

**RONALD MCDONALD HOUSE CHARITIES,
NORTHERN NEVADA, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

RONALD MCDONALD HOUSE CHARITIES, NORTHERN NEVADA, INC.
DECEMBER 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Ronald McDonald House Charities, Northern Nevada, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Ronald McDonald House Charities, Northern Nevada, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, cash flows, and functional expenses for the years 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 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 an opinion on these financial statements based on our audits. We conducted our audits 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 of 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 Ronald McDonald House Charities, Northern Nevada, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Reno, Nevada
April 27, 2015

RONALD MCDONALD HOUSE CHARITIES, NORTHERN NEVADA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 76,987	\$ 37,695	\$ -	\$ 114,682
Investments	2,005,291	-	-	2,005,291
Prepaid expenses	5,372	-	-	5,372
Total current assets	<u>2,087,650</u>	<u>37,695</u>	<u>-</u>	<u>2,125,345</u>
LAND, PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$911,434 and \$840,685 in 2014 and 2013, respectively	1,086,490	-	-	1,086,490
OTHER ASSETS				
Investments	-	-	516,250	516,250
Total assets	<u>\$ 3,174,140</u>	<u>\$ 37,695</u>	<u>\$ 516,250</u>	<u>\$ 3,728,085</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 31,093	\$ -	\$ -	\$ 31,093
Accrued liabilities	22,935	-	-	22,935
Total current liabilities/total liabilities	<u>54,028</u>	<u>-</u>	<u>-</u>	<u>54,028</u>
NET ASSETS				
Unrestricted				
Designated				
Scholarships	158,435	-	-	158,435
Capital Property Reserve	694,612	-	-	694,612
Ronald McDonald Care Mobile	76,928	-	-	76,928
Capital improvements	200,000	-	-	200,000
Travel for Treatment	15,000	-	-	15,000
Family Room	100,000	-	-	100,000
Investment in land, property and equipment, net	1,086,490	-	-	1,086,490
Undesignated	<u>788,647</u>	<u>-</u>	<u>-</u>	<u>788,647</u>
Total unrestricted net assets	3,120,112	-	-	3,120,112
Temporarily restricted	-	37,695	-	37,695
Permanently restricted	-	-	516,250	516,250
Total net assets	<u>3,120,112</u>	<u>37,695</u>	<u>516,250</u>	<u>3,674,057</u>
Total liabilities and net assets	<u>\$ 3,174,140</u>	<u>\$ 37,695</u>	<u>\$ 516,250</u>	<u>\$ 3,728,085</u>

See accompanying notes

RONALD MCDONALD HOUSE CHARITIES, NORTHERN NEVADA, INC.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2014 AND 2013

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 206,640	\$ 77,533	\$ -	\$ 284,173
Investments	1,803,772	-	-	1,803,772
Prepaid expenses	7,789	-	-	7,789
Total current assets	<u>2,018,201</u>	<u>77,533</u>	<u>-</u>	<u>2,095,734</u>
LAND, PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$911,434 and \$840,685 in 2014 and 2013, respectively	1,006,486	-	-	1,006,486
OTHER ASSETS				
Investments	-	-	516,250	516,250
Total assets	<u>\$ 3,024,687</u>	<u>\$ 77,533</u>	<u>\$ 516,250</u>	<u>\$ 3,618,470</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 31,608	\$ -	\$ -	\$ 31,608
Accrued liabilities	25,824	-	-	25,824
Total current liabilities/total liabilities	<u>57,432</u>	<u>-</u>	<u>-</u>	<u>57,432</u>
NET ASSETS				
Unrestricted				
Designated				
Scholarships	158,435	-	-	158,435
Capital Property Reserve	694,612	-	-	694,612
Ronald McDonald Care Mobile	81,928	-	-	81,928
Capital improvements	200,000	-	-	200,000
Travel for Treatment	15,000	-	-	15,000
Family Room	100,000	-	-	100,000
Investment in land, property and equipment, net	1,006,486	-	-	1,006,486
Undesignated	<u>710,794</u>	<u>-</u>	<u>-</u>	<u>710,794</u>
Total unrestricted net assets	2,967,255	-	-	2,967,255
Temporarily restricted	-	77,533	-	77,533
Permanently restricted	-	-	516,250	516,250
Total net assets	<u>2,967,255</u>	<u>77,533</u>	<u>516,250</u>	<u>3,561,038</u>
Total liabilities and net assets	<u>\$ 3,024,687</u>	<u>\$ 77,533</u>	<u>\$ 516,250</u>	<u>\$ 3,618,470</u>

