

**RONALD MCDONALD HOUSE
CHARITIES OF EL PASO, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ronald McDonald House Charities of El Paso, Inc.,

We have audited the accompanying financial statements of Ronald McDonald House Charities of El Paso, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses and cash flows 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ronald McDonald House Charities of El Paso, Inc. as of December 31, 2014 and 2013, 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.

Gilson Rudsock Patterson LLC

El Paso, Texas
June 10, 2015

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RONALD MCDONALD HOUSE CHARITIES OF EL PASO, INC.

STATEMENTS OF FINANCIAL POSITION

YEARS ENDED DECEMBER 31, 2014 AND 2013

ASSETS	<u>2014</u>	<u>2013</u>
Current assets		
Cash and cash equivalents	\$ 337,538	\$ 475,945
Investments	1,528,006	1,252,283
Beneficial interest in Foundation	45,071	45,071
Other current assets	1,870	1,870
	<u>1,912,485</u>	<u>1,775,169</u>
Total current assets		
Land, building, furniture and equipment		
Land, building, furniture and equipment	2,316,945	2,316,140
Less: accumulated depreciation	<u>(816,753)</u>	<u>(774,177)</u>
	<u>1,500,192</u>	<u>1,541,963</u>
Total property and equipment		
Total assets	<u>\$ 3,412,677</u>	<u>\$ 3,317,132</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued expenses	\$ 4,308	\$ 2,570
	<u>4,308</u>	<u>2,570</u>
Total current liabilities		
Net Assets		
Unrestricted	2,787,448	2,628,198
Temporarily restricted	133,421	198,864
Permanently restricted	<u>487,500</u>	<u>487,500</u>
Total net assets	<u>3,408,369</u>	<u>3,314,562</u>
Total liabilities and net assets	<u>\$ 3,412,677</u>	<u>\$ 3,317,132</u>

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE CHARITIES OF EL PASO, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Total
Support and revenues			
Public support			
Special events	\$ 273,424	-	\$ 273,424
Less direct benefit costs	(18,328)	-	(18,328)
Net revenues from special events	255,096	-	255,096
Donations and grants	82,122	7,500	89,622
Room donations	2,730	-	2,730
Medicaid revenue	33,360		33,360
Cannister income	-	53,210	53,210
	118,212	60,710	178,922
Non-operating revenue			
Interest and dividend income	25,426	13,732	39,158
Insurance proceeds	20,000	-	20,000
Vending machine income	2,893	-	2,893
	48,319	13,732	62,051
	421,627	74,442	496,069
Net assets released from restrictions	176,630	(176,630)	-
Total public support and revenues	598,257	(102,188)	496,069
Expenses			
Program services	354,214	-	354,214
Management and general	56,657	-	56,657
Fundraising	84,339	-	84,339
Remittances to RMHC Global	11,834	-	11,834
Total expenses	507,044	-	507,044
Unrealized gain (loss) on investments	68,037	36,745	104,782
Change in net assets	159,250	(65,443)	93,807
Net assets, beginning of year	2,628,198	198,864	2,827,062
Net assets, end of year	\$ 2,787,448	\$ 133,421	\$ 2,920,869

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE CHARITIES OF EL PASO, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenues			
Public support			
Special events	\$ 253,562	\$ -	\$ 253,562
Less direct benefit costs	(16,575)	-	(16,575)
Net revenues from special events	<u>236,987</u>	<u>-</u>	<u>236,987</u>
Donations and grants	66,528	6,250	72,778
Room donations	9,070	-	9,070
Cannister income	-	50,665	50,665
	<u>75,598</u>	<u>56,915</u>	<u>132,513</u>
Non-operating revenue			
Interest and dividend income	24,215	19,508	43,723
Realized gain on investments	1,797	1,448	3,245
Vending machine income	2,393	-	2,393
	<u>28,405</u>	<u>20,956</u>	<u>49,361</u>
	340,990	77,871	418,861
Net assets released from restrictions	<u>158,264</u>	<u>(158,264)</u>	<u>-</u>
Total public support and revenues	<u>499,254</u>	<u>(80,393)</u>	<u>418,861</u>
Expenses			
Program services	329,675	-	329,675
Management and general	46,702	-	46,702
Fundraising	61,488	-	61,488
Remittances to RMHC Global	10,140	-	10,140
Total expenses	<u>448,005</u>	<u>-</u>	<u>448,005</u>
Unrealized gain (loss) on investments	<u>101,855</u>	<u>82,057</u>	<u>183,912</u>
Change in net assets	153,104	1,664	154,768
Net assets, beginning of year	<u>2,475,094</u>	<u>197,200</u>	<u>2,672,294</u>
Net assets, end of year	<u>\$ 2,628,198</u>	<u>\$ 198,864</u>	<u>\$ 2,827,062</u>

