



Ronald McDonald House Charities of Southern California

Consolidated Financial Statements and Report of
Independent Certified Public Accountants
December 31, 2025 (With Comparative Summarized Financial
Information for December 31, 2024)



Ronald McDonald House Charities of Southern California

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Independent Auditors' Report

The Board of Directors of
Ronald McDonald House Charities of Southern California

Opinion

We have audited the consolidated financial statements of Ronald McDonald House Charities of Southern California (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2025 Schedule of Financial Position by Location and Schedule of Activities by Location on pages 23-25 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matter

Report on Summarized Comparative Information

We previously audited the financial statements of Ronald McDonald House Charities of Southern California as of and for the year ended December 31, 2024 and expressed an unmodified opinion on those statements in our report dated August 21, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

CBIZ CPAs P.C.

Bakersfield, California

August 17, 2026

Ronald McDonald House Charities of Southern California
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,513,110	\$ 4,718,824
Other Receivables	1,386,242	899,920
Short-Term Contributions Receivable (net) (Note 7)	975,075	339,203
Prepaid Expenses and Other Assets	820,905	543,783
Total Current Assets	6,695,332	6,501,730
NONCURRENT ASSETS		
Long-Term Contributions Receivable (net) (Note 7)	1,490,451	461,493
Investments - at Fair Value (Note 5)	26,203,497	22,111,786
Investments - at Cost (Note 6)	963,276	1,244,570
Land, Buildings, and Equipment (net) (Note 9)	70,950,916	72,775,660
Beneficial Use of Land and Buildings	789,453	830,111
Total Noncurrent Assets	100,397,593	97,423,620
Total Assets	107,092,925	103,925,350
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	1,940,682	2,351,104
Notes Payable, current (Note 15)	8,005,203	5,606,534
Total Current Liabilities	9,945,885	7,957,638
NONCURRENT LIABILITIES		
Notes Payable, noncurrent (Note 15)	10,000,000	12,500,000
Total Noncurrent Liabilities	10,000,000	12,500,000
Total Liabilities	19,945,885	20,457,638
NET ASSETS		
Without Donor Restrictions	72,888,721	70,140,589
With Donor Restrictions	14,258,319	13,327,123
Total Net Assets	87,147,040	83,467,712
Total Liabilities and Net Assets	\$ 107,092,925	\$ 103,925,350

Ronald McDonald House Charities of Southern California
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended December 31, 2025
(With Comparative Summarized Financial Information for the Year Ended December 31, 2024)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2025 Total	2024 Total
Revenues and Support				
Contributions	\$ 17,216,243	\$ 70,807	\$ 17,287,050	\$ 12,160,212
Capital campaigns	-	3,282,254	3,282,254	3,030,880
In-kind contributions	309,170	-	309,170	65,570
Special event revenues	4,840,710	-	4,840,710	4,738,623
Less: Special event cost of direct benefit to donors	(1,822,777)	-	(1,822,777)	(1,977,224)
Special events, net	3,017,933	-	3,017,933	2,761,399
Program fees	143,215	-	143,215	147,517
Rental and other income	2,067,927	-	2,067,927	827,429
Net assets released from restrictions	2,633,036	(2,633,036)	-	-
Total Revenues and Support	25,387,524	720,025	26,107,549	18,993,007
Expenses				
Programs	19,471,153	-	19,471,153	17,917,922
Management and general	2,269,567	-	2,269,567	2,062,557
Fundraising	3,738,468	-	3,738,468	3,895,599
Total Expenses	25,479,188	-	25,479,188	23,876,078
Change in Net Assets from Operations	(91,664)	720,025	628,361	(4,883,071)
Nonoperating Activities				
Investment returns, net	2,839,796	211,171	3,050,967	1,535,185
Total Nonoperating Activities	2,839,796	211,171	3,050,967	1,535,185
Change in Net Assets	2,748,132	931,196	3,679,328	(3,347,886)
Net Assets - Beginning	70,140,589	13,327,123	83,467,712	86,815,598
Net Assets - Ending	<u>\$ 72,888,721</u>	<u>\$ 14,258,319</u>	<u>\$ 87,147,040</u>	<u>\$ 83,467,712</u>

Ronald McDonald House Charities of Southern California
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2025
(With Comparative Summarized Financial Information for the Year Ended December 31, 2024)

