is a nonprofit charitable corporation formed in January 2013. The mission of Ronald McDonald House Charities ("RMHC") is to create, find and support programs that directly improve the health and well-being of children and their families. Collectively, RMHC and the network of local Chapters ascribe to five core values: to focus on the critical needs of children, lead with compassion, celebrate the diversity of staff, volunteers and program participants, value the RMHC heritage and operate with accountability and transparency.

RMHC fulfills their mission through the operation of sustainable programs that enable family-centered care, bridge access to quality health care, are a vital part of the health care continuum and strengthen families during difficult times. The Ronald McDonald House program, operated by the Organization, represents the core function of RMHC.

When children must travel long distances to access top medical care, accommodations and support for families can be expensive or not readily available. The Organization helps families stay close to their ill or injured child through the Ronald McDonald House programs located in New Haven, Connecticut and Springfield, Massachusetts, which provide temporary lodging, meals and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers' ability to spend more time with their child, to interact with their clinical care team and to participate in critical medical care decisions. Management is exploring the opportunity to expand with a third location near the Connecticut Children's Medical Center in Hartford, Connecticut.

In October 2024, RMHC opened its first Ronald McDonald Family Room at Baystate Children's Hospital in Springfield, Massachusetts. The Ronald McDonald Family Room provides a supportive space for families of hospitalized children just steps from the bedside. It offers comfort and amenities within the hospital, allowing families to stay closer to their child and actively engage in their healthcare journey.

In May 2026 the Organization formally changed its name to Ronald McDonald House Connecticut and Western Massachusetts, Inc.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

**Basis of presentation**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and are presented on the basis of net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. Certain restrictions are temporary in nature and when a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Certain net assets are permanent in nature. The original corpus must remain in perpetuity and the Organization may utilize the earnings from these assets. All other net assets, including board-designated or appropriated amounts, are net assets without donor restrictions and are reported as part of the net assets without donor restriction class. Statements of financial position that sequence assets and liabilities based upon their relative liquidity are presented.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

**Measure of operations**

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

**Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management of the Organization to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Cash equivalents**

Cash equivalents include money market funds and all highly liquid investments with a maturity date of less than three months from the date of purchase.

**Accounts receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances and are presented on the statements of financial position. Accounts receivable at December 31, 2025 and 2024 are on the statements of financial positions and the balance at December 31, 2023 was $66,000. The Organization records an allowance for credit losses for financial assets carried at amortized cost, which represents the net amount to be collected. The allowance estimate is derived from a review of the Organization's historical losses based on the aging receivables. Uncollectible accounts are charged against the allowance for credit losses based on prior history with the customer and management's separate analysis of the accounts. The estimate is adjusted for all available relevant information regarding the collectability of cash flow, including historical information, current conditions, and reasonable and supportable forecasts of future economic conditions over the contractual life of the receivable and any other factors deemed relevant by the Organization.

When measuring expected credit losses, the Organization pools assets with similar risk characteristics. Changes in the relevant information may significantly affect the estimates of expected credit losses. Assets are written off when the Organization deems the financial assets to be uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Management does not believe that an allowance is necessary at December 31, 2025 and 2024.

**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. Amortization of the discounts is included in contribution revenue. Contributions receivable are written off when deemed uncollectible. The Organization uses the allowance method to determine uncollectible unconditional promises receivable based on management's analysis of specific promises made. No such allowance was considered necessary at December 31, 2025 and 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

**Investments and investment income**

Investments consisting of marketable securities with readily determinable fair values and all investments in debt securities are recorded at their fair values in the statements of financial position. Donated investments are recorded at fair market value at the date of donation. Publicly traded securities are valued based upon quoted market prices at the close of business on the last day of the fiscal year. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from sales or maturities are calculated on a specific identification basis. Dividend and interest income are accrued when earned and reported net of investment advisory fees. Investment activity is reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

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

**Property and equipment**

Property and equipment are stated at cost, if purchased, or estimated fair value, if donated, at the date of donation. Additions of $2,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Buildings and improvements | 15 - 40 Years |
| Office furniture and equipment | 5 - 7 Years |
| Vehicles | 5 Years |

For the years ended December 31, 2025 and 2024, depreciation expense was $417,880 and $414,935, respectively.

**Impairment of long-lived assets**

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values. No impairment loss was recognized during the years ended December 31, 2025 and 2024.