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE CHARITIES OF EL PASO, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2014

	House	Scholarship	Family Room	Total Program	Management and General	Fund Raising	Total
Salaries	\$ 142,357	\$ -	\$ -	\$ 142,357	\$ 13,466	\$ 36,551	\$ 192,374
Insurance	17,334	-	-	17,334	3,232	8,814	29,380
Payroll Taxes	16,223	-	-	16,223	1,535	4,165	21,923
Total salaries and related expenses	175,914	-	-	175,914	18,233	49,530	243,677
Auto expense	2,231	-	-	2,231	-	-	2,231
Scholarships	-	41,309	-	41,309	-	-	41,309
Advertising and promotion	-	-	-	-	2,619	7,938	10,557
Bank charges and credit card fees	-	-	-	-	2,368	-	2,368
Equipment and facility rental	2,867	-	-	2,867	159	159	3,185
House and office supplies	13,883	69	5,157	19,109	850	11,789	31,748
House maintenance	12,311	-	-	12,311	684	684	13,679
Insurance	13,577	-	-	13,577	1,609	754	15,940
Postage	1,858	-	-	1,858	103	103	2,064
Printing	-	-	-	-	-	7,124	7,124
Professional fees	10,259	-	-	10,259	19,679	2,452	32,390
Family entertainment	1,174	-	-	1,174	-	-	1,174
Relocation	1,847	-	-	1,847	-	-	1,847
Travel and conferences	3,251	-	-	3,251	3,781	-	7,032
Utilities	23,787	-	-	23,787	1,322	1,322	26,431
Other	-	-	-	-	2,765	-	2,765
Subtotal before depreciation	87,045	41,378	5,157	133,580	35,939	32,325	201,844
Depreciation	44,720	-	-	44,720	2,485	2,484	49,689
Total expenses	\$ 307,679	\$ 41,378	\$ 5,157	\$ 354,214	\$ 56,657	\$ 84,339	\$ 495,210

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE CHARITIES OF EL PASO, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2013

	House	Scholarship	Family Room	Total Program	Management and General	Fund Raising	Total
Salaries	\$ 119,055	\$ -	\$ -	\$ 119,055	\$ 17,940	\$ 26,094	\$ 163,089
Insurance	17,949	-	-	17,949	5,172	7,301	30,422
Payroll taxes	7,847	-	-	7,847	2,261	3,192	13,300
Total salaries and related expenses	144,851	-	-	144,851	25,373	36,587	206,811
Auto expense	1,212	-	-	1,212	-	-	1,212
Scholarships	-	50,000	-	50,000	-	-	50,000
Advertising and promotion	-	-	-	-	792	4,343	5,135
Bank charges and credit card fees	-	-	-	-	2,067	-	2,067
Equipment and facility rental	2,947	-	-	2,947	164	164	3,275
House and office supplies	13,209	981	1,414	15,604	593	8,402	24,599
House maintenance	12,937	-	-	12,937	719	719	14,375
Insurance	13,272	-	-	13,272	1,481	737	15,490
Postage	1,270	-	-	1,270	71	71	1,412
Printing	-	-	-	-	-	3,524	3,524
Professional fees	14,511	-	-	14,511	8,159	3,223	25,893
Family entertainment	1,224	-	-	1,224	-	-	1,224
Relocation	1,000	-	-	1,000	-	-	1,000
Travel and conferences	3,927	-	-	3,927	-	-	3,927
Utilities	21,717	-	-	21,717	1,207	1,207	24,131
Other	-	-	-	-	3,565	-	3,565
Subtotal before depreciation	87,226	50,981	1,414	139,621	18,818	22,390	180,829
Depreciation	45,203	-	-	45,203	2,511	2,511	50,225
Total expenses	\$ 277,280	\$ 50,981	\$ 1,414	\$ 329,675	\$ 46,702	\$ 61,488	\$ 437,865

