RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.

FINANCIAL REPORT

DECEMBER 31, 2025

RONALD MCDONALD HOUSE CHARITIES
OF SOUTH LOUISIANA, INC.

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INDEPENDENT AUDITOR'S REPORT

September 22, 2026

To the Board of Directors
Ronald McDonald House Charities
of South Louisiana, Inc.
New Orleans, Louisiana

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities of South Louisiana, Inc. 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. 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 Ronald McDonald House Charities of South Louisiana, Inc. 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 Ronald McDonald House Charities of South Louisiana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ronald McDonald House Charities of South Louisiana, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ronald McDonald House Charities of South Louisiana, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Duplantier, Hrapmann, Hogan & Maher LLP

Metairie, Louisiana

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 1,730,346
Investments	10,638,494
Accounts receivable	64,842
Due from related party	184,575
Promises to give, net	248,485
Total current assets	12,866,742
PROPERTY AND EQUIPMENT, NET	3,472,835
OTHER ASSETS	
Promises to give, net	642,166
Total other assets	642,166
TOTAL ASSETS	$ 16,981,743

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	$ 48,323
Current portion of note payable	500,000
Total current liabilities	548,323
LONG-TERM DEBT	999,901
TOTAL LIABILITIES	1,548,224
NET ASSETS:	
Without donor restrictions:	
Undesignated	4,216,763
Board-designated:	
Property and equipment	1,972,934
Program expansion	5,500,000
House operations	1,350,000
Total without donor restrictions	13,039,697
With donor restrictions	2,393,822
Total net assets	15,433,519
TOTAL LIABILITIES AND NET ASSETS	$ 16,981,743

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:			
Contributions and grants	$ 1,960,075	$ -	$ 1,960,075
Funds from RMHC Global	988,428	-	988,428
Medicaid	254,070	-	254,070
Special events	250,045	-	250,045
Interest and dividends	276,396	-	276,396
Unrealized/realized gain on investments	961,582	-	961,582
Other income	96,425	-	96,425
In-kind contributions	288,723	-	288,723
Total revenues and other support	5,075,744	-	5,075,744
EXPENSES:			
Program services	1,335,481	-	1,335,481
Supporting services:			
Management and general	591,082	-	591,082
Fundraising	675,061	-	675,061
Total expenses	2,601,624	-	2,601,624
Change in net assets	2,474,120	-	2,474,120
Net assets - beginning of year	10,565,577	2,393,822	12,959,399
Net assets - end of year	$ 13,039,697	$ 2,393,822	$ 15,433,519

See accompanying independent auditor's report and notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Services	Supporting services: Management and general	Supporting services: Fundraising	Total
Advertising	$ 613	$ -	$ 5,030	$ 5,643
Credit loss	-	62,709	-	62,709
Capital campaign	-	-	70,755	70,755
Computer/IT	20,378	-	-	20,378
Depreciation	147,049	17,099	6,839	170,987
Family room	96,738	-	-	96,738
Family support	48,171	-	-	48,171
Fundraising	-	-	328,761	328,761
Community resource	33,763	-	-	33,763
In-kind donations	288,723	-	-	288,723
Insurance	78,182	20,442	19,892	118,516
Legal and professional	278,945	374,279	117,687	770,911
Miscellaneous	45,948	4,957	-	50,905
Office	11,468	-	-	11,468
Payroll taxes	16,773	7,715	9,057	33,545
Repairs and maintenance	31,165	-	-	31,165
Salaries	229,644	99,700	117,040	446,384
Travel and seminars	3,613	4,181	-	7,794
Utilities and telephone	4,308	-	-	4,308
	$ 1,335,481	$ 591,082	$ 675,061	$ 2,601,624

See accompanying independent auditor's report and notes to financial statements.

