

**Financial Statements**

**The Ronald McDonald House of Scranton, Inc.**

*For the Year Ended  
December 31, 2023*

(With comparative financial information as of  
and for the year ended December 31, 2022)

***Rainey & Rainey  
Certified Public Accountants***

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## CERTIFIED PUBLIC ACCOUNTANTS

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### INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
The Ronald McDonald House of Scranton, Inc.

#### Opinion

We have audited the accompanying financial statements of the Ronald McDonald House of Scranton, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 the Ronald McDonald House of Scranton, Inc. as of December 31, 2023, and the changes in 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Ronald McDonald House of Scranton, 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 the Ronald McDonald House of Scranton, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### Auditors' 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 auditors' 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.

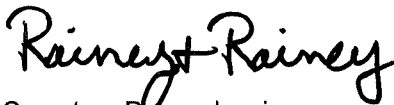
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 the Ronald McDonald House of Scranton, 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 the Ronald McDonald House of Scranton, 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.

#### **Report on Summarized Comparative Information**

We have previously audited the Ronald McDonald House of Scranton, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Scranton, Pennsylvania  
July 17, 2024

**RONALD MCDONALD HOUSE OF SCRANTON, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)**

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 552,662	\$ 424,643
Accounts receivable	-	20,000
Prepaid expenses	7,412	5,658
Total Current Assets	560,074	450,301
<b>PROPERTY AND EQUIPMENT, NET</b>	1,260,646	1,366,167
<b>LONG-TERM INVESTMENTS, AT FAIR VALUE</b>	2,542,973	2,305,114
<b>INVESTMENTS, ENDOWMENT, AT FAIR VALUE</b>	3,444,727	3,132,252
Total Assets	\$ 7,808,420	\$ 7,253,834
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accrued Wages	\$ 8,356	\$ 11,217
Accounts Payable	6,440	-
Total Current Liabilities	14,796	11,217
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	4,243,405	4,054,933
Restricted by the Board of Directors for Future Capital Improvements/Purchases	496,132	473,303
With Donor Restrictions	3,054,086	2,714,381
Total Net Assets	7,793,623	7,242,617
Total Liabilities and Net Assets	\$ 7,808,420	\$ 7,253,834

*See Notes to Financial Statements and Independent Auditors' Report*

**RONALD MCDONALD HOUSE OF SCRANTON, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022)

	2023			2022 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Revenue and Support</b>				
Special events	\$ 133,574	\$ -	\$ 133,574	\$ 175,674
Contributions	125,370		125,370	555,074
Grant Income	48,862	-	48,862	87,588
RMHC of NEPA	188,435	-	188,435	90,000
PPP Loan Forgiveness	-	-	-	49,847
Miscellaneous income	3,279	-	3,279	5,663
Total Revenue and Support	<u>499,520</u>	<u>-</u>	<u>499,520</u>	<u>963,846</u>
<b>OPERATING EXPENSES:</b>				
Program expenses	508,915	-	508,915	478,974
Management and general	65,448	-	65,448	63,117
Fundraising	81,999	-	81,999	87,924
Total Operating Expenses	<u>656,362</u>	<u>-</u>	<u>656,362</u>	<u>630,016</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	(156,842)	-	(156,842)	333,830
<b>INVESTMENT INCOME, NET</b>				
Investment Income	98,545	64,180	162,725	129,464
Net assets released from restrictions	64,169	(64,169)		
Realized Gains (Losses) on Investments	16,845	-	16,845	
Net unrealized gains (losses) on investments	188,584	339,694	528,278	(431,171)
Total Investment Income, Net	<u>368,143</u>	<u>339,705</u>	<u>707,848</u>	<u>(301,707)</u>
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	211,301	339,705	551,006	32,123
<b>NET ASSETS, BEGINNING</b>	<u>4,528,236</u>	<u>2,714,381</u>	<u>7,242,617</u>	<u>7,210,494</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 4,739,537</u>	<u>\$ 3,054,086</u>	<u>\$ 7,793,623</u>	<u>\$ 7,242,617</u>

**RONALD MCDONALD HOUSE OF SCRANTON, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31**  
**2022)**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 551,006	\$ 32,117
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation	124,536	124,569
Realized (gain) loss on investments	(16,845)	8,781
Unrealized (gain) loss on investments	(528,278)	431,731
(Increase)/decrease in operating assets		
Accounts receivable	20,000	(20,000)
Prepaid expenses	(1,754)	(5,658)
Increase/(decrease) in operating liabilities		
Accrued payroll	(2,861)	2,717
Accounts Payable	6,440	-
PPP Loan	-	(49,847)
NET CASH PROVIDED BY OPERATING ACTIVITIES	152,244	524,410
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(5,211)	(436,640)
Purchases of property and equipment	(19,015)	(75,730)
NET CASH USED IN INVESTING ACTIVITIES	(24,226)	(512,370)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	128,019	12,039
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	424,643	412,598
<b>ENDING CASH AND CASH EQUIVALENTS</b>	\$ 552,662	\$ 424,643