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE CHARITIES OF EL PASO, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 93,807	\$ 154,768
Depreciation expense	49,689	50,225
In kind donation of fixed asset	(5,000)	
Realized (gain) loss	-	(3,245)
Unrealized (gain) loss	(104,782)	(187,157)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Other assets	-	(1,260)
Accrued expenses	1,740	66
Net cash provided (used) by operating activities	<u>35,454</u>	<u>13,397</u>
Cash flows from investing activities		
Proceeds from sale of investments	203,139	18,321
Purchase of investments	(374,080)	(147,248)
Purchase of fixed assets	(2,920)	-
Net cash provided (used) by investing activities	<u>(173,861)</u>	<u>(128,927)</u>
Net increase (decrease) in cash	<u>(138,407)</u>	<u>(115,530)</u>
Beginning cash	<u>475,945</u>	591,475
Ending cash	<u>\$ 337,538</u>	<u>\$ 475,945</u>
Noncash investing activities:		
Donation of fixed assets	<u>\$ 5,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

RONALD MCDONALD HOUSE CHARITIES OF EL PASO, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Charitable Purpose- Ronald McDonald House Charities of El Paso, Inc. (RMHC), is a nonprofit agency, whose purposes are to maintain and operate one or more facilities in the area of El Paso, Texas to provide temporary housing for seriously ill children and their families while the children are receiving medical treatment at area medical facilities, supporting other Ronald McDonald House Charities core programs such as Ronald McDonald Family Rooms, Ronald McDonald Care Mobiles, and the RMHC Scholarship program and to find and support other tax exempt organizations and programs that directly improve the health of children in the community.

Programs -

House - RMHC offers families whose children are being treated at local medical facilities a “home away from home”. The 10 suite home offers cozy private rooms, plush living/visiting areas, a spacious industrial kitchen as well as support from the staff.

Scholarship - RMHC scholarship program is designed to provide financial assistance to eligible graduating high school seniors who face limited access to educational and career opportunities.

Family Room - The Ronald McDonald Family Room offers comfort and support to families of seriously ill or injured children. The Family Room is situated in the Children’s Hospital at Providence Memorial Hospital on the 3rd Floor.

Care Mobile - The Care Mobile program brings urgently needed health care to under-served children in both rural and urban areas. The Care Mobile is a state of the art vehicle that delivers cost effective medical, dental and health education services directly to under-served children in local neighborhoods.

Basis of Accounting - The financial statements of RMHC have been prepared on the accrual basis of accounting.

Basis of Presentation - In accordance with FASB Accounting Standards Codification (ASC), Financial Statements of Not-for-Profit Organizations, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates - The preparation of the 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.

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RONALD MCDONALD HOUSE CHARITIES OF EL PASO, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents- The RMHC considers all cash investments with maturities of three months or less to be cash equivalents.

Investments - In accordance with the Investments - Debt and Equity Securities of the FASB ASC, investments are carried at fair market value, with any realized or unrealized gains or losses reported in the statement of activities Interest and dividends are recognized as revenue when earned.

Accounts receivable - Generally accepted accounting principles require that an allowance for uncollectible accounts be maintained in lieu of the direct charge-off method. However, in this case management has determined that such an allowance would be immaterial with respect to the financial statements taken as a whole.

Property and equipment - Property is recorded at acquisition cost. Donated assets are reflected as contributions at their estimated value on the date of receipt. The Organization capitalized all items with a cost or donated value of more than \$1,000 and a useful life of more than one year. Disbursements for improvements and betterments are capitalized, while repairs and maintenance are charged to current operating expense. When items of property or equipment are sold or retired, the related cost is removed from the accounts and any gain or loss is included in revenues.

Depreciation of all such items is computed on a straight-line basis over the estimated useful lives of the assets.

Deferred revenue - Deferred revenue is sponsorship revenue received before the event takes place.

Functional expenses - Expenses are charged to each program based on direct expenditures incurred. Any expenditures not directly chargeable are allocated to the programs based on direct salary expenses.

