

⋮ **Audit Results for**

⋮ **Ronald McDonald**
⋮ **House Charities of**
⋮ **Northwest Ohio, Inc.**

⋮ **December 31, 2022**



This presentation was prepared as part of our audit, has consequential limitations, is restricted to those charged with governance and, if appropriate, management, and is not intended and should not be used by anyone other than those specified parties.

Matters to be Communicated to Those Charged with Governance



Generally accepted auditing standards (GAAS) require the auditor to ensure that those charged with governance receive information regarding the results of the audit that may assist those charged with governance in overseeing management’s financial reporting and disclosure process. Below we summarize these required communications.

The Auditor’s Responsibility Under Generally Accepted Auditing Standards

We were engaged to conduct an audit of the financial statements as of and for the year ended December 31, 2022 for Ronald McDonald House Charities of Northwest Ohio, Inc. The financial statements are the responsibility of management. Our audit was designed in accordance with GAAS, which provides for reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. We have the responsibility to opine on whether the financial statements are fairly stated in accordance with accounting principles generally accepted in the United States of America.

As part of our audit, we obtained a sufficient understanding of the internal controls to plan our audit, to determine the nature, timing and extent of testing performed and not to provide assurance on internal controls.

We have issued our Independent Auditor’s Report reflecting an unmodified opinion for the year ended December 31, 2022.

Management’s cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of Company personnel throughout the course of our work.

Significant Accounting Policies

The significant accounting policies used by Ronald McDonald House Charities of Northwest Ohio, Inc. are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022 unless otherwise discussed below. The accounting policies used are appropriate and are in compliance with generally accepted accounting principles.

The Organization adopted the provisions and disclosure requirements described in Accounting Standards Codification Topic 842, Leases (ASC 842). The Organization adopted the standard using the modified retrospective method. Accordingly, the results of reporting periods beginning after January 1, 2022 are presented under ASC 842, while prior period amounts are not adjusted and continue to be reported under the accounting standards in effect during those periods.

The Organization adopted the provisions and disclosure requirements described in ASU 2020-07, *Not-for-Profit Entities (Topic 948): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Organization adopted the standard using the retrospective method. The adoption of this standard did not have a material effect on the Organization’s financial statements.

Matters to be Communicated to Those Charged with Governance (continued)

Management Judgments and Accounting Estimates

The preparation of financial statements requires the use of accounting estimates. Certain estimates are particularly sensitive due to their significance to the statements and the possibility that future events may differ significantly from management's expectations. The accounting estimates made by management for the preparation of the financial statements for the year ended December 31, 2022 were determined to be appropriate under generally accepted accounting principles. The following are the identifiable estimates in the financial statements:

1. Depreciation
2. Allocation of Functional Expenses
3. Fair Value of Investments
4. Right-of-use assets and lease liabilities

Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2022.

Financial Statement Disclosures

The overall goal of the disclosures in the financial statements is to provide relevant information to the reader in as neutral, concise, consistent and clear a manner as possible while also complying with the disclosure requirements of generally accepted accounting principles. In addition, the disclosures made also require judgment due to the potential sensitive nature of certain items. The disclosures made in the financial statements for the year ended December 31, 2022 were determined to be appropriate and in compliance with generally accepted accounting principles.

Unrecorded Audit Differences

A summary of unrecorded audit differences noted during the December 31, 2022 audit is attached to this report. None of these entries are required to be recorded, either individually or in the aggregate due to immateriality of the amount.

Audit Adjustments

A summary of audit adjustments noted during the December 31, 2022 audit is attached to this report.

Significant Changes to Planned Audit Strategy or Significant Risks Initially Identified

There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning Communications.

Matters to be Communicated to Those Charged with Governance (continued)



Significant Difficulties Encountered in Performing the Audit

We encountered no major difficulties in working with any company personnel while performing and completing our audit. Further, we encountered no difficulties of any other nature in completing our audit.

Disagreements with Management

We had no disagreements with management.

Representations the Auditor is Requesting from Management

See the attached copy of the management representation letter.

