# Ronald McDonald House Charities Greater Houston, Inc.

Financial Report
December 31, 2025

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# C O N T E N T S

Page

Independent Auditor's Report ..... 1

Financial Statements

Statements of Financial Position ..... 3

Statements of Activities ..... 4

Statements of Functional Expenses ..... 6

Statements of Cash Flows ..... 7

Notes to Financial Statements ..... 8

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# Independent Auditor's Report

To the Board of Directors of
Ronald McDonald House Charities Greater Houston, Inc.
Houston, Texas

## *Opinion*

We have audited the financial statements of Ronald McDonald House Charities Greater Houston, Inc. (RMH Greater Houston), 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 accompanying financial statements present fairly, in all material respects, the financial position of RMH Greater Houston 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RMH Greater Houston and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RMH Greater Houston's ability to continue as a going concern for one year after the date that the financial statements are issued or are available to be issued.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 RMH Greater Houston'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 RMH Greater Houston'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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
June 16, 2026

# Ronald McDonald House Charities Greater Houston, Inc.

Statements of Financial Position
December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 3,079,138 | $ 4,316,531 |
| Investments | - | 70 |
| Accounts receivable | 3,550 | 498 |
| Contributions receivable, net | 837,915 | 908,226 |
| Contributions receivable from Houston House Foundation | 20,728 | - |
| Grants receivable | 654,395 | 754,395 |
| Prepaids | 213,568 | 177,452 |
| Property and equipment, net | 24,393,453 | 21,162,647 |
| Right-of-use asset, operating | 68,457 | 104,479 |
| **TOTAL ASSETS** | $ 29,271,204 | $ 27,424,298 |
| **LIABILITIES AND NET ASSETS** | | |
| **LIABILITIES** | | |
| Accounts payable and accrued expenses | $ 613,808 | $ 570,734 |
| Accrued payroll expenses | 81,084 | 60,866 |
| Due to Houston House Foundation | - | 256,875 |
| Deferred revenue | 436,690 | 567,265 |
| Lease liability, operating | 74,316 | 113,686 |
| Total liabilities | 1,205,898 | 1,569,426 |
| **NET ASSETS** | | |
| Without donor restrictions | 26,032,163 | 23,102,497 |
| Board designated | 1,275,773 | 1,578,777 |
| With donor restrictions | 757,370 | 1,173,598 |
| Total net assets | 28,065,306 | 25,854,872 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ 29,271,204 | $ 27,424,298 |

The Notes to Financial Statements are
an integral part of these statements.

# Ronald McDonald House Charities Greater Houston, Inc.

Statement of Activities

Year Ended December 31, 2025

| | Without Donor Restrictions | With Donor Restrictions | 2025 Total |
|---|---|---|---|
| **REVENUE, GAINS AND OTHER SUPPORT** | | | |
| Contributions | $ 4,875,797 | $ 3,023,801 | $ 7,899,598 |
| Contributions from Houston House Foundation | 615,000 | - | 615,000 |
| Special events | 2,005,543 | - | 2,005,543 |
| Contributions of nonfinancial assets | 130,830 | - | 130,830 |
| Program fees | 86,542 | - | 86,542 |
| Net investment return | 100,738 | - | 100,738 |
| Other income | 9,472 | - | 9,472 |
| Net assets released from restrictions | | | |
| Program expenditures | 1,766,082 | (1,766,082) | - |
| Debt pay-off | 1,000,000 | (1,000,000) | - |
| Capital expenditures | 673,947 | (673,947) | - |
| Total revenue, gains and other support | 11,263,951 | (416,228) | 10,847,723 |
| **EXPENSES** | | | |
| Program | 6,510,064 | - | 6,510,064 |
| Management and general | 718,402 | - | 718,402 |
| Fundraising | 1,481,988 | - | 1,481,988 |
| Cost of direct benefits to donors | 447,988 | - | 447,988 |
| Total expenses | 9,158,442 | - | 9,158,442 |
| **OTHER EXPENSE** | | | |
| Contribution to Houston House Foundation | (1,187,182) | - | (1,187,182) |
| Total other expense | (1,187,182) | - | (1,187,182) |
| Change in net assets prior to acquisition | 918,327 | (416,228) | 502,099 |
| **NET ASSETS ACQUIRED** | 1,708,335 | - | 1,708,335 |
| Change in net assets including acquisition | 2,626,662 | (416,228) | 2,210,434 |
| **NET ASSETS, beginning of year** | 24,681,274 | 1,173,598 | 25,854,872 |
| **NET ASSETS, end of year** | $ 27,307,936 | $ 757,370 | $ 28,065,306 |

The Notes to Financial Statements are an integral part of this statement.