	Houses	Camp	Other Programs	Total Programs	Management and General	Fundraising	2025 Total	2024 Total
Salaries and related costs								
Salaries	\$ 6,404,028	\$ 889,003	\$104,164	\$ 7,397,195	\$ 1,259,362	\$1,886,099	\$10,542,656	\$ 9,619,901
Employee benefits	483,735	74,559	11,508	569,802	121,197	184,320	875,319	787,792
Payroll taxes	517,526	69,825	7,825	595,176	94,298	143,314	832,788	749,497
Retirement plan	261,017	26,374	1,891	289,282	50,579	75,410	415,271	385,953
Total salaries and related costs	7,666,306	1,059,761	125,388	8,851,455	1,525,436	2,289,143	12,666,034	11,543,143
Expenses								
Activities and fees	289,558	185,915	18,517	493,990	-	1,714	495,704	293,565
Guest hotel costs	9,211	-	-	9,211	-	-	9,211	485,000
Guest services	5,837	320,199	-	326,036	-	-	326,036	265,121
Insurance	766,529	332,883	14,840	1,114,252	85,835	145,841	1,345,928	1,365,241
Utilities	534,712	79,327	-	614,039	47,325	80,408	741,772	605,197
Repairs and maintenance	314,969	106,392	-	421,361	32,475	55,177	509,013	324,228
Rent	200,181	-	-	200,181	15,427	26,214	241,822	238,284
Supplies	160,815	3,210	1,663	165,688	11,200	19,030	195,918	132,124
Outside services	443,708	8,039	6,134	457,881	-	615,336	1,073,217	1,344,934
Event facilities, food and catering	32,168	482	809	33,459	-	1,823,368	1,856,827	2,017,329
Cleaning, gardening and housekeeping	330,387	77,795	-	408,182	-	-	408,182	246,918
Automobile costs	46,222	17,573	2,760	66,555	913	1,620	69,088	56,361
Printing	54,408	4,555	1,872	60,835	-	2,275	63,110	80,669
Advertising and promotion	201,057	3,397	1,241	205,695	1,100	2,453	209,248	187,991
Professional fees	1,240,530	242,513	3,164	1,486,207	36,379	116,745	1,639,331	1,517,510
Equipment	123,232	21,485	100	144,817	-	150	144,967	116,129
Telephone	196,900	11,091	7,656	215,647	16,509	28,050	260,206	203,970
Postage	19,116	967	1,196	21,279	1,640	4,792	27,711	33,854
Employee development	175,033	9,442	8,775	193,250	633	8,111	201,994	306,129
Conferences and meetings	50,169	4,833	1,034	56,036	10,903	-	66,939	139,948
Temporary labor	211,607	-	-	211,607	-	-	211,607	134,856
Property taxes	16,773	806	-	17,579	-	-	17,579	19,426
Tax related charges and expenses	18	-	-	18	240	-	258	2,523
Bank charges	30,644	193	72	30,909	50,212	7,835	88,956	80,369
Interest expense	828,941	-	-	828,941	166,740	-	995,681	1,230,994
Other expenses	157,584	8,082	9,329	174,995	73,613	59,545	308,153	270,951
Expenses before depreciation and income taxes	14,106,615	2,498,940	204,550	16,810,105	2,076,580	5,287,807	24,174,492	23,242,764
Depreciation	1,973,949	577,016	110,083	2,661,048	118,967	273,438	3,053,453	2,569,976
Trust income taxes	-	-	-	-	74,020	-	74,020	40,562
Less: Special event cost of direct benefit to donors	-	-	-	-	-	(1,822,777)	(1,822,777)	(1,977,224)
Total Expenses	<u>\$ 16,080,564</u>	<u>\$ 3,075,956</u>	<u>\$ 314,633</u>	<u>\$ 19,471,153</u>	<u>\$ 2,269,567</u>	<u>\$ 3,738,468</u>	<u>\$ 25,479,188</u>	<u>\$ 23,876,078</u>

See Accompanying Notes to the Consolidated Financial Statements

Ronald McDonald House Charities of Southern California
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2025

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 3,679,328	\$ (3,347,886)
Adjustments to reconcile changes in net assets to net cash used in operations:		
Depreciation	3,053,453	2,569,976
Amortization of in-kind rent	40,658	40,658
Contributions restricted for long-term and capital projects	(3,282,254)	(3,030,880)
Contributions of securities	(1,197,235)	(249,422)
Contribution of property	(8,991)	-
Net realized and unrealized investment gains	(2,679,279)	(1,647,434)
Loss on disposal of assets	-	7,626
Unrealized (gain) loss on interest of land trust and LLC	(371,688)	112,249
Increase (decrease) in cash resulting from changes in:		
Contributions receivable	(1,664,830)	668,236
Other receivables	(486,321)	(25,048)
Prepaid expenses and other assets	(277,122)	86,313
Accounts payable and accrued expenses	(495,786)	(788,524)
Net cash used in operating activities	(3,690,067)	(5,604,136)
Cash flows from investing activities		
Purchases of investments- at fair value	(10,540,579)	(21,784,440)
Proceeds from sales and maturities of investments	10,978,363	30,107,053
Purchases of land, buildings, and equipment	(1,134,354)	(6,890,681)
Net cash (used in) provided by investing activities	(696,570)	1,431,932
Cash flows from financing activities		
Contributions collected for long-term and capital purposes	3,282,254	3,030,880
Net activity on line of credit	(101,331)	230,259
Payment on CNB loan	-	(2,000,000)
Proceeds from loan	-	500,000
Net cash provided by financing activities	3,180,923	1,761,139
Net change in cash	(1,205,714)	(2,411,065)
Cash - beginning of year	4,718,824	7,129,889
Cash - end of year	<u>\$ 3,513,110</u>	<u>\$ 4,718,824</u>
Supplemental cash flow information:		
Interest payments	<u>\$ 995,681</u>	<u>\$ 1,130,562</u>
Income taxes paid	<u>\$ 74,020</u>	<u>\$ 40,562</u>
In-kind contributions of goods and services	<u>\$ 309,170</u>	<u>\$ 65,570</u>
Non-cash investing and financing activities		
Purchase of property and equipment by assuming short term liabilities	<u>\$ 85,364</u>	<u>\$ 227,722</u>

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 1 – DESCRIPTION OF THE ORGANIZATION

Ronald McDonald House Charities of Southern California (“RMHCSC” or the “Organization”) is a not-for-profit corporation organized in California in 1977. The Organization’s mission is to provide comfort, care, and support to children and families in Southern California. The Organization owns and/or operates houses and family rooms for this purpose in Los Angeles, Orange, Inland Empire, Pasadena, Bakersfield, Long Beach, Ventura, and Westside Los Angeles, California. It also operates Camp Ronald McDonald for Good Times (the “Camp”).