Irregularities and Illegal Acts

No such items were noted during the completion of our audit.

Significant Findings and Issues Involving Related Parties

We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.

Consultation with Other Accountants

We are not aware of management consulting with other independent accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.

Difficult or Contentious Matters

There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.

Independence

Our engagement letter to you dated April 10, 2023 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of Ronald McDonald House Charities of Northwest Ohio, Inc. with respect to independence as agreed to by Ronald McDonald House Charities of Northwest Ohio, Inc. Please refer to that letter for further information.

Significant Issues Discussed with Management

In planning and performing our audit of the financial statements of Ronald McDonald House Charities of Northwest Ohio, Inc. (the Organization) as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal controls over financial reporting (internal controls) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. Accordingly, we do not express an opinion on the effectiveness of the Company's internal controls.

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal controls that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Company's internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness are as follows:

Category	Definition
Deficiency in Internal Control	A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
Significant Deficiency	A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we noted no material weaknesses.

Significant Issues Discussed with Management (continued)

Future Reporting Considerations

The accounting and financial reporting landscape continues to evolve as evidenced through recently issued standards and ongoing projects by the Financial Accounting Standards Board (FASB). As a matter for consideration, the following changes in accounting and regulatory guidance will be effective for the Organization in future years:

- In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard sets forth a current expected credit loss (CECL) model, which requires the Organization to measure all expected credit losses for financial assets (or a group of financial assets) held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. The standard replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost, such as accounts receivable and related reserves. The new standard is effective for annual periods beginning after December 15, 2022.

This communication is intended solely for the information and use of those charged with governance and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

* * * * *

We are pleased to have the opportunity to provide services to Ronald McDonald House Charities of Northwest Ohio, Inc. and wish to extend our appreciation to Robin Miller, Accountant for her assistance during our audit.

Please contact Bret Clark at 567.833.8007 or Maysoon Abusoud at 567.833.8009 if you have any questions or if we can assist you with any of the matters included above.

GBQ Partners LLC

Sylvania, Ohio
July 31, 2023

Ronald McDonald House Charities of Northwest Ohio, Inc.

AJE1

Year End: December 31, 2022

Adjusting Journal Entries

Date: 1/1/2022 To 12/31/2022

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
1	12/31/2022	Accum Deprn - Building Improv	1-1510	M. 03			177.00		
1	12/31/2022	Accum Deprn - F&F	1-1515	M. 03			6.00		
1	12/31/2022	Accum. Deprn - Computers	1-1535	M. 03			5,584.00		
1	12/31/2022	Depreciation Expense	6-7370	M. 03		5,767.00			
To adjust depreciation amounts to agree to detail									
2	12/31/2022	Net Assets w/o Restrictions	3000	WW2.NFP.02			8,324.00		
2	12/31/2022	Net Assets With Restrictions	3100	WW2.NFP.02		8,324.00			
To record CY net assets released from restriction									
4	12/31/2022	Net Assets w/o Restrictions	3000	WW2.NFP.02			201.00		
4	12/31/2022	Net Assets With Restrictions	3100	WW2.NFP.02		201.00			
To reconcile net assets to PY FS									
7	12/31/2022	Donated Goods and Services	4-5000	10.NFP.06			105,518.00		
7	12/31/2022	Guest Transportation	6-7140	10.NFP.06		12,611.00			
7	12/31/2022	Household Goods	6-7162	10.NFP.06		48,380.00			
7	12/31/2022	Food	6-7170	10.NFP.06		20,358.00			
7	12/31/2022	Housekeeping	6-7310	10.NFP.06		15,818.00			
7	12/31/2022	Hospitality Supplies	6-8500	10.NFP.06		8,351.00			
To record Donations in Kind									
8	12/31/2022	Right-of-use assets	1-1901	H-1. 02		14,556.00			
8	12/31/2022	Operating lease liabilities (long term)	2-2301	H-1. 02			5,507.00		
8	12/31/2022	Operating lease liabilities (short term)	2-9001	H-1. 02			9,049.00		
To record the entries relating to implementation of ASC 842									
9	12/31/2022	Accounts Payable - Trade	2-1234	AJE2			19,498.00		
9	12/31/2022	True Sense Marketing Expense	5-5061	AJE2		19,498.00			
To adjust marketing expense to actual									
						153,864.00	153,864.00		
Net Income (Loss)			(679,683.00)						

Ronald McDonald House Charities of Northwest Ohio, Inc.

