

Financial Statements

RONALD MCDONALD HOUSE CHARITIES  
OF NORTHEASTERN PENNSYLVANIA, INC

For the years ended December 31, 2015 & 2014  
*with Independent Auditors' Report*

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## CERTIFIED PUBLIC ACCOUNTANTS

Thomas P. Rainey, CPA  
Richard P. Rainey, CPA  
Kevin P. Noone, CPA

### Independent Auditor's Report

Board of Directors

Ronald McDonald House Charities of Northeastern Pennsylvania, Inc:

We have audited the accompanying financial statements of the Ronald McDonald House Charities of Northeastern Pennsylvania, Inc, a nonprofit organization, which comprise the statement of financial position as of December 31, 2015 and 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and the 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.

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ronald McDonald House Charities of Northeastern Pennsylvania, Inc as of June 30, 2015 and 2014, 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.



Scranton, Pennsylvania  
May 10, 2016

RONALD MCDONALD HOUSE CHARITIES  
OF NORTHEASTERN PENNSYLVANIA, INC.  
STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 80,562	\$ 150,186
Contributions and other receivables	13,851	16,402
Due from RMHC National	5,650	3,716
Prepaid expenses	1,364	384
Total Current Assets	101,427	170,688
 <b>EQUIPMENT, NET OF ACCUMULATED DEPRECIATION</b>		
Total Assets	\$ 104,798	\$ 174,711
 <u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ -	\$ 732
Due to RMHC National	9,047	10,319
Grants payable	-	52,734
Total Liabilities	9,047	63,785
 <b>NET ASSETS</b>		
Unrestricted	95,751	110,926
Total Net Assets	95,751	110,926
Total Liabilities and Net Assets	\$ 104,798	\$ 174,711

*See Notes to Financial Statements and Independent Auditor's Report*

RONALD MCDONALD HOUSE CHARITIES  
OF NORTHEASTERN PENNSYLVANIA, INC.  
STATEMENT OF ACTIVITIES

	2015	2014
<b>SUPPORT AND REVENUE</b>		
Ronald McDonald store canisters	\$ 177,136	\$ 180,956
Special events/public support	98,477	106,230
Other income	30,333	2,439
Total support and revenue	305,946	289,625
<b>EXPENSES</b>		
Grants	222,110	224,524
Scholarships	11,500	
Royalties - RMHC National	50,703	51,876
General and administrative	12,865	20,833
Fundraising	23,943	22,176
Total expenses	321,121	319,409
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	(15,175)	(29,784)
<b>NET ASSETS, BEGINNING</b>	110,926	140,710
<b>NET ASSETS, ENDING</b>	\$ 95,751	\$ 110,926

*See Notes to Financial Statements and Independent Auditor's Report*

RONALD MCDONALD HOUSE CHARITIES  
OF NORTHEASTERN PENNSYLVANIA, INC.  
STATEMENT OF CASH FLOWS

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	(15,175)	(29,784)
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation	1,606	5,091
In-kind contribution of property		
Changes in assets and liabilities		
Contributions and other receivables	2,553	(616)
Due from RMHC Global		
Due from RMHC National	(1,934)	30,228
Prepaid Expenses	(980)	(50)
Accounts payable	(732)	56,655
Due to RMHC National	(1,272)	(9,170)
Grants payable	(52,734)	(74,501)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(68,668)	(22,147)
 <b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>		
Purchases of equipment	(954)	(753)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(954)	(753)
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	(69,622)	(22,900)
 <b>BEGINNING CASH AND CASH EQUIVALENTS</b>	 150,186	 173,086
 <b>ENDING CASH AND CASH EQUIVALENTS</b>	 80,564	 150,186

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

In-kind contribution of property	-	-
	\$ -	\$ -

RONALD MCDONALD HOUSE CHARITIES  
OF NORTHEASTERN PENNSYLVANIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND  
NATURE OF THE ORGANIZATION

The Ronald McDonald House Charities of Northeastern Pennsylvania, Inc. (the "Organization") is a not-for-profit corporation which raises funds to support local Ronald McDonald Houses and local and national charities benefitting children. The Organization's main sources of revenue are canister collections from local McDonald's restaurants and local and national fund-raisers sponsored by McDonald's.

**Basis of Accounting**

The financial statements of the Organization are prepared on the accrual basis of accounting, in accordance with FASB ASC 958, *Not-for-Profit Entities*.

**Financial Statement Presentation**

Under ASC 958, the Organization is required to report information about its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The organization has no temporarily or permanently restricted net assets and has, accordingly, shown all net assets as unrestricted.

**Recognition of Donor Restrictions**

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Income Taxes**

No provision for income taxes has been made in the financial statements since the Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. However, income from activities not directly related to the Organization's tax-exempt purpose, if any, would be subject to taxation as unrelated business income.

The Organization complies with guidance for uncertainty in income taxes using provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities.

As of December 31, 2015 and 2014, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization's tax years 2011 and forward remain open for examination by federal and state taxing authorities.



**RONALD MCDONALD HOUSE CHARITIES  
OF NORTHEASTERN PENNSYLVANIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**Cash and Cash Equivalents**

Cash consists of a checking account which has no withdrawal restrictions.

**Functional Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Any expenditure not directly chargeable is allocated to the functional expense categories benefited.