*See Notes to Financial Statements and Independent Auditors' Report*

**RONALD MCDONALD HOUSE OF SCRANTON, INC.  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)**

	2023				2022	
	Program Services		Management and General		Fundraising	Total
	Ronald McDonald House	Ronald McDonald Family Room	Total	Total	Total	Total
Salaries	\$ 100,800	\$ 74,342	\$ 175,142	\$ 37,601	\$ 32,692	\$ 247,539
Payroll taxes	8,023	5,917	13,940	2,993	2,602	20,413
Employee benefits	25,902	19,103	45,005	9,662	8,401	53,850
Family Support and Supplies	-	1,567	1,567	-	-	988
Hotels rooms	23,972	-	23,972	-	-	13,765
Housekeeping and other services	5,464	-	5,464	-	-	9,625
Insurance	21,490	2,528	24,018	1,264	-	22,685
Utilities	36,651	-	36,651	1,929	-	31,812
Maintenance and repairs	14,772	1,738	16,510	869	-	20,379
Travel meetings and training	4,343	4,343	8,686	1,086	1,086	4,940
Telephone	1,960	1,960	3,921	490	490	7,664
Advertising	46	34	80	4	-	139
Professional fees	8,778	6,384	15,162	798	-	2,931
Volunteer recognition	1,419	946	2,365	-	-	3,258
Depreciation	105,856	12,454	118,309	6,227	-	124,569
Additional Fees	1,379	-	1,379	530	212	1,899
Office supplies and postage	5,349	3,945	9,294	1,995	1,735	12,951
Transportation	2,980	4,469	7,449	-	-	8,880
Fundraising	-	-	-	-	34,782	41,909
Total	<u>\$ 369,184</u>	<u>\$ 139,731</u>	<u>\$ 508,915</u>	<u>\$ 65,448</u>	<u>\$ 81,999</u>	<u>\$ 630,016</u>



# RONALD MCDONALD HOUSE OF SCRANTON, INC.

## NOTES TO FINANCIAL STATEMENTS

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

The Ronald McDonald House of Scranton, Inc. (the "Organization") is a Pennsylvania not-for-profit corporation formed in 1986. The mission of Ronald McDonald House is to create, find and support programs that directly improve the health and well-being of children and their families. Collectively, RMHC and the network of local Chapters ascribe to five core values: we focused on the critical needs of children, we lead with compassion, we celebrate the diversity of our people and our programs, we value our heritage and we operate with accountability and transparency.

We fulfill our mission through operation of sustainable programs that enable family-centered care, bridge access to quality health care, are a vital part of the health care continuum and strengthen families during difficult times. The following programs, operated by the Organization, represent the core functions of Ronald McDonald House.

#### **Ronald McDonald House**

When children must travel long distances to access top medical care, accommodations and support for families can be expensive or not readily available. The Organization helps families stay close to their ill or injured child through the Ronald McDonald House program located in Scranton PA, which provide temporary lodging, meals and other support to children and their families. The program provides families with emotional and physical comfort and increases the caregivers' ability to spend more time with their child, to interact with their clinical care team and to participate in critical medical care decisions.

#### **Ronald McDonald Family Room**

When a child is critically ill, parents may be reluctant to leave the hospital. In order to provide comfort and support to their child, it is important that parents have an opportunity to rest, have a meal or have a moment of quiet. Located inside medical care facilities, the Ronald McDonald Family Room programs in Moses Taylor Hospital, Geisinger Wyoming Valley, and Geisinger Community Medical Center serve as a place of respite, relaxation and privacy for family members, often just steps away from where their child is being treated. The Ronald McDonald Family Room program provides parents with an opportunity to remain close to their hospitalized child and to be an active member of their child's health care team.

#### **Basis of Presentation**

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and are presented on the basis of net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. All other net assets, including board-designated or appropriated amounts, are net assets without donor restrictions and are reported as part of the net assets without donor restriction class.

# RONALD MCDONALD HOUSE OF SCRANTON, INC.

## NOTES TO FINANCIAL STATEMENTS

### Revenue Recognition

Unconditional promises to give are recognized as revenue in the period the promise was made. Conditional promises are recorded as revenue when the conditions are substantially met. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### Functional Expenses

The statements of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: depreciation, insurance, interest, maintenance and repairs, rent, and utilities, which are allocated on a square footage basis; payroll taxes, meetings, education and training, office supplies, technology and telephone, which are allocated based on full-time equivalents; and salaries and wages and employee benefits, which are allocated on the basis of estimates of time and effort.