See accompanying notes

RONALD MCDONALD HOUSE CHARITIES, NORTHERN NEVADA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
PUBLIC SUPPORT, REVENUE AND RECLASSIFICATIONS				
Public support				
Contributions	\$ 451,505	\$ 86,043	\$ -	\$ 537,548
In-kind contributions	164,413	-	-	164,413
Special events				
Revenue	198,314	-	-	198,314
Contributions	112,567	-	-	112,567
In-kind contributions	55,053	-	-	55,053
Less costs of direct benefits to donors	<u>(135,091)</u>	<u>-</u>	<u>-</u>	<u>(135,091)</u>
Net special events	230,843	-	-	230,843
United Way	<u>18,865</u>	<u>-</u>	<u>-</u>	<u>18,865</u>
Total public support	<u>865,626</u>	<u>86,043</u>	<u>-</u>	<u>951,669</u>
Revenue				
Interest and dividends	85,122	-	-	85,122
Rental income	<u>16,134</u>	<u>-</u>	<u>-</u>	<u>16,134</u>
Total revenue	<u>101,256</u>	<u>-</u>	<u>-</u>	<u>101,256</u>
Reclassifications				
Net assets released from restrictions - satisfaction of purpose restrictions	<u>125,881</u>	<u>(125,881)</u>	<u>-</u>	<u>-</u>
Total public support, revenue, and reclassifications	<u>1,092,763</u>	<u>(39,838)</u>	<u>-</u>	<u>1,052,925</u>
EXPENSES				
Program services				
Ronald McDonald House	439,116	-	-	439,116
Family Room	49,353	-	-	49,353
Travel for Treatment	3,607	-	-	3,607
Ronald McDonald Care Mobile	30,000	-	-	30,000
Scholarships	<u>110,000</u>	<u>-</u>	<u>-</u>	<u>110,000</u>
Total program services	<u>632,076</u>	<u>-</u>	<u>-</u>	<u>632,076</u>
Supporting services				
General and administrative	151,800	-	-	151,800
Fund raising	<u>137,819</u>	<u>-</u>	<u>-</u>	<u>137,819</u>
Total supporting services	<u>289,619</u>	<u>-</u>	<u>-</u>	<u>289,619</u>
Unallocated payments to RMHC, Inc.	<u>21,721</u>	<u>-</u>	<u>-</u>	<u>21,721</u>
Total expenses	<u>943,416</u>	<u>-</u>	<u>-</u>	<u>943,416</u>
OTHER GAINS AND (LOSSES)				
Net realized and unrealized gain on sale of investments	<u>3,510</u>	<u>-</u>	<u>-</u>	<u>3,510</u>
CHANGE IN NET ASSETS	152,857	(39,838)	-	113,019
NET ASSETS, beginning of year	<u>2,967,255</u>	<u>77,533</u>	<u>516,250</u>	<u>3,561,038</u>
NET ASSETS, end of year	<u>\$ 3,120,112</u>	<u>\$ 37,695</u>	<u>\$ 516,250</u>	<u>\$ 3,674,057</u>