**In-kind contributions**

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

**In-kind contributions (continued)**
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.

**Deferred revenue**
Income from sponsorships received in advance of future special events, which the resource provider is receiving commensurate value in return or a right of return exists if the event does not occur, is deferred and recognized over the periods to which the sponsorships relate.

**Net assets**
In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Organization, the accompanying financial statements are classified for accounting and reporting purposes into classes of net assets in accordance with the existence or absence of donor-imposed restrictions.

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 the passage of time or other events specified by the donor. Other donor-imposed stipulations are perpetual in nature, whereby the donor stipulates the funds be maintained in perpetuity.

**Revenue recognition**
The Organization is supported primarily by contributions, grants and revenue generated by special events. For the years ended December 31, 2025 and 2024, none of the revenue earned was subject to *ASC 606, Revenue from Contracts with Customers*. The Organization recognizes revenue in the following manner:

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

**Revenue recognition (continued)**

Sponsorship revenue
The portion of sponsorship revenue that relates to the commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met.

Special event income
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.

Rental revenue
Rental revenue is recognized on a monthly basis (straight-line) over the term of the lease. Rent receivable is comprised of straight-line rent in excess of rental payments as per the lease agreement.

**Functional expenses**
The costs of providing various programs and other activities have been summarized on a functional basis on the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include compensation and related expenses which are allocated on the basis of estimated time and effort and occupancy expenses which are allocated based on square footage.

**Income tax status**
The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income, if any, from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income (UBIT). There were no activities subject to UBIT in 2025 and 2024. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**Reclassifications**
Certain reclassifications have been made to the prior year financial statements to present the financial statements on a consistent basis with the current year presentation. The reclassification breaks out amounts from accounts receivable to deferred rent receivable. The reclassification has not changed the previously reported change in net assets.

## 3. LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure as of December 31, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | 2025 | 2024 |
|---|---|---|
| Cash and cash equivalents | $ 1,496,522 | $ 1,097,826 |
| Accounts receivable | 86,250 | 67,800 |
| Other receivable - investment income from beneficial interest | 39,922 | 35,518 |
| Total | $ 1,622,694 | $ 1,201,144 |

As of December 31, 2025 and 2024, current contributions receivable which are not available for general use because of contractual or donor-imposed restrictions totaled $110,625 and $188,444, respectively.

As of December 31, 2025 and 2024, investments consisting of mutual funds and common stocks totaling $5,819,865 and $4,933,621, respectively, are unrestricted and could be appropriated to be used in operations. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets are available to fund operating expenses, if necessary.

As more fully described in Note 8, the Organization also has a line of credit with a maximum borrowing capacity of $400,000, which it could draw upon in the event of an unanticipated liquidity need. The available balance on the line was $400,000 at December 31, 2025 and 2024.

## 4. CONTRIBUTIONS RECEIVABLE:

Contributions receivable consist primarily of pledges and bequests as of December 31, as follows:

| | 2025 | 2024 |
|---|---|---|
| Amounts due in: | | |
| Less than one year | $ 57,081 | $ 105,726 |
| One to three years | 57,544 | 90,718 |
| Total | 114,625 | 196,444 |
| Unamortized discount | (4,000) | (8,000) |
| Net contributions receivable | $ 110,625 | $ 188,444 |

The discount rate used for contributions made was approximately 4% for the years ended December 31, 2025 and 2024.

## 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

**Overall investment objective**

The Board of Directors, as the governing authority, is responsible for oversight of the Organization's investments. Establishment and implementation of investment policy, including the establishment of investment guidelines and the selection of investment managers, has been delegated by the Board to its Finance Committee. The overall investment objective of the Organization is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. Investments authorized by the Finance Committee include marketable equity and fixed income securities and other types of investments that may be made while keeping the portfolio within the targeted allocation of asset classes. Investments authorized also include agency advised funds held at the Community Foundation of Western Massachusetts and the Community Foundation of Greater New Haven ("Community Foundations"). During February 2025, all funds held at the Community Foundation of Western Massachusetts were transferred into the Organization's mutual funds account.

