

Financial Statements

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

For the years ended December 31, 2019 & 2018
with Independent Auditors' Report

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT.....	2-3
FINANCIAL STATEMENTS:	
STATEMENT OF FINANCIAL POSITION.....	4
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS.....	5
STATEMENT OF CASH FLOW.....	6
NOTES TO FINANCIAL STATEMENTS.....	7-10
ADDITIONAL INFORMATION,	
INDEPENDENT AUDITORS' REPORT IN SUPPLEMENTARY INFORMATION.....	11
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES.....	12
SCHEDULE OF GRANTS.....	13

CERTIFIED PUBLIC ACCOUNTANTS

Thomas P. Rainey, CPA
Richard P. Rainey, CPA
Jon Fiorelli, CPA

William Giovagnoli
Randy Schmidt

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, 2019 and 2018, 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, 2019 and 2018, 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.

Rainey & Rainey

Scranton, Pennsylvania
August 11, 2020

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

	2019	2018
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 108,192	\$ 77,040
Due from RMHC National	37,822	20,122
Prepaid expenses	1,115	1,301
Total Current Assets	147,129	98,463
 EQUIPMENT, NET OF ACCUMULATED DEPRECIATION		
Total Assets	\$ 147,129	\$ 98,463
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 1,000
Grants payable	-	-
Total Liabilities	-	1,000
 NET ASSETS		
Without Donor Restrictions	147,129	97,463
Total Net Assets	147,129	97,463
Total Liabilities and Net Assets	\$ 147,129	\$ 98,463

See Notes to Financial Statements and Independent Auditor's Report

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

	2019	2018
	Without Donor Restrictions	Without Donor Restrictions
SUPPORT AND REVENUE		
Ronald McDonald store canisters	\$ 147,867	\$ 164,760
Special events/public support	154,766	74,389
Total support and revenue	302,633	239,149
EXPENSES		
Grants	159,925	154,335
Royalties - RMHC National	57,120	42,081
General and administrative	16,425	13,182
Fundraising	19,497	20,130
Total expenses	252,967	229,728
INCREASE/(DECREASE) IN NET ASSETS	49,666	9,421
NET ASSETS, BEGINNING	97,463	88,042
NET ASSETS, ENDING	\$ 147,129	\$ 97,463

See Notes to Financial Statements and Independent Auditor's Report

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	49,666	9,421
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
In-kind contribution of property		
Changes in assets and liabilities		
Due from RMHC National	(17,700)	43,987
Prepaid Expenses	186	(649)
Accounts payable	(1,000)	(1,500)
Grants payable	-	(10,000)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	31,152	41,259
 CASH FLOWS USED BY INVESTING ACTIVITIES		
Purchases of equipment	-	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	31,152	41,259
BEGINNING CASH AND CASH EQUIVALENTS	77,040	35,781
ENDING CASH AND CASH EQUIVALENTS	108,192	77,040

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, 2019 AND 2018**

**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*.

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, 2019, and 2018, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization’s tax years 2014 and forward remain open for examination by federal and state taxing authorities.

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

**RONALD MCDONALD HOUSE CHARITIES
OF NORTHEASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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.

Net Assets

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

Net Assets without Donor Restrictions – Net assets are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that: a) restrict their use to a specific purpose which will be satisfied by actions of the organization or the passage of time; or b) require that they be maintained in perpetuity by the organization; generally, the donor of these assets permit the organization to use all or part of the income earned, including capital appreciation, or related investments for purposes with or without donor restrictions.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in donor restrictions without imposed stipulations if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of restrictions. When restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Adoption of New Standard

The organization has adopted the accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which changes the presentation and disclosure requirements for nonprofit entities to provide more relevant information about their resources (and changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes and liquidity.

**RONALD MCDONALD HOUSE CHARITIES
OF NORTHEASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

2. 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 2019 and 2018, the Organization's expense to the National Organization was \$50,814 and \$42,081, respectively. At December 31, 2019 and 2018, the Organization had \$37,822 and \$20,122 respectively, receivable from the National Organization.

3. 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.

4. 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.

5. LIQUIDITY

The organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Financial assets in excess of daily cash requirements are invested in money market funds, certificates of deposits and other short-term investments. The organization's governing board has designated a portion of its unrestricted resources for endowment, capital improvements, and other purposes. Those amounts are identified as board-designated in the table below. These funds are invested for long-term appreciation, but remain available and may be spent at the discretion of the board.

The following table reflects the organization's financial assets as of June 30, 2019 and 2018 that are available to meet cash needs for operating expenditures within one year.

**RONALD MCDONALD HOUSE CHARITIES
OF NORTHEASTERN PENNSYLVANIA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

	June 30,	<u>2019</u>	<u>2018</u>
Cash and cash equivalents		\$ 108,192	\$ 77,040

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 August 11, 2020, the date on which the financial statements were issued. Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (Covid-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Scranton Canoe Club, COVID-19 may impact various parts of its 2020 operations and financial results. Management believes it is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

CERTIFIED PUBLIC ACCOUNTANTS

Thomas P. Rainey, CPA
Richard P. Rainey, CPA
Jon Fiorelli, CPA

William Giovagnoli
Randy Schmidt

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, 2019 and 2018, and the related statements of activities, and cash flows for the years then ended, and have issued our report thereon dated August 11, 2020, which contained an unmodified 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
August 11, 2020

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

	Years Ended	
	December 31,	
	2019	2018
Accounting fees	\$ 5,000	\$ 4,931
Office supplies and expenses	105	25
Meetings and travel	187	225
Taxes and licenses	167	150
Insurance	1,366	1,191
Website expense	-	60
Bookkeeper/Grant Manager expense	9,600	6,600
	<u>\$ 16,425</u>	<u>\$ 13,182</u>

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

	Years Ended	
	December 31,	
	2019	2018
Ronald McDonald House of Scranton, Inc.	\$ 40,000	\$ 40,000
Ronald McDonald House of Danville, Inc.	72,725	70,000
Geisinger Wyoming Valley Medical Center	-	5,000
Mary Mother of God Parish	-	10,000
Nativity Miguel School of Scranton	-	9,950
Parent Teacher Association of Old ForgeHS	-	5,735
Riverside Vikings Parent Teacher Assoc	-	8,650
University of Scranton	-	5,000
CASA of Luzerne County	6,200	-
Susquehanna Health Foundation	5,000	-
Geisinger Community Medical Center	15,000	-
St. Paul School	3,000	-
United Way of Wyoming Valley	5,000	-
Marley's Mission, Inc.	5,000	-
Central PA Immunization Coalition	3,000	-
Children's Advocacy Center	5,000	-
	<u>\$ 159,925</u>	<u>\$ 154,335</u>