See accompanying notes

RONALD MCDONALD HOUSE CHARITIES, NORTHERN NEVADA, INC.
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
PUBLIC SUPPORT, REVENUE AND RECLASSIFICATIONS				
Public support				
Contributions	\$ 499,500	\$ 72,905	\$ -	\$ 572,405
In-kind contributions	102,860	-	-	102,860
Special events				
Revenue	173,720	-	-	173,720
Contributions	121,673			121,673
In-kind contributions	87,742			87,742
Less costs of direct benefits to donors	(145,013)	-	-	(145,013)
Net special events	238,122	-	-	238,122
United Way	12,433	-	-	12,433
Total public support	852,915	72,905	-	925,820
Revenue				
Interest and dividends	55,115	-	-	55,115
Rental income	14,129	-	-	14,129
Total revenue	69,244	-	-	69,244
Reclassifications				
Net assets released from restrictions - satisfaction of purpose restrictions	18,500	(18,500)	-	-
Total public support, revenue, and reclassifications	940,659	54,405	-	995,064
EXPENSES				
Program services				
Ronald McDonald House	422,545	-	-	422,545
Family Room	38,881	-	-	38,881
Travel for Treatment	4,113	-	-	4,113
Ronald McDonald Care Mobile	30,000	-	-	30,000
Scholarships	101,000	-	-	101,000
Total program services	596,539	-	-	596,539
Supporting services				
General and administrative	112,750	-	-	112,750
Fund raising	164,917	-	-	164,917
Total supporting services	277,667	-	-	277,667
Unallocated payments to RMHC, Inc.	20,859	-	-	20,859
Total expenses	895,065	-	-	895,065
OTHER GAINS AND (LOSSES)				
Net realized and unrealized gain on sale of investments	226,716	-	-	226,716
CHANGE IN NET ASSETS	272,310	54,405	-	326,715
NET ASSETS, beginning of year	2,694,945	23,128	516,250	3,234,323
NET ASSETS, end of year	<u>\$ 2,967,255</u>	<u>\$ 77,533</u>	<u>\$ 516,250</u>	<u>\$ 3,561,038</u>

See accompanying notes

RONALD MCDONALD HOUSE CHARITIES, NORTHERN NEVADA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 113,019	\$ 326,715
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	70,749	71,773
Contributed fixed assets	(83,808)	-
Reinvested dividends	(63,828)	(39,388)
Net realized and unrealized gains on investments	(3,510)	(226,716)
Changes in certain components of working capital		
(Increase) decrease in:		
Prepaid expenses	2,417	4,651
Increase (decrease) in:		
Accounts payable	(515)	(6,058)
Grant payable	-	(30,000)
Accrued liabilities	(2,889)	(2,037)
Net cash flows from operating activities	31,635	98,940
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(66,945)	(57,059)
Purchases of investments	(1,507,559)	-
Sales of investments	1,373,378	30,277
Net cash flows from investing activities	(201,126)	(26,782)
NET CHANGE IN CASH	(169,491)	72,158
CASH, beginning of year	284,173	212,015
CASH, end of year	\$ 114,682	\$ 284,173
NONCASH INVESTING AND FINANCING ACTIVITY		
Disposal of fully depreciated equipment	\$ -	\$ 41,634