**Fair value measurements**

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. A hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Levels within the hierarchy are based on the reliability of inputs as follows:

*Level 1* - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

*Level 2* - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

## 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS: (CONTINUED)

**Fair value measurements (continued)**
The fair values of assets measured on a recurring basis as of December 31, are as follows:

| | Quoted Prices in Active Markets or Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Investments Measured at NAV | Total |
|---|---|---|---|---|---|
| **2025** | | | | | |
| Mutual funds | $ 7,367,758 | $ - | $ - | $ - | $ 7,367,758 |
| Beneficial interest – Community Foundation | - | - | - | 31,582 | 31,582 |
| Total | $ 7,367,758 | $ - | $ - | $ 31,582 | $ 7,399,340 |
| **2024** | | | | | |
| Mutual funds | $ 6,231,350 | $ - | $ - | $ - | $ 6,231,350 |
| Beneficial interest – Community Foundation | - | - | - | 119,723 | 119,723 |
| Total | $ 6,231,350 | $ - | $ - | $ 119,723 | $ 6,351,073 |

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value of Level 2 investments are determined by reference to quoted prices for similar assets in less active markets. Fair value of Level 3 investments are determined from valuation techniques in which one or more inputs are unobservable. There have been no changes in the methodologies used at December 31, 2025 and 2024.

The valuation methodologies used for assets held at Community Foundation are based upon the Organization's allocable share of the Community Foundation's pooled investment portfolio. The allocable share is based on the net asset value ("NAV") of the underlying assets owned by the fund, minus its liabilities.

The beneficial interests in investments are valued monthly by the Community Foundation and are allocated based upon each organization's calculated share of the Community Foundation's pooled investment portfolio. Each entity with an interest within the pooled investments receives a statement from the Community Foundation indicating the additions to the investment (via contributions), withdrawals from the investment (via grants) and the investment returns allocated via a unitization process. The Organization calculates the NAV of its beneficial interest pooled investment assets held by the Community Foundation based on the estimated NAV of the underlying assets. The Community Foundation controls the investment and makes all management and investment decisions. There have been no changes in valuation techniques and related inputs.

## 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS: (CONTINUED)

**Investment income**

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

| | 2025 | 2024 |
|---|---|---|
| Interest and dividend income | $ 205,887 | $ 216,086 |
| Realized and unrealized gains, net | 876,087 | 664,024 |
| Less: investment expenses | (30,121) | (31,069) |
| Investment income, net | $ 1,051,853 | $ 849,041 |

## 6. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following as of December 31:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 70,470 | $ 70,470 |
| Buildings and improvements | 16,471,002 | 14,991,599 |
| Equipment | 1,318,103 | 1,273,637 |
| Furniture, fixtures and computer software | 39,621 | 39,621 |
| Total, at cost | 17,899,196 | 16,375,327 |
| Less: accumulated depreciation | (6,153,386) | (5,735,506) |
| | 11,745,810 | 10,639,821 |
| Construction in progress | 8,493 | 88,535 |
| Total property and equipment | $ 11,754,303 | $ 10,728,356 |

Construction in progress at December 31, 2025 consists of installation costs for a backyard shed at the Springfield house which was completed in May 2026 and a landscaping design project for the Springfield house which is expected to be completed during 2026 with anticipated future costs of approximately $20,000. Construction in progress at December 31, 2024 was for the room expansions project at the Connecticut house which was completed during 2025.

## 7. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS:

Donors have contributed assets to an unrelated third party in exchange for a promise by the unrelated third party to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by and the liability is an obligation of the unrelated third party. The Organization is named as a beneficiary in one of these agreements. Accordingly, contribution revenue is included in net assets with donor restrictions and the related assets are recognized at the estimated future cash receipts in the period in which the Organization received notice that the agreement conveys an unconditional right to receive benefits. Subsequent changes in the value of the underlying assets are recorded in the accompanying statements of activities as the change in value of beneficial interest in assets held by others.

The Organization has a 20% beneficial interest in a perpetual trust. Beneficial interest in a perpetual trust as of December 31, 2025 and 2024 was $1,666,854 and $1,460,435, respectively. These amounts represent 20% of the total market value at year end. A net change in market value of $206,419 and $87,387 for 2025 and 2024, respectively, is shown as a change in net assets with donor restrictions in the statements of activities. Additionally, the Organization receives an annual distribution of 20% of the net income by this trust. The distribution is recorded annually and is available to the Organization for general purposes without restriction.

## 8. BORROWINGS UNDER LINE OF CREDIT:

The Organization has a revolving line of credit facility for up to $400,000 with a bank. The line of credit requires monthly installments of interest at the greater of the Daily Simple Secured Overnight Financing Rate ('SOFR") plus 1.61% or 1.66% which is deemed the SOFR Index floor (3.87% and 4.49% at December 31, 2025 and 2024, respectively). The line was secured by a security interest in the Vanguard investment account consisting of unrestricted marketable securities in an amount of not less than one million dollars. During December 2024 the Organization had the line of credit agreement rewritten and the line is now secured by all assets of the Organization. There were no borrowings outstanding on the line of credit as of December 31, 2025 and 2024. Effective March 12, 2026, the line of credit limit was increased to $1,000,000.