Income tax status - RMHC has been granted exemptions from federal income taxes under Section 501(c) (3) of the Internal Revenue Code (the Code) and have been determined not to be a private foundation under Section 509(a)(1) of the Code. As such, no provision for income taxes is reflected in the financial statements.

RMHC is subject to federal income tax on any unrelated business taxable income, but it did not have any taxable income for the years ended December 31, 2014 and 2013. Accordingly, no provision for income taxes has been recorded.

RMHC Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

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RONALD MCDONALD HOUSE CHARITIES OF EL PASO, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated services - Donated services that either create or enhance a nonfinancial asset, or require specialized skills, are recorded at fair market value.

Advertising - The Organization expenses advertising costs when incurred. Advertising expense for 2014 was \$10,557 and \$5,135 for 2013.

Revenue Recognition - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction.

All 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 (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization reports any donor-restricted contributions whose restrictions are met in the same accounting period as unrestricted support. At its discretion, the Board of Directors may designate funds for specific purposes.

The main sources of revenue for the Organization are donations, investment income and income from special events.

2. INVESTMENTS

The RMHC accounts for the investments as unrestricted and permanently restricted.

Accounts	2014		2013	
	Cost	Fair Market Value	Cost	Fair Market Value
Common Stock	\$ 831,015	\$ 1,316,870	\$ 563,140	\$ 1,027,905
Limited Partnerships	64,289	79,800	93,863	92,004
Mutual Funds - Bonds	28,319	28,353	27,251	28,151
Mutual Funds - Equities	81,252	102,983	78,566	104,223
	\$ 1,004,875	\$ 1,528,006	\$ 762,820	\$ 1,252,283

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RONALD MCDONALD HOUSE CHARITIES OF EL PASO, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

2. INVESTMENTS (Continued)

On March 1, 1993, the Organization received a permanent endowment of 10,000 shares of common stock of McDonald's Corporation from an individual. The initial investment had a fair market value of \$487,500. The principal must remain intact for perpetuity. The gift was made with the stipulations that investment income produced by the endowment be restricted for House operating expenses. Those expenses include ongoing program service expenses such as salaries, supplies, utilities, etc. Excluded expenses include administrative, fundraising, capital expenditures, expansions remodels and major refurbishment and repairs.

However, the Property Code of the State of Texas states that "the governing board may appropriate for expenditure, for the uses and purposes for which the fund is established, the net appreciation, realized and unrealized, in the fair market value of the assets of an endowment fund over the historic dollar value of the fund to the extent prudent under the standard provided by Section 163.007."

3. LAND, BUILDING, FURNITURE AND EQUIPMENT

The property, plant, and equipment at December 31, 2014 and 2013, and useful lives are as follows:

	<u>2014</u>	<u>2013</u>	<u>Useful lives</u>
Land	\$ 455,243	\$ 455,243	
Building and improvements	1,449,197	1,449,147	20 years
Furniture and equipment	383,099	382,344	3-10 years
Vans	29,406	29,406	5 years
	<u>2,316,945</u>	<u>2,316,140</u>	
Less depreciation	<u>(816,753)</u>	<u>(774,177)</u>	
	<u>\$ 1,500,192</u>	<u>\$ 1,541,963</u>	

The depreciation expense is \$49,689 and \$50,225 for 2014 and 2013, respectively.

4. BENEFICIAL INTEREST IN THE EL PASO COMMUNITY FOUNDATION

RHMC has recorded a beneficial interest in the El Paso Community Foundation. The irrevocable agreement grants variance power and ultimate control to the Board of Directors of the El Paso Community Foundation. However since the fund was established to benefit RHMC and RHMC is the beneficiary of the fund, RHMC has a beneficial interest in the El Paso Community Foundation. The balance at December 31, 2014 and December 31, 2013 was approximately \$45,071 and \$45,071, respectively.