# Ronald McDonald House Charities Greater Houston, Inc.

Statement of Activities

Year Ended December 31, 2024

| | Without Donor Restrictions | With Donor Restrictions | 2024 Total |
|---|---|---|---|
| **REVENUE, GAINS AND OTHER SUPPORT** | | | |
| Contributions | $ 5,779,060 | $ 912,915 | $ 6,691,975 |
| Contributions from Houston House Foundation | 538,000 | - | 538,000 |
| Special events | 1,851,991 | 200,000 | 2,051,991 |
| Contributions of nonfinancial assets | 583,781 | - | 583,781 |
| Program fees | 96,476 | - | 96,476 |
| Net investment return | 167,308 | - | 167,308 |
| Other income | 4,304 | - | 4,304 |
| Net assets released from restrictions | | | |
| Program expenditures | 735,214 | (735,214) | - |
| Capital expenditures | 172,000 | (172,000) | - |
| Total revenue, gains and other support | 9,928,134 | 205,701 | 10,133,835 |
| **EXPENSES** | | | |
| Program | 6,281,652 | - | 6,281,652 |
| Management and general | 1,024,862 | - | 1,024,862 |
| Fundraising | 1,313,347 | - | 1,313,347 |
| Cost of direct benefits to donors | 410,967 | - | 410,967 |
| Total expenses | 9,030,828 | - | 9,030,828 |
| **OTHER EXPENSE** | | | |
| Contribution to Houston House Foundation | (750,000) | - | (750,000) |
| Total other expense | (750,000) | - | (750,000) |
| Change in net assets prior to acquisition | 147,306 | 205,701 | 353,007 |
| **NET ASSETS ACQUIRED** | 981,429 | 90,242 | 1,071,671 |
| Change in net assets including acquisition | 1,128,735 | 295,943 | 1,424,678 |
| **NET ASSETS, beginning of year** | 23,552,539 | 877,655 | 24,430,194 |
| **NET ASSETS, end of year** | $ 24,681,274 | $ 1,173,598 | $ 25,854,872 |

The Notes to Financial Statements are an integral part of this statement.

# Ronald McDonald House Charities Greater Houston, Inc.

Statements of Functional Expenses

Years Ended December 31, 2025 and 2024

| | Program | Management and General | Fundraising | Cost of Direct Benefits to Donors | 2025 Total |
|---|---|---|---|---|---|
| **EXPENSES** | | | | | |
| Salaries | $ 2,138,011 | $ 253,104 | $ 751,164 | $ - | $ 3,142,279 |
| Employee benefits and payroll taxes | 479,495 | 45,370 | 168,629 | - | 693,494 |
| Depreciation and amortization | 1,289,662 | - | - | - | 1,289,662 |
| Supplies and equipment | 968,384 | 28,641 | 36,517 | 447,988 | 1,481,530 |
| Professional fees | 235,731 | 158,350 | 78,680 | - | 472,761 |
| Building and equipment maintenance | 578,328 | 71,375 | 32,010 | - | 681,713 |
| Utilities | 398,201 | - | 4,714 | - | 402,915 |
| Rent | - | - | 37,952 | - | 37,952 |
| Insurance | 280,978 | 8,263 | - | - | 289,241 |
| Printing and postage | 1,467 | 374 | 136,228 | - | 138,069 |
| Grants | 78,365 | 113,125 | - | - | 191,490 |
| Other | 61,442 | 39,800 | 236,094 | - | 337,336 |
| **TOTAL EXPENSES** | $ 6,510,064 | $ 718,402 | $ 1,481,988 | $ 447,988 | $ 9,158,442 |