**Equipment and Depreciation**

Equipment is recorded at cost, if purchased or at fair market value at the date of donation, if received by gift. Depreciation on equipment placed in service is computed using the straight-line method over the estimated useful lives of the assets, five years. All expenditures for repairs and maintenance are expensed in the period incurred.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**2. EQUIPMENT**

	<b>December 31,</b>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
Equipment	\$ 74,418	\$ 73,830
Less accumulated depreciation	<u>(71,047)</u>	<u>(69,806)</u>
Property & equipment (net)	<u>\$ 3,371</u>	<u>\$ 4,023</u>

Depreciation expense was \$1,606 and \$5,091 for the years ended December 31, 2015 and 2014 respectively.

**3. COMMITMENTS**

As part of a national affiliation agreement, the Organization is obligated to remit 25% of certain monetary contributions received, net of normal and customary fund-raising expenses, to the National Ronald McDonald House Charities organization. The National Organization may, upon notice to the Organization, change the remittance percentage.

During 2015 and 2014, the Organization's expense to the National Organization was \$50,703 and \$51,876, respectively. At December 31, 2015 and 2014, the Organization had \$9,047 and \$10,319, respectively, payable to the National Organization, and \$5,650 and \$3,716 respectively, receivable from the National Organization.

RONALD MCDONALD HOUSE CHARITIES  
OF NORTHEASTERN PENNSYLVANIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014

4. CONCENTRATION OF CREDIT RISK

The Organization may be subject to credit risk on its cash and cash equivalent assets, which are placed with high credit-quality financial institutions. The Federal Deposit Insurance Corporation ("FDIC") coverage has been \$250,000 for substantially all depository accounts and unlimited coverage for certain qualifying and participant non-interest bearing transaction accounts. The coverage was reduced on January 1, 2013 and the FDIC limit will return to \$250,000 for all accounts. From time to time, the Organization may have amounts on deposit in excess of the FDIC limits. Management believes the Organization is not exposed to any significant credit risk on its' cash and cash equivalents.

5. CONTRIBUTED SERVICES

A number of unpaid volunteers have donated significant contributions of time to the Organization. The value of these contributed services is not reflected in the financial statements since recognition criteria are not met.

6. SUBSEQUENT EVENTS

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 10, 2016, the date on which the financial statements were issued. No events or transactions have occurred that would require recognition or disclosure in the financial statements.

## CERTIFIED PUBLIC ACCOUNTANTS

Thomas P. Rainey, CPA  
Richard P. Rainey, CPA  
Kevin P. Noone, CPA

### Independent Auditor's Report

Board of Directors

Ronald McDonald House Charities of Northeastern Pennsylvania, Inc.:

We have audited the accompanying financial position of the Ronald McDonald House Charities of Northeastern Pennsylvania, Inc. as of December 31, 2015 and 2014, and the related statements of activities, and cash flows for the years then ended, and have issued our report thereon dated May 10, 2016, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The Schedules of General and Administrative Expenses and Schedules of Grants are presented for the purposes 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 subject 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Scranton, PA  
May 10, 2016

RONALD MCDONALD HOUSE CHARITIES  
 OF NORTHEASTERN PENNSYLVANIA, INC.  
 SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

	Years Ended	
	December 31,	
	2015	2014
Accounting fees	\$ 4,763	\$ 7,290
Depreciation	1,606	5,091
Office supplies and expenses	604	370
Meetings and travel	2,155	217
Repairs and maintenance	-	4,596
Taxes and licenses	150	150
Insurance	1,127	719
Website expense	60	-
Bookkeeper/Grant Manager expense	2,400	2,400
	\$ 12,865	\$ 20,833

RONALD MCDONALD HOUSE CHARITIES  
OF NORTHEASTERN PENNSYLVANIA, INC.  
SCHEDULE OF GRANTS

	Years Ended	
	December 31,	
	2015	2014
Ronald McDonald House of Scranton, Inc.	\$ 63,000	\$ 69,367
Ronald McDonald House of Danville, Inc.	74,000	81,367
Allied Services DePaul School	10,000	7,500
Balls Mills Soccer Club	-	4,800
CJR Memorial Foundation	-	5,000
Columbia-Montour Council	-	7,200
Boys and Girls Club of Northeastern PA	5,000	-
Freeland YMCA	6,500	-
Greater Susquehanna Valley YMCA	-	4,500
Heritage Valley Partners	-	7,500
Gaudenzia, Inc Foundation Springs	10,000	-
Herr Memorial Library, Inc	10,000	-
Old Forge Little League	10,000	-
Marley's Mission	-	7,500
Human Services Alliance	8,800	-
Northeast PA Council, By Scouts	6,110	-
Pittston Memorial Library	8,500	-
Saint Joseph's Center	10,200	-
Susquehanna Health Foundation	-	3,400
Devereux Pocono Programs and Services	-	2,500
Lacawac Sanctuary Foundation	-	3,400
North East Youth Hockey	-	5,000
United Cerebral Palsy Of NEPA	-	4,640
Northumberland County Council of Arts	-	3,050
Pocnon Health Foundation	-	5,000
Youth Star	-	2,800
The Wright Center	-	-
	<u>\$ 222,110</u>	<u>\$ 224,524</u>