See accompanying notes

RONALD MCDONALD HOUSE CHARITIES, NORTHERN NEVADA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

	Program Services					Supporting Services			Total
	Ronald McDonald House	Family Room	Travel for Treatment	Ronald McDonald Care Mobile	Scholarships	General and Administrative	Fund Raising		
Advertising and promotion	\$ 950	\$ -	\$ -	\$ -	\$ -	\$ 7	\$ -	\$ 667	\$ 1,624
Automobile expense	2,750	-	-	-	-	-	-	-	2,750
Bank charges	37	-	-	-	-	9,860	-	-	9,897
Canister expense	145	-	-	-	-	-	3,535	-	3,680
Cleaning services and supplies	18,581	161	-	-	-	-	-	-	18,742
Depreciation	67,919	-	-	-	-	1,415	-	1,415	70,749
Direct mail	-	-	-	-	-	7,551	-	39,604	39,604
Employee benefits	21,449	-	-	-	-	-	-	5,774	34,774
Groceries/house expenses	56,155	-	-	-	-	-	-	-	56,155
Insurance	16,897	737	-	-	-	1,849	-	300	19,783
Legal and accounting	-	-	-	-	-	13,986	-	195	14,181
Maintenance and repairs	9,380	-	-	-	-	8,970	-	26	18,376
Meetings, training and seminars	325	-	-	-	-	1,651	-	-	1,976
Miscellaneous	499	-	-	-	-	5,022	-	1,724	7,245
Newsletter expense	218	-	-	-	-	-	-	503	721
Outside services	9,767	-	-	-	-	-	-	-	9,767
Office supplies	1,976	855	-	-	-	7,777	-	607	11,215
Postage and shipping	690	-	-	-	-	-	-	900	1,590
Printing	1,491	-	-	-	-	1,076	-	10,211	12,778
Salaries and payroll taxes	201,247	47,600	-	-	-	87,018	-	57,041	392,906
Scholarship expense	5,047	-	-	-	-	-	-	-	5,047
Special events	-	-	-	-	-	-	-	14,995	14,995
Telephone	7,204	-	-	-	-	147	-	146	7,497
Travel	817	-	-	-	-	4,038	-	-	4,855
Utilities	8,485	-	-	-	-	1,433	-	176	10,094
Volunteer recognition	7,087	-	-	-	-	-	-	-	7,087
Travel for Treatment	-	-	3,607	-	-	-	-	-	3,607
Ronald McDonald Care Mobile	-	-	-	30,000	-	-	-	-	30,000
Scholarships awarded	-	-	-	-	110,000	-	-	-	110,000
Total expenses	\$ 439,116	\$ 49,353	\$ 3,607	\$ 30,000	\$ 110,000	\$ 151,800	\$ 137,819	\$	\$ 921,695

See accompanying notes

RONALD MCDONALD HOUSE CHARITIES, NORTHERN NEVADA, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

	2013									
	Program Services					Supporting Services				
	Ronald McDonald House	Family Room	Travel for Treatment	Ronald McDonald Care Mobile	Scholarships	General and Administrative	Fund Raising	Total		
Advertising and promotion	\$ 965	\$ 400	\$ -	\$ -	\$ -	\$ 16	\$ 1,821	\$ 3,202		
Automobile expense	2,505	-	-	-	-	-	-	2,505		
Bank charges	-	-	-	-	-	6,293	-	6,293		
Canister expense	-	-	-	-	-	-	4,534	4,534		
Cleaning services and supplies	16,946	51	-	-	-	-	-	16,997		
Depreciation	68,903	-	-	-	-	1,435	1,435	71,773		
Direct mail	-	-	-	-	-	-	47,051	47,051		
Employee benefits	19,420	-	-	-	-	5,605	4,880	29,905		
Groceries/house expenses	45,342	-	-	-	-	-	-	45,342		
Insurance	18,125	-	-	-	-	2,241	323	20,689		
Legal and accounting	-	-	-	-	-	13,544	-	13,544		
Maintenance and repairs	8,422	-	-	-	-	2,609	53	11,084		
Meetings, training and seminars	143	-	-	-	-	2,632	-	2,775		
Miscellaneous	541	-	-	-	-	2,374	1,796	4,711		
Newsletter expense	-	-	-	-	-	-	390	390		
Outside services	4,952	-	-	-	-	-	-	4,952		
Office supplies	4,167	255	-	-	-	5,837	1,980	12,239		
Postage and shipping	1,475	-	-	-	-	10	1,752	3,237		
Printing	736	-	-	-	-	1,108	9,932	11,776		
Salaries and payroll taxes	202,293	38,175	-	-	-	64,486	72,491	377,445		
Scholarship expense	3,842	-	-	-	-	-	-	3,842		
Special events	-	-	-	-	-	-	16,139	16,139		
Telephone	6,035	-	-	-	-	126	126	6,287		
Travel	742	-	-	-	-	3,261	-	4,003		
Utilities	8,324	-	-	-	-	1,173	214	9,711		
Volunteer recognition	8,667	-	-	-	-	-	-	8,667		
Travel for Treatment	-	-	4,113	-	-	-	-	4,113		
Ronald McDonald Care Mobile	-	-	-	30,000	-	-	-	30,000		
Scholarships awarded	-	-	-	-	101,000	-	-	101,000		
Total expenses	\$ 422,545	\$ 38,881	\$ 4,113	\$ 30,000	\$ 101,000	\$ 112,750	\$ 164,917	\$ 874,206		