### Property and Equipment

Property and equipment are stated at cost, if purchased, or estimated fair value, if donated, at the date of donation. Additions of \$2,500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	30 - 40 Years
Office Furniture and Equipment	5 - 7 Years
Vehicles	5 Years

### Valuation of Investments in Securities at Fair Value

The Organization complies with the provisions of FASB ASC 820, *Fair Value Measurement and Disclosures*. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

# RONALD MCDONALD HOUSE OF SCRANTON, INC.

## NOTES TO FINANCIAL STATEMENTS

### Donated Assets, Property and Equipment , and Services

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization also receives donated services from other contributors and volunteers that are not measurable, and therefore, are excluded from the financial statements.

### Cash and Cash Equivalents

Cash equivalents include money market funds and all highly liquid investments with a maturity date of less than three months from the date of purchase. For purposes of the statement of cash flow, cash equivalents include all highly liquid debt instruments purchased with a maturity of three months or less.

### Net Assets

The Organization's net assets and changes therein are classified and reported as follows:

#### Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions or law.

- Restricted by the Board of Directors

Net assets subject to board-imposed restrictions for future capital improvements and purchases. These restrictions are temporary in nature as they will be released with the commencement of the improvements and purchases.

#### With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

# RONALD MCDONALD HOUSE OF SCRANTON, INC.

## NOTES TO FINANCIAL STATEMENTS

### 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.

### Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by donors. Amounts received that are designated for future periods or restricted by donors for specific purposes are reported as with donor restricted net asset class. When a donor restriction expires, donor restricted net assets are classified as without donor restriction net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the House reports the support as without donor restrictions.

### 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.

### Advertising

Advertising costs are charged when incurred. Total advertising costs for the years ended December 31, 2023 and 2022 were \$84 and \$139 respectively.

## 2. CONCENTRATION OF CREDIT RISK

Deposits are exposed to custodial credit risk if they are not covered by depository insurance. The Federal Deposit Insurance Corporation insures amounts on deposit with any one financial institution up to \$250,000. At various times throughout the year, the House had on deposit with a bank, an amount that exceeded the Federal Deposit Insurance Corporation insured limit of \$250,000 per depositor as of December 31, 2023 and 2022, respectively. The House requires the banks with which it does business to provide collateral for amounts exceeding federal insurance coverage. At December 31, 2023 and 2022, the amount in excess of the insured limits were \$166,256, and \$98,165. The bank balance of deposits with financial institutions, including cash equivalents, was \$553,867, compared to a carrying amount of \$552,662 as of December 31, 2023. The difference is caused by items in-transit and outstanding checks. The amount of \$166,256 was exposed to custodial credit risk.

# RONALD MCDONALD HOUSE OF SCRANTON, INC.

## NOTES TO FINANCIAL STATEMENTS

### 3. PROPERTY AND EQUIPMENT

	December 31,	
	<u>2023</u>	<u>2022</u>
Land	\$ 445,771	\$ 445,771
Land improvements	94,919	85,434
Building	158,800	158,800
Building improvements	1,922,488	1,922,488
Furnishings and equipment	458,962	449,432
Vehicle	<u>66,651</u>	<u>66,651</u>
Total property & equipment	3,147,592	3,128,576
Less accumulated depreciation	<u>(1,886,946)</u>	<u>(1,762,409)</u>
Property & equipment (net)	<u>1,260,646</u>	<u>1,366,167</u>

Depreciation expense was \$124,536 and \$124,569 for the years ended December 31, 2023 and 2022, respectively.

### 4. FAIR VALUE MEASUREMENTS & INVESTMENTS

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. A hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Levels within the hierarchy are based on the reliability of inputs as follows:

*Level 1* - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

*Level 2* - Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

# RONALD MCDONALD HOUSE OF SCRANTON, INC.

## NOTES TO FINANCIAL STATEMENTS

### Assets at Fair Value as of December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 4,316,863	\$ 0	\$ 0	\$ 4,316,863
Fixed Income Securities	1,610,080	0	0	1,610,080
Money Market, Mutual Funds, & Other	<u>60,757</u>	<u>0</u>	<u>0</u>	<u>60,757</u>
<b>TOTAL ASSETS AT FAIR VALUE</b>	<b><u>\$ 5,987,700</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 5,987,700</u></b>

### Assets at Fair Value as of December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 3,774,6231	\$ 0	\$ 0	\$ 3,774,631
Fixed Income Securities	1,476,940	0	0	1,476,940
Money Market & Mutual Funds	<u>185,795</u>	<u>0</u>	<u>0</u>	<u>185,795</u>
<b>TOTAL ASSETS AT FAIR VALUE</b>	<b><u>\$ 5,437,366</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 5,437,366</u></b>