RJE1

Year End: December 31, 2022

Reclassifying Journal Entries

Date: 1/1/2022 To 12/31/2022

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
3	12/31/2022	Investment Cash	1-1001	B. 03		5,995.00			
3	12/31/2022	Corporate Account	1-1020	B. 03			283.00		
3	12/31/2022	Endowment	1-1025	B. 03			5,712.00		
To reclass cash out of investments									
5	12/31/2022	LOC Interest	6-5500	PP. 04		10,166.00			
5	12/31/2022	Bank Charges- Signature Account	6-7230	PP. 04			10,166.00		
To reclass line of credit charges from bank charges									
						16,161.00	16,161.00		
Net Income (Loss)			(679,683.00)						

July 31, 2023

GBQ Partners LLC
5580 Monroe Street, Suite 210
Sylvania, OH 43560

Ladies and Gentlemen:

This representation letter is provided in connection with your audits of the financial statements of Ronald McDonald House Charities of Northwest Ohio, Inc. which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the disclosures (collectively the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of July 21, 2023, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 10, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

GBQ Partners LLC
July 31, 2023
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- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting journal entries that have been posted to the Organization's accounts. We are in agreement with those adjustments.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- 12) As part of your audit, you assisted with preparation of the financial statements and footnote disclosures. You will also prepare the Form 990 *Return of Organization Exempt from Income Tax*, assist with preparation of the depreciation schedules and provide consultation on accounting, financial or tax matters as applicable. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, Federal Form 990, depreciation schedules and consulting services.
- 13) The costs of providing the program services and activities have been summarized on a functional basis in the statement of activities. Certain costs not directly attributable to specific program services or functions have been allocated to program services and supporting services. Management considers its method of allocation to be equitable.
- 14) In connection with the 401(k) Plan which the Organization sponsors, we believe we are in compliance with provision of laws and regulations, including ERISA, DOL, and IRS Regulations, applicable to the plan.
- 15) The *Change in Accounting Principles* note to the footnotes correctly sets forth the information therein regarding the adoption of ASC 842 and ASU 2020-07.
- 16) The *Endowments* note to the financial statements correctly sets forth the information therein regarding the Organization's endowment fund, including management's understanding of and position regarding such matters.

GBQ Partners LLC
July 31, 2023
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- 17) To the extent our normal procedures and controls related to our financial close process at any of our locations were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

Information Provided

- 18) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 19) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 20) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 21) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 22) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 23) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

GBQ Partners LLC
July 31, 2023
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- 24) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 25) We have disclosed to you the names of all of the Organization's related parties and all the related party relationships and transactions, including any side agreements.
- 26) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as disclosed in the notes to the financial statements.
- 27) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 28) Ronald McDonald House Charities of Northwest Ohio, Inc. is an exempt organization under Section 501 (c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

DocuSigned by:

Chad Bringman

0BD007F41EBC459...

Chad Bringman
Executive Director

DocuSigned by:

Robin Miller

BA0324D8743D414...

Robin Miller
Accountant

CB/RM/lb

Ronald McDonald House Charities of Northwest Ohio, Inc.
Summary of Uncorrected Misstatements
Year Ended December 31, 2022

	Change in Net Assets Over (Under) Stated
Current Year Uncorrected Misstatements:	
Accounts Receivable Overstated	<u>\$58,897</u>
Net Effect of Current Year Uncorrected Misstatements	\$58,897
Net Effect of Prior Year Uncorrected Misstatements	(<u>27,701</u>)
Net Cumulative Effect	<u>\$31,196</u>