RONALD MCDONALD HOUSE CHARITIES OF SOUTH LOUISIANA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in net assets	$ 2,474,120
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	170,987
Unrealized/realized (gain) on investments	(961,582)
Amortization of discount on promises to give	82,481
Credit loss	62,709
Changes in operating assets and liabilities:	
Decrease in accounts receivable	41,562
Increase in due from related party	(15,103)
Increase in unconditional promises to give	(749,725)
Increase in accounts payable and accrued liabilities	24,788
Net cash provided by operating activities	1,130,237
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	(250,248)
Proceeds from sales of investments	2,753,408
Purchase of investments	(2,400,562)
Net cash provided by investing activities	102,598
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on note payable	(500,099)
Net cash used by financing activities	(500,099)
NET INCREASE IN CASH AND CASH EQUIVALENTS	732,736
CASH AND CASH EQUIVALENTS - Beginning of year	997,610
CASH AND CASH EQUIVALENTS - End of year	$ 1,730,346
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the year for:	
Interest	$ -
Income taxes	$ -

See accompanying independent auditor's report and notes to financial statements.

NATURE OF OPERATIONS

Ronald McDonald House Charities of South Louisiana, Inc. (“House”) was created in 1983. It is a nonprofit organization which provides a "home-away-from-home" to families of seriously ill children and provides programs that give comfort, compassion, and care to children and their families. The House serves critically ill children through our Ronald McDonald House on the campus of Manning Family Children’s Hospital New Orleans, Lafayette Ronald McDonald Family Room at Our Lady of Lourdes Women's & Children's Hospital, and Hospitality Carts. Through these programs the House helps provide housing, meals, transportation, community, and psychosocial support to families with children at local hospitals.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation:

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the House and changes therein are classified as follows:

- Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the House’s management and the board of directors.

- Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the House or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions totaled $2,393,822 at December 31, 2025.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents:

Cash equivalents consist of highly liquid investments with original maturities less than three months from the statement of financial position date.

Investments:

Investments are recorded at fair market value. Gains and losses on investments are reported as increases and decreases in net assets without donor restrictions unless the use is restricted by explicit donor stipulation or law.

Accounts Receivable:

Accounts receivable are stated at unpaid balances. Management believes all accounts receivable are collectible, and therefore, there is no allowance for credit losses.

It is the House's policy to charge off uncollectible receivables when management determines the receivable will not be collected.

Due from Related Party:

Amounts due from related party represent grants and contributions due from Ronald McDonald House Charities, Inc. Global.

Unconditional Promises to Give:

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value. The discounts on those amounts are computed using a discount rate applicable to the year in which the promise to give is received. Subsequent amortization of the discount is included in contribution revenue. During the year 2025, the House charged off $62,709 in uncollectible promises to give. Management evaluated historical losses and expected future collectability and determined an allowance on promises to give is not required.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition:

Contributions consist of grants and gifts from individuals, corporations, foundations, and Ronald McDonald House Charities, Inc. Global. The House also receives reimbursements from a medical center for the family room expenses. During 2024, the House began receiving reimbursements from Medicaid to assist with the family lodging and meals while visiting.

Contributions or pledges from donors that are in substance unconditional, are recognized by the House as net assets without donor restrictions. All donor-stipulated contributions are reported as net assets with donor restrictions depending on the nature of the stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are classified to net assets without donor restrictions and are reported in the statement of activities and changes in net assets as net assets released from restrictions.

The House also hosts fundraising events. There are no restrictions from this support, and the funds are used for the House's primary activities and general operations.

Contributed Services:

The House records non-cash donations as contributions at their estimated fair values at the date of donation. The House recognizes donated services, if significant in amount, which create or enhance nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions consisting of both time and resources for the year ended December 31, 2025 were $288,723.

Property and Equipment:

Property and equipment are recorded at cost and depreciated using the straight-line method over the useful lives of the assets, which range as follows:

• Building and improvements	15-39 years
• Equipment	5-7 years
• Vehicles	5 years

Expenditures for major additions of property and equipment in excess of $1,000 whose useful lives extend beyond a one-year period and betterments which naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Donated assets are recognized at their estimated fair values at the date of donation. Expenditures for maintenance and repairs are charged to expense as incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Functional Expense Allocation:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited and fundraising. These allocations are based on estimates determined by management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the House.

Net Assets With Donor Restrictions:

Net assets with donor restrictions are primarily composed of proceeds from the sale of donated stock. The donor specifically stipulated that only the dividends and earnings received from the investment may be used to fund operations and was set up as a perpetual endowment.