The Organization has controlling interests in Los Angeles Electing Small Business Trust (“LA ESBT”) and RMHCSC Holdings LLC. Both LA ESBT and RMHCSC Holdings LLC hold interest in real property located primarily in the Los Angeles area. The interests were received as part of a bequest from a donor to support RMHCSC’s capital campaign. Every year, both entities also receive rental income and all the income is given to RMHCSC as contributions. As RMHCSC has a controlling interest in both entities, RMHCSC consolidated the two entities into RMHCSC’s financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). All intercompany transactions have been eliminated.

Net Assets

The Organization reports information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

Without Donor Restrictions – Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restrictions class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions are reported in the without donor restrictions net asset class because the use of restricted contributions in accordance with donors’ stipulations results in the release of such restrictions.

With Donor Restrictions – Net assets with donor restrictions consist of contributions with donor-imposed restrictions requiring that the donations be used for a specified location, a specified purpose, or during a future specified period of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. For donations that are to be used for a specified location, to the extent contributions for each location’s operations exceed operating costs, current restricted revenues are added to net assets with donor restrictions. To the extent the location’s operating costs exceed current year contributions, prior purpose restricted revenues are released from restriction and used to support current operations. Restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted contributions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information is included for informational purposes only and should be read in conjunction with the Organization's financial statements for the year ended December 31, 2024 from which the summarized information was derived.

Cash

The Organization maintains cash in various financial institutions that periodically, and as of year-end, exceeds federally insured limits of \$250,000. The amount in excess of federally insured limits is approximately \$3.2 million and \$4.2 million as of December 31, 2025 and 2024, respectively. Management does not consider this concentration to be a significant credit risk.

Investments

Investments are recorded in the consolidated financial statements at estimated fair value. Fair value is based on quoted prices in active markets, if available. The fair value of the Organization's interest in a land trust and limited liability company is based on significant unobservable inputs. The fair value of the land trust and limited liability company is evaluated each reporting period using an income approach. The Organization's interests in alternative investment funds such as private equity and hedge funds are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of December 31, 2025 and 2024, the Organization had no plans to sell investments at amounts different from NAV. A summary of the inputs used in valuing the Organization's investments as of December 31, 2025 and 2024 is included in Note 5.

Interest income and dividend income are accrued as earned. Investment activities and results on the consolidated financial statements include investment advisory and management fees. All security transactions are recorded on a trade date basis.

The Organization maintains investments in a financial institution that as of year-end exceeds Securities Investor Protection Corporation's insured limits of \$500,000.

Donated Services and Noncash Gifts

Many individuals have donated time and services to advance the Organization's programs and objectives. In some instances, the value of these services has not been recorded in the consolidated financial statements because they do not meet the requirements for recognition under US GAAP. Many other donated goods and products used in programs were received but are not recorded in the consolidated financial statements because there is no objective basis for measuring their values. See Note 16 for the listing of in-kind goods and services that satisfied the revenue recognition and valuation requirements. Donated services and noncash gifts are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized.

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Donated Stock

In accordance with authoritative guidance, investments in equity securities with readily determinable fair market values and all debt securities are reported at fair value with gains and losses included in the statement of activities. Realized gains and losses on the sale of securities are based upon the original cost of the security, as determined by the specific identification method. Unrealized gains and losses represent the change in the fair market value of the individual investments for the year or since the acquisition date if acquired during the year and are recorded in the statement of activities as part of current year operations.

Securities acquired by gift are recorded at their fair market value at the date of the gift. The Organization's policy is to liquidate all gifts of securities immediately upon receipt.

Contributions of Nonfinancial Assets

The Organization's policy related to contributions of nonfinancial assets is to utilize the assets given in carrying out the mission of the Organization. If an asset is contributed that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value.

Land, Buildings, and Equipment

Land, buildings, and equipment are presented at cost or donated value and are being depreciated on the straight-line method over the useful lives of 3-5 years for vehicles, 3-15 years for fixtures and equipment, and 15-30 years for buildings and improvements. The Organization's policy is to capitalize all asset improvements in excess of \$1,000 that extend the useful life or increase the utility of the property.

Accounting for the Impairment of Long-Lived Assets and Disposal of Long-Lived Assets

The Organization reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. During the years ended December 31, 2025 and 2024, there were no events or changes in circumstances indicating that the carrying amount of the long-lived assets may not be recoverable.

Revenue and Expense Recognition

Contributions, including unconditional promises to give, are recognized as revenue in the period received and are reported as increases in the appropriate class of net assets. Contributions where donor restrictions are met within the same fiscal year as the contribution is received are included in net assets without restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions expected to be received after one year are discounted at an appropriate discount rate. An allowance for uncollectible contributions is estimated based upon such factors as prior collection history, type of contribution and nature of fundraising activity. Expenses are recognized when incurred.

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional Expense Reporting

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying consolidated statement of activities and detailed in the consolidated statement of functional expenses. The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Organization's management.

Advertising Expenses

Advertising costs are expensed as incurred. During 2025 and 2024, advertising costs were approximately \$209,000 and \$188,000, respectively, and are reported as advertising and promotion expenses on the consolidated statement of functional expense.

Income Taxes

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has also been recognized by the California Franchise Tax Board as an Organization that is exempt from California franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

The Organization, on behalf of the Los Angeles House ("House"), is the sole trustee of an electing small business trust ("ESBT") that qualifies as a California S Corporation stockholder, but is treated as a separate trust for tax purposes (see Note 11).

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. While management believes that these estimates are adequate as of December 31, 2025 and 2024, it is possible that actual results could differ from those estimates.