## 9. NOTE PAYABLE:

During 2016, the Organization received financing from a bank for construction of a new house in the form of a loan in a maximum amount of $6,000,000. The loan bears interest at 6% per annum. On July 22, 2018, monthly principal and interest payments of $28,011 were due for a period of 120 months, however after a $1,000,000 payment on February 4, 2022, monthly payments were reduced to $21,163. The remaining balance was due June 22, 2028, however, the loan balance was paid in full in 2024. The loan was secured by a security interest in all assets of the Organization and the Howard Street property.

## 10. ENDOWMENT FUNDS:

The Organization's endowment consists of an individual fund established by a donor to provide annual funding for specific activities and general operations.

Absent explicit donor stipulations to the contrary, the Board of Directors of the Organization has interpreted the State of Connecticut Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance 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 various funds

(2) The purposes of the donor-restricted endowment funds

(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 Organization's investment policies

*Investment Return Objectives, Risk Parameters and Strategies.* The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. Those policies attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity while growing the funds if possible. The Organization expects its endowment assets, over time, to produce an average rate of return of approximately 4% annually above the Consumer Price Index. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

## 10. ENDOWMENT FUNDS: (CONTINUED)

*Spending Policy – Donor-restricted endowment.* Funds available for distribution will be determined using a total return principle (return derived from dividends and interest as well as realized and unrealized capital gains). The funds available for distribution during any one year will be limited to 5% of the market value of the corpus that is based on a 3-year rolling average, with measures taken at the end of each of the preceding 12 quarters, with annual distribution calculated using the quarter ended June 30. The market value for this purpose will be taken net of the fees for investment management. Any unexpended funds from those available for distribution in a given year will be accrued and will continue to be considered available for distribution in subsequent years unless otherwise designated by action of the Executive Committee. In 2025 and 2024 there were no distributions.

In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at an average rate of 4% annually above the Consumer Price Index. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. The Organization's policy does not permit spending from underwater endowment funds.

Changes in endowment net assets and net assets by type of fund were as follows for the year ended December 31, 2025:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets, beginning of year | $ - | $ 1,417,452 | $ 1,417,452 |
| Investment earnings, net | - | 225,897 | 225,897 |
| Board appropriated earnings for operations | - | (63,877) | (63,877) |
| Endowment net assets, end of year | $ - | $ 1,579,472 | $ 1,579,472 |
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be retained by donor | $ - | $ 1,010,000 | $ 1,010,000 |
| Portion subject to appropriation under UPMIFA | - | 569,472 | 569,472 |
| Total funds | $ - | $ 1,579,472 | $ 1,579,472 |

## 10. ENDOWMENT FUNDS: (CONTINUED)

Changes in endowment net assets and net assets by type of fund were as follows for the year ended December 31, 2024:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets, beginning of year | $ - | $ 1,351,791 | $ 1,351,791 |
| Investment earnings, net | - | 129,069 | 129,069 |
| Board appropriated earnings for operations | - | (63,408) | (63,408) |
| Endowment net assets, end of year | $ - | $ 1,417,452 | $ 1,417,452 |
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be retained by donor | $ - | $ 1,010,000 | $ 1,010,000 |
| Portion subject to appropriation under UPMIFA | - | 407,452 | 407,452 |
| Total funds | $ - | $ 1,417,452 | $ 1,417,452 |

*Fund Deficiencies.* From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2025 and 2024.

## 11. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following purposes and periods as of December 31:

| | 2025 | 2024 |
|---|---|---|
| Subject to expenditure for specific purpose or time: | | |
| Program activities: | | |
| Capital campaign | $ 415,708 | $ 1,052,106 |
| Accumulated Investment earnings on endowment funds | 569,472 | 407,452 |
| Other – various | 133,208 | 57,502 |
| | 1,118,388 | 1,517,060 |
| Not subject to appropriation or expenditure: | | |
| Endowment | 1,010,000 | 1,010,000 |
| Perpetual trust value | 1,666,854 | 1,460,435 |
| Total net assets with donor restrictions | $ 3,795,242 | $ 3,987,495 |