Income Taxes:

The House is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for income taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the House and recognize a tax liability if the House has taken an uncertain position that more likely than not would be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the House and has determined that as of December 31, 2025, there were no material uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The House's forms 990 are subject to examination by the IRS, generally for three years after they were filed. The House does not believe that the results from any examination of these open years would have a material adverse effect on the House.

Advertising:

The House expenses advertising costs when incurred. Advertising expense for the year ended December 31, 2025 was $5,643.

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2. BOARD-DESIGNATED NET ASSETS:

The House has designated net assets for program expansion, property and equipment, and general house operations which totaled $8,822,934 at December 31, 2025.

3. PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at December 31, 2025:

Construction in progress	$ 211,729
Building and improvements	3,174,003
Equipment	494,593
Automobiles	98,670
Subtotal	3,978,995
Accumulated depreciation	(506,160)
Property and equipment, net	$ 3,472,835

Depreciation expense for the year ended December 31, 2025 was $170,987.

4. CONCENTRATIONS:

The House maintains its cash in bank deposit accounts which typically exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of December 31, 2025, the House's cash exceeded the FDIC insurance by $729,332.

The House receives substantially all of its income from grants and contributions, fundraising events, and donations from individuals and businesses located primarily in the New Orleans area. Any significant decrease in these donations could negatively impact the House's operations.

For the year ended December 31, 2025, three donors accounted for approximately 69% of contributions.

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The House manages its liquidity by operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that any long-term obligations will be discharged. As part of the House's liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market accounts. The following table reflects the House's financial assets as of December 31, 2025, reduced by amounts not available for expenses within one year of the statement of financial position:

Financial assets:	
Cash and cash equivalents	$ 1,730,346
Investments	10,638,494
Accounts receivable	64,842
Due from related party	184,575
Unconditional promises to give, net	248,485
Total financial assets	12,866,742
Less those unavailable for general expenses within one year, due to:	
Current portion of long-term debt	(500,000)
Donor-restricted endowment fund	(2,393,822)
Board-designated funds to be used beyond one year	(8,822,934)
Financial assets available to meet cash needs for general expenses within one year	$ 1,149,986

6. FAIR VALUE MEASUREMENTS:

U.S. GAAP defines fair value and establishes a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose 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 fair value hierarchy is broken down into three levels of inputs that market participants would use in valuing the asset or liability, which can be summarized as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active; and other inputs that are observable or can be corroborated by observable market data.

6. FAIR VALUE MEASUREMENTS: (Continued)

Level 3: Valuation based on inputs that are unobservable for use when little or no market data exists.

Fair value of assets measured on a recurring basis as of December 31, 2025 was as follows:

	Total Fair Value	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Equities	$ 8,053,818	$ 8,053,818	$ -	$ -
Fixed Income	2,584,676	2,584,676	-	-
Total Investments	$10,638,494	$ 10,638,494	$ -	$ -

Investment income is composed of the following for the year ended December 31, 2025:

Interest and dividends	$ 276,396
Net unrealized/realized gain	961,582
	$ 1,237,978

7. RELATED PARTIES:

Ronald McDonald House Charities, Inc. (RMHC Global) provides ongoing program grants to all of its chapters around the world. These program grants are pre-authorized by the board of RMHC Global for the benefit of all chapters. The grants are available to all chapters that meet the program parameters; as such, the individual grants do not require any additional board action. During the year ended December 31, 2025, the House received $4,775 in grants from RMHC Global.

RMHC Global collects contributions through various programs on behalf of the chapters around the world. During the year ended December 31, 2025, the House received $983,653 from RMHC Global for contributions collected on their behalf.

8. ENDOWMENT FUND:

The House's endowment fund consists of proceeds received from the sale of McDonald's stock. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

8. ENDOWMENT FUND: (Continued)

The Board of Directors of the House has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the House classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the House considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the House, and (7) the House's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The House has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the House relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). From time to time, the House updates the investment policy to target a diversified asset allocation that can achieve its long-term objectives within prudent risk constraints.