| | Program | Management and General | Fundraising | Cost of Direct Benefits to Donors | 2024 Total |
|---|---|---|---|---|---|
| **EXPENSES** | | | | | |
| Salaries | $ 1,970,763 | $ 282,717 | $ 708,833 | $ - | $ 2,962,313 |
| Employee benefits and payroll taxes | 377,818 | 61,989 | 137,401 | - | 577,208 |
| Depreciation and amortization | 1,244,597 | 172 | 339 | - | 1,245,108 |
| Supplies and equipment | 1,376,825 | 2,620 | 27,153 | 410,967 | 1,817,565 |
| Professional fees | - | 502,486 | - | - | 502,486 |
| Building and equipment maintenance | 466,875 | 91,404 | 22,423 | - | 580,702 |
| Utilities | 330,067 | - | - | - | 330,067 |
| Rent | - | 25,855 | 10,090 | - | 35,945 |
| Insurance | 179,922 | 5,000 | - | - | 184,922 |
| Printing and postage | 1,467 | 2,882 | 162,236 | - | 166,585 |
| Grants | 242,500 | - | - | - | 242,500 |
| Other | 90,818 | 49,737 | 244,872 | - | 385,427 |
| **TOTAL EXPENSES** | $ 6,281,652 | $ 1,024,862 | $ 1,313,347 | $ 410,967 | $ 9,030,828 |

The Notes to Financial Statements are an integral part of these statements.

# Ronald McDonald House Charities Greater Houston, Inc.

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in net assets | $ 2,210,434 | $ 1,424,678 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 1,289,662 | 1,245,108 |
| Net realized and unrealized (gain) loss on investments | - | (31,412) |
| Operating lease amortization | 36,022 | 20,136 |
| Net assets acquired in acquisition | (1,708,335) | (1,071,671) |
| Change in operating assets and liabilities | | |
| Contributions and accounts receivable | 31,472 | (629,626) |
| Grants receivable | 100,000 | - |
| Due from Foundation | 20,728 | - |
| Accounts receivable | (3,052) | 11,166 |
| Prepaids | (31,076) | (79,086) |
| Accounts payable and accrued expenses | 6,494 | 158,544 |
| Accrued payroll expenses | 20,218 | (91,613) |
| Due to Foundation | (256,875) | 256,875 |
| Deferred revenue | (130,575) | 486,065 |
| Lease liability, operating | (39,370) | (10,929) |
| Net cash provided by operating activities | 1,545,747 | 1,688,235 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Cash acquired in acquisition | 885,517 | 532,304 |
| Purchases of property and equipment | (1,904,923) | (592,935) |
| Purchases of investments | - | (375) |
| Proceeds from sale of investments | 70 | 1,363,401 |
| Net cash provided by (used in) investing activities | (1,019,336) | 1,302,395 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Payment on mortgage payable | (1,763,804) | - |
| Net cash used in financing activities | (1,763,804) | - |
| Net change in cash and cash equivalents | (1,237,393) | 2,990,630 |
| **CASH AND CASH EQUIVALENTS, beginning of year** | 4,316,531 | 1,325,901 |
| **CASH AND CASH EQUIVALENTS, end of year** | $ 3,079,138 | $ 4,316,531 |
| **SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING ACTIVITIES** | | |
| Fair value of assets acquired in acquisition | $ 3,508,719 | $ 1,175,909 |
| Liabilities assumed in acquisition | (1,800,384) | (104,238) |
| Net assets acquired | $ 1,708,335 | $ 1,071,671 |
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION** | | |
| Right-of-use asset obtained through lease liability | $ - | $ 124,615 |

The Notes to Financial Statements are an integral part of these statements.

# Ronald McDonald House Charities Greater Houston, Inc.

Notes to Financial Statements

## Note 1. Organization and Summary of Significant Accounting Policies

### Organization

Ronald McDonald House Charities Greater Houston, Inc. (RMH Greater Houston) is a Texas not-for-profit corporation. The mission of Ronald McDonald House Charities Greater Houston is to provide a supportive home away from home for families of seriously ill children receiving medical care at area hospitals. RMH Greater Houston owns and operates Holcombe House, a 70-bedroom house on Holcombe Boulevard in the Texas Medical Center in Houston, Texas. RMH Greater Houston also operates a 19-bedroom house and 10 family lounges inside Texas Children's Hospital (TCH), 20 bedrooms and two family lounges inside Children's Memorial Hermann Hospital, and two bedrooms and a family lounge and kitchen inside M.D. Anderson Children's Cancer Hospital. Additionally, effective January 1, 2024, RMH Greater Houston operates the Ronald McDonald Care Mobile program, which provides access to pediatric medical and/or health education services for children living in underserved communities, and Ronald McDonald C.H.E.E.R.! (Children's Health Education Enrichment Resource Room) program, which provides a fun, colorful, welcoming environment and an educational place for children to wait while their mothers receive prenatal care at UTMB Regional Maternal and Child Health Program Clinics.