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RONALD MCDONALD HOUSE CHARITIES OF EL PASO, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

5. TEMPORARILY RESTRICTED NET ASSETS AND NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets as of December 31, 2014 and 2013 are available for the following purposes:

	<u>2014</u>	<u>2013</u>
House Program - Joan Kroc bequest	\$ 68,432	\$ 115,575
Care Mobile	35,128	65,128
Scholarships	11,832	-
Relocation Fund	1,041	2,888
Family room	7,180	4,836
Pharmacy Fund	9,808	10,437
	<u>\$ 133,421</u>	<u>\$ 198,864</u>

Net assets released from donor restriction during 2014 and 2013 by satisfying the restricted purpose are as follows:

	<u>2014</u>	<u>2013</u>
House Program - Joan Kroc bequest	\$ 97,620	\$ 104,489
Lights of Love	15,000	
Family Lodging	15,000	-
Relocation Fund	1,847	1,000
Family room	5,156	1,414
Pharmacy fund	629	68
Scholarships	41,378	51,293
	<u>\$ 176,630</u>	<u>\$ 158,264</u>

6. DONATED SERVICES

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

7. TAX DEFERRED ANNUITY PLAN

The Organization entered into a tax deferred annuity plan for the benefit of its employees effective January 1, 1997. The Plan is defined in the Internal Revenue Code under Section 403(b). The Plan year is a calendar year. All employees who work 20 hours or more and are at least 21 years of age are eligible to participate, until separation from service occurs as defined in the Plan. The Plan allows for voluntary employee contributions up to the limits as defined in the Internal Revenue Code. The employer contributes 50% of employee elective deferrals up to 6% of the active

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RONALD MCDONALD HOUSE CHARITIES OF EL PASO, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

participant's compensation. The Organization's contributions for the year 2014 was \$1,893 and 2013 was \$2,073.

8. LEASE COMMITMENTS

RMHC leases a copy machine. The operating lease is for 36 months and expires May 2017. The monthly lease amount is \$103. RMHC also leases a postage machine paid on a quarterly basis. The lease expires in September 2017.

Total rent expense for 2014 was \$3,185 and \$3,434 for 2013.

A summary of future minimum lease payments follows:

Year Ended December 31,	Amount
2015	\$ 2,356
2016	2,356
2017	1,252
Future minimum lease payments	<u>\$ 5,964</u>

9. FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at December 31, 2014 are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
December 31, 2014				
Investments	\$ 1,528,006	\$ 1,528,006	\$ -	\$ -
Beneficial Interest in EP Community Foundation	45,071	-	-	45,071
Total	<u>\$ 1,573,077</u>	<u>\$ 1,528,006</u>	<u>\$ -</u>	<u>\$ 45,071</u>

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RONALD MCDONALD HOUSE CHARITIES OF EL PASO, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

9. FAIR VALUE MEASUREMENTS (Continued)

Asset measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Beneficial Interest in EPCF</u>
January 1, 2013	\$ 45,071
Change in market value	<u>-</u>
January 1, 2014	45,071
Change in market value	<u>-</u>
December 31, 2014	<u>\$ 45,071</u>

The FASB ASC Fair Value Measurements and Disclosures topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). Fair value for the beneficial interest in the El Paso Community Foundation (level 3) is estimated fair market value. The estimated fair market value is provided by the El Paso Community Foundation.

10. GLOBAL RONALD MCDONALD HOUSE CHARITIES

RMHC is a chapter of the Global Ronald McDonald House Charities. RMHC owns and operates its own house. The Chapter is governed by a Board of Directors who are responsible for program development, standards and operations.

Global contributed \$14,000 for scholarships in 2014 and 2013.

RMHC remitted \$11,834 and \$10,140 in 2014 and 2013, respectively, to Global for its share of the canister revenue.

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RONALD MCDONALD HOUSE CHARITIES OF EL PASO, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

11. CONCENTRATION OF CREDIT RISK

RMHC maintains cash balances at one financial institution and at two brokerage firms. Interest bearing accounts at financial institutions are insured by the FDIC at up to \$250,000. Non-interest bearing accounts are fully insured by the FDIC. Accounts at brokerage firms are insured up to \$250,000. At December 31, 2014, RMHC cash balances on deposit per the brokers' records at a brokerage firm, were not in excess of insured limits.

12. RELATED PARTY TRANSACTIONS

From time to time, RMHC may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. For 2014, one Board member is employed at a financial institution where RMHC holds two bank accounts.

13. SUBSEQUENT EVENTS

Subsequent events were evaluated through June 10, 2015 which is the date the financial statements were available to be issued.