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

RONALD MCDONALD HOUSE CHARITIES, NORTHERN NEVADA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Ronald McDonald House Charities, Northern Nevada, Inc. (Organization) is organized as a non-profit corporation under the laws of the state of Nevada. In addition, the Organization has received charitable organization status under the Internal Revenue Code Section 501(c)(3). Therefore, donations made to the Organization are deductible to the donor, and the Organization is generally exempt from income taxation.

The Organization maintains and operates the Ronald McDonald House in Reno, Nevada to provide a home away from home for seriously ill children and their families while the children are receiving treatment at a nearby hospital. The Organization also provides financial assistance to families that must travel to receive treatment for their child.

In addition, the Organization makes grants to other organizations exempt from tax under IRC Section 501(c)(3). The Organization continued its ongoing support of the Ronald McDonald Care Mobile program which provides basic healthcare services to underserved populations in Washoe County.

The Organization provides qualifying, high school seniors from northern Nevada with scholarships for their first year of college as a part of the RMHC U.S. Scholarship Program. Recipients of RMHC Scholarships are also offered renewable scholarships for their second through fourth year of school.

The Ronald McDonald Family Room at Renown Children's Hospital opened February, 2012. The 548 square-foot room serves as a place of respite to families with children in the hospital where they can retreat to get something to eat, check their email, watch a movie or just sit and rest in the home-like atmosphere just steps away from their child. Included in the space is a small bedroom where parents can sleep while still enabling them to be close to their child in the Pediatric Intensive Care Unit. The Ronald McDonald Family Room is intended to help parents rest and recoup to be a better support system for their children.

Basis of Accounting

The Organization prepares its financial statements using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions.

At December 31, 2014 and 2013, the Organization has temporarily restricted net assets totaling \$37,695 and \$77,533, respectively for scholarships for future periods and renovations to be made to the house. Permanently restricted net assets are detailed in Note 4.

The Organization reports restricted contributions whose restrictions are met in the same reporting period in which the contributions are received as unrestricted support.

Cash and Cash Equivalents

Cash and cash equivalents include general checking and money market accounts and highly liquid debt instruments purchased with original maturities of three months or less.

Advertising and Promotional Costs

Advertising and promotional costs are expensed as incurred. Advertising and promotional costs total \$1,624 and \$3,202 for the year ended December 31, 2014 and 2013, respectively.

RONALD MCDONALD HOUSE CHARITIES, NORTHERN NEVADA, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2014 AND 2013

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments consist principally of marketable equity securities and mutual funds.

Investments in marketable equity securities and mutual funds with readily determinable fair values are reported at fair value with realized and unrealized gains and losses included in the statement of activities.

Land, Property and Equipment

Land, property and equipment are recorded at cost or at the estimated fair value at the date of the gift if donated. Such gifts of land, property and equipment are reported as unrestricted support unless specific, donor stipulations specify how the donated assets must be used. Additions and improvements in excess of \$1,500 are capitalized, whereas costs of maintenance and repairs are expensed as incurred.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on straight-line and declining balance bases. The estimated useful life for furniture, fixtures and equipment is 3 to 10 years, 10 to 20 years for building improvements, 27.5 years for rental property and 40 years for the building.