### Mergers

On January 1, 2024, the Ronald McDonald House of Houston, Inc. (RMHH) acquired Ronald McDonald House Charities of Greater Houston/Galveston, Inc., (RMHCGHG), to become RMH Greater Houston to efficiently use expanded resources and be able to help more families and children in the surrounding areas.

On January 1, 2025, RMH Greater Houston acquired A Shelter for Cancer Families (ASCF) in order to be able to help more families and children in the surrounding areas.

### Affiliated Organization

Houston House Foundation (the Foundation) was created in November 1989. The Foundation was established primarily for the long-term benefit of RMH Greater Houston. The Board of Directors of the Foundation has discretionary authority to determine the amount, manner and times for payment of any amounts to RMH Greater Houston. During the year ended December 31, 2024, $750,000 was contributed by RMH Greater Houston to the Foundation to set up a board-designated endowment fund. During the year ended December 31, 2025, $1,187,182 was contributed by RMH Greater Houston to the Foundation to set up a board-designated endowment fund.

### Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared on the accrual basis of accounting, which recognizes support and revenue when earned and expenses when incurred. The financial statements of RMH Greater Houston are presented in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations. Financial position and activities are reported according to two classes of net assets: (i) net assets without donor restrictions and (ii) net assets with donor restrictions.

### Federal Income Tax Status

RMH Greater Houston is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1).

**Cash and Cash Equivalents**

RMH Greater Houston considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2024 and 2025, cash equivalents consisted primarily of money market accounts held at financial institutions.

RMH Greater Houston maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. RMH Greater Houston has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Receivables**

Contributions receivable that are expected to be collected within one year are reported at a net realizable value. Amounts due in more than one year are discounted, if material, to estimate the present value of future cash flows. An allowance for uncollectible contributions receivable is provided when it is believed that balances may not be collected in full. Any loss on contributions receivable recognized and the resulting adequacy of the allowance is determined using a combination of historical loss experience and analysis of individual balances. RMH Greater Houston's policy is to write off balances against the allowance when management believes they will not be collected. Grant receivables are recognized when eligibility requirements are met.

**Investments**

Investments are reported at fair value. Net investment return consists of interest, dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses. Net investment return is reported in the statement of activities as an increase or decrease in net assets without donor restrictions unless the use of the income is limited by donor-imposed restrictions.

**Prepaids**

Prepaids consist primarily of payments made in advance for expenses related to future periods.

**Property and Equipment**

Property and equipment are reported at cost if purchased and at fair value at the date of donation. Depreciation is computed on a straight-line basis over estimated useful lives of 3 to 35 years. RMH Greater Houston capitalizes additions and improvements that have a tangible future economic life and a cost of more than $1,000.

**Net Asset Classification**

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

*Net assets without donor restrictions:* Are not subject to donor-imposed stipulations even though their use may be limited in other respects such as by contract or board designation.

*Net assets with donor restrictions:* Are subject to donor-imposed stipulations. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

**Contributions**

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support. Conditional contributions are recognized in the same manner when the conditions are substantially met.

**Special Events**

Special events revenue is recognized when the event occurs. Amounts received in advance of the event represent conditional contributions and are reported in the statement of financial position as deferred revenue. Direct donor benefit costs represent the cost of goods and services provided to attendees of special events.

**Contributions of Nonfinancial Assets**

Donated materials and use of facilities are recognized at fair value as contributions without donor restrictions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**Program Fees**

Program fees revenue are recognized at the time services are provided, net of discounts, and are primarily related to fees charged to Medicaid.

**Functional Allocation of Expenses**

Expenses are reported by their functional classification, including direct donor benefit costs, as program services or supporting activities. Program services are the direct conduct or supervision of activities that fulfill the purposes for which RMH Greater Houston exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Cost of direct benefits to donors include costs related to special events that directly benefit the donors attending the event. Expenses that are attributable to one or more program or supporting activities are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation, interest expense, and occupancy costs are allocated based on square footage. Information technology costs are allocated based on estimates of time and costs of specific technology utilized.

**Estimates**

Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

**Reclassification**

Certain reclassifications have been made to the 2024 financial statements to conform to the 2025 financial statement presentation. These reclassifications had no effect on the change in net assets.