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 3 – LIQUIDITY AND AVAILABILITY

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

	2025	2024
Financial Assets:		
Cash	\$ 3,513,110	\$ 4,718,824
Investments	27,166,773	23,356,356
Other Receivables	1,386,242	899,920
Financial Assets at Year End	32,066,125	28,975,100
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Permanent endowment restrictions	(5,432,254)	(5,409,260)
Restrictions by donor with time or purpose restrictions	(3,898,115)	(3,797,134)
Interest in land trust and limited liability company	(2,944,688)	(2,573,000)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 19,791,069	\$ 17,195,706

Excluded from the amounts above are those assets that do not have immediate liquidity and are intended to be held for long-term purposes. Some of the assets without immediate liquidity may be available and liquid within one year. As part of its liquidity management, the Organization maintains financial assets 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. Additionally, management is confident that the level of liquid assets available at December 31, 2025, are more than adequate to support one year of normal operations and programmatic activities of the Organization.

NOTE 4 – PREPAID EXPENSES AND OTHER ASSETS

RMHCSC pays for certain products or services in advance. The upfront payments are recorded to prepaid expenses and other assets.

As of December 31, 2025, and 2024, the balance in prepaids and other assets consisted of:

	2025	2024
Deposits and Prepaid Cost:		
Other Deposits	\$ 269,965	\$ 84,042
Other Prepaid Expense	550,940	459,741
Total Prepaid Expenses and Other Assets	\$ 820,905	\$ 543,783

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 5 – INVESTMENTS

RMHCSC accounts for its investments at fair value. Accounting Standards Codification (“ASC”) Topic 820, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value which focuses on an exit price between market participants. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

The three levels of the fair value hierarchy are described below:

- | | |
|---------|---|
| Level 1 | Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that RMHCSC has the ability to access at the measurement date. These investments include cash and cash equivalents and short term investments. |
| Level 2 | Valuations based on inputs, including broker quotes, in markets that are not active or for which all significant inputs are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. |
| Level 3 | Valuations based on inputs that are both significant to the fair value measurement and unobservable, as they trade infrequently and therefore have little or no price transparency. These inputs into the determination of fair value require significant management judgment or estimation and these investments typically are privately held investments and partnership interests. |

The determination of where an asset or liability falls in the hierarchy requires significant judgment. The Organization evaluates its hierarchy disclosures each reporting period and, based on various factors, it is possible that an asset or liability may be classified differently from period to period. However, the Organization expects that changes in classifications between different levels will be rare.

The Organization holds marketable debt and equity securities that are intended to provide resources to be used for programs and operations. A portion of these investments are perpetual in nature and restricted by donor stipulation, and the remainder is a combination of purpose restricted and unrestricted amounts.

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 5 – INVESTMENTS – CONTINUED

The fair values of investments that are measured on a recurring basis are listed below:

Asset Class	2025					2024
	Level 1	Level 2	Level 3	Net Asset Value	Total	Total
Mutual funds / exchange traded funds:						
Equities	\$ 8,217,004	\$ -	\$ -	\$ -	\$ 8,217,004	\$ 4,691,056
Fixed Income	3,165,256				3,165,256	1,960,574
Cash and cash equivalents	699,502	-	-	-	699,502	492,198
Separately managed accounts:						
Equities	3,803,809	-	-	-	3,803,809	6,314,931
Fixed Income	4,877,806	637,000	-	-	5,514,806	3,922,594
Absolute return	-	-	-	1,858,432	1,858,432	2,157,433
	<u>20,763,377</u>	<u>637,000</u>	<u>-</u>	<u>1,858,432</u>	<u>23,258,809</u>	<u>19,538,786</u>
Interest in land trust	-	-	2,105,438	-	2,105,438	1,813,750
Interest in limited liability company	-	-	839,250	-	839,250	759,250
	<u>-</u>	<u>-</u>	<u>2,944,688</u>	<u>-</u>	<u>2,944,688</u>	<u>2,573,000</u>
Total	<u>\$ 20,763,377</u>	<u>\$ 637,000</u>	<u>\$ 2,944,688</u>	<u>\$ 1,858,432</u>	<u>\$ 26,203,497</u>	<u>\$ 22,111,786</u>

The Organization's policy is to recognize transfers in and out of Level 1, 2, and 3 as of the end of the year or change in circumstances that caused the transfer. There have been no transfers from the Level 1 and Level 2 assets to Level 3 during 2025 and 2024.

Investment income (losses) and expenses consisted of the following for the years ended December 31, 2025 and 2024:

	2025	2024
Interest and dividend income	\$ 292,529	\$ 941,733
Gain on sales of investments	736,150	1,979,541
Investment broker fees	(115,730)	(136,728)
Unrealized gains (losses) on investments	1,766,332	(1,137,112)
Unrealized gains (losses) on land trust and limited liability company	371,686	(112,249)
Total realized and unrealized investment gains, net	<u>\$ 3,050,967</u>	<u>\$ 1,535,185</u>

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 5 – INVESTMENTS – CONTINUED

The Los Angeles House has a beneficial interest in a land trust that holds real property located primarily in the Los Angeles area. This interest was received as a bequest from a donor to the Los Angeles House capital campaign. In addition, the Los Angeles House is the sole member of a California limited liability company (“LLC”) that is a general partner in a company that holds real property located primarily in the Los Angeles area. This interest was received as a bequest from a donor to the Los Angeles House capital campaign.