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

Net Asset Designations

The members of the Ronald McDonald House Charities, Northern Nevada, Inc. Board of Trustees have designated unrestricted net assets for specific program use. These designations include:

	2014	2013
The RMHC Scholarship Program to assist students attending college.	\$ 158,435	\$ 158,435
The Capital Property Reserve which is based on a long-range study of the cost of capital improvements over a 30 year period for the Reno Ronald McDonald House.	694,612	694,612
The Ronald McDonald Care Mobile as it goes into its tenth year of operations.	76,928	81,928
Capital improvements to the Reno Ronald McDonald House, a home away from home for families of hospitalized children.	200,000	200,000
The RMHC Travel for Treatment program which assists families with travel for medical treatment.	15,000	15,000
The RMHC Family Room located at the Renown Children's Hospital.	100,000	100,000

The Board members, at their discretion, can revise the intended use of the net assets as they deem necessary.

The Organization has \$1,086,490 and \$1,006,486 invested in land, property and equipment net of accumulated depreciation at December 31, 2014 and 2013, respectively.

RONALD MCDONALD HOUSE CHARITIES, NORTHERN NEVADA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014 AND 2013

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributed Services and Goods

The Organization is required to recognize the contributions of services if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Services requiring specialized skills are those provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers and other professionals and craftsmen.

The Organization received donated goods and services from various individuals and business for the years ended December 31, 2014 and 2013 totaling \$242,001 and \$190,602, respectively. A portion of these donated goods and services are included in the net total for special events income on the statement of activities. Other donated services include meals made for guests, office help and house maintenance projects.

A substantial number of volunteers have donated a significant amount of services. The services donated do not meet the criteria for recognition as defined above. Accordingly, the financial statements do not reflect the value of these services.

Income Taxes

The Organization is a public charity, exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and has been classified as a non-private foundation that normally receives a substantial part of its support from the general public as provided by Internal Revenue Code Section 170(b)(1)(A)(VI). Accordingly, no provision for income taxes is included in the accompanying financial statements.

Tax positions to consider include but are not limited to:

- Classification of program services, administrative and fund raising
- Characterization of its activities as related or unrelated to its tax exempt purpose

It is the Organization's tax position that it has not engaged in activities that would jeopardize its exempt status nor has it engaged in activities that would result in unrelated business income tax.

The Organization has been notified of an Internal Revenue Service examination for their 2013 tax return which will occur during 2015. Its returns are subject to examination within a three year statute of limitations. At December 31, 2014, the 2011 through the current period returns are subject to examination by the IRS.

Use of Estimates

The preparation of financial statements in conformity with 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.

Subsequent Events

Subsequent events have been evaluated through April 27, 2015, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

RONALD MCDONALD HOUSE CHARITIES, NORTHERN NEVADA, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2014 AND 2013

NOTE 2 - INVESTMENTS AND FAIR VALUE

Investments consist of the following at fair value at December 31:

	2014	2013
Mutual funds	\$ 2,125,041	\$ 1,814,278
Corporate stocks	379,265	488,584
Pooled investments	17,235	17,160
Total	<u>\$ 2,521,541</u>	<u>\$ 2,320,022</u>

Generally accepted accounting principles require disclosures regarding fair value measurements which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization has no Level 2 investments for the year ended December 31, 2014 and 2013.

	2014		
	Level 1	Level 3	Total
Mutual funds	\$ 2,125,041	\$ -	\$ 2,125,041
Corporate stocks	379,265	-	379,265
Pooled investments	-	17,235	17,235
	<u>\$ 2,504,306</u>	<u>\$ 17,235</u>	<u>\$ 2,521,541</u>

	2013		
	Level 1	Level 3	Total
Mutual funds	\$ 1,814,278	\$ -	\$ 1,814,278
Corporate stocks	488,584	-	488,584
Pooled investments	-	17,160	17,160
	<u>\$ 2,302,862</u>	<u>\$ 17,160</u>	<u>\$ 2,320,022</u>

Level 1 Fair Value Measurements

The fair value of equity securities is determined by a quoted market price in an active market for identical assets that are accessible at the measurement date.