## Note 2. Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31, 2025 and 2024, comprise the following:

| | 2025 | 2024 |
|---|---|---|
| Financial assets | | |
| Cash and cash equivalents | $ 3,079,138 | $ 4,316,531 |
| Investments | - | 70 |
| Accounts receivable | 3,550 | 498 |
| Contributions receivable, net | 837,915 | 908,226 |
| Contributions receivable from Houston House Foundation | 20,728 | - |
| Grants receivable | 654,395 | 754,395 |
| Total financial assets, year end | 4,595,726 | 5,979,720 |
| Less financial assets not available for general expenditure | | |
| Net assets with board designations | (1,275,773) | (1,578,777) |
| Net assets with donor restrictions | (757,370) | (1,173,598) |
| Long-term portion of grants receivable | (654,395) | (654,395) |
| Total financial assets not available to be used within one year | (2,687,538) | (3,406,770) |
| Total financial assets available to meet general expenditures within one year | $ 1,908,188 | $ 2,572,950 |

For purposes of analyzing resources available to meet general expenditures over a 12-month period, RMH Greater Houston considers all expenditures related to their ongoing mission, as well as the activities undertaken to support this mission, to be general expenditures.

RMH Greater Houston regularly monitors liquidity required to meet operating needs while striving to maximize the investment of available funds. As part of RMH Greater Houston's liquidity management, financial assets are structured to be available as its general expenditures, liabilities, and other obligations come due. The Board of Directors has designated resources without donor restrictions to be used for specific purposes. However, these funds remain available to be spent at the discretion of the Board of Directors.

## Note 3. Contributions Receivable

Contributions receivable consist of $837,915 and $908,226 as of December 31, 2025 and 2024, respectively, and were due to be collected within the following year.

## Note 4. Concentration of Credit Risk

At December 31, 2025, approximately 54% of contributions receivable were from three donors. At December 31, 2024, approximately 57% of contributions receivable were due from two donors.

## Note 5. Investments

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

Level 1 Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.

Level 2 Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.

Level 3 Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Mutual funds are valued at the reported net asset value. Investments measured at net asset value are excluded from the fair value hierarchy. RMH Greater Houston's investments as of December 31, 2024 were comprised solely of federal short-term bond mutual funds totaling $70. No investments were held as of December 31, 2025.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

## Note 6. Property and Equipment

Property is comprised of the following:

| | 2025 | 2024 |
|---|---|---|
| Construction in progress | $ 1,357,933 | $ 211,906 |
| Land | 1,950,000 | - |
| Use of Texas Medical Center land | 1,100,000 | 1,100,000 |
| Building | 30,827,329 | 29,759,106 |
| Building improvements | 2,734,863 | 2,427,491 |
| Furniture and equipment | 2,543,613 | 2,494,767 |
| Total property and equipment, at cost | 40,513,738 | 35,993,270 |
| Accumulated depreciation and amortization | (16,120,285) | (14,830,623) |
| Property and equipment, net | $ 24,393,453 | $ 21,162,647 |

**Use of Land**

RMH Greater Houston entered into a 99-year lease agreement for $1 per year with the Texas Medical Center on September 1, 1995 for the use of the land on which Holcombe House is located. The estimated fair value of this agreement of approximately $1.1 million is reported as property and is being amortized over the life of the lease.

## Note 7. Net Assets Without Donor Restrictions

Net assets without donor restrictions are comprised of the following:

| | 2025 | 2024 |
|---|---|---|
| Undesignated | $ 1,570,253 | $ 1,835,371 |
| Undesignated invested in property, net | 24,461,910 | 21,267,126 |
| Board designated | 1,275,773 | 1,578,777 |
| Total net assets without donor restrictions | $ 27,307,936 | $ 24,681,274 |

Amounts designated by the RMH Greater Houston Board of Directors are included in the cash and investment balances as of December 31, 2025 and 2024 and are designated through a Board Designated policy to provide an internal source of funds for such matters as major capital expenditures, investment in new facilities, unanticipated loss of funding, uninsured losses, non-recurring unbudgeted expenses, and start-up costs for new program opportunities.

## Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted as follows:

| | 2025 | 2024 |
|---|---|---|
| Subject to expenditure for specified purpose | | |
| Other RMH Greater Houston operations and supplies | $ 229,114 | $ 505,337 |
| Capital expenditures | 475,000 | 615,093 |
| Family activities and services | 53,256 | 53,168 |
| Total net assets with donor restrictions | $ 757,370 | $ 1,173,598 |

## Note 9. Volunteer Services

Volunteers provide guest, maintenance, and administrative services that are integral to the operation of Holcombe House and in-hospital programs. No amount has been recognized in the financial statements for these volunteer services because they do not meet the criteria for recognition under generally accepted accounting principles.