Valuations of the trust properties and the LLC’s properties are calculated using the capitalization method which capitalizes an income stream into a value indication by converting a series of future periodic installments of net income into present value. The present value of the income stream is calculated using an overall capitalization rate. At December 31, 2025, the capitalization rate ranged from 4.7% to 5.5%. At December 31, 2024, the capitalization rate ranged from 4.9% to 5.3%

The 2025 and 2024 activity in the real estate investment was as follows:

	2025	2024
Balance at the beginning of the year	\$ -	\$ 570,000
Adjustment to fair value	-	(570,000)
Balance at the end of the year	<u>\$ -</u>	<u>\$ -</u>

The 2025 and 2024 activity in the land trust was as follows:

	2025	2024
Balance at the beginning of the year	\$ 1,813,750	\$ 1,895,813
Adjustment to fair value	291,688	(82,063)
Balance at the end of the year	<u>\$ 2,105,438</u>	<u>\$ 1,813,750</u>

The 2025 and 2024 activity in the limited liability company was as follows:

	2025	2024
Balance at the beginning of the year	\$ 759,250	\$ 789,438
Adjustment to fair value	80,000	(30,188)
Balance at the end of the year	<u>\$ 839,250</u>	<u>\$ 759,250</u>

The following tables present the category, fair value, redemption frequency, and redemption notice period for the investments, the fair values of which are estimated using the NAV per share:

<u>Asset Class</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge Funds	Monthly to Quarterly	30 to 90 days
Private Equity	Redemptions not permitted	N/A

The Organization is obligated under certain limited partnership fund agreements to advance additional funding periodically up to specified levels. At December 31, 2025 the Organization had unfunded commitments of approximately \$281,000.

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 6 – INVESTMENTS – AT COST

The Organization has investments with minimal ownership in a real estate investment trust ("REIT") as part of its investment pool activity. The investments do not qualify for the NAV practical expedient as they are not an investment in an investment company within the scope of ASC 946. As such, the investments are reported at cost which is \$963,276 and \$1,244,570 as of December 31, 2025 and 2024, respectively.

NOTE 7 – CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31, 2025 and 2024 consist of the following amounts:

	2025	2024
Capital campaign contributions due to Pasadena House	\$ 1,254,027	\$ -
Capital campaign contributions due to Orange County House	32,000	42,151
Capital campaign contributions due to Westside L.A. Program	1,381,350	817,250
Capital campaign contributions due to Ventura Program	-	10,000
Contributions receivable before adjustment to reported value	<u>2,667,377</u>	<u>869,401</u>
Less: adjustments to record contributions receivable at fair value		
Discount to present value	(135,165)	(46,969)
Allowance for uncollectible pledges	(66,686)	(21,736)
Total contributions receivable, net	<u><u>\$ 2,465,526</u></u>	<u><u>\$ 800,696</u></u>

Contributions receivable are expected to be realized in the following periods:

Due in one year or less	\$ 975,075	\$ 339,203
Due in two to five years	1,490,451	461,493
	<u><u>\$ 2,465,526</u></u>	<u><u>\$ 800,696</u></u>

Unconditional promises to give are included in the consolidated financial statements as contributions receivable and revenue within net assets with donor restrictions. Promises to give are recorded after discounting to the present value of the future cash flows. Unconditional promises to give received during the year ended December 31, 2025 and 2024 have been discounted at credit-adjusted rates ranging from 1.40% to 6.71% in accordance with ASC 820.

The Organization has established an allowance for uncollectible pledges to further adjust pledges receivable to fair value. Management records a 2.5% allowance for all pledges.

NOTE 8 – CAPITAL CAMPAIGNS

The Pasadena House began a capital campaign in 2024 to raise funds for the purchase and renovation of existing facilities. Through December 31, 2025, the campaign has raised approximately \$3.7 million. The balance of contributions receivable at December 31, 2025 of \$1.3 million is scheduled to be received between 2026 and 2030.

The Orange County House began a capital campaign in 2018 to raise funds for the renovation of existing facilities. Through December 31, 2025, the campaign has raised approximately \$10.9 million. The balance of contributions receivable at December 31, 2025 of \$32,000 is scheduled to be received between 2026 and 2028.

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 8 – CAPITAL CAMPAIGNS – CONTINUED

The Ventura Family Room began a capital campaign in 2019 to raise funds for the construction of facilities. As of December 31, 2025, the campaign has raised approximately \$913,000. All contributions receivable have been collected as of December 31, 2025.

The Westside Los Angeles Ronald McDonald House began a capital campaign in 2020 to raise funds for the construction of facilities. Through December 31, 2025, the campaign has raised approximately \$6.5 million. The balance of contributions receivable at December 31, 2025 of \$1,381,350 is scheduled to be received between 2026 and 2029.

NOTE 9 – LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment was comprised of the following at December 31:

	2025	2024
Construction projects in progress	\$ 1,190,352	\$ 1,911,644
Land	16,365,174	16,365,174
Buildings and improvements	84,908,491	83,194,857
Furniture and fixtures	6,570,958	6,343,516
Transportation equipment	294,897	294,897
Less: accumulated depreciation	(38,378,956)	(35,334,428)
	<u>\$ 70,950,916</u>	<u>\$ 72,775,660</u>

Depreciation expense for the years ended December 31, 2025 and 2024 was \$3,053,453 and \$2,569,976, respectively.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Discounted Leases

The Organization leases property from Bakersfield Memorial Hospital for its Bakersfield House rent-free. The original lease was for a five-year term which ended in December 2013 with options to renew thereafter annually. The fair market value of the rent was \$42,496 and \$38,957 for the years ended December 31, 2025 and 2024, respectively, and is included in in-kind contributions.

The Organization leases property from Memorial Health Services for its Long Beach House. The lease is for a 35-year term, which expires in May 2045, with options to renew for three additional five-year terms. The annual lease payment is \$1 per year. The in-kind rent receivable was \$789,453 and \$830,111 at December 31, 2025 and 2024, respectively, and is recorded as beneficial use of land and building. Amortization of the in-kind rent receivable was \$40,658 for each of the years ended December 31, 2025 and 2024.

Litigation

In the normal course of business, the Organization is occasionally named as a defendant in various lawsuits. It is the opinion of management and of legal counsel that the outcome of any pending lawsuits will not materially affect the operations or the financial position of the Organization.