## 12. NET ASSET RELEASED FROM DONOR RESTRICTIONS:

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 donors as follows for the years ended December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Purpose restrictions accomplished: | | |
| Capital campaign | $ 1,405,585 | $ 185,353 |
| Program activities | 381,043 | 23,555 |
| Endowment return used in operations | 63,877 | 63,408 |
| Other activities | $ 1,850,505 | $ 272,316 |

## 13. IN-KIND CONTRIBUTIONS:

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

| | 2025 | 2024 |
|---|---|---|
| House supplies, food, toys, and wish expense | $ 202,863 | $ 136,278 |
| Springfield House roof | 101,882 | - |
| Maintenance services | 3,504 | 13,420 |
| Fundraising / special event expenses | 119,947 | 151,481 |
| Total contributed nonfinancial assets | $ 428,196 | $ 301,179 |

The Organization recognized contributed nonfinancial assets within revenue, including office equipment and supplies, family support supplies, utilities, raffle items, rent, accounting services and legal services.

In valuing property and equipment, the Organization estimated fair value at the date of donation.

In valuing office equipment and supplies, family support services, and auction 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.

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. Contributed services recognized are comprised of meal preparation, monthly inspections, and outdoor maintenance services. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Contributed food, household goods, and clothing were utilized in the Ronald McDonald House program. 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 services and assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

## 14. EMPLOYEE RETIREMENT PLANS:

The Organization has a defined contribution retirement plan (the "Plan") and tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. All full and part-time employees are eligible to participate upon hire by deferring an equal to percentage of the of the Contributing Participant's Compensation from 2% to 100% in increments of 1%. The Organization will provide a Safe Harbor match up to 5% after one year of service (1,000 hours constitutes a full year of service). All employees are eligible in the tax-deferred annuity plan. Contributions by each employee are limited to the amounts set forth by the Internal Revenue Code. Employer contributions to the Plan were $48,686 and $47,859 for the years ended December 31, 2025 and 2024, respectively.

## 15. RENTAL INCOME:

In 2017, the Organization entered into an agreement to lease meeting rooms with Yale New Haven Hospital for ten years. Lease income is being recognized on a straight-line basis over the lease term. Lease revenue for the years ended December 31, 2025 and 2024 was $398,200.

Minimum future rental revenues for each of the next two years are as follows:

| Year Ending December 31, | Amount |
|---|---|
| 2026 | $ 398,200 |
| 2027 | 199,100 |
| Total | $ 597,300 |

## 16. TRANSACTIONS WITH RELATED ENTITIES:

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

Ronald McDonald House Charities, Inc. (RMHC Global), a separately registered nonprofit organization, ensures delivery of the mission across the globe. As a center of excellence, RMHC Global builds and sustains a robust infrastructure of support to the network of Chapters, including operations, licensing and compliance, finance, risk management, communications, marketing and development. The Organization receives 75% to 100% of net contributions from the various national fundraising efforts facilitated by RMHC Global at local participating McDonald's restaurants, as defined by the license agreement. During the years ended December 31, 2025 and 2024, the Organization received $439,680 and $318,126, respectively, from these fundraising efforts.

## 17. CONCENTRATION RISK:

**Credit risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and investments.

The Organization maintains cash and investment balances in several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation. From time to time, the Organization's balances may exceed insured limits. Management monitors any credit risk that may exist with respect to these cash and investment balances. The Organization has not experienced any losses on these accounts and limits its credit risk by selecting financial institutions considered to be highly creditworthy.

## 18. COMMITMENTS AND CONTINGENCIES:

The Organization has a ground lease with Baystate Health Systems, Inc. for property at 33 Pratt Street, which is adjacent to the Organization's house located in Springfield, Massachusetts. The lease commenced on October 2, 1995 and has a term of 99 years. Baystate Health Systems, Inc. can terminate the lease upon written notice. The lease term requires a nominal payment of $1 annually. The Organization has paid the lease in full.

The Organization has a ground lease with Yale New Haven Hospital for property in New Haven, Connecticut. The lease commenced in October 2015 and has term of 98 years. The lease term requires a nominal payment of $1. The Organization has paid the lease in full.

The Organization received Employee Retention Credits of $263,972 in 2022 which related to amended payroll returns for 2020 and 2021. Under current regulations, the Internal Revenue Service has extended the statute of limitations to review all claims to five years.

## 19. SUBSEQUENT EVENTS:

Management evaluated subsequent events through June 24, 2026, the date on which the financial statements were available to be issued.