Level 3 Fair Value Measurements

The fair value of pooled investments is provided by the investment manager in quarterly statements. Detailed investment holdings are not provided. The fair value of Level 3 investments totals \$17,235 and \$17,160 at December 31, 2014 and 2013, respectively.

Following is a summary of the changes in Level 3 investments for the year ended December 31:

	2014	2013
Beginning balance	\$ 17,160	\$ 15,274
Investment income	384	413
Net realized and unrealized gains	5	1,777
Expenses	(314)	(304)
Ending balance	<u>\$ 17,235</u>	<u>\$ 17,160</u>

Gains and losses (realized and unrealized) are reported net in the statement of activities.

RONALD MCDONALD HOUSE CHARITIES, NORTHERN NEVADA, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2014 AND 2013

NOTE 3 - LAND, PROPERTY AND EQUIPMENT

Land, property and equipment consist of the following at December 31:

	2014	2013
Land and landscaping	\$ 194,848	\$ 194,848
Building and improvements	1,254,207	1,147,134
Family room	116,718	116,718
Furniture, fixtures and office equipment	405,694	362,014
Automobile	14,457	14,457
Artwork	12,000	12,000
Total land, property and equipment	1,997,924	1,847,171
Less accumulated depreciation	(911,434)	(840,685)
Net land, property and equipment	\$ 1,086,490	\$ 1,006,486

Depreciation expense for the year ended December 31, 2014 and 2013 totaled \$70,749 and \$71,773, respectively.

During the year ended December 31, 2007, the Organization purchased property adjacent to the Ronald McDonald House. During 2014, both buildings on the property were rented, see Note 8.

NOTE 4 - PERMANENTLY RESTRICTED NET ASSETS

In 1993, the Organization received a donation for the purpose of establishing a permanent endowment. The principal of \$496,250 is restricted and may not be expended. The dividends and interest may be expended to fund house operations. These earnings are shown as unrestricted support, as they were expended during the period in which they were earned.

In 2006, the Organization received a donation for the purpose of establishing a permanent endowment to fund scholarship awards. The principal of \$20,000 is restricted and may not be expended. The dividends and interest may be expended to fund scholarship awards. These earnings are shown as unrestricted support, as they were expended during the period in which they were earned.

NOTE 5 - RETIREMENT PLAN

Effective January 1, 1999, the Organization implemented a Simple IRA plan for its employees. Employees must meet various eligibility requirements to participate in the plan. The Organization matches 100% of each employee's contribution up to 3% of total compensation. For the year ended December 31, 2014 and 2013, the Organization contributed \$1,450 and \$2,317, respectively, to the plan.

NOTE 6 - RELATED PARTY TRANSACTIONS

During 2014 and 2013, the Organization purchased computer supplies and services from a company owned by a member of the Board of Trustees. The total amount paid during the year ended December 31, 2014 and 2013 is \$3,032 and \$4,887, respectively. In addition, the Organization paid for advertising fees and maintenance and supplies related to the rental property management to a company owned by a member of the Board of Trustees. The total amount paid during the year ended December 31, 2014 and 2013 is \$3,929 and \$1,667, respectively.

NOTE 7 - ENDOWMENTS

The Organization has both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Such endowments are established for a variety of purposes related to the Organization's operations and collections. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported as unrestricted, temporarily restricted and permanently restricted net assets based solely on the existence or absence of donor-imposed restrictions. The endowment and quasi-endowment funds are classified in net assets as follows:

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 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2014 AND 2013

NOTE 7 - ENDOWMENTS (Continued)

		2014		
		Unrestricted	Permanently Restricted	Total
Donor-restricted	\$	-	\$ 516,250	\$ 516,250
Board-restricted		1,244,975	-	1,244,975
Total endowment funds	\$	1,244,975	\$ 516,250	\$ 1,761,225