## Note 10. Retirement Plan

RMH Greater Houston has a 401(k)-retirement plan which covers all employees. RMH Greater Houston contributes an amount equal to 3% of each employee's salary. In addition, RMH Greater Houston will match 100% for each percent the employee contributes up to 3%. RMH Greater Houston contributed $69,737 to the plan in 2025 and $153,831 to the plan in 2024.

## Note 11. Contributions of Nonfinancial Assets

Contributed nonfinancial assets for the year ended December 31, 2025 consisted of the following:

| | Revenue Recognized | Utilization in Programs/Activities | Donor Restrictions | Valuation Techniques and Inputs |
|---|---|---|---|---|
| Goods, gift cards | $ 130,830 | Program, Fundraising | No associated donor restrictions | Contributed goods and gift cards are valued at (1) goods - the estimated fair value based on current market cost and (2) gift cards - the face value of the gift cards |
| Total contributed nonfinancial assets | $ 130,830 | | | |

Contributed nonfinancial assets for the year ended December 31, 2024 consisted of the following:

| | Revenue Recognized | Utilization in Programs/Activities | Donor Restrictions | Valuation Techniques and Inputs |
|---|---|---|---|---|
| Goods, gift cards | $ 234,457 | Program, Fundraising | No associated donor restrictions | Contributed goods and gift cards are valued at (1) goods - the estimated fair value based on current market cost and (2) gift cards - the face value of the gift cards |
| Services | 349,324 | Program, Management and General, Fundraising | No associated donor restrictions | Contributed services are valued at the estimated fair value based on current rates for similar services. |
| Total contributed nonfinancial assets | $ 583,781 | | | |

One-time, significant contributed nonfinancial assets for the year ended December 31, 2024 include $330,594 in contributed legal services provided in conjunction with the merger of RMH Greater Houston and ASCF effective January 1, 2025.

## Note 12. Employee Retention Credit

RMH Greater Houston is eligible for the Employee Retention Credit (ERC) under the CARES Act. Grants receivable for the ERC at December 31, 2025 and 2024 are $654,395 and $654,395, which represents refunds due on the 2020 and 2021 Form 941-X Employer Quarterly Federal Tax Return for the quarters ended June 30, 2020, September 30, 2020, December 31, 2020, March 31, 2021, and June 30, 2021. Upon receipt of the ERC, 25% will become payable. Grants receivable under the ERC were recorded in government grants and contracts revenue on the accompanying statement of activities in previous years.

## Note 13. Acquisitions

Under an agreement effective January 1, 2025, RMH Greater Houston acquired ASCF. In the transaction, RMH Greater Houston acquired certain assets, liabilities, and net assets of ASCF in order to be able to help more families and children in the surrounding areas. The following table summarizes the assets and net assets acquired and the liabilities assumed in connection with this acquisition, which were recorded at fair value at the acquisition date:

| | | |
|---|---|---|
| Cash | $ | 885,517 |
| Contribution receivable | | 2,617 |
| Prepaid | | 5,040 |
| Land and buildings | | 2,615,545 |
| Total assets acquired | | 3,508,719 |
| Accounts payable and other liabilities | | (36,580) |
| Mortgage payable | | (1,763,804) |
| Net assets acquired | $ | 1,708,335 |

In the acquisition, RMH Greater Houston acquired a mortgage payable of $1,763,804 with an interest rate of 5.49% and original maturity date of July 19, 2029. Mortgage payable was paid off early in April 2025.

Under an agreement effective January 1, 2024, RMHH acquired RMHCGHG to form RMH Greater Houston. In the transaction, RMHH acquired certain assets, liabilities, and net assets of RMHCGHG to draw in greater fundraising and contributions, efficiently use the expanded resources and be able to help more families and children in the surrounding areas. The following table summarizes the assets and net assets acquired and the liabilities assumed in connection with this acquisition, which were recorded at fair value at the acquisition date:

| | | |
|---|---|---|
| Cash | $ | 532,304 |
| Contribution receivable | | 58,350 |
| Prepaid | | 9,541 |
| Investments held for board-designated reserves | | 575,714 |
| Total assets acquired | | 1,175,909 |
| Accounts payable and other liabilities | | (104,238) |
| Net assets acquired | $ | 1,071,671 |