Spending Policy. Only income earned from the fund may be used for House operations.

Endowment net asset composition by type of fund as of December 31, 2025 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Donor-restricted endowment funds	$ -	$ 2,393,822	$ 2,393,822
Total Funds	$ -	$ 2,393,822	$ 2,393,822

8. ENDOWMENT FUND: (Continued)

Changes in endowment net assets as of December 31, 2025 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	$ -	$ 2,393,822	$ 2,393,822
Unrealized gain (loss)	-	-	-
Endowment net assets, end of year	$ -	$ 2,393,822	$ 2,393,822

9. IN-KIND CONTRIBUTIONS:

The House's in-kind contributions consisted of the following as of December 31, 2025:

Professional services	$ 181,961
Food, supplies, and household items	106,762
Total in-kind contributions	$ 288,723

The House utilizes contributed nonfinancial assets in support of its mission of providing housing, meals, comfort, and supportive services to families of hospitalized children. Contributed goods were used in the House's programs during the year in which they were received. No contributed nonfinancial assets received during the year were subject to donor-imposed restrictions.

Contributed services are recognized if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are provided by persons possessing those skills, and would typically need to be purchased if not provided by donation.

Professional services are recognized at fair value as determined by the donors on the date of the contribution. Supplies consist of donated items, including food, toys and household supplies. Supplies were valued at actual cost.

10. PROMISES TO GIVE:

During the year ended December 31, 2021, the House conducted a capital campaign to obtain funds for construction costs of the new building at Manning Family Children's Hospital in New Orleans, Louisiana. The promises to give are generally recognized when promised. The money received from these promises to give will be used to assist with construction costs per the agreement with Manning Family Children's Hospital.

10. PROMISES TO GIVE: (Continued)

During the year ended December 31, 2025, the House conducted another capital campaign to obtain funds for construction of the Lafayette Ronald McDonald House estimated to be completed in 2028.

Unconditional promises to give at December 31, 2025 are as follows:

Unconditional promises to give	$	995,087
Less unamortized discount		(104,436)
Unconditional promises to give, net	$	890,651
The promises to give are due as follows:		
Less than one year	$	248,485
One to five years		642,166
Total unconditional promises to give	$	890,651

Promises to give with due dates extending beyond one year are discounted using Treasury bill rates for similar term investments. The applicable rate when the promises to give were recognized was 3.73%. In subsequent years, amortization of the discount is reported in the Statement of Activities as contribution revenue.

As of December 31, 2025, unconditional promises to give include approximately $49,958 due from board members of the Board of Directors. Management considers these receivables fully collectible and, accordingly, no allowance for credit losses has been recorded.

11. NOTE PAYABLE:

In November 2020, the House entered into a lease agreement with Manning Family Children's Hospital for use of the newly renovated building. The lease requires payments of $1 a year for ninety-nine years. Payments are due on the first day of each lease year and can be paid in one lump sum at any time during the lease period.

As part of the lease agreement, the House signed an agreement with Manning Family Children's Hospital in which the House agrees to pay a share of the construction costs on the leased building. The total amount to be paid is the lesser amount of 50% of total costs or $3,000,000. The House agreed to pay $3,000,000 over seven installments. Per the terms of the agreement, if the final construction costs incurred are less than $6,000,000, the House will receive a 50% credit of the difference between $6,000,000 and the final cost expended on the project. The House made an initial payment of $500,000 (due before commencement of the project) on December 2, 2021. The note is non-interest bearing, unless the House does not make an annual installment when due. At that point, interest will be charged at a rate of 12% or the highest rate allowed by law, whichever is less, from the date on which the installment is due, until paid in full. The note balance at December 31, 2025, was $1,499,901.

11. NOTE PAYABLE: (Continued)

Future payments on the note are as follows:

		Amount
2026	$	500,000
2027		500,000
2028		499,901
Total	$	1,499,901

12. DATE OF MANAGEMENT'S REVIEW:

Management has evaluated subsequent events through September 22, 2026, which is the date the financial statements were available to be issued, and determined that no events occurred that significantly affected the financial statements.