

Financial Statements

**RONALD McDONALD HOUSE CHARITIES
OF NORTHEASTERN PENNSYLVANIA, INC**

For the years ended December 31, 2017 & 2016
with Independent Auditors' Report

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CERTIFIED PUBLIC ACCOUNTANTS

Thomas P. Rainey, CPA
Richard P. Rainey, 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, 2017 and 2016, 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 December 31, 2017 and 2016, 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.

A handwritten signature in black ink, appearing to read "R. J. ...".

Scranton, Pennsylvania
May 18, 2018

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

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 35,781	\$ 63,090
Contributions and other receivables	-	15,168
Due from RMHC National	64,109	37,742
Prepaid expenses	652	1,009
Total Current Assets	100,542	117,009
EQUIPMENT, NET OF ACCUMULATED DEPRECIATION		
Total Assets	\$ 100,542	\$ 119,264
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 2,500	\$ 1,500
Due to RMHC National	-	9,611
Grants payable	10,000	20,000
Total Liabilities	12,500	31,111
NET ASSETS		
Unrestricted	88,042	88,153
Total Net Assets	88,042	88,153
Total Liabilities and Net Assets	\$ 100,542	\$ 119,264

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

	2017	2016
SUPPORT AND REVENUE		
Ronald McDonald store canisters	\$ 190,362	\$ 173,871
Special events/public support	170,699	121,579
Other income	-	10,002
Total support and revenue	361,061	305,452
 EXPENSES		
Grants	238,637	215,066
Scholarships	20,500	11,500
Royalties - RMHC National	64,965	54,363
General and administrative	13,383	9,781
Fundraising	23,687	22,340
Total expenses	361,172	313,050
 INCREASE/(DECREASE) IN NET ASSETS	(111)	(7,598)
 NET ASSETS, BEGINNING	88,153	95,751
 NET ASSETS, ENDING	\$ 88,042	\$ 88,153

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

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(111)	(7,598)
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation	2,255	1,116
In-kind contribution of property		
Changes in assets and liabilities		
Contributions and other receivables	15,168	(1,317)
Due from RMHC National	(26,367)	(32,094)
Prepaid Expenses	357	355
Accounts payable	1,000	1,500
Due to RMHC National	(9,611)	564
Grants payable	(10,000)	20,000
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(27,309)	(17,474)
 CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchases of equipment	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(27,309)	(17,474)
 BEGINNING CASH AND CASH EQUIVALENTS		
	63,090	80,564
 ENDING CASH AND CASH EQUIVALENTS		
	35,781	63,090
 <u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
 In-kind contribution of property	-	-
	\$ -	\$ -

See Notes to Financial Statements and Independent Auditor's Report

**RONALD MCDONALD HOUSE CHARITIES
OF NORTHEASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

**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, 2017 and 2016, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization's tax years 2013 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, 2017 AND 2016**

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

	December 31,	
	<u>2017</u>	<u>2016</u>
Equipment	\$ 0	\$ 74,418
Less accumulated depreciation	<u>0</u>	<u>(71,047)</u>
Property & equipment (net)	<u>\$ 0</u>	<u>\$ 3,371</u>

Depreciation expense was \$2,255 and \$1,606 for the years ended December 31, 2017 and 2016 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 2017 and 2016, the Organization's expense to the National Organization was \$54,363 and \$64,965, respectively. At December 31, 2017 and 2016, the Organization had \$0 and \$9,611 respectively, payable to the National Organization, and \$64,109 and \$37,742 respectively, receivable from the National Organization.

**RONALD MCDONALD HOUSE CHARITIES
OF NORTHEASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

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 18, 2018, 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

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, 2017 and 2016, and the related statements of activities, and cash flows for the years then ended, and have issued our report thereon dated May 18, 2018, 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 18, 2018

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

	Years Ended	
	December 31,	
	2017	2016
Accounting fees	\$ 4,888	\$ 4,763
Depreciation	2,255	1,116
Office supplies and expenses	24	26
Meetings and travel	180	140
Taxes and licenses	150	150
Insurance	1,126	1,126
Website expense	2,360	60
Bookkeeper/Grant Manager expense	2,400	2,400
	<u>\$ 13,383</u>	<u>\$ 9,781</u>

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

	Years Ended	
	December 31,	
	2017	2016
Ronald McDonald House of Scranton, Inc.	\$ 43,000	\$ 73,000
Ronald McDonald House of Danville, Inc.	132,599	55,000
CASA of Luzerne County	8,800	-
Camp Create	5,000	-
Youth Star	2,500	-
Eagle Foundation of Blue Mtn SD	7,338	-
Greater Susquehanna Valley YMCA	9,400	-
Greater Carbondale YMCA	10,000	-
Salvation Army Scranton Citidal Corps	5,000	-
NEPA Council of Teachers of Mathematics	5,000	-
Children's Advocacy Center	10,000	-
St. Paul School	-	10,000
Devereux Pocono Center	-	3,250
Greater Susquehanna Valley YMCA-Union Cty	-	6,500
Housing Development Corporation MidAtlantic	-	6,000
Panther Valley Elementary PTO	-	10,000
Peckville Assembly of God	-	10,000
Schuylkill YMCA	-	9,785
Scranton Cultural Center	-	1,250
Susquehanna Health Foundation	-	7,781
Lacawac Sanctuary Foundation	-	2,500
Luzerne/Schuylkill Workforce Investment	-	10,000
Danville Little League	-	10,000
	<u>\$ 238,637</u>	<u>\$ 215,066</u>