## Note 14. Transactions with Related Entities

Ronald McDonald House Charities is a system of independent, separately registered public benefit organizations referred to as "Chapters" within the global organization. RMH Greater Houston is an independent operating Chapter within the Ronald McDonald House Charities system. Each Chapter is licensed by McDonald's Corporation and Ronald McDonald House Charities Global to use Ronald McDonald House Charities 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 Global, a separately registered not-for-profit organization, ensures delivery of the mission across the globe. As a center of excellence, Ronald McDonald House Charities 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. Ronald McDonald House Charities receives 75% of net revenues from all national fundraising efforts facilitated by Ronald McDonald House Charities Global, as defined in the License Agreement. During the years ended December 31, 2025 and 2024, RMH Greater Houston recognized $1,342,382 and $1,628,628 from these revenue streams and one-time funding, which are included in contribution revenue on the statement of activities.

## Note 15. Leases

RMH Greater Houston leases office space under a long-term, non-cancelable lease agreement. RMH Greater Houston determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, RMH Greater Houston uses the risk-free rate based on the information available at commencement date in determining the present value of lease payments. The ROU asset also includes any lease pre-payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

In evaluating contracts to determine if they qualify as a lease, RMH Greater Houston considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

None of RMH Greater Houston's lease agreements contain contingent rental payments, material residual value guarantees or material restrictive covenants. The depreciable life of related leasehold improvements is based on the shorter of the useful life or the lease term. RMH Greater Houston has no sublease agreements. RMH Greater Houston performs interim reviews of its long-lived assets for impairment when evidence exists that the carrying value of an asset group, including a lease asset, may not be recoverable, and RMH Greater Houston did not recognize an impairment expense associated with operating lease assets during 2025 or 2024, respectively.

RMH Greater Houston has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, RMH Greater Houston accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. The present value of RMH Greater Houston's lease payments may include: (1) rental payments adjusted for inflation or market rates, and (2) lease terms with options to renew the lease when it is reasonably certain RMH Greater Houston will exercise such an option. The exercise of lease renewal options is generally at RMH Greater Houston's discretion. Payments based on a change in an index or market rate are not considered in the determination of lease payments for purposes of measuring the related lease liability. RMH Greater Houston has elected to apply the short-term lease exemption, whereby leases that are less than twelve months in duration are not included as ROU assets and lease liabilities.

RMH Greater Houston has lease agreements with lease and non-lease components, which are generally accounted for separately. These variable lease payments, which are primarily comprised of common area maintenance, utilities, and real estate taxes that are passed on from the lessor, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

RMH Greater Houston's leases contain various terms and expire at various dates. For leases containing renewal options, RMH Greater Houston has evaluated whether it is reasonably certain to renew.

The components of lease expense, cash flow information, and other information for the years ended December 31, 2025 and 2024 were as follows:

| Year Ending December 31, | 2025 | 2024 |
|---|---|---|
| 2025 | $ - | $ 44,640 |
| 2026 | 44,640 | 44,640 |
| 2027 | 33,480 | 33,480 |
| Total future minimum lease payments | 78,120 | 122,760 |
| Less imputed interest | (3,804) | (9,074) |
| Lease liability, operating | $ 74,316 | $ 113,686 |
| Lease cost | | |
| Operating lease cost, included in occupancy expense | $ 37,952 | $ 24,087 |
| Short-term lease costs | - | 11,858 |
| Total lease cost | $ 37,952 | $ 35,945 |
| Operating lease amortization | $ 36,022 | $ 20,136 |
| Change in lease liability, operating | $ (39,370) | $ (10,929) |
| Right-of-use asset obtained through lease liability | $ - | $ 124,615 |
| Weighted-average remaining lease term - operating leases | 1.75 | 2.75 |
| Weighted-average discount rate - operating leases | 5.50% | 5.50% |

## Note 16. Subsequent Events

Management has evaluated subsequent events through June 16, 2026, which is the date that the financial statements were available for issuance, noting the following:

In April 2026, RMH Greater Houston invested in a limited liability company that acquired land and an apartment complex rental property for $2,850,000.

In April 2026, RMH Greater Houston signed a promissory note with the Foundation for $2,000,000. The note is due and payable to the Foundation on or before April 30, 2031 with no interest due and is secured by the underlying assets of the limited liability company.