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 11 – PROVISION FOR INCOME TAXES

The income tax provisions for the ESBT for the year ended December 31, 2025 were \$60,000 and \$14,020 for federal and state, respectively. For the year ended December 31, 2024 income tax provisions were \$30,000 and \$10,562 for federal and state, respectively.

NOTE 12 – RETIREMENT PLAN

The Organization has adopted a qualified salary deferral 401(k) plan that covers substantially all employees who have met certain service requirements. The Organization may elect to match the employee contributions to the plan. The voluntary employee contributions are limited to a percentage of compensation of qualified participants. The Organization elected to make matching contributions of \$415,271 and \$385,953 in 2025 and 2024, respectively.

NOTE 13 – NET ASSETS

NET ASSETS WITH DONOR RESTRICTIONS

Restricted For a Specified Purpose Portion of Net Assets with Donor Restrictions

At December 31, 2025 and 2024 the purpose restricted portion of net assets with donor restrictions are available for the following purposes:

	2025	2024
Pasadena capital	\$ 3,740,300	\$ 2,015,129
West L.A. capital	3,336,979	2,925,680
Long Beach In-kind Rent	789,473	830,111
Bakersfield Operations	226,338	482,742
Central Office – HACER	189,535	189,535
Long Beach operations	153,380	262,964
Central Office – ASIA	148,992	148,992
Central Office - Operations	101,755	101,755
Orange County Operations	68,707	-
Pasadena emergency fund	28,221	28,221
Central Office – Future Achievers	21,518	21,518
Long Beach Purpose Restricted	18,031	83,965
Orange County Purpose Restricted	2,836	187,308
Camp capital	-	74,375
Pasadena operations	-	565,478
Pasadena Purpose Restricted	-	90
Total purpose restricted portion of net assets with donor restrictions	<u>\$ 8,826,065</u>	<u>\$ 7,917,863</u>

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 13 – NET ASSETS - CONTINUED

Restricted Net Assets with Donor Restrictions Perpetual in Nature

Restricted portion of net assets with donor restrictions perpetual in nature at December 31, 2025 and 2024 are held in perpetuity for the various locations.

	2025	2024
Los Angeles House	\$ 1,765,425	\$ 1,762,918
Camp Ronald McDonald for Good Times	768,613	735,538
Orange County House	2,881,754	2,893,095
Inland Empire House	16,462	17,709
Total net assets with donor restrictions, perpetual in nature	<u>\$ 5,432,254</u>	<u>\$ 5,409,260</u>

Total net assets with donor restrictions at December 31, 2025 and 2024:

	2025	2024
Restricted for a specified purpose	\$ 8,826,065	\$ 7,917,863
Restricted, perpetual in nature	<u>5,432,254</u>	<u>5,409,260</u>
Total net assets with donor restrictions	<u>\$ 14,258,319</u>	<u>\$ 13,327,123</u>

RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

NOTE 14 – ENDOWMENTS

RMHCSC has classified as donor restricted, the fair value of donations restricted by donors to be held as endowments in perpetuity. As a result, the endowment fund includes the fair value of the original and subsequent gifts made.

Authoritative guidance related to not-for-profit entities provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and requires additional disclosures about an organization's endowment funds.

The Organization has interpreted UPMIFA as the prudent preservation of the fair value of the original gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (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 and (d) the remaining portion of the donor-restricted endowment until those amounts are appropriated for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by the State of California's UPMIFA. As such, much of the net realized and unrealized appreciation in the fair value of the assets of an endowment fund over the historic dollar value of the fund is considered prudent, unless the donor's intention is indicated in the endowment.

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 14 – ENDOWMENTS - CONTINUED

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

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

The Organization's endowment investment policy and strategy is to generate total investment returns, through the long-term growth of capital while achieving a real rate of return in excess of inflation.

From time to time, the fair values of endowment assets may, due to unfavorable market fluctuations, fall below the level that donors require to be retained as a fund of perpetual duration. In accordance with generally accepted accounting principles, declines of this nature are reported as losses in net assets with donor restrictions. No deficiencies existed in 2025 or 2024.

The Organization has adopted a policy to appropriate for distribution based on 4% of the trailing 3-year moving average of the portfolio value of endowments that do not contain spending guidelines. For endowments that include specific spending guidelines, amounts will be appropriated in accordance with such specified guidelines.

Changes in endowment assets for the years ended December 31, 2025 and 2024 are as follows:

	December 31, 2025		
	Net Assets Without Restriction	Net Assets With Restriction	Total
Balance at December 31, 2024	\$ -	\$ 5,409,260	\$ 5,409,260
Contributions	-	2,100	2,100
Investment income	-	169,314	169,314
Investment broker fees	-	(27,432)	(27,432)
Net realized and unrealized gain	-	69,290	69,290
Appropriation of endowment income for expenditures	-	(190,278)	(190,278)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 5,432,254</u>	<u>\$ 5,432,254</u>

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 14 – ENDOWMENTS - CONTINUED

	December 31, 2024		
	Net Assets Without Restriction	Net Assets With Restriction	Total
Balance at December 31, 2023	\$ -	\$ 4,872,818	\$ 4,872,818
Contributions	-	1,000	1,000
Investment income	-	140,175	140,175
Investment broker fees	-	(35,752)	(35,752)
Net realized and unrealized gain	-	707,100	707,100
Appropriation of endowment income for expenditures	-	(276,081)	(276,081)
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 5,409,260</u>	<u>\$ 5,409,260</u>

All endowments at December 31, 2025 and 2024 are donor restricted endowment funds.