		2013		
		Unrestricted	Permanently Restricted	Total
Donor-restricted	\$	-	\$ 516,250	\$ 516,250
Board-restricted		1,244,975	-	1,244,975
Total endowment funds	\$	1,244,975	\$ 516,250	\$ 1,761,225

Following is a summary of the changes in endowment fund net assets for the year ended December 31:

		2014		
		Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$	1,249,975	\$ 516,250	\$ 1,766,225
Investment return		-	17,617	17,617
Contributions		-	-	-
Appropriations for expenditures		(5,000)	(17,617)	(22,617)
Endowment net assets, end of year	\$	1,244,975	\$ 516,250	\$ 1,761,225

		2013		
		Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$	1,249,975	\$ 516,250	\$ 1,766,225
Investment return		-	17,617	17,617
Contributions		-	-	-
Appropriations for expenditures		(5,000)	(17,617)	(22,617)
Endowment net assets, end of year	\$	1,244,975	\$ 516,250	\$ 1,761,225

Interpretation of Relevant Law

In the absence of explicit donor stipulations to the contrary, the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014 AND 2013

NOTE 7 - ENDOWMENTS (Continued)

prudence described in UPMIFA. The Organization takes into consideration the following factors in its determination to appropriate or accumulate donor-restricted endowment funds in accordance with UPMIFA:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment funds
- General economic conditions, including the possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The Organization's investment policies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires to be retained as perpetual fund. Such deficiencies are reflected as decreases in unrestricted or temporarily restricted net assets for the period.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to maintain the level of services and programs offered by the Organization in relation to average cost increases. Under the policy, the Organization has determined that its risk tolerance is conservative to moderate and asks that the investment manager invest within this risk parameter.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization 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.) The Organization targets a diversified asset allocation plan within prudent risk constraints. The Budget and Finance Committee of the Board of Trustees reviews this plan at least annually with its investment advisors.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

From the donor restricted endowment funds, the dividends and interest may be expended to fund costs as approved in accordance with the original donor's instructions. From the Board designated endowment funds, the designations have been set aside for future purposes and will be spent at a time the Board deems necessary for the purpose as originally designated.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Organization entered into an agreement to operate a family room in a local hospital. The Organization is responsible for maintaining, repairing and replacing all improvements, providing volunteer staffing and maintaining appropriate insurance.

The Organization entered into agreements to rent the houses, located on property owned by the Organization, on a month to month basis, with current monthly rental payments of \$1,355 and \$1,250 at December 31, 2014 and 2013, respectively. Both houses were not rented the entire years however, they were both rented at December 31, 2014. The houses are included in fixed assets at a cost of \$404,209, net of accumulated depreciation of \$38,727 and \$27,703 at December 31, 2014 and 2013, respectively. During the year ended December 31, 2014 and 2013, the Organization received rental income for the above leases totaling \$11,334 and \$9,329, respectively.

The Ronald McDonald House is open and staffed 24 hours a day 7 days a week in case of emergency. There is an apartment located on site which is leased to the resident staff member for \$400 per month. In 2014 and 2013, the Organization received \$4,800 in rental income from the resident staff apartment.

RONALD MCDONALD HOUSE CHARITIES, NORTHERN NEVADA, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014 AND 2013

NOTE 9 - CONTINGENCIES

Self-Insured State Unemployment Tax

The Organization is self insured for state unemployment purposes rather than obtaining unemployment insurance through the State of Nevada Employment Security Division. This requires the Organization to reimburse the State of Nevada for benefits paid to former employees. The potential liability is based upon the number of employees that are laid off and potentially eligible for unemployment benefits which would be difficult to predict. Based upon historical costs, the Organization believes that no liability needs to be accrued currently. During the year ended December 31, 2014, the Organization incurred unemployment expenses of \$2,706. There were no unemployment claims during the year ended December 31, 2013.