Investment return on the above investments for the years ended December 31 is summarized as follows:

	<b>2023</b>	<b>2022</b>
Interest & Dividend Income	\$ 176,808	\$ 149,440
Unrealized gain/(loss) on investments	528,278	(431,171)
Realized gain/(loss) on investments	16,845	(8,781)
Investment Fees	<u>(14,083)</u>	<u>(11,194)</u>
<b>Total</b>	<b><u>\$ 707,848</u></b>	<b><u>\$ (301,706)</u></b>

Investment income has been reported in the accompanying statement of activities and changes in net assets as follows:

	<b>2023</b>	<b>2022</b>
Net assets without donor restrictions – Investment income	\$ 303,974	\$ (313,244)
Permanently restricted net assets – Investment income	<u>403,874</u>	<u>11,538</u>
<b>Total</b>	<b><u>\$ 707,848</u></b>	<b><u>\$ (301,706)</u></b>

# RONALD MCDONALD HOUSE OF SCRANTON, INC.

## NOTES TO FINANCIAL STATEMENTS

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

### 5. ENDOWMENTS

The Organization received a contribution of 10,000 shares of McDonald's Corporation stock in 1993. The contribution was recorded at \$531,250, the fair market value at the date of acquisition. In accordance with the donor's restriction, which requires the principal to be held in perpetuity for the benefit of the Ronald McDonald House, the original value of the stock is reported as permanently restricted net assets. Gains and losses on the stock are restricted for House operating expenses and therefore, reported as temporarily restricted net assets until expensed. Dividend income derived from the stock is reported as unrestricted net assets in accordance with the terms of the donor's gift.

The following are the changes in the endowment net assets for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Donor-Restricted Endowment:		
Beginning of Year	\$ 2,714,381	\$ 2,761,142
Investment income		
Interest	11	-0-
Dividends	64,169	58,298
Appreciation/Depreciation	339,694	(46,760)
Total Investment Income	3,118,255	2,772,679
Appropriation of Endowment Assets for Expenses	<u>(64,169)</u>	<u>(58,298)</u>
Donor-Restricted Endowment:		
End of Year	<u>\$ 3,054,086</u>	<u>\$ 2,714,381</u>

### 6. NET ASSETS WITHOUT DONOR RESTRICTIONS – RESTRICTED BY BOARD OF DIRECTORS

The Organization received contributions of \$340,000 and \$135,878 from the Estate of Margery Morgan Lowens and the Estate of Sophie Dukas respectively. These endowments were not restricted by the donors, but rather by the Board of Directors for Future Capital Improvements and Purchases. The funds were deposited into an investment account titled the "capital building fund," and will be reserved for future capital projects. Considering that these funds will be released from restriction at some point, they are temporary in nature.

# RONALD MCDONALD HOUSE OF SCRANTON, INC.

## NOTES TO FINANCIAL STATEMENTS

The amounts are listed as follows:

	<u>2023</u>		<u>2022</u>
Board Restricted Net Assets:			
Beginning of the Year	\$ 473,303	\$	-0-
Contributions			
The Estate of Margery Morgan Lowens	-0-		340,000
The Estate of Sophie Dukas	-0-		135,878
Interest	19,273		
Advisor Fees	(1,921)		
Depreciation	<u>5,477</u>		<u>(2,575)</u>
Board Restricted Net Assets:			
End of the Year	\$ <u>496,132</u>	\$	<u>473,303</u>

### 7. NET ASSETS

The detail of the House's net asset categories at December 31, 2023 & 2022 are as follows:

	<u>2023</u>		<u>2022</u>
Without donor restrictions			
Undesignated	\$ 4,243,405	\$	4,054,933
Restricted by the Board for Future Capital Improvements/Purchases	496,132		473,303
With Donor Restrictions			
McDonald's corporation stock endowment	3,054,086		2,714,381
Total net assets	<u>\$ 7,793,623</u>	\$	<u>7,242,617</u>

### 8. LIQUIDITY

The House 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 following table reflects the House's financial assets as of December 31, 2023 & 2022 that are available to meet cash needs for operating expenditures within one year.

	<u>2023</u>		<u>2022</u>
Cash and cash equivalents	\$ 552,662	\$	424,643



# **RONALD MCDONALD HOUSE OF SCRANTON, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **9. COST ALLOCATION**

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a square footage basis; and supplies and telephone costs, which are allocated based on time and effort.

### **10. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 17, 2024 the date the financial statements were available to be issued, and has determined that no material subsequent events exist that require disclosure.