NOTE 15 – NOTES PAYABLE

Morgan Stanley Smith Barney (MSSB)

The note payable consists of a Portfolio Loan Account (PLA) in place at MSSB. The PLA is secured by investment accounts held at MSSB and there is no specified repayment period as long as a minimum level of investments is maintained. The terms of the PLA include monthly interest only payments based on a variable rate, which is determined by the corresponding PLA index plus 1.25%. The variable rate ranged from 5.15% to 5.72% in 2025, and was 5.15% as of December 31, 2025. The balance of the PLA was \$3,005,203 and \$3,090,800 at December 31, 2025 and 2024, respectively.

The PLA is callable by the lender at any time. At December 31, 2025, the maximum amount available under the PLA is \$5,079,508.

Unihealth Foundation

In August 2022, the Organization received a program-related investment loan from Unihealth Foundation in the amount of \$2,500,000. The loan proceeds will be disbursed over a three-year period, accrues interest at 2% per annum and matures seven years from the date of the final disbursement. The Organization received \$0 and \$500,000 during the years ended December 31, 2025 and 2024, respectively.

City National Bank-West Los Angeles Loan

In December 2022, the Organization entered into a credit agreement ("Loan") with City National Bank for \$14,500,000 to support the acquisition of property on the Westside of LA. The terms of the Loan include monthly interest payments based on a variable interest rate, which is determined by the Daily Simple Secured Overnight Financing Rate (SOFR) plus 1.85%, subject to a floor of 1.85%. The Interest rate of the Loan at December 31, 2025 was 5.66%. The Loan is collateralized by the gross revenues inclusive of all capital campaign pledges and proceeds associated with the West Los Angeles Capital Campaign. The proceeds of the Loan were used to purchase the property in the westside of Los Angeles. The Loan matures in December 2028. The Organization is subject to compliance with certain debt covenants under the loan agreement. The balance of the Loan was \$12,500,000 at December 31, 2025 and 2024.

Ronald McDonald House Charities of Southern California

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024

NOTE 15 – NOTES PAYABLE - CONTINUED

Principal maturities of notes payable are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 8,005,203
2027	2,500,000
2028	5,000,000
2029	-
Thereafter	2,500,000
Total	\$ 18,005,203

NOTE 16 – IN-KIND CONTRIBUTIONS AND EXPENSES

In-kind goods and services that satisfied the revenue recognition requirements were recorded as follows:

	2025	2024
Expenses for operations		
Automobile costs	\$ 4,733	\$ 3,439
Cleaning, gardening, housekeeping	-	960
Special event expenses	-	1,966
Rent	42,496	38,957
Professional fees	138,259	-
Supplies	114,691	20,248
Furniture & equipment	8,991	-
Total in-kind contributions	\$ 309,170	\$ 65,570

NOTE 17 – RELATED PARTIES

RMHCSC operates under a license agreement with Ronald McDonald House Charities, Inc. ("RMHC, Inc."). As part of the license agreement, twenty percent of the revenues from all national fundraising efforts that take place in McDonald's restaurants, such as Round Up, through which customers may round up their purchase amount and donate the difference, and donation boxes located on the counter tops and at the drive-thru windows, are shared with RMHC, Inc. Additionally, the local McDonald's Co-op participates in a matching campaign that provides additional support to RMHCSC. During 2025 and 2024, the contributions received through the local restaurant matching campaign was \$813,990 and \$747,494, respectively.

NOTE 18 – SUBSEQUENT EVENTS

In March 2026, the Organization refinanced its existing loan with City National Bank by entering into a new loan agreement with First Citizens Bank. The refinancing replaced the previous loan agreement and was used to repay the outstanding balance of the existing loan. The new loan has a principal balance of \$12,000,000, bears interest at 5.2%, and matures on April 1, 2031.

The Organization evaluated its December 31, 2025 consolidated financial statements for subsequent events through August 17, 2026, the date the consolidated financial statements were available to be issued. The Organization is not aware of any subsequent events, other than indicated above, which would require recording or disclosure in the consolidated financial statements.

SUPPLEMENTARY SCHEDULES

Ronald McDonald House Charities of Southern California
COMBINING SCHEDULE OF FINANCIAL POSITION BY LOCATION
As of December 31, 2025

	Los Angeles House	Bakersfield House	Camp Ronald McDonald	Orange County House	Inland Empire House	Pasadena House	West Los Angeles House	Long Beach House	Ventura Family Room	Central Office	Total
Assets											
<u>Current Assets</u>											
Cash	\$ 63,970	\$ 58,678	\$ -	\$ 321,043	\$ 103,914	\$ 2,158,681	\$ -	\$ 534,440	\$ -	\$ 272,384	\$ 3,513,110
Other Receivables	1,834	-	87,452	130	3,623	3,842	139	32,674	25,000	1,231,548	1,386,242
Short-Term Contributions Receivable (net)	-	-	-	21,450	-	305,105	648,520	-	-	-	975,075
Prepaid Expenses and Other Assets	204,032	11,252	187,220	93,104	74,644	30,082	21,954	47,159	9,019	142,439	820,905
Total Current Assets	269,836	69,930	274,672	435,727	182,181	2,497,710	670,613	614,273	34,019	1,646,371	6,695,332
<u>Noncurrent Assets</u>											
Long Term Contributions Receivable (net)	-	-	-	9,121	-	832,063	649,267	-	-	-	1,490,451
Investments - at Fair Value	7,805,785	1,100,255	2,966,957	4,988,413	1,343,575	2,222,223	196,168	4,475,626	-	1,104,495	26,203,497
Investments - at Cost	-	-	-	-	-	-	-	-	-	963,276	963,276
Land, Buildings, and Equipment (net)	8,382,608	268,124	11,778,173	17,009,092	9,143,706	275,195	20,326,334	2,675,292	991,130	101,262	70,950,916
Beneficial Use of Land and Buildings	-	-	-	-	-	-	-	789,453	-	-	789,453
Total Noncurrent Assets	16,188,393	1,368,379	14,745,130	22,006,626	10,487,281	3,329,481	21,171,769	7,940,371	991,130	2,169,033	100,397,593
Total Assets	16,458,229	1,438,309	15,019,802	22,442,353	10,669,462	5,827,191	21,842,382	8,554,644	1,025,149	3,815,404	107,092,925
Liabilities											
<u>Current Liabilities</u>											
Accounts Payable and Accrued Expenses	230,903	47,887	155,802	182,322	122,515	152,614	214,550	123,875	44,368	665,846	1,940,682
Notes Payable, current	3,005,203	-	-	-	-	-	5,000,000	-	-	-	8,005,203
Inter-Entity Payables (receivables)	1,902,524	(512,011)	3,035,245	(1,665,522)	(339,750)	(909,183)	6,322,589	(950,000)	34,933	(6,918,825)	-
Total Current Liabilities	5,138,630	(464,124)	3,191,047	(1,483,200)	(217,235)	(756,569)	11,537,139	(826,125)	79,301	(6,252,979)	9,945,885
<u>Noncurrent Liabilities</u>											
Notes payable, noncurrent	-	-	-	-	-	-	10,000,000	-	-	-	10,000,000
Total Noncurrent Liabilities	-	-	-	-	-	-	10,000,000	-	-	-	10,000,000
Net Assets											
Without Donor Restrictions	9,554,175	1,676,094	11,060,140	20,972,257	10,870,234	2,815,239	(3,031,736)	8,419,886	945,848	9,606,584	72,888,721
With Donor Restrictions	1,765,424	226,339	768,615	2,953,296	16,463	3,768,521	3,336,979	960,883	-	461,799	14,258,319
Total Net Assets	11,319,599	1,902,433	11,828,755	23,925,553	10,886,697	6,583,760	305,243	9,380,769	945,848	10,068,383	87,147,040
Total Liabilities and Net Assets	\$ 16,458,229	\$ 1,438,309	\$ 15,019,802	\$ 22,442,353	\$ 10,669,462	\$ 5,827,191	\$ 21,842,382	\$ 8,554,644	\$ 1,025,149	\$ 3,815,404	\$ 107,092,925

See Accompanying Notes to the Consolidated Financial Statements

Ronald McDonald House Charities of Southern California
COMBINING SCHEDULE OF ACTIVITIES BY LOCATION
For the year ended December 31, 2025

	Los Angeles House	Bakersfield House	Camp Ronald McDonald	Orange County House	Inland Empire House	Pasadena House	West Los Angeles House	Long Beach House	Ventura Family Room	Central Office	Total
Revenues and Support											
Contributions	\$ 1,091,500	\$ 244,932	\$ 1,095,148	\$ 2,575,391	\$ 2,515,376	\$ 426,423	\$ 19,592	\$ 1,109,928	\$ 139,083	\$ 8,069,677	\$ 17,287,050
Capital campaigns	-	-	84,800	-	-	1,725,171	1,472,283	-	-	-	3,282,254
In-kind contributions	38,552	42,496	138,259	29,983	29,450	14,692	-	15,738	-	-	309,170
Special Events, Net	205,736	235,957	293,910	634,416	306,763	288,189	119,469	575,138	60,761	297,594	3,017,933
Program fees	19,763	3,877	-	15,954	71,430	8,187	-	24,004	-	-	143,215
Rental and other income	237,541	300	565,700	1,781	6,239	1,051	344,522	3,706	-	907,087	2,067,927
Inter-entity	529,963	49,495	290,124	241,552	338,401	166,971	40,341	200,206	40,341	(1,897,394)	-
Total Revenues and Support	2,123,055	577,057	2,467,941	3,499,077	3,267,659	2,630,684	1,996,207	1,928,720	240,185	7,376,964	26,107,549
Expenses											
Programs	3,171,900	699,385	3,075,956	2,597,889	2,248,267	1,156,465	2,377,821	1,488,265	296,725	2,358,480	19,471,153
Management and general	652,884	39,189	264,876	280,757	292,044	106,358	97,026	205,372	29,394	301,667	2,269,567
Fundraising	384,267	45,091	287,763	492,863	406,186	103,481	305,615	247,328	23,523	1,442,351	3,738,468
Total Expenses	4,209,051	783,665	3,628,595	3,371,509	2,946,497	1,366,304	2,780,462	1,940,965	349,642	4,102,498	25,479,188
Change in Net Assets from Operations	(2,085,996)	(206,608)	(1,160,654)	127,568	321,162	1,264,380	(784,255)	(12,245)	(109,457)	3,274,466	628,361
Nonoperating Activites											
Investment Returns, net	818,245	164,600	415,679	258,893	202,081	219,265	4,147	698,171	-	269,886	3,050,967
Total Nonoperating Activities	818,245	164,600	415,679	258,893	202,081	219,265	4,147	698,171	-	269,886	3,050,967
Change in net assets	(1,267,751)	(42,008)	(744,975)	386,461	523,243	1,483,645	(780,108)	685,926	(109,457)	3,544,352	3,679,328
Net assets - beginning	12,587,350	1,944,441	12,573,730	23,539,092	10,363,454	5,100,115	1,085,351	8,694,843	1,055,305	6,524,031	83,467,712
Net assets - ending	\$ 11,319,599	\$ 1,902,433	\$ 11,828,755	\$ 23,925,553	\$ 10,886,697	\$ 6,583,760	\$ 305,243	\$ 9,380,769	\$ 945,848	\$ 10,068,383	\$ 87,147,040